

***(CONVENIENCE TRANSLATION OF CONSOLIDATED
FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND
FOOTNOTES ORIGINALLY ISSUED IN TURKISH)***

ICBC TURKEY BANK ANONİM ŞİRKETİ

**CONSOLIDATED FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE PERIOD ENDED 30 JUNE 2022**

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying consolidated balance sheet of ICBC Turkey Bank A.Ş. (“the Bank”) and its subsidiaries (together “the Group”) as at 30 June 2022, and the consolidated statement of balance sheet, consolidated statement of income and expense items under shareholders’ equity, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for period ending on the same date, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA, and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Independent Auditing Standard on Review Engagements (ISRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of ICBC Turkey Bank A.Ş. as of 30 June 2022, and of the results of its operations and its cash flows for the six-month period then ended in accordance with the BRSA Accounting and Reporting Regulations.

Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the Management's interim report included in section seven of the accompanying consolidated financial statements, is not presented fairly, in all material respects, and is not consistent with the reviewed interim financial statements and the explanatory notes.

Additional paragraph for English translation:

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying consolidated financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying consolidated financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Müjde Aslan
Partner

İstanbul, 9 August 2022

ICBC TURKEY BANK A. Ş.
SIX-MONTH CONSOLIDATED FINANCIAL REPORT AS OF 30 JUNE 2022

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The six month consolidated financial report prepared in accordance with the "Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and Notes Thereof" as required by the Banking Regulation and Supervision Agency is comprised of the following sections.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- DISCLOSURES ON APPLIED ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- DISCLOSURES AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
- AUDITOR'S REVIEW REPORT
- INTERIM CONSOLIDATED ACTIVITY REPORT

The financial statements of the subsidiary "ICBC Turkey Yatırım Menkul Değerler A.Ş." is consolidated in this six month consolidated financial report.

The consolidated financial statements and related disclosures and footnotes that were subject to auditors' review, are prepared in accordance with the "Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks", Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements, and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in **thousands of Turkish Lira**.

XIANGYANG GAO Chairman of Board of Directors	PEIGUO LIU Chairman of Audit Committee and Member of Board of Directors	CHUNYI ZHENG Deputy General Manager	HÜSEYİN HASAN İMECE Deputy General Manager Responsible for Financial Control and Accounting, Assets and Liabilities and Economic Research Department	YAFENG HE Managing Director
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Contact information for questions on this financial report

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SECTION ONE**General Information**

I.	Parent Bank's date of establishment, beginning statute, its history including changes on its statute	1
II.	Capital structure, shareholders controlling the management and supervision of the Parent Bank directly or indirectly, and, if exists, changes on these issues and the Group that the Parent Bank belongs to and information about the persons and institutions that have qualified shares in the Parent Bank	1
III.	Information related to president and members of the Board of Directors, audit committee members, general manager and executive vice presidents, and if exists, changes in these positions and Parent Bank's shares they hold	2
IV.	Explanations regarding the persons and organizations that have shares in the Bank	2
V.	Type of services provided and the areas of operations of the Parent Bank	2
VI.	Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods	2
VII.	The existing or potential, actual or legal obstacle on the transfer of shareholders' equity between the Parent Bank and its subsidiaries or the reimbursement of liabilities	2

SECTION TWO**Consolidated Financial Statements**

I.	Consolidated Balance Sheet (Statement of Financial Position)	4
II.	Consolidated Statement of Off-Balance Sheet Items	6
III.	Consolidated Statement of Profit or Loss	7
IV.	Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
V.	Consolidated Statement of Changes In Shareholders' Equity	9
VI.	Consolidated Statement of Cash Flows	11

SECTION THREE**Accounting Policies**

I.	Explanations on Basis of Presentation	12
II.	Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions	13
III.	Explanations on Subsidiaries and Associates	13
IV.	Explanations on Forwards and Options Contracts and Derivative Transactions	14
V.	Explanations on Interest Income and Expenses	14
VI.	Explanations on Fees and Commissions Income and Expense	15
VII.	Explanations on Financial Assets	15
VIII.	Explanations on Impairment of Financial Assets	16
IX.	Explanations on Write-down Policy	18
X.	Explanations on Offsetting Financial Instruments	18
XI.	Explanations on Sale and Repurchase Agreements and Transactions Related to the Lending of Securities	18
XII.	Explanations on Assets Held For Sale and Discontinued Operations and Liabilities Related with These Assets	19
XIII.	Explanations on Goodwill and Other Intangible Assets	19
XIV.	Explanations on Tangible Assets	19
XV.	Explanations on Leasing Activities	20
XVI.	Explanations on Provisions and Contingent Liabilities	20
XVII.	Explanations on Contingent Assets	20
XVIII.	Explanations on Obligations Related to Employee Rights	20
XIX.	Explanations on Taxation	21
XX.	Additional Explanations on Borrowings	22
XXI.	Explanations on Issued Stock	22
XXII.	Explanations on Bills and Acceptances	22
XXIII.	Explanations on Government Grants	22
XXIV.	Profit Reserves and Profit Distribution	22
XXV.	Related Parties	22
XXVI.	Cash and Cash Equivalents	23
XXVII.	Explanations on Segment Reporting	23
XXVIII.	Earnings / Loss Per Share	23
XXIX.	Reclassifications	23
XXX.	Explanations on Other Matters	23

SECTION FOUR**Explanations on Consolidated Financial Position and Risk Management**

I.	Explanations on Consolidated Equity	24
II.	Explanations on Consolidated Credit Risk	28
III.	Explanations on Consolidated Foreign Currency Exchange Rate Risk	28
IV.	Explanations on Consolidated Interest Rate Risk	30
V.	Explanations on Consolidated Liquidity Management and Liquidity Coverage Ratio	33
VI.	Explanations on Consolidated Leverage Ratio	37
VII.	Consolidated Share Position Risk Arising from Banking Accounts	37
VIII.	Explanations on Consolidated Risk Management	38
IX.	Explanations on Segment Reporting	48

SECTION FIVE**Explanations and Notes on Consolidated Financial Statements**

I.	Explanations and Notes on Consolidated Assets	49
II.	Explanations and Notes on Consolidated Liabilities	62
III.	Explanations and Notes on Consolidated Off -Balance Sheet Items	68
IV.	Explanations and Notes on Consolidated Profit or Loss Statement	69
V.	Explanations on the Parent Bank's Risk Group	74
VI.	Explanations and Notes on Subsequent Events	75

SECTION SIX**Explanations on the Auditors' Report**

I.	Explanations on the Auditors' Review Report	76
II.	Explanations and Notes Prepared by the Independent Auditors	76

SECTION SEVEN**Information on Interim Consolidated Activity Report**

I.	General Information	77
II.	Financial Information and Evaluations about the Bank	78
III.	Information About Transactions of Bank with Risk Group	78
IV.	Information on Risk Management Policies by Risk Types	81
V.	Information Related to the Donations During the Period	81
VI.	Consolidated Auditors' Review Report	81

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

SECTION ONE

GENERAL INFORMATION ON THE BANK

I. Parent Bank's date of establishment, beginning statute, its history including changes on its statute

"The Parent Bank" was established with trade name as Tekstil Bankası A.Ş. on 29 April 1986, to carry out all types of banking activities according to the Banking Law and later changes in the laws and regulations, with the permission of the Council of Ministers in accordance with the resolution numbered 85/9890 and dated 24 September 1985 and started its operations on 13 October 1986. "Articles of Association" of the Parent Bank was published in Turkish Trade Registry Gazette no.1511, dated 9 May 1986. The statute of the Parent Bank was not changed since its establishment. Trade name of the Parent Bank has been changed and registered as disclosed in Note No. II as ICBC Turkey Bank A.Ş. on 13 November 2015.

II. Capital structure, shareholders controlling the management and supervision of the Parent Bank directly or indirectly, and if exists, changes on these issues and the Group that the Parent Bank belongs to and information about the persons and institutions that have qualified shares in the Parent Bank

The capital of the Parent Bank is TL 860,000 as of 30 June 2022 and is fully paid. The Parent Bank was controlled by GSD Group until 21 May 2015. As at 29 April 2014, GSD Holding A.Ş., the major shareholder of the Parent Bank, has come to conclusion to sell 75.50% shares of the Parent Bank to Industrial and Commercial Bank of China (ICBC) and with respect to the sale transaction, it was declared to be approved by China Banking Regulatory Commission (CBRC) on 20 March 2015, and in Turkey, it was approved by Competition Authority in accordance with decision dated 20 August 2014 and numbered 14-29/593-259 and Banking Regulation and Supervision Agency (BRSA), in accordance with decision dated 2 April 2015 and numbered 6262.

Following the completion of relevant permissions with respect to the sale transaction, the Parent Bank appealed Extraordinary General Assembly on 28 April 2015 for approving the resignation of members of Board of Directors and selecting new members on 22 May 2015 in the Public Disclosure Platform (PDP). Within the context of share purchase agreement, 22 May 2015 date was defined as share transfer date and the share transfer was carried out on this date and processed to the Parent Bank's share ledger.

As a result of acquisition of shares representing 75.50% of Tekstil Bankası A.Ş. which was owned by GSD Holding A.Ş., an obligation occurs to propose take-over bids in order to purchase the shares of other shareholders in accordance with the provision of Article 11 of Take-Over Bids Communiqué numbered Serial II. 26.1 of Capital Markets Board of Turkey related to mandatory bid. In this context, share ownership of ICBC in the Parent Bank has risen to 92.82% from 75.50% as a result of mandatory bid call transactions ending as at 14 August 2015 realized in accordance with the Take-Over Bids Communiqué numbered Serial II. 26.1 by ICBC which is controlling shareholder of the Parent Bank.

In accordance with the decision of the general extraordinary meeting of the Bank dated 9 February 2017, the Parent Bank's capital has decided to increase and the decision was registered by İstanbul Trade Registry Office at 29 June 2017. At this content, the Bank's capital has increased in cash amounting to TL 440,000 from TL 420,000 to TL 860,000 and the whole increase was made in cash. With this increase, ICBC's shareholding ratio at the Bank has increased from 92.82% to 92.84%.

The shares, except for the shares owned by ICBC, are traded at Istanbul Stock Exchange (BIST).

In the context of the decision taken at the Extraordinary General Meeting on 5 November 2015, the Parent Bank's trade title has been changed and registered as ICBC Turkey Bank A.Ş. at the Trade Registry Gazette on 13 November 2015.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

III. Information related to president and members of the Board of Directors, audit committee members, general manager and executive vice presidents, and if exists, changes in these positions and Parent Bank's shares they hold

Title	Name	Job Description	Education
Chairman of the Board of Directors:	Xiangyang Gao	Chairman of the Board of Directors	PhD
Chairman of the Audit Committee:	Peiguo Liu	Chairman of the Audit Committee and Member of the Board of Directors	Graduate
Member of the Audit Committee:	Ying Wang	Audit Committee Member and Independent Member of the Board of Directors	Graduate
Members of the Board of Directors:	Chunyi Zheng ^(*)	Member of the Board of Directors and Deputy General Manager	PhD
	Jianfeng Zheng	Member of the Board of Directors	Graduate
	Serhat Yanik	Independent Member of the Board of Directors	PhD
General Manager:	Chunyi Zheng ^(*)	Member of the Board of Directors and Deputy General Manager	PhD
Assistant General Managers ^(**) :	Chunyi Zheng ^(**)	Project and Cross Border Finance Division, Retail Banking Division, Executive Office General Secretariat Unit, Credit and Investment Management Division, and Investment Banking Division	PhD
	Jinhong Li	Credit Allocation, Legal Affairs, Operations Management and Operation Center	Graduate
	Hüseyin H. İmece	Asset and Liability Department, Economic Research Department, Financial Control and Accounting Department	Undergraduate
	Kadir Karakurum	Digital Banking Department, Financial Technology Department, Technology Center, Administrative Affairs Center, Public Relations and Advertisement Unit of Executive Office	Graduate
Assistant General Manager	D.Halit Döver	International Business Department, Financial Institutions Department, Financial Market Department, Corporate Banking Department	Graduate
Head of the Board of Inspectors:	Selçuk İçten	President of Inspectors' Group	Undergraduate

The aforementioned persons do not have any shares in the Parent Bank.

^(*) Board of director's that held on 9 May 2022, It was decided that Mr. Chunyi ZHENG has been appointed as acting General Manager that was led by Ms. Jinhong LI until the appointment of the General Manager of the bank.

^(**) As of 1 April 2022, Chunyi Zheng has been appointed as the Deputy General Manager responsible for Project and Corss Border, Retail Banking, Executive Office, Credit and Investment Management, Investment Banking departments.

IV. Explanations regarding the persons and organizations that have shares in the Bank

Name Surname / Commercial Title	Share Amounts	Share Percentage	Paid Shares	Unpaid Shares
Industrial and Commercial Bank of China Limited	798,428	92.84%	798,428	-

V. Type of services provided and the areas of operations of the Parent Bank

The operations of the Parent Bank consist of corporate banking services, fund management transactions (foreign currency, money market and securities trading), international banking services, retail banking services and credit card business. The Parent Bank also operates, through its branches, as insurance agent of Sompo Japan Sigorta A.Ş., HDI Sigorta A.Ş., Axa Sigorta A.Ş. and Fiba Emeklilik and Hayat A.Ş.

As of 30 June 2022, the Bank has 59 domestic branches. As of the same date, the Bank has 836 employees (31 December 2021: number of branches 59, number of employees 729).

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods

There is no difference for the Parent Bank regarding consolidation methods between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards (TAS). Information about consolidated subsidiaries and explanation about consolidation methods are disclosed on Section Three, Note III.

VII. The existing or potential, actual or legal obstacle on the transfer of shareholders' equity between the Parent Bank and its subsidiaries or the reimbursement of liabilities

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated balance sheet (statement of financial position)
- II. Consolidated statement of off-balance sheet items
- III. Consolidated statement of profit or loss
- IV. Consolidated statement of profit or loss and other comprehensive income
- V. Consolidated statement of changes in shareholders' equity
- VI. Consolidated statement of cash flows

ICBC TURKEY BANK ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS OF 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

ASSETS	Notes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/06/2022			Audited PRIOR PERIOD 31/12/2021		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		1,113,715	19,884,719	20,998,434	738,799	12,118,342	12,857,141
1.1 Cash and Cash Equivalents		991,031	14,186,291	15,177,322	344,676	7,735,190	8,079,866
1.1.1 Cash and Balances at Central Bank	(5.I.1)	216,175	12,827,470	13,043,645	314,003	7,290,755	7,604,758
1.1.2 Banks	(5.I.3)	2,766	1,364,254	1,367,020	12,851	446,330	459,181
1.1.3 Receivables from Money Markets		777,432	-	777,432	20,955	-	20,955
1.1.4 Allowance For Expected Credit Losses (-)		5,342	5,433	10,775	3,133	1,895	5,028
1.2 Financial Assets at Fair Value Through Profit or Loss		54,372	28,948	83,320	41,530	25,694	67,224
1.2.1 Public Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		69	28,948	29,017	69	25,694	25,763
1.2.3 Other Financial Assets		54,303	-	54,303	41,461	-	41,461
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(5.I.4)	38,351	5,468,980	5,507,331	225,646	4,293,975	4,519,621
1.3.1 Public Debt Securities		38,351	283,945	322,296	225,646	1,019,430	1,245,076
1.3.2 Equity Instruments		-	-	-	-	-	-
1.3.3 Other Financial Assets		-	5,185,035	5,185,035	-	3,274,545	3,274,545
1.4 Derivative Financial Assets	(5.I.2)	29,961	200,500	230,461	126,947	63,483	190,430
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		29,961	200,500	230,461	126,947	63,483	190,430
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		6,927,442	21,985,074	28,912,516	7,526,949	18,412,071	25,939,020
2.1 Loans	(5.I.5)	3,843,642	16,677,272	20,520,914	4,553,773	14,175,570	18,729,343
2.2 Receivables from Leasing Transactions	(5.I.10)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Financial Assets Measured at Amortised Cost	(5.I.6)	3,175,304	6,162,349	9,337,653	3,065,166	4,932,278	7,997,444
2.4.1 Public Debt Securities		3,175,304	5,305,175	8,480,479	3,065,166	4,254,512	7,319,678
2.4.2 Other Financial Assets		-	857,174	857,174	-	677,766	677,766
2.5 Allowance for Expected Credit Losses (-)		91,504	854,547	946,051	91,990	695,777	787,767
III. NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCOUNTED OPERATIONS (Net)	(5.I.14)	-	-	-	-	-	-
3.1 Held for Sale		-	-	-	-	-	-
3.2 Held from Discontinued Operations		-	-	-	-	-	-
IV. PARTNERSHIP INVESTMENTS		-	-	-	-	-	-
4.1 Associates (Net)	(5.I.7)	-	-	-	-	-	-
4.1.1 Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Non-Consolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	(5.I.8)	-	-	-	-	-	-
4.2.1 Non-Consolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Non-Consolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Joint Controlled Partnership (Joint Ventures) (Net)	(5.I.9)	-	-	-	-	-	-
4.3.1 Jointly Controlled Partnership Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Non-Consolidated Jointly Controlled Partnership		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)		135,932	-	135,932	123,237	-	123,237
VI. INTANGIBLE ASSETS (Net)		16,952	-	16,952	11,437	-	11,437
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		16,952	-	16,952	11,437	-	11,437
VII. INVESTMENT PROPERTIES (Net)	(5.I.12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		57,713	-	57,713	504	-	504
IX. DEFERRED TAX ASSET		484,710	-	484,710	300,614	-	300,614
X. OTHER ASSETS (Net)		225,295	7,631	232,926	136,512	4,421	140,933
TOTAL ASSETS		8,961,759	41,877,424	50,839,183	8,838,052	30,534,834	39,372,886

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS OF 30 JUNE 2022

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

LIABILITIES	Notes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/06/2022			Audited PRIOR PERIOD 31/12/2021		
		TL	FC	Total	TL	FC	Total
I. DEPOSIT	(5.II.1)	4,576,455	20,169,930	24,746,385	2,233,408	14,073,145	16,306,553
II. LOANS RECEIVED	(5.II.4)	1,652,018	15,616,957	17,268,975	11,041	12,963,603	12,974,644
III. MONEY MARKET FUNDS	(5.II.2)	19,938	-	19,938	3,024,482	-	3,024,482
IV. MARKETABLE SECURITIES (Net)		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrowers' Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(5.II.3)	29,816	66,121	95,937	11,820	4,503	16,323
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		29,816	66,121	95,937	11,820	4,503	16,323
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(5.II.6)	85,826	-	85,826	74,534	-	74,534
X. PROVISIONS	(5.II.8)	398,752	116,608	515,360	337,859	96,948	434,807
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Reserves for Employee Benefits		55,959	-	55,959	43,773	-	43,773
10.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4 Other Provisions		342,793	116,608	459,401	294,086	96,948	391,034
XI. CURRENT TAX LIABILITIES	(5.II.9)	46,009	-	46,009	199,192	-	199,192
XII. DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.II.10)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT		-	5,000,321	5,000,321	-	3,999,625	3,999,625
14.1 Loans		-	5,000,321	5,000,321	-	3,999,625	3,999,625
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	(5.II.5)	234,793	673,878	908,671	158,956	558,556	717,512
XVI. SHAREHOLDERS' EQUITY	(5.II.12)	2,428,766	(277,005)	2,151,761	1,623,659	1,555	1,625,214
16.1 Paid-in Capital		860,000	-	860,000	860,000	-	860,000
16.2 Capital Reserves		(587)	-	(587)	(587)	-	(587)
16.2.1 Equity Share Premiums		(587)	-	(587)	(587)	-	(587)
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		-	-	-	-	-	-
16.3 Other Accumulated Comprehensive Income that will not be Reclassified in Profit or Loss		26,365	-	26,365	26,365	-	26,365
16.4 Other Accumulated Comprehensive Income that will be Reclassified in Profit or Loss		(3,667)	(277,005)	(280,672)	2,458	1,555	4,013
16.5 Profit Reserves		677,346	-	677,346	491,598	-	491,598
16.5.1 Legal Reserves		36,271	-	36,271	26,983	-	26,983
16.5.2 Statutory Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		583,012	-	583,012	406,552	-	406,552
16.5.4 Other Profit Reserves		58,063	-	58,063	58,063	-	58,063
16.6 Profit or Loss		869,309	-	869,309	243,825	-	243,825
16.6.1 Prior Years' Profits or Losses		58,077	-	58,077	56,636	-	56,636
16.6.2 Current Period's Net Profit or Loss		811,232	-	811,232	187,189	-	187,189
16.7 Minority Shares'		-	-	-	-	-	-
TOTAL LIABILITIES		9,472,373	41,366,810	50,839,183	7,674,951	31,697,935	39,372,886

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira ("TL").)

	Notes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/06/2022			Audited PRIOR PERIOD 31/12/2021		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I-II+III)							
I. GUARANTEES AND WARRANTIES	(5.III.1)	3,773,801	31,647,833	35,421,634	2,423,686	21,926,199	24,349,885
1.1. Letters of Guarantee		1,314,912	3,771,811	5,086,723	811,755	3,926,614	4,738,369
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		1,314,912	3,771,811	5,086,723	811,755	3,926,614	4,738,369
1.2. Bank Loans		-	-	-	-	-	-
1.2.1. Import Acceptance Loans		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	3,698,655	3,698,655	-	1,379,096	1,379,096
1.3.1. Documentary Letters of Credit		-	1,225,624	1,225,624	-	480,184	480,184
1.3.2. Other Letters of Credit		-	2,473,031	2,473,031	-	898,912	898,912
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	4,526,293	4,526,293	-	4,385,590	4,385,590
1.9. Other Warranties		-	-	-	-	-	-
II. COMMITMENTS	(5.III.1)	627,290	1,058,850	1,686,140	324,503	233,544	558,047
2.1. Irrevocable Commitments		627,290	1,058,850	1,686,140	324,503	233,544	558,047
2.1.1. Asset Purchase and Sales Commitments		512,958	1,058,850	1,571,808	212,880	233,544	446,424
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		29,311	-	29,311	30,958	-	30,958
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7. Commitments for Checks Payments		6,737	-	6,737	6,261	-	6,261
2.1.8. Tax and Fund Liabilities from Export Commitments		3	-	3	3	-	3
2.1.9. Commitments for Credit Card Limits		78,104	-	78,104	74,208	-	74,208
2.1.10. Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		177	-	177	193	-	193
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		1,831,599	18,592,224	20,423,823	1,287,428	12,001,355	13,288,783
3.1. Derivative Financial Instruments Held for Hedging		-	-	-	-	-	-
3.1.1. Fair Value Hedges		-	-	-	-	-	-
3.1.2. Cash Flow Hedges		-	-	-	-	-	-
3.1.3. Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
3.2. Trading Transactions		1,831,599	18,592,224	20,423,823	1,287,428	12,001,355	13,288,783
3.2.1. Forward Foreign Currency Purchase and Sale Transactions		356,475	4,857,448	5,213,923	99,729	123,208	222,937
3.2.1.1. Forward Foreign Currency Purchase Transactions		324,956	2,266,370	2,591,326	98,206	120,441	110,447
3.2.1.2. Forward Foreign Currency Sale Transactions		31,519	2,591,078	2,622,597	1,523	110,967	112,490
3.2.2. Currency and Interest Rate Swaps		1,475,124	13,734,776	15,209,900	1,187,699	11,878,147	13,065,846
3.2.2.1. Currency Swap Purchase Transactions		578,885	7,119,421	7,698,306	-	6,619,622	6,619,622
3.2.2.2. Currency Swap Sale Transactions		896,239	6,615,355	7,511,594	1,187,699	5,258,525	6,446,224
3.2.2.3. Interest Rate Swap Purchase Transactions		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap Sale Transactions		-	-	-	-	-	-
3.2.3. Currency, Interest Rate and Securities Options		-	-	-	-	-	-
3.2.3.1. Currency Purchase Options		-	-	-	-	-	-
3.2.3.2. Currency Sale Options		-	-	-	-	-	-
3.2.3.3. Interest Rate Purchase Options		-	-	-	-	-	-
3.2.3.4. Interest Rate Sale Options		-	-	-	-	-	-
3.2.3.5. Securities Purchase Options		-	-	-	-	-	-
3.2.3.6. Securities Sale Options		-	-	-	-	-	-
3.2.4. Currency Futures		-	-	-	-	-	-
3.2.4.1. Currency Purchase Futures		-	-	-	-	-	-
3.2.4.2. Currency Sale Futures		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Purchase Futures		-	-	-	-	-	-
3.2.5.2. Interest Rate Sale Futures		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		21,107,499	220,327,009	241,434,508	18,353,673	178,900,665	197,254,338
IV. ITEMS HELD IN CUSTODY		10,220,816	119,799,986	130,020,802	8,141,876	96,600,634	104,742,510
4.1. Customer Fund and Portfolio Assets		-	-	-	-	-	-
4.2. Securities Held in Custody		1,685,255	97,212	1,782,467	1,602,505	76,749	1,679,254
4.3. Checks Received for Collection		95,858	97,020	192,878	51,374	56,294	107,668
4.4. Commercial Notes Received for Collection		4,685	17,894	22,579	7,382	14,544	21,926
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Securities Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		8,433,535	119,584,284	128,017,819	6,477,685	96,453,047	102,930,732
4.8. Custodians		1,483	3,576	5,059	2,930	-	2,930
V. PLEDGED ITEMS		10,886,683	100,527,023	111,413,706	10,211,797	82,300,031	92,511,828
5.1. Marketable Securities		46,224	-	46,224	18,709	-	18,709
5.2. Guarantee Notes		921	167	1,088	921	133	1,054
5.3. Commodity		31,687	1,020	32,707	33,787	92,741	126,528
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		2,515,438	65,225,304	67,740,742	2,606,310	54,053,575	56,659,885
5.6. Other Pledged Items		8,292,413	35,300,532	43,592,945	7,552,070	28,153,582	35,705,652
5.7. Depositories Receiving Pledged Items		-	-	-	-	-	-
VI. ACCEPTED BILL OF GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ITEMS (A+B)		24,881,300	251,974,842	276,856,142	20,777,359	200,826,864	221,604,223

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira ("TL").)

INCOME AND EXPENSE ITEMS	Notes (Section Five)	THOUSANDS OF TURKISH LIRA			
		Reviewed CURRENT PERIOD (01/01/2022 - 30/06/2022)	Reviewed PRIOR PERIOD (01/01/2021 - 30/06/2021)	Reviewed CURRENT PERIOD (01/04/2022 - 30/06/2022)	Reviewed PRIOR PERIOD (01/04/2021 - 30/06/2021)
I. INTEREST INCOME	(5.IV.1)	1,956,051	734,211	944,519	368,714
1.1 Interest on Loans		787,254	404,072	439,841	201,850
1.2 Interest Received from Reserve Deposits		7,458	11,514	1,279	6,497
1.3 Interest Received from Banks		6,441	7,287	3,963	3,995
1.4 Interest Received from Money Market Transactions		22,878	46,036	10,281	29,147
1.5 Interest Received from Marketable Securities Portfolio		1,128,694	261,976	487,614	125,783
1.5.1 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.2 Financial Assets at Fair Value Through Other Comprehensive Income		47,670	70,694	6,680	32,070
1.5.3 Financial Assets Measured at Amortised Cost		1,081,024	191,282	480,934	93,713
1.6 Finance Lease Income		-	-	-	-
1.7 Other Interest Income		3,326	3,326	1,541	1,442
II. INTEREST EXPENSES	(5.IV.2)	684,955	413,587	410,973	200,964
2.1 Interest on Deposits		410,070	272,878	253,385	133,689
2.2 Interest on Funds Borrowed		205,544	127,499	119,215	62,237
2.3 Interest on Money Market Transactions		29,159	6,503	1,947	1,687
2.4 Interest on Securities Issued		-	-	-	-
2.5 Interest on Leases		6,520	5,703	3,521	2,785
2.6 Other Interest Expenses		33,662	1,004	32,905	566
III. NET INTEREST INCOME/EXPENSE (I - II)		1,271,096	320,624	533,546	167,750
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		107,002	125,233	73,608	75,142
4.1 Fees and Commissions Received		122,204	133,749	82,771	79,630
4.1.1 Non-Cash Loans		37,514	15,325	19,110	6,310
4.1.2 Other		84,690	118,424	63,661	73,320
4.2 Fees and Commissions Paid (-)		15,202	8,516	9,163	4,488
4.2.1 Non-Cash Loans		34	19	17	10
4.2.2 Other		15,168	8,497	9,146	4,478
V. DIVIDEND INCOME		2	201	1	201
VI. TRADING PROFIT/LOSS (Net)	(5.IV.3)	234,276	90,649	155,899	27,900
6.1 Profit/Losses from Capital Market Transactions		1,565	14,814	(6,952)	5,638
6.2 Profit/Losses from Derivative Financial Transactions		441,215	67,193	366,030	(46,489)
6.3 Foreign Exchange Profit/Losses		(208,504)	8,642	(203,179)	68,751
VII. OTHER OPERATING INCOME	(5.IV.4)	68,909	52,059	15,627	10,197
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		1,681,285	588,766	778,681	281,190
IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(5.IV.5)	183,641	79,749	64,235	34,542
X. OTHER PROVISION EXPENSES (-)	(5.IV.5)	8,350	1,300	820	636
XI. PERSONNEL EXPENSES (-)		266,594	159,039	135,402	76,004
XII. OTHER OPERATING EXPENSES (-)	(5.IV.6)	216,105	150,639	119,487	82,478
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		1,006,595	198,039	458,737	87,530
XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-	-	-
XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-	-	-
XVI. NET MONETARY POSITION GAIN / LOSS		-	-	-	-
XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	(5.IV.7)	1,006,595	198,039	458,737	87,530
XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.IV.8)	195,363	24,007	39,423	14,823
18.1 Current Tax Provision		284,788	48,493	(55,411)	42,511
18.2 Expense Effect of Deferred Tax (+)		311,451	24,549	309,377	262
18.3 Income Effect of Deferred Tax (-)		400,876	49,035	214,543	27,950
XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	(5.IV.9)	811,232	174,032	419,314	72,707
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1 Income from Assets Held for Sale		-	-	-	-
20.2 Profit from Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3 Other Income from Discontinued Operations		-	-	-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Expenses on Tangible Assets Held for Sale		-	-	-	-
21.2 Losses from Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3 Other Expenses from Discontinued Operations		-	-	-	-
XXII. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)	(5.IV.7)	-	-	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(5.IV.8)	-	-	-	-
23.1 Current Tax Provision		-	-	-	-
23.2 Expense Effect of Deferred Tax (+)		-	-	-	-
23.3 Income Effect of Deferred Tax (-)		-	-	-	-
XXIV. CURRENT PERIOD NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV. CURRENT PERIOD NET PROFIT/LOSS (XIX+XXIV)	(5.IV.10)	811,232	174,032	419,314	72,707
25.1 Group's Profit/Loss		811,232	174,032	419,314	72,707
25.2 Minority Shares Profit / Loss (-)		-	-	-	-
Profit/Loss per Share		0.0943	0.0202	0.0488	0.0085

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

ICBC TURKEY BANK ANONİM ŞİRKETİ**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”).)

		THOUSANDS OF TURKISH LIRA	
		Reviewed CURRENT PERIOD (01/01/2022 - 30/06/2022)	Reviewed PRIOR PERIOD (01/01/2021 - 30/06/2021)
I.	CURRENT PERIOD PROFIT / LOSS	811,232	174,032
II.	OTHER COMPREHENSIVE INCOME	(284,685)	(11,235)
2.1	Other Items That Will Not Be Reclassified to Profit or Loss	-	180
2.1.1	Gains/Losses on Revaluation of Tangible Assets	-	180
2.1.2	Gains/Losses on Revaluation of Intangible Assets	-	-
2.1.3	Gains/Losses on Remeasurements of Defined Benefit Plans	-	-
2.1.4	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	-	-
2.1.5	Taxes Relating To Components of Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	-	-
2.2	Other Items That Will Be Reclassified to Profit or Loss	(284,685)	(11,415)
2.2.1	Exchange Differences on Translation	-	-
2.2.2	Valuation and/or Reclassification Profit/Loss from Financial Assets at Fair Value Through Other Comprehensive Income	(379,356)	(15,233)
2.2.3	Income/Loss Related with Cash Flow Hedges	-	-
2.2.4	Income/Loss Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Components of Other Comprehensive Income That Will Be Reclassified to Other Profit or Loss	-	-
2.2.6	Taxes Relating To Components of Other Comprehensive Income That Will Be Reclassified To Profit or Loss	94,671	3,818
III.	TOTAL COMPREHENSIVE INCOME (I+II)	526,547	162,797

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

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022**

Other Accumulated Comprehensive Income and Expenses That Will Not Be Reclassified in Profit and Loss	Other Accumulated Comprehensive Income and Expenses That Will Be Reclassified in Profit and Loss
<p>Other Accumulated Comprehensive Income and Expenses That Will Not Be Reclassified in Profit and Loss</p>	<p>Other Accumulated Comprehensive Income and Expenses That Will Be Reclassified in Profit and Loss</p>

1. Accumulated revaluation increases/decreases of non-current assets,
2. Accumulated gains / losses on remeasurements of defined benefit plans,
3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)
4. Exchange differences on translation,
5. Accumulated gains/losses due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Other (Accumulated gains/losses on cash flow hedges, other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss and other accumulated amounts of other comprehensive income that will be reclassified to profit or loss.)

9

ICBC TURKEY BANK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira ("TL").)

					Other Accumulated Comprehensive Income and Expenses That Will Not Be Reclassified in Profit and Loss			Other Accumulated Comprehensive Income and Expenses That Will Be Reclassified in Profit and Loss									
		Paid-in Capital	Share Premiums	Share Certificate Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period's Profit/(Loss)	Net Profit / (Loss) for the Period)	Total Equity Except Minority Shares	Minority Shares	Total Equity
	Current Period (30/06/2022)																
I.	Balance at the End of Previous Period	860,000	(587)	-	-	29,086	(2,721)	-	-	4,013	-	491,598	243,825	-	1,625,214	-	1,625,214
II.	Adjustment in Accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)	860,000	(587)	-	-	29,086	(2,721)	-	-	4,013	-	491,598	243,825	-	1,625,214	-	1,625,214
IV.	Total Comprehensive Income	-	-	-	-	-	-	-	-	(284,685)	-	-	-	811,232	526,547	-	526,547
V.	Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital/ inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease through Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	185,748	(185,748)	-	-	-	-
11.1	Dividends Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers Legal Reserves	-	-	-	-	-	-	-	-	-	-	185,748	(185,748)	-	-	-	-
11.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at the end of Period (III+IV+...+X+XI) 30/06/2022	860,000	(587)	-	-	29,086	(2,721)	-	-	(280,672)	-	677,346	58,077	811,232	2,151,761	-	2,151,761

1. Accumulated revaluation increases/decreases of non-current assets,
2. Accumulated gains / losses on remeasurements of defined benefit plans,
3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)
4. Exchange differences on translation,
5. Accumulated gains/losses due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Other (Accumulated gains/losses on cash flow hedges, other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss and other accumulated amounts of other comprehensive income that will be reclassified to profit or loss.)

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira ("TL").)

	THOUSANDS OF TURKISH LIRA	
	Reviewed CURRENT PERIOD (01/01/2022 - 30/06/2022)	Reviewed PRIOR PERIOD (01/01/2021 - 30/06/2021)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	663,543	370,256
1.1.1 Interest Received	1,165,216	605,189
1.1.2 Interest Paid	(468,262)	(332,001)
1.1.3 Dividend Received	2	201
1.1.4 Fees And Commissions Received	174,383	127,382
1.1.5 Other Income	437,123	76,051
1.1.6 Collections from Non-Performing Receivables Accounted as Loss	2,455	4,414
1.1.7 Cash Payments to Personnel and Service Suppliers	(254,408)	(153,014)
1.1.8 Taxes Paid	(12,247)	(59,701)
1.1.9 Other	(380,719)	101,735
1.2 Changes in Operating Assets and Liabilities Subject to Banking Operations	2,233,463	232,931
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss	(9,846)	(11,151)
1.2.2 Net (Increase) Decrease in due from Banks	(2,358,948)	(686,348)
1.2.3 Net (Increase) Decrease in Loans	(3,350,975)	(1,338,249)
1.2.4 Net (Increase) Decrease in Other Assets	(1,763,088)	(567,602)
1.2.5 Net Increase (Decrease) in Bank Deposits	4,497	(20,515)
1.2.6 Net Increase (Decrease) in Other Deposits	8,350,389	3,709,035
1.2.7 Net Increase (Decrease) in Financial Liabilities at Fair Value Through Profit or Loss	-	-
1.2.8 Net Increase (Decrease) in Funds Borrowed	4,162,584	(400,025)
1.2.9 Net Increase (Decrease) in Matured Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(2,801,150)	(452,214)
I. Net Cash Flow Provided by Banking Operations	2,897,006	603,187
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Flows from Investing Activities	1,300,521	415,930
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Joint Ventures	-	-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint Ventures	-	-
2.3 Securities and Real Estates Purchased	(18,776)	(12,265)
2.4 Securities and Real Estates Sold	-	2,529
2.5 Financial Assets at Fair Value Through Other Comprehensive Income Purchased	(38,044)	(17,452)
2.6 Financial Assets at Fair Value Through Other Comprehensive Income Sold	532,822	29,862
2.7 Financial Assets Measured at Amortised Cost Purchased	(389,734)	(147,802)
2.8 Financial Asset Measured at Amortised Cost Sold	1,113,728	555,948
2.9 Other	100,525	5,110
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided from Financing Activities	(11,292)	(3,071)
3.1 Cash Obtained from Loans and Securities Issued	-	-
3.2 Cash Outflow Arising From Loans and Securities Issued	-	-
3.3 Securities and Real Estates Sold	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Lease Liabilities	(11,292)	(3,071)
3.6 Other	-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	562,891	240,251
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)	4,749,126	1,256,297
VI. Cash and Cash Equivalents at the Beginning of Period	4,728,475	3,750,867
VII. Cash and Cash Equivalents at the End of Period (V+VI)	9,477,601	5,007,164

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

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**SECTION THREE
ACCOUNTING POLICIES**

I. Explanations on the Basis of Presentation

Explanations and disclosures in the financial statements of Bank of Turkey Accounting Standards and Accounting Practices and Retention of Documents Procedures and Principles Regarding the preparation in accordance with Regulation:

Consolidated financial statements are prepared in accordance with the “Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation” which includes the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of “Turkish Financial Reporting Standards” (“TFRS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) for those matters not regulated by the aforementioned legislations.

Consolidated financial statements have also been prepared in accordance with the “Communique amending the Communique on the Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks” published in the Official Gazette dated 1 February 2019 with No. 30673.

Consolidated financial statements have been prepared in TL, under the historical cost convention except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial assets and liabilities at fair value through profit or loss carried at fair value and revalued buildings.

The preparation of consolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the use of certain accounting estimates and assumptions by the Parent Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the statement of profit or loss. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related notes.

A new type of coronavirus (COVID-19), which first appeared in China, was classified by the World Health Organization as an epidemic that affects countries globally on 11 March 2020. The COVID-19 pandemic and the precautions taken against it have impacts on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues and the future of it remains uncertain. The effects of these effects on the Bank’s equity management and capital adequacy, asset quality, credit risk, operational risk, currency risk, interest rate risk, liquidity risk, stock position risk arising from banking accounts, leverage ratio and other risks and indicators and is regularly monitored by the Bank Management. Although the effects of the situation are not known exactly, it is expected to affect the financial status and operating results of the Bank in the foreseeable future. The Bank takes the necessary precautions to keep the negative effects that may arise under control and at a minimum level.

While preparing its financial statements dated 30 June 2022, the Group reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements.

The Indicator Interest Rate Reform - 2nd Phase, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published in December 2020 and early implementation of the changes is allowed. With the modifications made, certain exceptions are provided for the basis used in the determination of contractual cash flows and hedge accounting implementations. The effects of the changes on the Bank’s financials have been evaluated and it has been concluded that there is no need for early application. On the other hand, the process for the Indicative Interest Rate Reform is expected to be completed as of 31 December 2021, and the Bank’s studies continues within the scope of compliance with the changes.

The amounts in the consolidated financial statements and the related explanations and notes are expressed in thousands of Turkish Lira unless otherwise stated.

Accounting policies followed and valuation principles used in the preparation of consolidated financial statements:

Accounting policies followed and valuation principles used in the preparation of consolidated financial statements, have been determined in accordance with the regulations, communiqués, explanations and circulars published by the BRSA on accounting and financial reporting principles, and the principles within the scope of TFRS (all “BRSA Accounting and Financial Reporting Legislation”) put into effect by the KSK.

According to the announcement made by Public Oversight Accounting and Auditing Standards Authority on 20 January 2022, it has been stated that entities that apply Turkish Financial Reporting Standards (“TFRS”) do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 “Financial Reporting in Hyperinflationary Economies”. In the accompanying financial statements, no inflation adjustment has been made in accordance with TAS 29. As of 30 June 2022, no new statement has been made by POA within the scope of TAS 29, and no inflation adjustment has been made according to TAS 29 while preparing the financial statements dated 30 June 2022.

The tension between Russia and Ukraine since the beginning of 2022 has turned into a crisis and conflict and continues as of the reporting date. The bank does not operate in either country, and this situation has no important impact on the bank’s operations and financial statements.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

Strategy for the use of financial instruments:

The Parent Bank's main area of activities consist corporate, commercial and retail banking, fund management transactions and international banking services. The Parent Bank gives loans mainly to domestic customers by external sources of funds comprised mainly of domestic deposits and foreign borrowings and invests in marketable securities and banks placements to maintain liquidity.

The liability side of the balance sheet is intensively composed of short-term deposits and medium/long term borrowings in line with the general trend in the banking sector. Foreign currency borrowings are predominately floating rate and thus, the Parent Bank aims to minimize the effects of fluctuations in currency and interest rates in the market. Deposits collected are fixed rate and balanced with fixed rate loans and other investments. The fundamental strategy to manage the liquidity risk is to expand the deposit base through customer-oriented banking philosophy, and to increase customer transactions and retention rates. The Parent Bank invests some of its resources to domestic government bonds and short-term placements to reduce liquidity risk.

Currency risk, interest risk and liquidity risk are measured and monitored instantly by various risk management systems, and balance sheet management is carried out within the risk limits and legal limits determined in this framework. Asset-Liability management models, value-at-risk calculations, stress tests and scenario analyzes are used for this purpose.

The Parent Bank designates its loan strategy considering international and national economic data and expectations, market conditions, interest, liquidity, currency, credit and other risks. Loan portfolio of the Parent Bank is not concentrated on a specific segment and concentration risk is taken in consideration as much as possible.

Transactions denominated in foreign currencies:

The Bank covers and controls the exchange rate risks it is exposed to due to foreign currency transactions through various derivative instruments that establish the general balance of foreign currency assets and liabilities.

Monetary assets and liabilities denominated in foreign currencies are translated by using currency exchange rates on the balance sheet date. Currency differences arising from the valuation of monetary items are accounted for in the profit or loss statement as "Foreign Exchange Transactions Profit/Loss".

As of 30 June 2022, the USD exchange rate used in the conversion of foreign currency transactions into Turkish currency and their reflection in the financial statements is 16.6614 full TL, Euro exchange rate is 17.3701 full TL, British Pound exchange value is 20.1752 full TL and Japanese Yen exchange rate is 0.1220 full TL.

III. Explanations on Subsidiaries and Associates

As of 30 June 2022 and 31 December 2021, the Parent Bank has no associates.

On 21 April 2015, Tekstil Portföy Yönetimi A.Ş. was established with TL 2,000,000 - full amount - capital from ICBC Yatırım. On 23 November 2015, the trade name of the company has been changed and registered as ICBC Turkey Portföy Yönetimi A.Ş. (ICBC Portföy). ICBC Portföy is a subsidiary of ICBC Yatırım with 100% partnership and an indirect subsidiary of the Parent Bank. As at 31 December 2016, ICBC Portföy has been consolidated in ICBC Yatırım by full consolidation method. "ICBC Yatırım", the consolidated subsidiary of the Parent Bank, represents ICBC Portföy and ICBC Yatırım as a whole.

ICBC Yatırım, which is financial subsidiary of the Parent Bank is consolidated in the accompanying consolidated financial statements by using full consolidation method.

The Parent Bank and its consolidated subsidiary are referred to as "the Group".

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Bank's returns.

The carrying amount of the Parent Bank's investment in its subsidiary and the Parent Bank's portion of equity of its subsidiary are netted off. All intercompany transactions and intercompany balances between the consolidated subsidiary and the Parent Bank are eliminated.

The financial statements, which have been used in the consolidation, are prepared as at 30 June 2022 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in same circumstances. There is no obstacle on the transfer of shareholders' equity between the Parent Bank and its subsidiary or on the reimbursement of liabilities. The consolidated financial statements have been prepared in accordance with the methods, procedures and principles specified in the "TFRS 10-Consolidated Financial Statements Standard".

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

IV. Explanations on Forwards, Options and Derivative Transactions

The derivative transactions of the Group mainly consist of foreign currency swaps, foreign currency options and forward contracts.

Derivative instruments are classified as "Derivative Financial Assets at Fair Value through Profit or Loss", "Derivative Financial Assets at Fair Value through Other Comprehensive Income" in the asset side of balance sheet and "Derivative Financial Liabilities at Fair Value through Profit or Loss", "Derivative Financial Liabilities at Fair Value through Other Comprehensive Income" in the liabilities side of balance sheet in accordance with TFRS 9. There is no derivative Financial Liabilities at Fair Value through Other Comprehensive Income" as of 30 June 2022.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contract values.

The derivative transactions are initially recognized at fair value and measured at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets at Fair Value through Profit/Loss" under the "Derivative Financial Assets" or "Derivative Financial Liabilities at Fair Value through Profit/Loss" under the "Derivative Financial Liabilities" items of the balance sheet depending on the resulting positive or negative amounts of the fair value. Gains and losses arising from a change in the fair value of trading purpose derivatives are recognized in the consolidated income and expense statement. Fair values of derivatives are determined using quoted market prices in active markets or using discounted cash flow techniques within current market interest rates.

Fair values of option agreements are calculated using Black - Scholes option pricing models and unrealized profit and loss amounts are presented in the income statement for the current period.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to stand alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative but a separate financial instrument. The Parent Group has no embedded derivative instruments.

V. Explanations on Interest Income and Expense

Interest income and expenses are accounted for in accordance with the effective interest method in TFRS 9 (the ratio of the future cash flows of the financial asset to the present value of the future cash flows). Interest income and expenses calculated using the internal rate of return method are recognized on an accrual basis. Pursuant to the related legislation, the Parent Bank ceases accrued interest income on non-performing loans and other interest income accruals which are considered as doubtful and does not record the accruals recorded until that date until the collection is made.

VI. Explanations on Fees and Commissions Income and Expense

Fees and commissions except for which are integral part of "the effective interest (Internal Yield) rates" of financial instruments measured at amortized costs, are accounted for in accordance with TFRS 15 "Revenue from Contracts with Customers". Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period. Prepaid fees for loans are discounted with the effective interest rate method and recorded as income in the relevant period in accordance with the periodicity principle.

VII. Explanations on Financial Assets

The Group recognizes its financial assets as "Financial Assets at Fair Value through Profit or Loss", "Financial Assets at Fair Value through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments. The Group recognizes a financial asset or financial liability on its balance sheet only when it is party to the contractual provisions of the financial lease. The Group derecognizes a financial asset only when the contractual rights to cash flows from the financial asset have expired or the financial assets have been transferred and the conditions for derecognition have been met. A financial liability (or part of a financial liability) is only recognized when the liability has expired; in other words, it is removed from the statement of financial position when the obligation specified in the contract is fulfilled, canceled or time out.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VII. Explanations on Financial Assets (Continued)

During the recognition of the financial assets, based on following matters, the Group reclassified its financial assets as “Financial Assets at Fair Value through Profit/Loss”, “Financial Assets at Fair Value through Other Comprehensive Income” or “Measured at Amortized Cost”:

- The business model used by the entity for the management of financial assets,
- Characteristics of contractual cash flows of the financial asset.

When the business model determined by the Group management is changed, all financial assets affected by this change are reclassified. Reclassification of financial assets is applied prospectively from the date of reclassification. In such cases, there is no adjustment to earnings, losses (including impairment gain or loss) or interest received previously in the financial statements is made.

a. Financial Assets at Fair Value through Profit/Loss:

Financial assets at fair value through profit or loss consist of financial assets other than the business model that aims to hold contractual cash flows to collect and the business model that aims to collect and sell contractual cash flows. Financial assets valued at fair value through profit or loss are valued at their fair values. Gain/loss arising on those assets is recorded in the statement of profit or loss.

b. Financial Assets at Fair Value through Other Comprehensive Income:

A financial asset is measured at fair value through other comprehensive income when both of the following conditions are met:

- Financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell,
- Financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates.

Financial assets measured at fair value through other comprehensive income are measured at their fair values subsequently. Unrealized gains or losses arising from changes in the fair value of securities carried at fair value through profit and loss at fair value through profit or loss are expressed in equity as “Other Comprehensive Income That Will Be Reclassified to Profit or Loss”. In case of disposal of marketable securities at fair value through other comprehensive income as a result of fair value application, the value in the shareholders’ equity accounts is reflected to the statement of profit or loss. However, the Parent Bank may prefer the method of reflecting changes in fair value to other comprehensive income is irrevocable for the first time in the financial statements for certain investments in equity instruments measured at fair value through profit or loss under normal circumstances.

c. Financial Assets Measured at Amortized Cost:

A financial asset is measured at amortized cost when both of the following conditions are met:

- Financial assets within a business model that aims to hold to collect contractual cash flows,
- Financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates.

Subsequent to the initial recognition, financial assets measured at amortized cost are accounted at “amortized cost” calculated by using the “effective interest (internal rate of return) rate method”. Interest income on financial assets measured at amortized cost is reflected as interest income in the income and expense.

Loans:

Loans are financial assets created by providing money, goods or services to the debtor. Such loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the “Effective Interest Rate (internal rate of return) Method”. Charges paid for assets acquired as collateral and other similar expenses are not considered as part of the transaction cost and are reflected in the expense. All the loans of the Parent Bank are recorded under the financial asset “Financial Assets Measured at Amortized Cost” and “Financial Assets at Fair Value Through Other Comprehensive Income” account.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VIII. Explanations on Impairment of Financial Assets

Recognition of Expected Credit Losses in Financial Statements:

The Group makes provisions for financial assets measured at fair value through other comprehensive income, assets measured at amortized cost, and expected losses related to non-cash loans and credit commitments. As of 1 January 2018, the Parent Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750.

The Groups measured the expected credit losses for a financial asset based on the probabilities that are weighted and unbiased by probable outcomes, the time value of money and the estimates of past events, current and future economic conditions that are reasonable, in a way that reflects supportable information.

Within the scope of TFRS 9, calculation of expected credit losses consists of three main parameters: Probability of Default (PD), Loss Given Default (LGD), Exposure of Default (EAD). In addition, the PD and LGD parameters used in the expected credit loss calculation are calculated as instant PD (point in time, PIT) including both current and expected cycle changes. For the determination of macroeconomic expectations, “reasonable and supportable information available without undue cost or effort in estimating past events, current conditions and future economic conditions” can be used and accordingly “estimate of expected losses including their expected effects” can be realized. “Regulatory Factor Values”, which are calculated using the actual and scenario-based expected NPL rates by the Bank, are used to include in the calculation. The effect of macroeconomic expectations is reflected on the PD values obtained as a result of the calibration studies performed on the internal rating model using historical data. The cumulative PD values adjusted as a result of the transactions are used is being done.

Probability of Default (PD)

The probability of default represents the probability that the debtor will default in a given time period. Two types of PD values are calculated in accordance with TFRS 9 requests:

- **12-month PD:** The probability of default within 12 months refer to the portion of the expected credit loss that could result from the possible default of the loan.
- **Lifetime PD:** Lifetime losses result from all possible default events over the expected life of the financial instrument after the reporting date.

The Group uses the credit ratings, which are the result of the internal rating systems used by the Bank in the loan allocation processes, to calculate the 12-month or lifetime default probabilities of its corporate and commercial customers. The internal rating models used for the Corporate and Commercial portfolio include the customer's financial information as well as answers to qualitative questions.

Using historical default data for individual customers, a transition matrix based on the number of days of delay is generated and 12-month or lifetime default probabilities are estimated.

For receivables from Banks, the default probability is calculated by using rating transition studies published by S&P.

In the final stage, macroeconomic expectations are taken into account and reflected in the probability of default values.

Loss Given Default (LGD)

If a loan default occurs, it refers to the economic loss that might be encountered by taking into consideration the collection period. In LGD calculations, if the loans are not collateralized, the rates in the IRB App-1 Risk Weighted Amount and Expected Loss Amount Calculation are used. Calculations within the scope of BRSA Credit Risk Mitigation Techniques are also applied for secured loans.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

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

VIII. Explanations on Impairment of Financial Assets (Continued)

Recognition of Expected Credit Losses in Financial Statements (Continued):

Exposure of Default (EAD)

The exposure at default amount is the expected economic receivable at the time of default. For cash loans, it refers to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors.

Definition of Default

Default means, when the borrower's payment obligations which against to the Group, delays more than 90 days from the day of payment in part or in full, or not pay.

The obligor may be considered as Phase 3 in cases where the Group does not find it possible to pay its obligations regardless of the number of days of delay and without resorting to collateral.

This may include;

- Deterioration in the financial position of the counterparty (memzuc records, bounced check recording, application for condordato, bankruptcy/suspension bankruptcy, etc.) and economic conditions
- Default records in other financial institutions
- The obligor is past due 90 days or more on any material credit obligation to the Bank
- The obligor is past due 30 days or more and restructured after transition from Stage 3 to Stage 2

As of the date of initial recognition, there will be no significant changes in portfolios, financial assets at are subject to expected loss provision calculation have been followed in accordance with the following three-stage model below:

Stage 1: From initial recognition of a financial asset to the date on which an asset has not experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from its default occurring over the earlier of the next 12 months.

Stage 2: An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument and measures the provision for impairment on this financial instrument at an amount equal to the lifetime expected credit losses. The purpose of impairment provisions is to recognize the risk of default occurring over the remaining life of the financial instrument that credit risk has increased significantly since initial recognition.

Stage 3: When one or more events that negatively affect future estimated cash flows of a financial asset occur, the related financial asset becomes credit-impaired. For these assets, expected lifetime loss of credit is recorded. Lifetime expected credit losses are recorded for impaired assets. The probability of default is taken into account as 100%.

The Group also makes additional provisions for corporate customers through an individual assessment.

The Group regularly follows the developments regarding macroeconomic expectations, which it uses to calculate expected credit losses within the general approach method, and applies them to its models by updating. In 2020, the Bank evaluated the negative effects of the COVID-19 outbreak in its models by updating the macroeconomic information for the future.

The loan portfolio of the Group mainly consists of a small number of loans with high amounts. Those loans with high amount and risk level are subject to individual assessment. The Bank reflected the possible effects of COVID-19 by taking into account the reasonable and supportable information it has in the estimation of the probability weights and cash flows of the scenarios it uses, in the calculation of the expected credit loss for the loans it is subject to individual assessment.

Review of the Parent Bank's Business Model:

The Parent Bank classifies its financial assets based on the business model used for the management of financial assets. Based on the determined business model, the Bank evaluates whether the financial assets meet the classification requirements set out in TFRS 9. This assessment requires consideration of all evidence available at the time the assessment was made, including, but not limited to, the following:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel of the Bank
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed and
- How the additional payments to the Group management are determined. (for example, whether the additional payments are determined by the fair value of the assets that managed or by the contractual cash flows collected).

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VIII. Explanations on Impairment of Financial Assets (Continued)

Recognition of Expected Credit Losses in Financial Statements (Continued):

Assessment on Contractual Cash Flows Whether Include Only Principal and Interest on Principal Payments are Related to Capital:

A financial asset is classified on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. For this purpose, the Parent Bank determines whether contractual cash flows are solely payments of principal and interest. In assessing whether the contractual cash flows are solely payments of principal and interest, the Parent Bank will consider the consistency of loan agreement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest. In assessing whether the contractual cash flows are solely payments of principal and interest, the Parent Bank will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Parent Bank considers:

- Contingent events that would change the amount and timing of cash flows
- Leverage features
- Prepayment and extension terms
- Terms that limit the Parent Bank’s claim to cash flows from specified assets
- Features that modify consideration for the time value of money.

IX. Explanations on Write-down Policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on 27 November 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as “Group V Loan” (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. The Bank performs objective and subjective assessments whether there is reasonable expectation.

The write-down of these loans, which are not possible to be collected, is an accounting policy and this policy does not result in waiving the right of receivables.

As of 30 June 2022, there is no written-off receivables (31 December 2021: None).

X. Explanations On Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle the related financial assets and liabilities on a net basis, or realize the asset and settle the liability simultaneously.

Provisions for foreign exchange gain/loss on foreign currency indexed loans are netted with loans on asset side of consolidated balance sheet. Otherwise, the financial assets and liabilities are netted off only when there is a legal right to do so.

XI. Explanations on Sale and Repurchase Agreements and Transactions Related to the Lending of Securities

Securities sold under repurchase agreements (“Repo”) are classified as “Financial Assets at Fair Value Through Profit/Loss”, “Financial Assets at Fair Value Through Other Comprehensive Income” or “Financial assets measured at amortized cost” based on the Parent Bank management’s intention and measured with the same valuation principles of the portfolio above. Funds received through repurchase agreements are booked in liability account under “Money Market Funds” and the related interest expenses are accounted on an accrual basis based on the difference between selling and repurchase prices using effective interest rate (internal rate of return) method. Securities purchased under resale agreements (“Reverse repo”) are classified under “Receivables from Money Markets”. An income accrual using the effective interest rate method is accounted for the positive difference between the purchase and resale prices earned during the period. The Parent Bank does not have any securities related to the lending.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

XII. Explanations on Assets Held for Sale and Discontinued Operations and Liabilities Related with These Assets

Non-current assets held for sale are accounted for in accordance with the provisions of “TFRS 5 Turkish Financial Reporting Standard on Assets Held for Sale and Discontinued Operations” in the financial statements. In accordance with TFRS 5 – “Non-current Assets Held for Resale and Discontinued Operations”, an asset (or disposal group) classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

Non-current assets held for sale are assets that are highly marketable, which a plan for the sale of them has been made by the management team and an active program is initiated for the determination of buyers and the completion of the plan. The asset should be actively marketed at a price compatible with its fair value. In addition, the sale should be expected to be accounted for as a completed sale within one year from the date of classification, and the actions required to complete the plan should show that the likelihood of significant changes in the plan or cancellation of the plan is unlikely.

The Group does not have any assets held for sale (31 December 2021: None).

The Group has no discontinued operations (31 December 2021: None).

XIII. Explanations on Goodwill and Other Intangible Assets

There is no goodwill in the accompanying consolidated financial statements as at 30 June 2022 and 31 December 2021.

Intangible assets are initially recognized at their cost that includes expenditures that are directly attributable to the acquisition of the asset. Intangibles are reflected in the consolidated balance sheet at cost less amortization and any accumulated impairment losses. Intangible assets are subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

Intangible assets are amortized on amortization rates between 6.66% and 33.33%.

Intangible assets are amortized on a straight-line basis based on their estimated useful lives. The useful life of the asset is determined by evaluating the expected life of the asset, technical, technological or other types of obsolescence, and the maintenance costs necessary to obtain the expected economic benefit from the asset.

XIV. Explanations on Tangible Assets

Tangible assets are initially recognized at their cost that includes expenditures that are directly attributable to the acquisition of the asset. Tangible assets, except buildings as stated below, are reflected in the consolidated financial statements at cost less accumulated depreciation and any accumulated impairment.

Tangible assets are depreciated on a straight-line basis based on the in estimated useful lives.

The estimated useful lives are as follows:

Buildings	50 years
Office machinery, furniture and vehicles	3 – 50 years
Leasehold improvements costs	The shorter of the economic life of lease terms

As of the balance sheet date, the amount of depreciation calculated by proportioning the amount of depreciation foreseen for a full year with the period of stay of the asset for the assets that are in the asset for less than one accounting period is depreciated.

If the cost value is higher than the “Net realizable value” of the related tangible asset, the value of the said asset is reduced to its “Net realizable value” in accordance with the “Turkish Accounting Standard for Impairment of Assets” (“TAS 36”) and the provision for impairment is associated with expense accounts.

Gain and losses sourcing from disposal of tangible assets are determined through deduction of net book value from the sales revenue of the related plant, property and equipment.

The regular maintenance and repair expenditures are accounted as expense. The investment expenditures, made to increase the future benefits of the asset by improving the capacity of the asset, are added to the cost of the asset. Investment expenditures comprised of the costs, which increase the useful life of the asset, improve the capacity of the asset, increase the quality or decrease the cost of production.

The Parent Bank applies a revaluation model within the framework of TAS 16 “Recognition of Tangible Assets” for buildings included in tangible assets. For this purpose, the fair values of the buildings are determined once a year by an independent valuation firm authorized by the BRSA and the Capital Markets Board. The increase in the book value of the buildings as a result of the revaluation is reflected in the Tangible Assets Revaluation Differences account in the equity account group. As a result of the valuation of the buildings, there is a pre-tax value increase of TL 29,085 (31 December 2021: 29,085) in the Tangible Assets item as of 30 June 2022.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

XV. Explanations on Leasing Activities

The Group has started to apply TFRS 16 Leases standard starting from 1 January 2019.

The Group undertakes leases in the building, vehicle and software asset groups.

As a lessee, the Group has previously included the right to lease assets and leasing liabilities for most of its leases in accordance with TFRS 16, even though the Group has previously been classified as operating or financial leasing based on the assessment of whether all the risks and rewards of ownership of the asset have been transferred or not. In other words, these leases are presented in the statement of financial position. The Group classifies the right of use assets in classes of tangible assets and intangible assets that are of the same nature as their assets.

After the commencement date of the lease, the lessee increases the carrying amount of the lease liability to reflect the interest on the lease liability and decreases the carrying amount to reflect the lease payments made. It is remeasured in the event of a change in the lease term and in the assessment of the option to purchase the asset, and in the event of a change in the amounts expected to be paid under the residual value commitment, and in the event of a change in these payments as a result of a change in the index or rate.

The Bank records its fixed assets acquired through financial leasing based on their fair value and on the lease payments that are lower than their present value. Fixed assets acquired through financial leasing are classified under tangible assets and these fixed assets are subject to depreciation based on their useful lives. When a decrease in the value of fixed assets acquired through financial leasing is detected, a "provision for impairment" is made. Liabilities arising from financial leasing agreements are shown in the "Financial lease debts" account in the liabilities. Interest and exchange difference expenses related to financial leasing are reflected in the statement of profit or loss. The Bank does not perform financial leasing transactions in the capacity of being the "lessor". Transactions related to operational leases are accounted for on an accrual basis in accordance with the provisions of the relevant contract.

XVI. Explanations on Provisions and Contingent Liabilities

Provisions and contingent liabilities are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Parent Bank management. Whenever the amount of such obligations cannot be measured, they are regarded as "Contingent". If the possibility of an outflow of resources embodying economic benefits becomes probable and the amount of the obligation can be measured with sufficient reliability, a provision is recognized. A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with "the periodicity principle". If the amount of the obligation cannot be measured with sufficient reliability or the possibility of an outflow of resources embodying economic benefits is remote, such liabilities are disclosed in the notes to the consolidated financial statements.

XVII. Explanations on Contingent Assets

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the business. Since recognizing the contingent assets in the financial statements may result in the accounting of an income, which will never be generated, the related assets are not included in the financial statements. If an inflow of economic benefits has become probable, then the contingent asset is disclosed in the notes to the consolidated financial statements. Developments related to the contingent assets are constantly evaluated to be reflected rightly in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements of the period in which the change occurs.

XVIII. Explanations on Obligations Related to Employee Rights

Obligations related to employment termination and vacation rights "Turkish Accounting Standard related to Employee Benefits" ("TAS 19") are accounted for in accordance with the provisions.

Under the Turkish Labor Law, the Bank and its subsidiaries operating in Turkey are required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labor Law. According to the related regulation, the Bank is obliged to pay termination benefits for employees who retire, quit for their military service obligations, who have been dismissed as defined in the related regulation or who have completed at least one year of service. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Group was recorded under equity according to TAS 19 – Employee Benefits. The discount rate has been applied as 3.09% as of 30 June 2022 (31 December 2021: 3.09%).

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

XIX Explanations on Taxation

a. Current Tax:

In Turkey, the general corporate tax rate is 20%. However, within the scope of the Law No. 7394 published in the Official Gazette dated 15 April 2022, "The Law on the Evaluation of the Immovable Property of the Treasury and Amending the Value Added Tax Law and Amending Some Laws and Decree-Laws", this rate will be applied at a corporate tax rate of 25% on the corporate earnings of banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies for the 2022 taxation period, starting from the declarations that must be submitted as of 1 July 2022. As of 30 June 2022, taxation has been applied at the rate of 23% for corporate earnings.

The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as a deduction in accordance with the tax laws to the commercial income of the corporations, deducting the exceptions (such as the participation earnings exception) and discounts (such as the investment discount) in the tax laws. If there is no dividend distribution, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives in Turkey are not subject to withholding tax. Dividend payments made to individuals and institutions other than these are subject to 15% withholding tax. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied. Pursuant to the President's Decision No. 4936 published in the Official Gazette dated 22 December 2021, the dividends distributed by fully-paying corporations are covered by Article 94 of the Income Tax Law and Articles 15 and 30 of the Corporate Tax Law the rate of withholding was reduced from 15% to 10%. The decision entered into force on the date of publication.

In accordance with the tax legislation, corporate taxes are paid in advance based on the tax base calculated on the quarterly earnings of the companies at the current rate. These payments can be deducted from the annual corporate tax calculated for the whole year earnings. Such taxes paid in advance are deducted from the final corporate tax liability.

In accordance with the Turkish tax legislation, the tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

According to the "Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law" numbered 7352 published in the Official Gazette dated 29 January 2022 and numbered 31734, regardless of whether the conditions for the inflation adjustment within the scope of the repetitive article 298 are met in the temporary tax periods, application of inflation adjustment in the financial statements has been postponed to 31 December 2023.

b. Deferred Tax:

In accordance with TAS 12 "Income Taxes", the Group accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

For the items subject to deferred tax calculation as of 30 June 2022, the enacted tax rates applicable in accordance with the current tax legislation are used. Within the scope of the law numbered 7316 published in the Official Gazette dated 22 April 2021, this rate was applied as 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period. With the Law No. 7394 published in the Official Gazette dated 15 April 2022 and numbered 31810, starting from the declarations that must be submitted as of 1 July 2022, corporate tax will be applied at the rate of 25% on the corporate earnings of banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies for the 2022 taxation period. As of 31 December 2021, the enacted tax rates valid on the balance sheet date are used in the calculation of deferred tax in accordance with the current tax legislation.

If transactions and other occurrences are accounted at profit or loss; tax effects which are related to these transactions and other occurrences are also accounted at profit or loss. If transactions and other occurrences are directly accounted at equity balances; tax effects which are related to these transactions and other occurrences are also accounted at equity accounts. Tax provision of items that are directly related to equity is offsetted with related equity accounts. However, as of 1 January 2018, deferred tax assets are calculated over the expected loss provisions that constitute temporary difference in accordance with TFRS 9 provisions.

Deferred tax liabilities are recognized for all deductible temporary differences, however deferred tax assets composed of deductible temporary differences and tax losses are accounted with considering that it is probable that taxable profit will be available and such deductible temporary differences and tax losses can be utilized.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

XIX. Explanations on Taxation (continued)

b. Deferred Tax:

Deferred tax assets and liabilities of the Parent Bank have been offset in the Parent Bank’s financial statements. Net deferred tax assets or liabilities of the entities in the Group which are calculated individually have not been offset.

The Group has calculated deferred tax based on the principles above and reflected to the consolidated financial statements

c. Transfer Pricing:

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Corporate tax-payers required in “section 7.1 Annual Documentation” part of related communiqué, have to fill the “form relating to transfer pricing, controlled foreign companies and thin capitalization” as associated with purchasing and selling goods or services with related parties in an accounting period and send it to the tax office submitted as an appendix to the corporate tax return.

XX. Additional Explanations on Borrowings

Financial liabilities held for trading and negative value of derivative instruments are carried at fair value and all other financial liabilities are carried at amortized cost using “effective interest rate (internal rate of return) method”.

XXI. Explanations on Issued Stock

There is no issued stock in the current period. (31 December 2021: None).

XXII. Explanations On Bills And Acceptances

Acceptances are realized simultaneously with the customer payments and recorded in “off-balance sheet accounts”, if any.

XXIII. Explanations on Government Grants

As of 30 June 2021 and 31 December 2021, the Group does not have any government grants.

XXIV. Profit Reserves and Profit Distribution

Retained earnings at statutory books are allowed for distribution except for the following clause on legal reserves.

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company’s paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company’s share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital.

At the Ordinary General Assembly Meeting of the Parent Bank held on 31 March 2022, it was decided to allocate 5% of the legal reserves of TL 5,795 from TL 115,894, which constitutes the net after-tax unconsolidated balance sheet profit of 2021, in accordance with Article 519/1 of the TCC and the remaining TL 110,099 was decided to be transferred to extraordinary reserves

XXV. Related Parties

For the purpose of the consolidated financial statements, shareholders, members of board of directors, related companies managed by their own and families, associates and jointly controlled entities are accepted as related party in accordance with the article 49 of the Banking Law No.5411. Transactions regarding related parties are presented in note V of Section Five.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

XXVI. Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash and balances with central banks, deposits with banks and other financial institutions, other money market placements with an original maturity of twelve months or less and receivables from reverse repo. The reserve requirements blocked at the Central Bank of the Republic of Turkey are not recognized as "cash equivalent assets" in the statement of cash flows.

XXVII. Explanations on Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Segment reporting is presented in Section Four, Note IX.

XXVIII. Earnings / Loss Per Share

Earnings per share disclosed in the statement of profit or loss, are calculated by dividing net profit for the period by the weighted average number of shares outstanding during the period concerned.

	30 June 2022	30 June 2021
Net Profit / (Loss) for the Period	811,232	174,032
Number of Shares	8,600,000	8,600,000
Profit / (Loss) Per Share (*)	0.0943	0.0202

(*) Expressed as full TL.

XXIX. Reclassifications

None.

XXXI. Explanations on Other Matters

None.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION FOUR

EXPLANATIONS ON CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT

I. Explanations on Consolidated Equity

Information about consolidated equity items:

Equity amount and capital adequacy standard ratio have been calculated within the framework of “Regulation on Measurement and Evaluation of Banks' Capital Adequacy” and “Regulation on Equity of the Banks”.

The Group's capital adequacy ratio is 24.09% (31 December 2021: 26.93%).

Current Period	30 June 2022	31 December 2021
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	860,000
Share issue premiums	(587)	(587)
Legal Reserves	677,346	491,598
Gains recognized in equity as per TAS	(188,921)	60,389
Profit	869,309	243,825
Current Period Profit	811,232	187,189
Prior Period Profit/Loss	58,077	56,636
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	2,217,147	1,655,225
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	-
Improvement costs for operating leasing	3,647	3,920
Goodwill net of related tax liability	-	-
Other intangibles other than mortgage-servicing rights net of related deferred tax liability	16,952	11,437
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,772	4,828
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of core capital of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of core capital of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the core capital	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the core capital	-	-
Amount exceeding 15% of the core capital as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued core capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets arising from temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier I Capital	24,371	20,185
Total Common Equity Tier I Capital	2,192,776	1,635,040

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued):

	30 June 2022	31 December 2021
ADDITIONAL TIER 1 CAPITAL		
Preferred stock not included in core capital and the related share premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier 1 Capital before Deductions	-	-
Deductions from Additional Tier 1 Capital		
Direct and indirect investments of the Bank in its own additional Tier 1 capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital		
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	2,192,776	1,635,040
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	4,998,420	3,998,700
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (1st clause of Article 8 of the Regulation on the Equity of Banks)	327,363	236,282
Tier II Capital Before Deductions	5,325,783	4,234,982
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	5,325,783	4,234,982
Total Capital (The sum of Tier I Capital and Tier II Capital)	7,518,559	5,870,022
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	150	158
Regulatory Adjustments which will be deducted from Total Capital during the transition period		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued):

	30 June 2022	31 December 2021
TOTAL CAPITAL		
Total capital (The Sum of Tier I Capital and Tier II)	7,518,409	5,869,864
Total Risk Weighted Amounts	31,207,982	21,799,994
CAPITAL ADEQUACY RATIOS ⁽²⁾		
Core Capital Adequacy Ratio (%)	7.03	7.50
Tier I Capital Adequacy Ratio (%)	7.03	7.50
Capital Adequacy Ratio (%)	24.09	26.93
BUFFERS		
Bank-specific total core capital ratio	2.55	2.57
Capital conservation buffer ratio (%)	2.50	2.50
Bank specific countercyclical buffer ratio (%)	0.05	0.07
Systemically significant bank buffer ratio (%)	-	-
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	-
Amounts below the financial limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from mortgage servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits Related to Provisions Considered in Tier II Calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,040,164	857,333
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	327,364	236,282
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Temporary Article 4 (to be implemented between 1 January 2019 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

⁽¹⁾ In this column, the amounts to be taken into account at the end of the transition period are shown for the items that are subject to the transitional provisions within the scope of the Temporary Articles of the "Regulation on the Equity of the Banks".

⁽²⁾ As of 30 June 2022, the Parent Bank has taken into consideration subordinated loan amounting TL 4,998,420 (31 December 2021: TL 3,998,700) from its main shareholder, Industrial and Commercial Bank of China Limited Company, for capital adequacy calculation.

As of 30 June 2022, pursuant to the decision of the Banking Regulation and Supervision Agency dated 21 December 2021 and numbered 9996, as of 1 January 2022, the practice of taking into account the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days as of December 31, 2021 in the calculation of the amount subject to credit risk in capital adequacy calculations was terminated with the decision numbered 10188 of 28 April 2022, and as of the relevant date, it has been decided to use the Central Bank's foreign exchange buying rate of 31 December 2021. With the same decision, it was decided to apply a risk weight of 200% to commercial cash loans in TL and to be extended to domestic customers, provided that miscellaneous loans are excluded.

According to the decision numbered 9795 taken by the BRSA as of 16 September 2021, it has been decided to continue to implement this practice until a board decision to the contrary is taken. In addition, if the net valuation differences of the securities in the portfolio of "Securities at Fair Value at Other Comprehensive Income" owned by the Bank are negative, regulation on not taking these differences into account in the amount of equity to be calculated in accordance with the "Regulation on the Equity of Banks" and to be used for the capital adequacy ratio, pursuant to the decision of the board numbered 9996 dated 21 December 2021, has been re-applied, with the exception of the "Securities at Fair Value Through Other Comprehensive Income" obtained after this decision, and therefore, negative differences are not taken into account in the calculation of equity in the calculations for the June period. As of April 2020, 0% risk weight has been applied to FX receivables from the central government.

With the decision dated 23 June 2022 and numbered 10248, in the event that non-banks and financial institutions make derivative transactions to non-residents as of the date of this decision, regardless of the approach used when calculating the amount subject to credit risk, it has been decided to apply a five hundred percent risk weight to commercial loans in TL and FC that will be extended to these persons after the date of this decision, without taking into account credit risk mitigation techniques, credit rating grades and real estate mortgages.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

I. Explanations on Consolidated Equity (Continued)

Information on the agreement of equity items and balance sheet amounts:

The difference between the consolidated “Equity” in the preceding table and “Equity” in the consolidated balance sheet mainly arises from the general provision. In the calculation of Total Capital, general provision is taken into consideration as Tier II Capital. In addition, in the calculation of the Total Capital, improvement costs for operating leases followed under tangible assets in the balance sheet, intangible assets and related deferred tax liabilities, net book value of immovables that are acquired against overdue receivables and retained more than five years, other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

Information on borrowing instruments included in equity calculation:

Lender	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
Descriptive elements of debt instrument (CUSIP, ISIN, etc.)	-
Legislation subject to debt instrument	Implementing Regulation on the Equity of Banks published in the Official Gazette dated 5 September 2013 and numbered 28756
Consideration in equity calculation	
Subject to 10% deduction as of 1 January 2015	No
Validity status on consolidated or unconsolidated basis or on both consolidated and unconsolidated basis	Consolidated and Unconsolidated Basis
Type of debt instrument	Secondary Subordinated Loan
Amount considered in the calculation of equity (as of the last reporting date)	TL 4,998,420
Nominal value of debt instrument	300 M USD
Accountable account of the debt instrument	347
Date of issuance of debt instrument Maturity structure of debt instrument (Demand / Term)	28.12.2018
Maturity structure of debt instrument (Demand / Term)	Term
Maturity of debt instrument	28.12.2028
Whether the issuer has the right of reimbursement due to BRSA approval	In the case of a regulatory cause after the 5th anniversary, the BRSA has the right to reimbursement upon approval
Reimbursement option date, contingent repayment options and refund amount	-
Subsequent reimbursement option dates	-
Interest / dividend payments	
Fixed or variable interest / dividend payments	Variable interest
Interest rate and interest rate index value	6 M USD LIBOR +1.75%
Whether there are any restrictions that stop the payment of dividends	Payable in accordance with BRSA communiqués and regulations
Fully optional, partially optional or mandatory	Mandatory
Whether there is an element that will encourage repayment, such as interest rate increases	-
Being non-cumulative or cumulative	Non-cumulative
Convertible to stock	
Triggering events / events that can cause conversion if they can be converted to a stock	-Elimination of activity permit -Possibility of transfer to SDIF -In the event of regulatory reason, the decision of BRSA will be converted to share
Full or partial conversion if convertible	Subject to BRSA approval fully or partially
If convertible, conversion rate	Subject to BRSA approval and convertible
If forced to convert to stock, forced or optional conversion feature	Subject to BRSA approval
Convertible vehicle types if converted to stock	Stock
Issuer of a debt instrument to be converted	-
Value reduction feature	
Trigger events / events that will cause a reduction if it has a value reduction feature	-
Total or partial value reduction if value reduction is available	-
Continuous or transient feature	-
Value increment mechanism if the value can be temporarily reduced	-
In the case of the right to take in the case of liquidation in the order of the right (the vehicle just above this debt instrument)	Before the borrowing instruments to be included in the calculation of the additional capital of the owner to the owner, after the depositors and all other debts
Whether the banks do not have the requirements of Articles 7 and 8 of the Regulation on Shareholders' Equity	Although it has all the requirements of Article 8, it does not meet the requirements of Article 8
Which of the requirements of the articles 7 and 8 of the Regulation on Equity of Banks are not	Although it has all the requirements of Article 8, it does not meet the requirements of Article 8

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

II. Explanations on Consolidated Credit Risk

Disclosures are not prepared in accordance with Article 25 of the “Communiqué on the financial statements and the related policies and disclosures to be publicly announced”.

III. Explanations on Consolidated Foreign Currency Exchange Rate Risk

Foreign currency risk indicates the possibilities of the potential losses that banks are subject to due to adverse movements between currencies. The Parent Bank monitors foreign currency exchange rate risk in currency/TL and parity basis and uses different risk methods and tools for each. The Parent Bank hedges parity risks through spot/forward arbitrage transactions.

The Parent Bank’s foreign currency exchange rate risk is measured by Standard Method and Value at Risk Method.

The Group considers all foreign currency assets and liabilities and currency forward transactions in measuring capital obligation against consolidated currency risk. Net short and long positions of TL equivalents of all types of currencies are calculated. Position with the higher absolute value, which is the basis for the capital obligation, is used measuring the capital obligation for currency risk.

The Parent Bank’s Board of Directors determines the Parent Bank’s limits, within regulatory limitations, related to short / long positions at any period. The Treasury Department of the Parent Bank is responsible from the management of price and liquidity risks on Turkish Lira or foreign currency in the domestic and international markets. Risk Management Department exercises continuous control on risks in the money markets and transactions creating these risks and reports to the Asset-Liability Committee of the Parent Bank weekly.

The Parent Bank’s spot foreign exchange bid rates as at the balance sheet date and for each of the five work days prior to that date (full TL):

	24.06.2022	27.06.2022	28.06.2022	29.06.2022	30.06.2022
USD	17,3478	16,6460	16,6189	16,6690	16,6614
GBP	21,2696	20,4246	20,3442	20,2527	20,1752
EURO	18,2753	17,6057	17,5858	17,5221	17,3701
JPY	0,1283	0,1228	0,1220	0,1220	0,1220

The basic arithmetical average of the Parent Bank’s foreign exchange bid rates for the last thirty-one days ending 30 June 2022 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	16.9946
GBP	20.9167
EURO	17.9610
JPY	0.1269

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

III. Explanations on Consolidated Foreign Currency Exchange Rate Risk (cont'd)

Information on consolidated foreign currency exchange rate risk:

30 June 2022	EURO	USD	OTHER FC	TOTAL
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with The CBRT ⁽¹⁾	1,475,830	11,346,398	5,242	12,827,470
Banks	401,140	718,382	244,732	1,364,254
Financial Assets at Fair Value Through Profit or Loss	28,948	-	-	28,948
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	4,900,644	530,418	37,918	5,468,980
Loans ⁽³⁾	8,488,805	8,187,823	644	16,677,272
Investment and Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	-	6,162,349	-	6,162,349
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	660	6,807	164	7,631
Total Assets ^{(2) (3) (7)}	15,296,027	26,952,177	288,700	42,536,904
Liabilities				
Interbank Deposits	464	84,088	200,570	285,122
Foreign Currency Deposits	6,224,257	13,209,481	451,070	19,884,808
Fund Provided From Money Market	-	-	-	-
Funds Provided From Other Financial Institutions	4,169,848	16,038,829	408,601	20,617,278
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities Held For Hedging	-	-	-	-
Other Liabilities	406,799	258,282	8,797	673,878
Total Liabilities ^{(2) (6) (8)}	10,801,368	29,590,680	1,069,038	41,461,086
Net On Balance Sheet Position	4,494,659	(2,638,503)	(780,338)	1,075,818
Net Off Balance Sheet Position	(4,695,060)	3,717,551	772,085	(205,424)
Financial Derivatives Assets ⁽⁵⁾	1,561,030	6,959,533	1,202,262	9,722,825
Financial Derivatives Liabilities ⁽⁵⁾	6,256,090	3,241,982	430,177	9,928,249
Non-Cash Loans ⁽⁴⁾	3,232,160	8,732,755	31,844	11,996,759
31 December 2020				
Total Assets ^{(2) (3) (7)}	12,415,259	17,890,910	862,854	31,169,023
Total Liabilities ^{(2) (6) (8)}	8,107,267	22,814,035	673,627	31,594,929
Net On Balance Sheet Position	4,307,992	(4,923,125)	189,227	(425,906)
Net Off Balance Sheet Position	(4,210,917)	5,724,264	(187,665)	1,325,682
Receivables from Derivative Financial Assets ⁽⁵⁾	100,327	6,293,913	386,051	6,780,291
Payables to Derivative Financial Liabilities ⁽⁵⁾	4,311,244	569,649	573,716	5,454,609
Non-Cash Loans ⁽⁴⁾	3,897,453	5,780,541	13,306	9,691,300

⁽¹⁾ As of 30 June 2022 and 31 December 2021, the Group does not have precious metals in CBRT accounts.

⁽²⁾ As of 30 June 2022, accrual differences of derivative transactions presented in "Derivative Financial Assets at Fair Value Through Profit or Loss" and "Derivative Financial Liabilities at Fair Value Through Profit or Loss" amounting to TL 200,500 and TL 66,121 respectively (31 December 2021: to TL 63,483 and TL 4,503) are not included in the table.

⁽³⁾ As of 30 June 2022, there are no foreign currency indexed loans and rediscount amounts included under the TL column in the "Loans" line in the assets (31 December 2021: None).

⁽⁴⁾ Has no effect on net off-balance sheet position.

⁽⁵⁾ As of 30 June 2022, foreign currency purchase transactions amounting to TL 1,597,096 and selling transactions with a value date of TL 1,864,915 are included in the "Forward Assets Purchase/Sale Commitments" item in off-balance sheet accounts (31 December 2021 – TL 148,427 and TL 85,117).

⁽⁶⁾ As of 30 June 2022, "Valuation Differences of Securities" amounting to TL (277,005) (31 December 2021: TL 1,555) which are classified under shareholders' equity, are not included.

⁽⁷⁾ As of 30 June 2022, assets amounting to TL 859,980 (31 December 2021: TL 697,672) are not included "Expected Loss Provisions".

⁽⁸⁾ As of 30 June 2022, liabilities amounting to TL 116,608 (31 December 2021: TL 96,948) are not included "Other Provisions".

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

IV. Explanations on Consolidated Interest Rate Risk

Consolidated interest rate risk is the probability of loss due to changes in interest rates depending on the Group's position regarding the interest-bearing financial instruments.

Interest rate risk arises as a result of timing differences on the re-pricing of assets and liabilities, changes in correlation of interest rates between different financial instruments and, unexpected changes in the shape and slope of yield curves. Exposure to interest rate movements arises when there is a mismatch between rate sensitive assets and liabilities.

The Parent Bank deals with interest rate risk in the scope of market risk management and asset-liability management.

As part of asset and liability management, duration and sensitivity analysis are used to measure the effects of changes in yield curves on the balance sheet. The Parent Bank's management daily monitors interest rate movements in the market and revises the Parent Bank's interest rates.

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

30 June 2022	Up to 1 Month	1- 3 Months	3-12 Months	1- 5 Years	5 Years and Over	Non-Interest Bearing ⁽¹⁾	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with The CBRT Banks	9,546,898	-	-	-	-	3,496,747	13,043,645
Financial Assets at Fair Value Through Profit or Loss	510,587	-	-	-	-	856,433	1,367,020
Money Market Placements	126,576	56,496	47,389	-	-	83,320	313,781
Financial Assets at Fair Value Through Other Comprehensive Income	777,432	-	-	-	-	-	777,432
Loans	3,568	5,133,855	17,747	247,769	104,392	-	5,507,331
Financial Assets Measured at Amortized Cost	1,360,724	6,091,293	8,137,529	2,750,462	2,180,906	-	20,520,914
Other Assets	603,605	1,130,678	2,031,827	5,182,171	389,372	-	9,337,653
	466	-	-	-	-	(29,059)	(28,593)
Total Assets	12,929,856	12,412,322	10,234,492	8,180,402	2,674,670	4,407,441	50,839,183
Liabilities							
Bank Deposits	425,107	-	-	-	-	324,219	749,326
Other Deposits	13,700,699	6,008,731	1,680,467	36	-	2,607,126	23,997,059
Money Market Borrowings	19,938	-	-	-	-	-	19,938
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	2,019,807	2,578,596	17,670,893	-	-	-	22,269,296
Other Liabilities	644,866	7,681	36,069	-	-	3,114,948	3,803,564
Total Liabilities	16,810,417	8,595,008	19,387,429	36	-	6,046,293	50,839,183
Balance Sheet Long Position	-	3,817,314	-	8,180,366	2,674,670	-	14,672,350
Balance Sheet Short Position	(3,880,561)	-	(9,152,937)	-	-	(1,638,852)	(14,672,350)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(3,880,561)	3,817,314	(9,152,937)	8,180,366	2,674,670	(1,638,852)	-

⁽¹⁾ Tangible and intangible assets amounting to TL 152,884, deferred tax assets amounting to 484,710 TL tax assets amounting to TL 57,713, expected loss provisions amounting to TL (956,826) and other assets amounting to TL 232,460, are included in other assets line in the interest-free column; provisions amounting to TL 515,360, tax liability amounting to TL 46,009, lease liabilities amounting to TL 85,826, other liabilities amounting to TL 315,992 and shareholders' equity amounting to TL 2,151,761 are presented in other liabilities as non-interest bearing.

⁽²⁾ Derivative financials instruments are included.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

IV. Explanations on Consolidated Interest Rate Risk (continued)

Interest sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates) (continued)

	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non-Interest Bearing ⁽¹⁾	Total
31 December 2021							
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	4,910,310	-	-	-	-	2,694,448	7,604,758
Banks	291,651	268	-	-	-	167,262	459,181
Financial Assets at Fair Value Through Profit or Loss	164,627	15,190	10,613	-	-	67,224	257,654
Money Market Placements	20,955	-	-	-	-	-	20,955
Financial Assets at Fair Value Through Other Comprehensive Income	214,755	3,789,210	192,673	225,386	97,597	-	4,519,621
Loans	4,787,547	8,418,843	1,681,010	2,816,657	1,025,286	-	18,729,343
Financial Assets Measured at Amortized Cost	935,014	467,870	2,410,375	3,932,655	251,530	-	7,997,444
Other Assets ⁽¹⁾	698	-	-	-	-	(216,768)	(216,070)
Total Assets	11,325,557	12,691,381	4,294,671	6,974,698	1,374,413	2,712,166	39,372,886
Liabilities							
Bank Deposits	600,253	-	-	-	-	148,109	748,362
Other Deposits	9,938,998	2,396,974	518,464	1,071	-	2,702,684	15,558,191
Money Market Borrowings	3,024,482	-	-	-	-	-	3,024,482
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	615,308	2,006,335	14,352,626	-	-	-	16,974,269
Other Liabilities	565,285	4,379	10,491	-	-	2,487,427	3,067,582
Total Liabilities	14,744,326	4,407,688	14,881,581	1,071	-	5,338,220	39,372,886
Balance Sheet Long Position	-	8,283,693	-	6,973,627	1,374,413	-	16,631,733
Balance Sheet Short Position	(3,418,769)	-	(10,586,910)	-	-	(2,626,054)	(16,631,733)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(3,418,769)	8,283,693	(10,586,910)	6,973,627	1,374,413	(2,626,054)	-

⁽¹⁾ Tangible and intangible assets amounting to TL 134,674, deferred tax assets amounting to TL 300,614, current tax assets amounting to TL 504, expected loss provisions amounting to TL (792,795) and other assets amounting to TL 140,235, are included in other assets line in the interest-free column; provisions amounting to TL 434,807, tax liability of TL 199,192, liabilities from lease transactions amounting to TL 74,534 and equity amounting to TL 1,625,214 other foreign sources amounting to TL 153,680 are presented in other liabilities as non-interest bearing.

⁽²⁾ Derivative financial instruments are included.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

IV. Explanations on Consolidated Interest Rate Risk

Interest rates applied to monetary financial instruments:

	EURO%	USD%	JPY%	TL%
30 June 2022 ⁽¹⁾				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	1.50	-	8.50
Banks	-	1.71	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	0.12
Financial Assets at Fair Value Through Other Comprehensive Income	4.35	5.09	-	17.55
Loans	3.65	4.70	-	20.88
Financial Assets Measured at Amortised Cost	-	5.94	-	63.51
Liabilities	-	-	-	-
Bank Deposits	-	1.82	-	15.18
Other Deposits	3.28	3.94	0.01	16.45
Money Market Borrowings	-	1.26	-	14.63
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0.05	2.15	-	16.31

¹⁾ Stated at compound interest rates.

Interest rates applied to monetary financial instruments (continued):

	EURO%	USD%	JPY%	TL%
31 December 2021 ⁽¹⁾				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	8.50
Banks	-	0.10	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	16.86
Financial Assets at Fair Value Through Other Comprehensive Income	2.65	5.05	-	22.05
Loans	3.00	3.67	-	18.17
Financial Assets Measured at Amortised Cost	-	5.91	-	9.86
Liabilities				
Bank Deposits	-	-	-	15.23
Other Deposits	0.47	1.00	-	15.23
Money Market Borrowings	-	-	-	14.02
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0.05	1.16	-	17.02

(1) Stated at compound interest rates.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

V. Explanations on Consolidated Liquidity Management and Liquidity Coverage Ratio

Liquidity risk is the risk generated as a result of not having an effect or cash inflow at a level which can meet cash outflow, formed because of an imbalance in cash flow, timely and completely.

Liquidity risk can also be formed as a result of not closing positions with appropriate prices and in required time because of market conditions.

The Parent Bank established Liquidity Management Principles in order to monitor, audit and manage its liquidity position and liquidity requirement. Liquidity risk of the Parent Bank is managed through taking potential funding sources, unexpected situation plans and legal limits into consideration within the framework of limits which are updated at least annually.

It is aimed to carry out activities through ensuring a liquidity level which can provide to make payments at any time to sustain the trustable bank image of the Parent Bank in the sector via taking risk/return balance of the Parent Bank into consideration. Cash inflow and outflows in Turkish Lira and foreign currencies are tried to be kept under control continuously in liquidity risk management approach, long-term cash flow tables are formed and scenario analysis based on expectations and stress tests are performed to determine the resistance against the sudden crisis.

Liquidity risk management is performed by Assets and Liability Committee (ALCO) and Treasury Department under the guidance of Audit Committee. Liquidity risk management under stress conditions is performed in the framework of Emergency Situation Funding Plan. ALCO is responsible to measure, monitor and manage liquidity risk and net funding requirement periodically and follow its implementations and to plan necessary precautions for urgent and unexpected conditions occurring related to liquidity of the Parent Bank. Treasury Department is responsible to plan the access of the Parent Bank to the market for short, medium and long term fund requirements, monitor and evaluate funding requirement under different scenarios and plan necessary precautions for urgent and unexpected conditions occurring related to liquidity of the Parent Bank.

The Parent Bank’s Risk Management Department is responsible to define, measure, monitor the liquidity risk periodically and report to senior management. Risk Management Department also provides coordination in the management of liquidity management process. Risk Management Department monitors the liquidity risk via specific ratios and submit it to ALCO weekly.

Liquidity management is not performed centrally. The Parent Bank does not function as a central funding institution in its relation with partners. Funding management of the Parent Bank is operated in the framework of ALCO decisions. The liabilities of the Parent Bank are mainly liabilities provided in TL, USD and EUR currencies. Foreign currency funds are used to generate TL assets via swap transactions for the purpose of liquidity management. Derivative transactions are used in scope of liquidity reduction techniques. Cash flow analysis is made on the basis of TL and FC and estimated liquidity requirement is calculated. The action plans are prepared and the liquidity position is evaluated through warnings applied to assets and liabilities of the Parent Bank to determine stresses which can occur on the liquidity position of the Parent Bank. The Parent Bank makes scenario analysis taking delays and non-payment in credit payments, deposit withdrawn, and non-liquidation of securities into consideration as stress cases. It is detailed in emergency liquidity management process and Liquidity Emergency Funding Plan. This plan determines the gradation of resources which shall be used for responsibilities, communication channels, funding sources and urgent requirements.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

V. Explanations on Consolidated Liquidity Management and Liquidity Coverage Ratio (continued)

The consolidated and unconsolidated total liquidity coverage ratio should not be less than 100%, and the consolidated and unconsolidated foreign currency liquidity coverage ratio should not be less than 80%. The rates in the table show the rates for the three months, including the reporting period.

	Min FC (%)	Min Sum (%)	Max FC (%)	Max Sum (%)
Month	30 June 2022	30 June 2022	30 April 2022	30 April 2022
Ratio (%)	334.42%	306.93%	610.85%	488.13%

30 June 2022	Unweighted Amounts ⁽²⁾		Weighted Amounts ⁽²⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			15,398,264	11,895,694
CASH OUTFLOWS				
Retail and Small Business Customers Deposits	7,815,452	6,091,520	742,180	608,954
Stable deposits	787,300	3,971	39,365	199
Less Stable Deposits	7,028,152	6,087,549	702,815	608,755
Unsecured Funding other than Retail and Small Business Customer Deposits	11,186,681	7,932,908	5,488,588	3,422,423
Operational Deposits	2,523	-	420	-
Non-Operational Funding	8,619,299	7,351,068	3,568,853	2,950,444
Other Unsecured Funding	2,564,859	581,840	1,919,315	471,979
Secured Funding	-	-	-	-
Other Cash Outflows	2,600,320	2,032,925	2,400,609	1,854,955
Liquidity Needs Related to Derivatives and Market Valuation Changes on Derivatives Transactions	2,267,468	1,736,309	2,267,468	1,736,309
Debts Related to The Structured Financial Products	-	-	-	-
Commitments Related to Debts To Financial Markets and Other Off Balance Sheet Liabilities	332,852	296,616	133,141	118,646
Commitments That Are Unconditionally Revocable at Any Time by The Bank and Other Contractual Commitments	2,068,315	2,068,315	103,416	103,416
Other Irrevocable or Conditionally Revocable Commitments	2,776,191	2,497,524	279,277	249,783
TOTAL CASH OUTFLOWS			9,014,070	6,239,531
CASH INFLOWS				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	4,112,890	3,348,961	3,951,658	3,288,974
Other Contractual Cash Inflows	2,195,335	2,194,731	2,195,335	2,194,731
TOTAL CASH INFLOWS	6,308,225	5,543,692	6,146,993	5,483,705
			Upper Limit Applied Accounts	
TOTAL HIGH LIQUIDITY ASSETS			15,398,264	11,895,694
TOTAL NET CASH OUTFLOWS ⁽¹⁾			2,867,077	1,559,883
LIQUIDITY COVERAGE RATIO (%)			537.07%	762.60%

⁽¹⁾ Simple arithmetical average of the monthly consolidated liquidity coverage ratios of the second three months of 2022 was taken.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

V. Explanations on Consolidated Liquidity Management and Liquidity Coverage Ratio (continued)

	Min FC (%)	Min Sum (%)	Max FC (%)	Max Sum (%)
Month	31 October 2021	31 December 2021	31 December 2021	30 November 2021
Ratio (%)	266.24	334.57	356.38	346.39

31 December 2021	Unweighted Amounts ⁽¹⁾		Weighted Amounts ⁽¹⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			8,080,376	5,901,739
CASH OUTFLOWS				
Retail and Small Business Customers Deposits	7,125,264	5,297,112	664,055	529,463
Stable deposits	969,431	4,966	48,472	248
Less Stable Deposits	6,155,833	5,292,146	615,583	529,215
Unsecured Funding other than Retail and Small Business Customer Deposits	8,984,008	8,094,030	4,329,623	3,821,552
Operational Deposits	2,033	-	323	-
Non-Operational Funding	7,470,586	7,075,842	3,061,448	2,839,502
Other Unsecured Funding	1,511,389	1,018,188	1,267,852	982,050
Secured Funding	-	-	-	-
Other Cash Outflows	2,321,782	2,061,348	2,046,191	1,865,776
Liquidity Needs Related to Derivatives and Market Valuation Changes on Derivatives Transactions	1,862,464	1,735,394	1,862,464	1,735,394
Debts Related to The Structured Financial Products	-	-	-	-
Commitments Related to Debts To Financial Markets and Other Off Balance Sheet Liabilities	459,318	325,954	183,727	130,382
Commitments That Are Unconditionally Revocable at Any Time by The Bank and Other Contractual Commitments	533,487	533,487	26,674	26,674
Other Irrevocable or Conditionally Revocable Commitments	2,784,681	2,449,814	284,145	249,581
TOTAL CASH OUTFLOWS			7,350,688	6,493,046
CASH INFLOWS				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	3,363,675	3,067,427	2,948,738	2,678,270
Other Contractual Cash Inflows	1,557,930	1,552,284	1,557,930	1,552,284
TOTAL CASH INFLOWS	4,921,605	4,619,711	4,506,668	4,230,554
			Upper Limit Applied Accounts	
TOTAL HIGH LIQUIDITY ASSETS			8,080,376	5,901,739
TOTAL NET CASH OUTFLOWS ⁽¹⁾			2,844,020	2,262,492
LIQUIDITY COVERAGE RATIO (%)			284.12	260.85

⁽¹⁾ Simple arithmetical average of the monthly consolidated liquidity coverage ratios of the fourth three months of 2021 was taken.

There has been an increase in the liquidity coverage ratio due to the loans obtained from abroad by the Parent Bank in the current period. The Parent Bank accepts required reserves, deposit and drawing accounts in Central Bank of Republic of Turkey, cash and borrowing instruments issued by Undersecretariat of Treasury as premium quality as liquid assets. 47% of high quality liquid assets are cash and receivables from the Central Bank and 53% are securities. 48.5% of the main funding source is deposits and 43% of other funding sources are loans obtained from abroad. The counterparty to repo transactions is the CBRT and banks, and there is no concentration. A significant part of the funds provided from abroad is provided by the group in which the bank is included. Since the Bank does not hold positions with derivative transactions, there is no liquidity risk arising from derivative transactions. Cash inflows that affect the Liquidity Coverage Ratio are interbank placements, and cash outflows are borrowings that are due.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

V. Explanations on Consolidated Liquidity Management and Liquidity Coverage Ratio (continued)

Presentation of assets and liabilities according to their remaining maturities:

30 June 2022	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 Years	5 years and over	Undist.	Total
Assets								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	3,496,747	9,546,898	-	-	-	-	-	13,043,645
Banks	856,433	510,587	-	-	-	-	-	1,367,020
Financial Assets at Fair Value Through Profit or Loss ⁽⁴⁾	83,320	126,576	56,496	47,389	-	-	-	313,781
Interbank Money Market Placements	-	777,432	-	-	-	-	-	777,432
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	236,781	17,747	5,148,412	104,391	-	5,507,331
Loans	-	598,456	1,251,653	6,545,663	6,416,759	5,708,383	-	20,520,914
Financial Assets Measured at Amortised Cost	-	-	1,082,398	574,828	6,037,726	1,642,701	-	9,337,653
Other Assets	-	202,475	64,156	14,845	6,326	-	(316,395)	(28,593)
Total Assets	4,436,500	11,762,424	2,691,484	7,200,472	17,609,223	7,455,475	(316,395)	50,839,183
Liabilities								
Bank Deposits	324,219	425,107	-	-	-	-	-	749,326
Other Deposits	2,607,126	13,700,699	6,008,731	1,680,467	36	-	-	23,997,059
Funds Borrowed from Other Financial Institutions	-	1,324,069	1,737,010	13,366,308	841,587	5,000,322	-	22,269,296
Interbank Money Markets	-	19,938	-	-	-	-	-	19,938
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	81,394	30,765	56,329	30,285	28,999	3,575,792	3,803,564
Total Liabilities	2,931,345	15,551,207	7,776,506	15,103,104	871,908	5,029,321	3,575,792	50,839,183
Net Liquidity Gap	1,505,155	(3,788,783)	(5,085,022)	(7,902,632)	16,737,315	2,426,154	(3,892,187)	-
Net off balance sheet position	-	(536)	-	155,441	-	-	-	154,905
Derivative financial assets ⁽³⁾	-	785,636	-	10,289,632	-	-	-	11,075,268
Derivative financial liabilities ⁽³⁾	-	786,172	-	10,134,191	-	-	-	10,920,363
Non-cash loans ⁽²⁾	4,820,170	3,270,771	574,676	2,100,334	2,541,555	4,165	-	13,311,671
31 December 2021								
Total Assets	2,928,934	9,442,189	2,239,678	8,418,942	11,013,173	5,985,430	(655,460)	39,372,886
Total Liabilities	2,850,793	13,606,496	3,903,365	10,890,158	1,297,758	4,046,783	2,777,533	39,372,886
Net Liquidity Gap	78,141	(4,164,307)	(1,663,687)	(2,471,216)	9,715,415	1,938,647	(3,432,993)	-
Net off balance sheet position	-	(86)	-	171,352	-	-	-	171,266
Derivative financial assets ⁽³⁾	-	223,169	-	6,730,069	-	-	-	6,953,238
Derivative financial liabilities ⁽³⁾	-	223,255	-	6,558,717	-	-	-	6,781,972
Non-cash loans ⁽²⁾	4,918,144	910,930	1,000,516	1,204,684	2,465,449	3,332	-	10,503,055

⁽¹⁾ The balance sheet is composed of TL 152,884 of tangible and intangible assets, TL 1,680 of the stationary supplies, TL 1,652 of assets held for sale, TL (957,321) of expected loss provisions and liabilities on the balance sheet which are necessary for the banking operations: TL 484,710 expected credit loss, provisions amounting to TL 515,360, other liabilities amounting to TL 908,671 and equity amounting to TL 2,151,761 are included here.

⁽²⁾ The non-cash loans given indefinitely are shown in the demand column.

⁽³⁾ As of 30 June 2022, the spot purchase transactions amounting to TL 785,636 which are shown under TL Forward Asset Commitment / Sale Commitments account in the off-balance sheet accounts are included in the receivables from derivative financial instruments and valued spot foreign exchange transactions amounting to TL 786,172 are included in liabilities of derivative financial instruments (31 December 2021 : TL 223,169 and TL 223,255).

⁽⁴⁾ Receivables from derivative transactions are included.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

VI. Explanations on Consolidated Leverage Ratio

Consolidated leverage ratio of the Parent Bank calculated based on 3 months average amounts is 3.40% as at 30 June 2022 (31 December 2021: 3.91%). This rate is above the minimum rate.

When the leverage ratios of the current period and the previous period are compared, the main reason for the decrease is the increase in the total risk amount.

	Current period 30 June 2022 ⁽¹⁾	Prior period 31 December 2021 ⁽¹⁾
On-Balance Sheet Exposures		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	49,189,717	31,489,334
(Assets amounts deducted in determining Tier 1 capital)	(151)	(160)
Total on-Balance sheet exposures	49,189,566	31,489,174
Derivative Financial Instruments and Credit Derivatives		
Replacements cost of derivative financial instruments and credit derivatives	-	-
Potential credit risk of derivative financial instruments and credit derivatives	633,257	125,363
Total risk amount related to derivative financial instruments and credit derivatives	633,257	125,363
Securities or Commodity Collateralized Financing Transactions		
Risk amount of security or commodity secured financing transactions	19,144	192,906
Amount of risk arising from brokered transactions	-	-
Total risk amount related to securities or commodity-backed financing transactions	19,144	192,906
Off-Balance Sheet Items		
Off-balance sheet exposure at gross notional amount	14,807,964	9,920,586
Adjustments for conversions to credit equivalent amounts	-	-
Total risk of off-balance sheet items	14,807,964	9,920,586
Capital and Total Exposure		
Tier 1 capital	2,197,111	1,631,970
Total exposures	64,649,931	41,728,029
Leverage Ratio Average	3.40%	3.91%

⁽¹⁾ In current period and prior period table, the arithmetic average of the last 3 months.

VII. Consolidated Share Position Risk Arising from Banking Accounts

As at 30 June 2022 and 31 December 2021, the Group has no share position risk arising from banking accounts.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

VIII. Explanations on Consolidated Risk Management

Risk Management contains all processes of identifying, measuring, monitoring, limit determination, identifying the areas of risk concentration and reporting the risks the Bank is or will be exposed to due to its facilities.

Risk Management organization constituted to systematically manage the risks the Bank is or will be exposed to, consists of the Independent Audit Committee connected directly to the Board of Directors, Risk Management Department fulfilling the responsibilities to Board of Directors via this committee and certain individual risk management committees including senior management or relevant processes.

Risk Management Department is divided into two different units as Risk Methodology, Model Development and Reporting Unit and Risk Policy Development and Monitoring Unit. The Risk Policy Development and Monitoring Unit is responsible for monitoring and preparing risk policies and procedures in general and making them compatible with current legislation, while the Risk Methodology, Model Development and Reporting Unit is responsible for measuring and monitoring the risks exposed and preparing internal and legal reports. Business continuity studies are carried out by the Operational Risk Committee within the framework of the Bank's Business Continuity Strategy. Risk management committees are Senior Risk Committee and market risk committee, credit risk committee, operational risk committee.

Necessary manners are identified to update, adjust for changing circumstances, implement and manage the policies determined to identify and manage the risks the Bank is exposed to. These risks are measured and managed with accepted international procedures and procedures complied with international and local regulations, policies and procedures of the Bank.

Risk management policies have been determined in accordance with the Bank's activity volume, nature and complexity, and have been established by taking into account the Bank's past experience and performance. The Bank's main risk policies, including risk appetite and limits for each risk, are credit risk, market risk, operational risk, country risk, interest rate risk, liquidity risk, strategic risk, reputation risk policies.

The Bank has regulated the principles of ICAAP management to be a part of the internal management processes and decision-making culture of the bank, with a future-oriented perspective, based on adequate and appropriate measurement-evaluation methods and processes, in accordance with the risk appetite, covering all its risks on a consolidated and unconsolidated basis. ICAAP is owned by the Risk Management Department and is scheduled to be reviewed annually or more frequently as needed.

The Bank carries out its operational risk management activities in line with Basel II in accordance with local and international regulations. Operational Risk Policies, Operational Risk Monitoring Rules and Operational Risk Reduction Principles prepared in this direction are in effect.

In market risk management, the Bank uses the results obtained with Basel II advanced measurement techniques while determining the limits for risk limitation. In this context, risk measurements using advanced measurement models and daily limit controls are carried out, various scenario analyzes and stress tests are applied. In market risk management, measurements such as Value at Risk (VAR), stress testing and scenario analysis, duration gap and sensitivity analysis are used.

The reliability of the model is monitored by applying backtesting by comparing the estimated gains/losses with the actual values with the risk measurement model used. The measurement of the resilience of the capital against the risks that may occur when the fluctuation in the market is very high is done by stress tests and scenario analysis.

Bank and market data are regularly monitored for the purpose of risk management. Within the scope of limiting risks, in-bank limits are determined as well as legal limits. Possible changes in economic conditions and risks that may arise under difficult conditions are taken into account.

The units responsible for reporting on all risks, the frequency of reporting and the authority to which it will be made are determined separately in the policy documents containing the management process of each risk. In addition, the Risk Management Department regularly reports the analysis of the Bank's risks to which it is exposed, the periodic development of risks and the use of limits, and the risk situation to the Assets and Liabilities Committee and the Risk Management Committee of the Board of Directors.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

VIII. Explanations on Consolidated Risk Management (continued)

1. General Information on Consolidated Risk Management and Risk Weighted Amounts:

a) Overview of RWA:

	Risk Weighted Amount		Minimum Capital Requirement
	Current Period 30 June 2022	Prior Period 31 December 2021	Current Period 30 June 2022
1 Credit risk (excluding counterparty credit risk)	26,090,061	18,816,558	2,087,205
2 Standardised approach	26,341,127	18,816,558	2,107,290
3 Internal rating-based approach	-	-	-
4 Counterparty credit risk	251,066	85,984	20,085
5 Standardised approach for counterparty credit risk	251,066	85,984	20,085
6 Internal model method	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
8 Investments made in collective investment companies - look-through approach	-	-	-
9 Investments made in collective investment companies - mandate-based approach	-	-	-
10 Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach	-	-	-
14 IRB Supervisory Formula Approach	-	-	-
15 SA/simplified supervisory formula approach	-	-	-
16 Market risk	3,144,875	1,722,325	251,590
17 Standardised approach	3,144,875	1,722,325	251,590
18 Internal model approaches)	-	-	-
19 Operational risk	1,721,980	1,175,127	137,758
20 Basic Indicator Approach	1,721,980	1,175,127	137,758
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	31,207,982	21,799,994	2,496,638

2. Explanation of Credit Risk

a) Credit quality of assets

Current Period 30 June 2022	The gross amount valued in accordance with TAS in the financial statements prepared according to prohibited consolidation		Allowances/ amortization and impairments	Net value
	Defaulted	Non-defaulted		
1 Loans	42,692	20,478,222	875,778	19,645,136
2 Debt instruments	-	14,844,984	70,273	14,774,711
3 Off-balance sheet exposures	11,301	14,986,510	124,829	14,872,982
4 Total	53,993	50,309,716	1,070,880	49,292,829

Prior Period 31 December 2021	The gross amount valued in accordance with TAS in the financial statements prepared according to prohibited consolidation		Allowances/ amortization and impairments	Net value
	Defaulted	Non-defaulted		
1 Loans	43,960	18,685,383	744,032	17,985,311
2 Debt instruments	-	12,517,065	43,735	12,473,330
3 Off-balance sheet exposures	9,913	11,051,189	104,079	10,957,023
4 Total	53,873	42,253,637	891,846	41,415,664

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VIII. Explanations on Consolidated Risk Management (continued)

2. Explanation of Credit Risk

b) Changes in Stock of Default Loans and Debt Securities:

	Current Period 30 June 2022	Prior Period 31 December 2021
1 Defaulted loans and debt securities at end of the previous reporting period	53,873	52,813
2 Loans and debt securities defaulted since the last reporting period	2,582	6,377
3 Receivables back to non-defaulted status	-	-
4 Amounts written off	-	-
5 Other changes	(2,462)	(5,317)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	53,993	53,873

c) Credit risk mitigation techniques – overview:

Current Period 30 June 2022	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans	18,702,738	942,398	942,398	19,230	19,230	-	-
2 Debt instruments	14,774,711	-	-	-	-	-	-
3 Total	33,477,449	942,398	942,398	19,230	19,230	-	-
4 Of which defaulted	53,993	-	-	-	-	-	-

Prior Period 31 December 2021	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans	18,581,161	104,222	81,668	21,985	21,985	-	-
2 Debt instruments	12,473,330	-	-	-	-	-	-
3 Total	31,054,491	104,222	81,668	21,985	21,985	-	-
4 Of which defaulted	53,873	-	-	-	-	-	-

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

VIII. Explanations on Consolidated Risk Management (continued)

2. Explanation of Credit Risk (continued)

e) Standard Approach - Exposure to credit risk and credit risk mitigation risks:

30 June 2022		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk Classifications							
1	Claims on sovereigns and Central Banks	21,308,032	-	21,308,032	-	-	-
2	Claims on regional governments or local authorities	-	-	-	-	-	-
3	Claims on administrative bodies and other non-commercial undertakings	897,170	-	897,170	-	216,524	24%
4	Claims on multilateral development banks	-	-	-	-	-	-
5	Claims on international organizations	-	-	-	-	-	-
6	Claims on banks and intermediary institutions	9,280,762	3,636,294	9,280,762	2,444,520	6,458,365	55%
7	Claims on corporates	12,312,573	7,785,451	12,312,573	5,870,544	17,501,179	96%
8	Claims included in the regulatory retail portfolios	53,165	95,411	53,165	19,165	54,075	75%
9	Claims secured by residential property	246,426	1,577	246,426	315	89,487	36%
10	Claims secured by commercial property	2,344,003	1,143	2,344,003	493	1,584,742	68%
11	Overdue loans	4,628	-	4,628	-	4,634	100%
12	Higher risk categories decided by the Board	-	-	-	-	-	-
13	Secured by mortgages	-	-	-	-	-	-
14	Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
15	Undertakings for collective investments in mutual funds	-	-	-	-	-	-
16	Other receivables	683,664	-	683,664	-	419,621	61%
17	Equity share investments	-	-	-	-	-	-
18	Total	47,130,423	11,519,876	47,130,423	8,335,037	26,328,627	47%

31 December 2021		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk Classifications							
1	Claims on sovereigns and Central Banks	13,183,773	85,002	13,183,773	85,002	-	-
2	Claims on regional governments or local authorities	21,985	-	-	-	-	-
3	Claims on administrative bodies and other non-commercial undertakings	411,651	-	411,651	-	411,651	100%
4	Claims on multilateral development banks	-	-	-	-	-	-
5	Claims on international organizations	-	-	-	-	-	-
6	Claims on banks and intermediary institutions	5,863,692	2,009,003	5,996,912	1,117,322	3,827,911	54%
7	Claims on corporates	9,415,026	5,495,839	9,416,370	4,290,226	13,128,850	96%
8	Claims included in the regulatory retail portfolios	63,143	94,714	61,798	19,124	59,899	74%
9	Claims secured by residential property	284,744	1,725	284,744	345	99,585	35%
10	Claims secured by commercial property	1,682,262	1,058	1,682,262	476	1,085,905	65%
11	Overdue loans	6,013	-	6,013	-	6,865	114%
12	Higher risk categories decided by the Board	-	-	-	-	-	-
13	Secured by mortgages	-	-	-	-	-	-
14	Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
15	Undertakings for collective investments in mutual funds	-	-	-	-	-	-
16	Other receivables	442,364	1,554	440,810	311	277,397	63%
17	Equity share investments	-	-	-	-	-	-
18	Total	31,374,653	7,688,895	31,484,333	5,512,806	18,898,063	51%

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VIII. Explanations on Consolidated Risk Management (continued)

2. Explanation of Credit Risk (continued)

f) Standard Approach - Receivables by risk classes and risk weights:

											Total Risk Amount (After Credit Conversion Rate and Credit Risk Reduction)
30 June 2022											
Risk Classifications/ Risk weight	0%	10%	20%	35%	50% Guaranteed with Real Estate Mortgage	75%	100%	150%	200%	Others	
1 Claims on central governments or central banks	21,308,032	-	-	-	-	-	-	-	-	-	21,308,032
2 Claims on regional or local governments	-	-	-	-	-	-	-	-	-	-	-
3 Claims on administrative units and non-commercial undertakings	-	-	850,807	-	-	-	46,363	-	-	-	897,170
4 Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
6 Claims on banks and intermediary institutions	53,054	-	1,250,341	-	8,427,179	-	1,994,708	-	-	-	11,725,282
7 Claims on corporates	20,028	-	318,447	-	818,418	-	17,022,112	4112	-	-	18,183,117
8 Claims included in the regulatory retail portfolios	3,046	-	4,205	-	-	58,526	978	5,574	-	-	72,329
9 Claims secured by residential property	384	-	262	243,224	-	-	-	2,871	-	-	246,741
10 Claims secured by commercial property	384	-	304	-	1,518,310	-	825,442	57	-	-	2,344,497
11 Overdue loans	-	-	-	-	-	-	4,616	12	-	-	4,628
12 Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-	-	-
13 Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
14 Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-
15 Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-
16 Other receivables	264,043	-	-	-	-	-	419,621	-	-	-	683,664
17 Equity share investments	-	-	-	-	-	-	-	-	-	-	-
18 Total	21,648,971	-	2,424,366	243,224	10,763,907	58,526	20,313,840	12,626	-	-	55,465,460

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VIII. Explanations on Consolidated Risk Management (continued)

2. Explanation of Credit Risk (continued)

f) Standard Approach - Receivables by risk classes and risk weights (continued):

31 December 2021											Total Risk Amount (After Credit Conversion Rate and Credit Risk Reduction)
Risk Classifications/ Risk weight	0%	10%	20%	35%	50% (Guaranteed with Real Estate Mortgage)	75%	100%	150%	200%	Others	
1 Claims on central governments or central banks	13,268,774	-	-	-	-	-	-	-	-	-	13,268,774
2 Claims on regional or local governments	-	-	-	-	-	-	-	-	-	-	-
3 Claims on administrative units and non-commercial undertakings	-	-	-	-	-	-	411,651	-	-	-	411,651
4 Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
6 Claims on banks and intermediary institutions	22,648	-	1,465,858	-	4,181,978	-	1,443,750	-	-	-	7,114,234
7 Claims on corporates	18,446	-	399,647	-	482,291	-	12,803,085	3,127	-	-	13,706,596
8 Claims included in the regulatory retail portfolios	4,022	-	3,776	-	-	67,330	89	5,705	-	-	80,922
9 Claims secured by residential property	543	-	42	284,504	-	-	-	-	-	-	285,089
10 Claims secured by commercial property	-	-	-	-	1,193,665	-	489,073	-	-	-	1,682,738
11 Overdue loans	-	-	-	-	2	-	4,307	1,705	-	-	6,014
12 Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-	-	-
13 Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
14 Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-
15 Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-
16 Other receivables	163,724	-	-	-	-	-	277,397	-	-	-	441,121
17 Equity share investments	-	-	-	-	-	-	-	-	-	-	-
18 Total	13,478,157	-	1,869,323	284,504	5,857,936	67,330	15,429,352	10,537	-	-	36,997,139

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

VIII. Explanations on Consolidated Risk Management (continued)

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

a) Evaluation of counterparty credit risk according to measurement methods

	Replacement cost	Potential credit risk amount	EEPE	Alpha used to calculate the legal risk amount	Exposure at Default post-CRM	RWA
30 June 2022						
Standard Approach-CCR (for derivatives)	227,063	40,669	-	1.4	267,732	250,831
Internal Model Method (Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	20,409	235
Total	227,063	40,669	-	-	288,141	251,066

	Replacement cost	Potential credit risk amount	EEPE	Alpha used to calculate the legal risk amount	Exposure at Default post- CRM	RWA
31 December 2021						
Standard Approach-CCR (for derivatives)	191,292	(16,443)	-	1.4	174,849	85,623
Internal Model Method (Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	23,270	361
Total	191,292	(16,443)	-	-	198,119	85,984

ICBC TURKEY BANK ANONİM ŞİRKETİ**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VIII. Explanations onn Consolidated Risk Management (continued)**3. Analysis of Counterparty Credit Risk (CCR) (continued)****b) Credit valuation adjustment (“CVA”) capital charge:**

30 June 2021	EAD (post-CRM)	RWA
Total portfolios subject to the Advanced CVA capital charge	-	-
1 (i) VaR component (including the 3*multiplier)	-	-
2 (ii) Stressed VaR component (including the 3*multiplier)	-	-
3 All portfolios subject to the Standardized CVA capital charge	267,732	9,783
4 Total subject to the CVA capital charge	267,732	9,783

31 December 2021	EAD (post-CRM)	RWA
Total portfolios subject to the Advanced CVA capital charge	-	-
1 (i) VaR component (including the 3*multiplier)	-	-
2 (ii) Stressed VaR component (including the 3*multiplier)	-	-
3 All portfolios subject to the Standardized CVA capital charge	174,849	3,057
4 Total subject to the CVA capital charge	174,849	3,057

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VIII. Explanations onn Consolidated Risk Management (continued)

3. Analysis of counterparty credit risk (CCR) exposure by approach (continued)

c) Standardized approach – CCR exposures by regulatory portfolio and risk weights

30 June 2022									Total credit risk
Risk weights / Risk classification	0%	10%	20%	50%	75%	100%	150%	Others	
Claims from central governments and central banks	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from banks and intermediary institutions	-	-	-	34,274	-	233,929	-	-	251,066
Corporates	-	-	-	-	-	-	-	-	-
Retail portfolios	-	-	-	-	-	-	-	-	-
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Total	-	-	-	34,274	-	233,929	-	-	251,066

31 December 2021									Total credit risk
Risk weights / Risk classification	0%	10%	20%	50%	75%	100%	150%	Others	
Claims from central governments and central banks	85,002	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from banks and intermediary institutions	-	-	-	9,170	-	81,399	-	-	85,984
Corporates	-	-	-	-	-	-	-	-	-
Retail portfolios	-	-	-	-	-	-	-	-	-
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Total	85,002	-	-	9,170	-	81,399	-	-	85,984

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

VIII. Explanations on Consolidated Risk Management (Continued)

3. Analysis of counterparty credit risk (CCR) exposure by approach (Continued)

- d) Collaterals for counterparty credit risk: None.
- e) Credit derivatives: None.
- f) Exposures to central counterparties (CCP): None

4. Explanations on Market Risk

The Parent Bank's risk management operations, which are determined by the Board of Directors, are in line with the "Regulation of Internal Bank Systems" and "Regulation of Capital Adequacy Measurement and Evaluation". In order to comply with the Regulations, the Bank's operations regarding the market risk are administrated in line with the "Regulation of Internal Bank Systems" and "Regulation of Capital Adequacy Measurement and Evaluation".

Board of Directors monitors the efficiency of risk administration systems by evaluations of the Audit Committee, Management and Early Detection of Risk Committee as well as upper management's opinions and other miscellaneous reports.

The Parent Bank's risk policies and risk administration policies for the encountered market risk are being approved by the board of directors and reviewed on a regular basis. Market risk is measured and limited in compliance with international standards and capital requirements are calculated accordingly in addition to it is managed by hedging instruments to eliminate the risk.

The market risk of portfolios held for trading is calculated using the standard method and the value at risk ("VaR") methods. Standard method calculations are made on a monthly basis which is used for calculating the capital adequacy generally accepted three methods (variance, covariance, historical simulation, monte carlo). VaR calculations are performed on a daily basis using the historical simulation (EWMA) method. VaR calculations are made using the past 1 year data with 99% assurance and 1 day holding period (10 days for legal capital calculation). All positions in the trading portfolio are set a daily risk limit and nominal position limits and all these limits are monitored and reported to upper management. In addition, trading portfolio, value at risk increase and limit comply situations are reported to Active Passive Committee every two weeks and to upper management and Management and Early Detection of Risk Committee every three months. VaR model is tested on a backward basis to ensure reliability. In order to limit market risk, in addition to VaR and nominal position limits, there are stop loss limits on trading portfolio that are approved by the board of directors.

- a) Standard approach:

Risk Weighted Amounts	30 June 2022	31 December 2021
Outright products		
1 Interest rate risk (general and specific)	203,787	141,175
2 Equity risk (general and specific)	328,663	257,963
3 Foreign exchange risk	2,612,425	1,323,187
4 Commodity risk	-	-
Options		
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitization	-	-
9 Total	3,144,875	1,722,325

5. Explanations on Consolidated Operational Risk

Disclosures are not prepared in accordance with the "Communiqué on Disclosures about Risk Management to be Announced to Public by Banks".

6. Explanations on Consolidated Interest Rate Risk in Bank Accounts

Disclosures are not prepared in accordance with the "Communiqué on Disclosures about Risk Management to be Announced to Public by Banks".

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

XI. Explanations on Segment Reporting

The Group performs activities in areas of retail banking, corporate banking and investment banking including treasury transactions.

Corporate banking offers TL and foreign currency loans, corporate deposit operations, cash management, foreign currency purchases and sales, non-cash transactions (letters of credit, letters of guarantee, prefinancing, bills of exchange) and custody services.

Treasury department consists of Balance Sheet Management and Sales Units. The Balance Sheet Management Unit follows up the Parent Bank's cash flows, liquidity management, marketable securities portfolio and transfer pricing activities. Sales unit is responsible for marketing all types of bills and bonds, foreign exchange transactions and derivative products including forwards and options to its customers.

Servicing the middle-upper segment of retail customers who require sophisticated banking and investment services falls within, the scope of retail banking. Credit and Services are also within the activities of retail banking.

Information related to the Group's operating segments:

30 June 2022	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group's Total Operations
Operating Income	68,320	314,309	1,298,656	1,681,285
Net profit of segment	20,789	294,635	691,171	1,006,595
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	20,789	294,635	691,171	1,006,595
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	20,789	294,635	691,171	1,006,595
Tax Provision (-)	-	-	195,363	195,363
Profit / (Loss) after tax	20,789	294,635	495,808	811,232
Net Profit/ (Loss) for the Period	20,789	294,635	495,808	811,232
Segment Assets ⁽¹⁾	379,455	25,106,887	25,352,841	50,839,183
Associate and Subsidiaries	-	-	-	-
Total Assets	379,455	25,106,887	25,352,841	50,839,183
Segment Liabilities ⁽¹⁾	6,957,610	17,549,151	24,180,661	48,687,422
Equity	-	-	2,151,761	2,151,761
Total Liabilities	6,957,610	17,549,151	26,332,422	50,839,183

⁽¹⁾ Segment assets classified in the Other column consist of securities held in the assets of the treasury department, tangible and intangible assets under the head office, fixed assets to be disposed of deferred tax asset and other non-distributed assets. Segment liabilities classified in the Other column consist of loans taken from abroad, which are under the liabilities of the treasury department, general loan provisions in the general directorate, employee rights provision, current tax provision and miscellaneous debts that cannot be distributed.

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 49% for corporate banking, 1% for retail banking, 50% for treasury, investment banking and others segment. Looking at the gross income (operating income) distribution of the Group, corporate banking constitutes 19% of the total gross income, investment banking and other segments 77% and retail banking 4%.

31 December 2021	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group's Total Operations
Operating Income	56,397	237,073	295,296	588,766
Net profit of segment	24,587	223,672	(50,220)	198,039
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	24,587	223,672	(50,220)	198,039
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	24,587	223,672	(50,220)	198,039
Tax Provision (-)	-	-	24,007	24,007
Profit / (Loss) after tax	24,587	223,672	(74,227)	174,032
Net Profit for the Period	24,587	223,672	(74,227)	174,032
Segment Assets ⁽¹⁾	404,982	21,220,588	17,747,316	39,372,886
Associate and Subsidiaries	-	-	-	-
Total Assets	404,982	21,220,588	17,747,316	39,372,886
Segment Liabilities ⁽¹⁾	8,637	16,167,599	21,571,436	37,747,672
Equity	-	-	1,625,214	1,625,214
Total Liabilities	8,637	16,167,599	23,196,650	39,372,886

⁽¹⁾ Segment assets classified in the Other column consist of securities held in the assets of the treasury department, tangible and intangible assets under the head office, fixed assets to be disposed of, deferred tax asset and other non-distributed assets. Segment liabilities classified in the Other column consist of loans taken from abroad, which are under the liabilities of the treasury department, general loan provisions in the general directorate, employee rights provision, current tax provision and miscellaneous debts that cannot be distributed.

⁽²⁾ The balances in the income statement include the amounts as at 30 June 2021.

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 54% for corporate banking, 1% for retail banking, 45% for treasury, investment banking and others segment. Gross income (operational income) of the Group is distributed between corporate banking, treasury, investment banking and others segment and retail banking as 40%, 50%, and 10%, respectively.

ICBC TURKEY BANK ANONİM ŞİRKETİ**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION FIVE**EXPLANATIONS AND NOTES ON
CONSOLIDATED FINANCIAL STATEMENTS****I. Explanations and Notes on Consolidated Assets****1. Information related to cash and balances with the Central Bank of the Republic of Turkey:****a) Cash and balances with the Central Bank of the Republic of Turkey:**

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Cash	19,420	247,271	18,241	149,199
Central Bank of the Republic of Turkey (CBRT) ⁽¹⁾	196,755	12,580,199	295,762	7,141,556
Other	-	-	-	-
Total	216,175	12,827,470	314,003	7,290,755

⁽¹⁾ As of 30 June 2022, there are no precious metals at the CBRT (31 December 2021: None).**b) Information related to the account of the Central Bank of Turkey:**

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Unrestricted Demand Deposits ⁽¹⁾	194,505	3,034,036	295,762	2,236,850
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	2,250	9,546,163	-	4,904,706
Total	196,755	12,580,199	295,762	7,141,556

⁽¹⁾ As at 30 June 2022, there are no precious metals at the CBRT (31 December 2021: None).**c) Explanation related to reserve deposits:**

In accordance with the “Communiqué Regarding the Reserve Requirements no. 2005/1”, the Parent Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and/or standard gold. Interest payments are made to required reserves held as TL as at November 2014 and required reserves held as USD as at May 2015, reserve options and free/open accounts.

As of 30 June 2022, the applicable rates for Turkish lira required reserves are between 3% and 8%, depending on the maturity structure, (31 December 2021: between 3% and 8%); The applicable rates for FX required reserves are between 5% and 26%, depending on the maturity structure (31 December 2021: between 5% and 26%).

2. Information on financial assets at fair value through profit or loss (net):**a) Information on trading securities given as collateral/blocked and subject to repo from financial assets at fair value through profit/loss:**

As at 30 June 2022 and 31 December 2021, the financial assets at fair value through profit or loss are kept under unrestricted account.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

1. Explanations and Notes on Consolidated Assets (continued)

2. Financial assets at fair value through profit or loss (net) (continued):

b) Table of positive differences related to derivative financial assets held for trading at fair value through profit/ loss:

Table of Positive Differences related to Derivative Financial Assets at Fair Value Through Profit/Loss:

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Forward Transactions	191	58,830	916	-
Swap Transactions	29,770	141,670	126,031	63,483
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	29,961	200,500	126,947	63,483

3. Information on banks:

a) Information on Banks:

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Banks				
Domestic	2,766	639,222	12,851	336,417
Foreign	-	725,032	-	109,913
Foreign Offices and Branches	-	-	-	-
Total	2,766	1,364,254	12,851	446,330

4. Information on financial assets at fair value through other comprehensive income:

a) Investment securities available-for-sale given as collateral or blocked with net values and comparatively:

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Given as Collateral/Blocked	5,566	313,378	183,443	250,700
Subject to Repurchase Agreements	-	-	-	-
Total	5,566	313,378	183,443	250,700

As of 30 June 2022, financial assets at fair value through other comprehensive income other than those given as collaterals or subject to repurchase agreements amounting to TL 287,743 are unrestricted (31 December 2021: TL 1,039,575).

Financial Assets with Fair Value Difference Reflected in Other Comprehensive Income includes loans of TL 4,900,644 (31 December 2021: TL 3,045,903).

Related loans are monitored as financial assets whose fair value difference is reflected to other comprehensive income within the scope of TFRS 9. The fair value of this loan was determined by taking into account the discounted cash flows, similar market multipliers, similar transaction multipliers in the same sector and market value average. Related loans are monitored as Level 2 within the scope of TFRS 13 Fair Value Measurement Standard.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

I. Explanations and Notes on Consolidated Assets (continued)

4. Information on financial assets at fair value through other comprehensive income (continued):

b) Information on financial assets fair value through other comprehensive income:

	30 June 2022	31 December 2021
Debt Instruments	680,538	1,509,524
Listed	393,515	1,279,675
Unlisted	287,023	229,849
Equity Instruments	-	-
Listed	-	-
Unlisted	-	-
Impairment Provision (-)	73,851	35,806
Total	606,687	1,473,718

5. Information related to loans:

a) Information on all types of loans and advances given to shareholders and employees of the Parent Bank:

	30 June 2022		31 December 2021	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	1,768,461	-	1,001,523
Loans Given to Legal Entity Partners	-	1,768,461	-	1,001,523
Loans Given to Real Person Partners	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	4,485	-	4,473	-
Total	4,485	1,768,461	4,473	1,001,523

b) Information on the standard and under the close monitoring loans with restructured loans under close monitoring:

30 June 2022	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to restructuring	Restructured Loans	
Cash Loans			Loans with Revised Contract Terms	Refinance
Non-Specialized Loans	19,214,932	2,048	1,261,122	119
Enterprise Loans	13,254,881	-	1,261,122	-
Export Loans	1,799,238	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	3,230,668	-	-	-
Consumer Loans	346,467	1,925	-	119
Credit Cards	20,442	101	-	-
Other	563,236	22	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	19,214,932	2,048	1,261,122	119

ICBC TURKEY BANK ANONİM ŞİRKETİ
**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

I. Explanations and Notes on Consolidated Assets (continued)
5. Information related on loans (continued):

b) Information on the standard and under the close monitoring loans with restructured loans under close monitoring (continued):

		Loans Under Close Monitoring		
		Standard Loans	Loans Not Subject to Restructuring	Restructured Loans
31 December 2021	Cash Loans			Loans with Revised Contract Terms Refinance
Non-Specialized Loans		17,627,776	3,336	1,049,972 4,299
	Enterprise Loans	11,321,865	-	983,051 4,155
	Export Loans	1,296,721	-	66,921 -
	Import Loans	-	-	- -
	Loans Given to Financial Sector	3,737,353	-	- -
	Consumer Loans	382,637	3,193	- 144
	Credit Cards	16,666	116	- -
	Other	872,534	27	- -
	Specialized Loans	-	-	- -
	Other Receivables	-	-	- -
Total		17,627,776	3,336	1,049,972 4,299

	30 June 2022		31 December 2021	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
Allowances for Expected Credit Losses on Stage 1 and 2				
12 Months Expected Loss Provision	209,882	-	171,448	-
Significant Increase in Credit Risk	-	677,186	-	560,884
Total	209,882	677,186	171,448	560,884

ICBC TURKEY BANK ANONİM ŞİRKETİ
**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

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

I. Explanations and Notes on Consolidated Assets (continued)
5. Information related on loans (continued):

c) Information on consumer loans, consumer credit cards, personnel loans and personnel credit cards:

Current Period	Medium and		Total
	Short-Term	Long-Term	
Consumer Loans – TL	9,754	341,840	351,594
Mortgage Loans	-	273,008	273,008
Automotive Loans	-	3,995	3,995
Consumer Loans	9,754	64,837	74,591
Other	-	-	-
Consumer Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards – TL	17,055	-	17,055
With Installment	4,105	-	4,105
Without Installment	12,950	-	12,950
Consumer Credit Cards – FC	841	-	841
With Installment	-	-	-
Without Installment	841	-	841
Personnel Loans – TL	646	1,807	2,453
Mortgage Loans	-	111	111
Automotive Loans	-	-	-
Consumer Loans	646	1,696	2,342
Other	-	-	-
Personnel Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards – TL	1,979	-	1,979
With Installment	533	-	533
Without Installment	1,446	-	1,446
Personnel Credit Cards – FC	53	-	53
With Installment	-	-	-
Without Installment	53	-	53
Credit Deposit Account – TL (Real Person)	4,458	-	4,458
Credit Deposit Account – FC (Real Person)	-	-	-
Total	34,786	343,647	378,433

ICBC TURKEY BANK ANONİM ŞİRKETİ
**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

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

I. Explanations and Notes on Consolidated Assets (continued)
5. Information related on loans (continued):

c) Information on consumer loans, consumer credit cards, personnel loans and personnel credit cards (continued):

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	10,085	374,978	385,063
Mortgage Loans	-	291,399	291,399
Automotive Loans	-	4,734	4,734
Consumer Loans	10,085	78,845	88,930
Other	-	-	-
Consumer Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards – TL	14,201	-	14,201
With Installment	4,042	-	4,042
Without Installment	10,159	-	10,159
Consumer Credit Cards – FC	375	-	375
With Installment	-	-	-
Without Installment	375	-	375
Personnel Loans – TL	805	1,764	2,569
Mortgage Loans	-	137	137
Automotive Loans	-	-	-
Consumer Loans	805	1,627	2,432
Other	-	-	-
Personnel Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards – TL	1,835	-	1,835
With Installment	613	-	613
Without Installment	1,222	-	1,222
Personnel Credit Cards – FC	69	-	69
With Installment	-	-	-
Without Installment	69	-	69
Credit Deposit Account – TL (Real Person)	2,720	-	2,720
Credit Deposit Account – FC (Real Person)	-	-	-
Total	30,090	376,742	406,832

ICBC TURKEY BANK ANONİM ŞİRKETİ
**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

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

I. Explanations and Notes on Consolidated Assets (continued)
5. Information related on loans (continued):

d) Information on installment corporate loans and corporate credit cards:

Current Period	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans – TL	430	143,173	143,603
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	430	143,173	143,603
Other	-	-	-
Commercial Installment Loans – Indexed to FC	-	-	-
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans – FC	-	4,275,682	4,275,682
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	4,275,682	4,275,682
Other	-	-	-
Corporate Credit Cards – TL	579	-	579
With Installment	94	-	94
Without Installment	485	-	485
Corporate Credit Cards – FC	164	-	164
With Installment	-	-	-
Without Installment	164	-	164
Credit Deposit Account – TL (Legal Entity)	43	-	43
Credit Deposit Account – FC (Legal Entity)	-	-	-
Total	1,216	4,418,855	4,420,071

Prior Period	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans – TL	45	214,202	214,247
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	45	206,969	207,014
Other	-	7,233	7,233
Commercial Installment Loans – Indexed to FC	-	-	-
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans – FC	-	3,915,321	3,915,321
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	3,915,321	3,915,321
Other	-	-	-
Corporate Credit Cards – TL	530	-	530
With Installment	87	-	87
Without Installment	443	-	443
Corporate Credit Cards – FC	174	-	174
With Installment	-	-	-
Without Installment	174	-	174
Credit Deposit Account – TL (Legal Entity)	41	-	41
Credit Deposit Account – FC (Legal Entity)	-	-	-
Total	790	4,129,523	4,130,313

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

I. Explanations and Notes on Consolidated Assets (continued)

5. Information related on loans (continued)

e) Loan concentration based on counterparties:

	30 June 2022	31 December 2021
Domestic Loans	20,145,202	18,274,733
Foreign Loans	375,712	454,610
Total	20,520,914	18,729,343

f) Loans granted to subsidiaries and associates: None (31 December 2021: None).

g) Information on loans related reserves for specific provisions or credit impaired (Stage 3):

	30 June 2022	31 December 2021
Loans and Receivables with Limited Collectability	7	16
Loans and Receivables with Doubtful Collectability	49	49
Allocated for Loss Loans	38,008	37,881
Total	38,064	37,946

h) Information on non-performing loans (Net):

h.1) Information on non-performing loans and other receivables those are restructured or rescheduled:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period			
Gross Amounts Before the Reserves	-	-	594
Restructured Loans and Other Receivables	-	-	594

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Prior Period			
Gross Amounts Before the Reserves	-	-	44
Restructured Loans and Other Receivables	-	-	44

ICBC TURKEY BANK ANONİM ŞİRKETİ
**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

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

I. Explanations and Notes on Consolidated Assets (continued)
5. Information related on loans (continued)

h) Information on non-performing loans (Net) (continued):

h.2) Information related on non-performing loans:

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Prior Period End Balance	172	61	43,727
Additions (+)	58	2	1,128
Transfers from Other Categories of Non-Performing Loans (+)	-	183	55
Transfers to Other Categories of Non-Performing Loans (-)	183	55	-
Collections (-)	39	45	2,371
Write-offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balances at End of the Period	8	146	42,539
Provision (-)	7	49	38,008
Net Balance on Balance Sheet	1	97	4,531

h.3) Information on non-performing loans in foreign currencies:

	Group III Loan with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period			
Balances at the End of the Period	-	-	164
Provision Amount (-)	-	-	164
Net Balance on Balance Sheet	-	-	-
Prior Period			
Balances at the End of the Period	-	-	162
Provision Amount (-)	-	-	161
Net Balance on Balance Sheet	-	-	1

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

I. Explanations and Notes on Consolidated Assets (continued)

5. Information related on loans (continued)

h) Information on non-performing loans (Net)(continued):

h.4) Information on net and gross amounts of non-performing loans according to beneficiary group:

	Group III Loan with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period (Net)	1	97	4,531
Loans Allowed to Real Persons and Corporate Entities (Gross)	8	146	42,539
Provision Amount (-)	7	49	38,008
Loans Allowed to Real Persons and Corporate Entities (Net)	1	97	4,531
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
Prior Period (Net)	156	12	5,846
Loans Allowed to Real Persons and Corporate Entities (Gross)	172	61	43,727
Special Provision Amount (-)	16	49	37,881
Loans Allowed to Real Persons and Corporate Entities (Net)	156	12	5,846
Banks (Gross)	-	-	-
Special Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Special Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

h.5) Information on interest accruals, rediscounts, valuation differences and their provisions calculated for non-performing loans which are expected to be used in accordance with TFRS 9:

	Group III Loan with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period (Net)	-	-	1,650
Interest Accruals and Rediscounts and Valuation Differences	-	-	11,194
Provision amount (-)	-	-	9,544
Prior Period (Net)	-	-	1,307
Interest Accruals and Rediscounts and Valuation Differences	-	-	11,722
Provision Amount (-)	-	-	10,415

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

I. Explanations and Notes on Consolidated Assets (continued)

6. Financial assets at amortized cost:

a) Information on subject to repurchase agreement and given as collateral / blocked:

Securities subject to held to maturity are kept under unrestricted account.

b) Information on public sector debt securities at amortized cost:

As of 30 June 2022, the Bank's government debt securities valued at amortized cost is TL 8,480,479 (31 December 2021: TL 7,319,678).

	30 June 2022	31 December 2021
Government Bonds	8,480,479	7,319,678
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	8,480,479	7,319,678

c) Information on financial assets at amortized cost:

	30 June 2022	31 December 2021
Debt Instruments	8,244,369	7,651,959
Listed	-	-
Unlisted	8,244,369	7,651,959
Value Increase / Impairment Provision ⁽¹⁾	1,093,284	345,485
Total	9,337,653	7,997,444

⁽¹⁾ Consists of change in interest accruals.

d) Information on the movement of financial assets at amortized cost during the year:

	30 June 2022	31 December 2021
Beginning Balance	7,997,444	4,391,069
Foreign Currency Differences on Monetary Assets	970,918	2,240,239
Purchases During Year	389,735	2,135,581
Disposals Through Sales and Redemptions	(1,113,728)	(1,114,930)
Value Increase / Impairment Provision ⁽¹⁾	1,093,284	345,485
Total	9,337,653	7,997,444

⁽¹⁾ Consists of change in interest accruals.

7. Information on associates (net):

None (31 December 2021: None).

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

I. Explanations and Notes on Consolidated Assets (continued)

8. Information on subsidiaries (net):

As of 30 June 2022, the Parent Bank has subsidiary as ICBC Turkey Yatırım Menkul Değerler A.Ş. The Parent Bank does not have any capital needs due to its subsidiary which is included in the calculation of its consolidated capital adequacy standard ratio. The current equity amount of the subsidiary fulfils the minimum capital requirement entailed in accordance with the Capital Markets Board's regulations.

Information related to subsidiaries Information related to subsidiaries:

- a) Information on unconsolidated subsidiaries
None.
- b) Information on unconsolidated subsidiaries according to information above:
None.
- c) Movement of unconsolidated subsidiaries:
None.
- d) Industrial distribution of unconsolidated subsidiaries:
As of 30 June 2022, the Parent Bank has no unconsolidated subsidiary.
- e) Information on consolidated subsidiaries:

Title	Address (City/Country)	Parent Bank's share percentage- If different from voting percentage (%)	Banks Risk Group Share Percentage (%)
ICBC Turkey Yatırım Menkul Değerler A.Ş. (ICBC Yatırım)	İstanbul/Turkey	100	100

- f) Information on subsidiaries included in the scope of consolidation in the order listed above:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit / Loss	Fair Value
1,182,247	288,130	4,570	27,940	-	40,403	17,817	-

ICBC Yatırım participated in ICBC Turkey Portföy Yönetimi A.Ş. (ICBC Portföy) with 100% share in April 2015. The financial information above shows amounts occurred as a result of consolidation of ICBC Yatırım and ICBC Portföy.

Solo/stand-alone financial information of ICBC Portföy company, which is consolidated to ICBC Yatırım, is as follows:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit / Loss	Fair Value
9,641	9,096	26	763	-	168	452	-

- g) Movement of consolidated subsidiaries:

	30 June 2022	31 December 2021
Balance at the Beginning of the Period	75,998	75,998
Movements During the Period	-	-
Purchases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
Balance at the End of the Period	75,998	75,998

ICBC TURKEY BANK ANONİM ŞİRKETİ**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

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

I. Explanations and Notes on Consolidated Assets (continued)**8. Information on subsidiaries (net) (continued):**

h) Sector information and related recorded amounts of subsidiaries included in the scope of consolidation:

	30 June 2022	31 December 2021
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	75,998	75,998
Total	75,998	75,998

i) Listed subsidiaries: None (31 December 2021: None).

j) Subsidiaries disposed of during the current period: None (31 December 2021: None).

k) Subsidiaries purchased in the current period: None (31 December 2021: None).

9. Information on joint ventures (net):

The Parent Bank does not have any joint ventures (31 December 2021: None).

10. Information on financial lease receivables (net):

None (31 December 2021: None).

11. Information on hedging purpose derivatives:

The Group does not have derivative financial instruments for hedging purposes (31 December 2021: None).

12. Information on investment properties (net):

The Bank has no investment property (31 December 2021: None).

13. Information on deferred tax assets:

Disclosures are not prepared in accordance with Article 25 of the "Communiqué on the financial statements and the related policies and disclosures to be publicly announced".

14. Information on assets held for sale and discontinued operations:

The Group has no asset held for sale and discontinued operation as of 30 June 2022 and 31 December 2021.

15. Information on other assets:

Disclosures are not prepared in accordance with Article 25 of the "Communiqué on the financial statements and the related policies and disclosures to be publicly announced".

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

II. Explanations and Notes on Consolidated Liabilities

1. Information on deposits:

a) Information on maturity profile of deposits:

The Parent Bank does not have any deposits callable in 7 days.

a.1) 30 June 2022:

	Demand	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	68,833	134,627	680,652	844,259	85,020	7,851	-	1,821,242
Foreign Currency Deposits	2,393,975	1,522,688	15,183,901	173,407	579,019	31,819	-	19,884,809
Residents in Turkey	2,126,769	1,519,533	14,584,141	171,217	43,237	1,975	-	18,446,872
Residents Abroad	267,206	3,155	599,760	2,190	535,782	29,844	-	1,437,937
Public Sector Deposits	16,049	-	-	-	-	-	-	16,049
Commercial Deposits	122,731	178,482	37,262	309,311	1,616,401	-	-	2,264,187
Other Ins. Deposits	5,538	199	4,985	-	49	1	-	10,772
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	324,219	425,107	-	-	-	-	-	749,326
CBRT	3,226	-	-	-	-	-	-	3,226
Domestic Banks	201,044	425,107	-	-	-	-	-	626,151
Foreign Banks	119,949	-	-	-	-	-	-	119,949
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	2,931,345	2,261,103	15,906,800	1,326,977	2,280,489	39,671	-	24,746,385

(*) As of 30 June 2022, TL 1,702,108 (31 December 2021: TL 44,169) includes currency protected deposit products, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, filed within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts".

a.2) 31 December 2021:

	Demand	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	56,463	164,413	1,121,269	43,010	1,017	2,301	-	1,388,473
Foreign Currency Deposits	2,488,602	709,758	10,026,709	126,508	566,055	27,441	-	13,945,073
Residents in Turkey	2,287,561	706,186	9,118,467	123,157	111,324	2,844	-	12,349,539
Residents Abroad	201,041	3,572	908,242	3,351	454,731	24,597	-	1,595,534
Public Sector Deposits	7,524	-	-	-	-	-	-	7,524
Commercial Deposits	146,033	26,255	34,907	73	-	-	-	207,268
Other Ins. Deposits	4,062	738	5,012	-	40	1	-	9,853
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	148,109	600,253	-	-	-	-	-	748,362
CBRT	-	-	-	-	-	-	-	-
Domestic Banks	128,084	600,253	-	-	-	-	-	728,337
Foreign Banks	20,025	-	-	-	-	-	-	20,025
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	2,850,793	1,501,417	11,187,897	169,591	567,112	29,743	-	16,306,553

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

II. Explanations and Notes on Consolidated Liabilities (continued)

1. Information on deposits (continued):

b) Information on deposit insurance:

b.1) Information on savings deposits insured by saving deposit insurance fund and the total amount of the deposits exceeding the insurance coverage limit:

Saving Deposits	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
	30 June 2022	30 June 2022
Saving Deposits	870,741	950,752
Foreign Currency Savings Deposits	968,158	5,626,958
Other Saving Deposits	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
Total	1,838,899	6,577,710

Saving Deposits	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
	31 December 2021	31 December 2021
Saving Deposits	694,196	694,277
Foreign Currency Savings Deposits	757,126	4,926,525
Other Saving Deposits	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
Total	1,451,322	5,620,802

b.2) Savings deposits in Turkey are not covered under insurance in another country since the Headquarter of the Bank is not located abroad: None.

b.3) The Group has saving deposits not covered by deposit insurance amounting to TL 10,015 (31 December 2021: TL 11,389).

Saving deposits of real persons that are not covered under the guarantee of deposit insurance fund:

	30 June 2022	31 December 2021
Deposits and Other Accounts at Foreign Branches	-	-
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Care	-	-
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children under Their Care	10,015	11,389
Deposits and Other Accounts linked to Crimes Mentioned in 282 nd Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey	-	-

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

II. Explanations and Notes on Consolidated Liabilities (continued)

2. Payables to Money Markets:

As of 30 June 2022, the Group has funds from repo transactions amounting to TL 19,938 (31 December 2021: TL 22,549 and TL 3,001,933).

3. Derivative financial liabilities:

Derivative financial liabilities statement:

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Forwards Transactions	26,580	62,092	10,568	79
Swaps Transactions	3,236	4,029	1,252	4,424
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	29,816	66,121	11,820	4,503

4. Information on funds borrowed:

a) Information on banks and other financial institutions:

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks and Institutions	248,551	-	11,041	-
Foreign Banks, Institutions and Funds	1,403,467	15,616,957	-	12,963,603
Total	1,652,018	15,616,957	11,041	12,963,603

b) Contractual maturities of funds borrowed:

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Short-Term	1,652,018	2,811,660	11,041	2,841,570
Medium and Long-Term	-	12,805,297	-	10,122,033
Total	1,652,018	15,616,957	11,041	12,963,603

c) Additional information on concentrations of Parents Bank's liabilities:

The Parent Bank diversifies its funding resources with customer deposits and funds borrowed from foreign banks. The Parent Bank makes concentration analysis for the customers providing funds in branch basis and takes long and short-term actions to generalize the customers in these branches. Funds borrowed consist of funds with different characteristics and maturity-interest structures provided from different institutions.

5. Information on other liabilities:

Other liabilities amount to TL 908,671 (31 December 2021: TL 717,512) on the balance sheet and do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

6. Information on lease payables (net):

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Less than 1 Year	9,662	-	8,222	-
Between 1-4 Years	27,591	-	19,155	-
More Than 4 Years	48,573	-	47,157	-
Total	85,826	-	74,534	-

7. Information on liabilities arising from hedging purpose derivatives (net):

The Group does not have derivative financial instruments for hedging purposes (31 December 2021: None).

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

II. Explanations and Notes on Consolidated Liabilities (continued)

8. Information on provisions:

a) Information on reserve for employee rights:

In accordance with existing legislation in Turkey, the Parent Bank and its subsidiary in Turkey have to make certain lump-sum payments to employees who has completed one year of service with the Parent Bank, who has complete 25 working years (20 years for women) and whose employment is terminated due to retirement (retirement age for women and men are 58 and 60, respectively) or reasons other than resignation or misconduct.

The indemnity payable is one month's salary for each year of service and as of 30 June 2022, this amount is restricted with full TL 10,848.59 (31 December 2021: full TL 10,848.59). The liability is not funded since there is no funding requirement.

The Parent Bank reserved for employee severance indemnities in the accompanying financial statements using actuarial method in accordance with the Turkish Accounting Standard 19 (TAS 19) "Employee Benefits". The major actuarial assumptions used in the calculation of the total liability are as follows.

The basic assumption is that the severance pay ceiling to be paid for each year of service will increase each year at the rate of inflation or the estimated salary increase. Thus, the discount rate applied will show the expected real rate after adjusting for the expected effects of inflation.

	30 June 2022	31 December 2021
Discount Ratio (%)	3.09	3.09
Expected Salary/ETI Liability Ceiling Increase Rate (%)	21.85	21.85
Rate for the Probability of Retirement (%)	25.61	25.61

Movement of ETI liability is as below:

	30 June 2022	31 December 2021
Balance at Prior Period End	28,799	16,889
Current Year Provisions	4,209	9,299
Paid in Current Year	(687)	(2,086)
Actual Loss/ (Gain)	-	4,697
Balance at the End of the Period	32,321	28,799

As at 30 June 2022, the Group has vacation pay liability amounting TL 23,638 (31 December 2021: TL 14,974).

b) Information on provisions related to foreign currency differences of foreign currency indexed loans:

As at 30 June 2022, there is no foreign exchange differences on foreign currency indexed loans (31 December 2021: None) are netted with loans on the asset side.

c) Specific provisions for non-cash loans that are not indemnified and not converted into cash:

Disclosures are not prepared in accordance with Article 25 of the "Communiqué on the financial statements and the related policies and disclosures to be publicly announced".

d) Information on other provisions:

d.1) Information on provision for possible risks:

None.

d.2) Information on provision for promotions related with banking services:

As at 30 June 2022, the Parent Bank has provision for credit card service promotions amounting TL 62 (31 December 2021: TL 69).

d.3) Information on other provisions:

As at 30 June 2022, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 24,089 (31 December 2021: TL 19,958).

As at 30 June 2022, there is provision for personnel bonus amounting TL 309,888 (31 December 2021: TL 257,429).

As at 30 June 2022, the Group has provision for non-cash loans amounting to TL 124,829 (31 December 2021: TL 104,079).

ICBC TURKEY BANK ANONİM ŞİRKETİ**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

II. Explanations and Notes on Consolidated Liabilities (continued)**9. Information on tax liabilities:****a) Information on taxes payable:**

	30 June 2022	31 December 2021
Corporate Taxes Payable	7,139	162,367
Taxation on Securities	10,883	5,525
Property Tax	399	334
Booking and Insurance Transaction Tax (BITT)	9,720	6,370
Foreign Exchange Tax	-	-
Value Added Tax Payable	926	1,531
Other	9,559	15,968
Total	38,626	192,095

b) Information on premiums payable:

	30 June 2022	31 December 2021
Social Security Premiums- Employee	3,110	3,051
Social Security Premiums- Employer	3,609	3,395
Bank Social Aid Pension Fund Premium - Employee	-	-
Bank Social Aid Pension Fund Premium - Employer	-	-
Pension Fund Membership Fees and Provisions - Employee	-	-
Pension Fund Membership Fees and Provisions - Employer	-	-
Unemployment Insurance- Employee	221	217
Unemployment Insurance- Employer	443	434
Other	-	-
Total	7,383	7,097

c) Information on deferred tax liabilities:

As of 30 June 2022, the Parent Bank has no deferred tax liabilities.(31 December 2021: None).

10. Information on payables related to assets held for sale and discontinued operations (net):

There are no liabilities for fixed assets held for sale and discontinued operations..

ICBC TURKEY BANK ANONİM ŞİRKETİ**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

II. Explanations and Notes on Consolidated Liabilities (continued)**11. Explanations on subordinated loans including quantity, maturity, interest rate, issuing institution, option to be converted into stock certificate:**

Disclosures are not prepared in accordance with Article 25 of the “Communiqué on the financial statements and the related policies and disclosures to be publicly announced”.

12. Information on shareholders’ equity:**a) Paid in capital:**

	30 June 2022	31 December 2021
Common Stock	860,000	860,000

The paid-in share capital of the Parent Bank is represented by 8,600,000,000 registered shares of one 0.10 Turkish Liras each.

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital: None.

c) Information on share capital increases and their sources; other information on any increase in capital shares during the current period:

There is no capital increase in the current period.

d) Information on share capital increases from revaluation funds:

There is no capital increase in the current period.

e) Capital commitments for current financial year and following period, and the overall purpose of these commitments and the estimated resources required for these commitments: None.

f) Prior period indicators of the Parent Bank’s income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators: None.

g) Information on the privileges given to stocks representing the capital: The 70% of share capital of the Parent Bank consist of Type A shares and the 30% of the remaining consist of Type B shares. Three out of five members of the Board of Directors are appointed by Type A shareholders and the remaining two are appointed by Type B shareholders. There is no other privilege appointed.

h) Information on marketable securities value increase fund:

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
From Investment in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Revaluation Difference	(3,667)	(277,005)	2,458	1,555
Foreign Exchange Difference	-	-	-	-
Total	(3,667)	(277,005)	2,458	1,555

ICBC TURKEY BANK ANONİM ŞİRKETİ**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

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

III. Explanations and Notes on Consolidated Off-Balance Sheet Items**1. Explanation on off-balance sheet items:****a) Type and amount of irrevocable commitments:**

	30 June 2022	31 December 2021
Forward purchase and sale commitments	1,571,808	446,424
Commitment for use guaranteed credit allocation	29,311	30,958
Credit cards limit commitments	78,104	74,208
Payment commitments for cheques	6,737	6,261
Credit card commitments given with applications for promotion	-	-
Tax and fund obligations arising from export commitments	3	3
Other irrevocable commitments	177	193
Total	1,686,140	558,047

b) Type and amount of possible losses and commitments from off-balance sheet items:

There is no possible loss arising from off-balance sheet items. Guarantees from off-balance sheet commitments are shown in "off-balance sheet items" statements.

	30 June 2022	31 December 2021
Letters of guarantee	5,086,723	4,738,369
Bank acceptance loans	-	-
Letters of credit	3,698,655	1,379,096
Other guarantees	4,526,293	4,385,590
Total	13,311,671	10,503,055

c) Total amount of non-cash loans:

	30 June 2022	31 December 2021
Non-Cash Loans Given for Cash Loan Risks	167,289	139,253
With Original Maturity of 1 Year or Less	29,494	25,617
With Original Maturity of More Than 1 Year	137,795	113,636
Other Non-Cash Loans	13,144,382	10,363,802
Total	13,311,671	10,503,055

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

IV. Explanations and Notes on Consolidated Profit or Loss Statement

1. Information on interest income:

a) Information on interest income received from loans:

	30 June 2022		30 June 2021	
	TL	FC	TL	FC
Interest Income Received from Loans ⁽¹⁾				
Short Term Loans	258,691	50,782	72,880	42,816
Medium and Long Term Loans	95,498	377,634	78,314	203,747
Loans Under Follow-Up	4,649	-	6,315	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	358,838	428,416	157,509	246,563

⁽¹⁾ Also includes fees and commissions from cash loans.

b) Information on interest income received from banks:

	30 June 2022		30 June 2021	
	TL	FC	TL	FC
From Central Bank of The Republic of Turkey	7,458	102	11,514	-
From Domestic Banks	2,391	1,545	2,840	3,667
From Foreign Banks	-	2,403	-	780
From Foreign Offices and Branches	-	-	-	-
Total	9,849	4,050	14,354	4,447

c) Information on interest income received from securities portfolio:

	30 June 2022		30 June 2021	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	30,783	16,887	60,858	9,836
Financial Assets Measured at Amortized Cost	916,961	164,063	87,977	103,305
Total	947,744	180,950	148,835	113,141

d) Information on interest income received from associates and subsidiaries:

	30 June 2022	30 June 2021
Interest Received from Associates and Subsidiaries	-	386

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

IV. Explanations and Notes on Consolidated Profit or Loss Statement (continued)

2. Information on interest expense:

a) Information on interest expense related to funds borrowed:

	30 June 2022		30 June 2021	
	TL	FC	TL	FC
Banks ⁽¹⁾	103,474	102,070	44,023	83,476
Central Bank of The Republic of Turkey	-	-	-	-
Domestic Banks	4	-	822	-
Foreign Banks	103,470	102,070	43,201	83,476
Foreign Branches and Offices Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	103,474	102,070	44,023	83,476

⁽¹⁾ Also includes fees and commission expenses related with loans allowed.

b) Information on interest expense paid to associates and subsidiaries:

None.

c) Information on interest expense paid to securities issued: None.

d) Maturity structure of the interest expense on deposits:

The Parent Bank has no interest expense paid to deposits callable within 7 days.

30 June 2022		Time Deposits						Total
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over	Cumulative Deposits	
TL								
Bank Deposits	-	12,163	-	-	-	-	-	12,163
Saving Deposits	-	9,656	83,943	34,079	2,729	298	-	130,705
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	9,469	48,444	6,869	35,680	1	-	100,463
Other Deposits	-	21	1,118	-	3	-	-	1,142
Total	-	31,309	133,505	40,948	38,412	299	-	244,473
Foreign Currency								
Foreign Currency Deposits	-	1,830	147,843	311	3,444	329	-	153,757
Bank Deposits	-	11,840	-	-	-	-	-	11,840
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	13,670	147,843	311	3,444	329	-	165,597
Grand Total	-	44,979	281,348	41,259	41,856	628	-	410,070

30 June 2021		Time Deposits						Total
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over	Cumulative Deposits	
TL								
Bank Deposits	-	97	-	-	-	-	-	97
Saving Deposits	-	13,145	131,500	13	22	4	-	144,684
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	4,401	15,048	5	-	-	-	19,454
Other Deposits	4	37	1,227	-	1	-	-	1,269
Total	4	17,680	147,775	18	23	4	-	165,504
Foreign Currency								
Foreign Currency Deposits	-	1,687	103,361	679	1,119	469	-	107,315
Bank Deposits	-	59	-	-	-	-	-	59
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	1,746	103,361	679	1,119	469	-	107,374
Grand Total	4	19,426	251,136	697	1,142	473	-	272,878

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

IV. Explanations and Notes on Consolidated Profit or Loss Statement (continued)

3. Information on trading income/loss (net):

	30 June 2022	30 June 2021
Profit	4,164,323	1,224,293
Capital Market Gains	2,431	16,286
Derivative Gains	2,489,582	531,265
Foreign Exchange Gains	1,672,310	676,742
Loss (-)	3,930,047	1,133,644
Capital Market Losses	866	1,472
Derivative Losses	2,048,367	464,072
Foreign Exchange Losses	1,880,814	668,100

4. Information on other operating income:

The "Other operating income" item in the income statement mainly consists of collections from receivables for which provision was made in prior periods, provisions set aside in prior years and reversed in the current year, and income from sales from the follow-up portfolio.

5. Impairment on expected loans and other provisions receivables:

	30 June 2022	30 June 2021
Allowance for Expected Credit Losses	183,641	79,749
12-Month Expected Credit Losses (Stage 1)	61,148	27,135
Significant Increase in Credit Risk (Stage 2)	121,683	58,776
Credit-Impaired (Stage 3)	810	(6,162)
Impairment Provisions for Securities	3,721	11
Financial Assets at Fair Value Through Profit or Loss	5	11
Financial Assets at Fair Value Through Other Comprehensive Income	3,716	-
Impairment Provisions Related to Investments in Associates, Subsidiaries and Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	4,629	1,289
Total	191,991	81,049

ICBC TURKEY BANK ANONİM ŞİRKETİ**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

IV. Explanations and Notes on Consolidated Profit or Loss Statement (continued)**6. Information related to other operating expenses:**

	30 June 2022	30 June 2021
Reserve for Employee Termination Benefits	9,849	5,338
Reserve for Bank’s Social Aid Fund Deficit	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	18,873	14,596
Impairment Expenses of Intangible Assets	-	-
Impairment Expenses of Goodwill	-	-
Depreciation Expenses on Intangible Assets	3,746	3,206
Impairment Expenses of Investments in Associates	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	34	2
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	57,984	35,664
Leasing Expenses related to TFRS 16 Exemptions	1,900	1,304
Repair and Maintenance Expenses	15,784	9,806
Advertisement Expenses	361	1,110
Other Expenses	39,939	23,444
Loss on Sale of Assets	4	-
Other ⁽¹⁾	125,615	91,833
Total	216,105	150,639

⁽¹⁾ Other line mainly includes taxes paid other than corporate income tax, customs and duties paid and SDIF premium expense.**7. Profit/loss before taxes from continued and discontinued operations:**

Disclosures are not prepared in accordance with Article 25 of the “Communiqué on the financial statements and the related policies and disclosures to be publicly announced”.

8. Taxes on income from continued and discontinued operations:

Information on current tax income or expense and deferred tax income or expense:

As of 30 June 2022, the Bank has current tax expense of TL 284,788 (30 June 2021: TL 48,493), deferred tax expense of TL 311,451 (30 June 2021: TL 24,549), deferred tax income of TL 400,876 (30 June 2021: TL 49,035).

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

IV. Explanations and Notes on Consolidated Profit or Loss Statement (continued)

9. Information on continued and discontinued operations net profit/loss:

Disclosures are not prepared in accordance with Article 25 of the "Communiqué on the financial statements and the related policies and disclosures to be publicly announced".

10. Information on net profit and loss

- a) If it is required that the nature of the income and expense items arising from ordinary banking transactions, size and repetition rate for the understanding of the Parent Bank's performance over the period, the nature and amount of these items: None.
- b) The profit / loss effect of a change in the estimate made in relation to the financial statement items, if any, is likely to affect subsequent periods: None.
- c) There is no profit/loss of minority interests (31 December 2021: None).

11. In case the other items in the consolidated statement of profit or loss exceeds 10% of the total profit or loss, the sub-accounts constituting at least 20% of these items:

In the consolidated statement of profit or loss; the "Other" captions presented under "Fees and commissions received" and "Fees and commissions paid" accounts, which are included in "Net fee and commission income", consist mainly of income received and expenses paid to customers and third parties regarding banking activities.

V. Explanations and Notes on Consolidated Cash Flow Statement

Disclosures are not prepared in accordance with Article 25 of the "Communiqué on the financial statements and the related policies and disclosures to be publicly announced".

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

V. Explanations on the Parent Bank's Risk Group

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

a) 30 June 2022:

Current Period Parent Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		The Parent Bank's Direct and Indirect Shareholders		Other Components In Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	1,768,461	60	40
Interest and Commission Income Received	-	-	-	-	-	-

⁽¹⁾ As described in the 2nd Subclause on Article 49 of Banking Law no.5411.

As of 30 June 2022, the Bank has placements amounting to TL 257,858 (31 December 2021: TL 192,015) in banks in the risk group.

Prior Period Parent Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		The Parent Bank's Direct and Indirect Shareholders		Other Components In Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	3,867	997,502	6	-
Balance at the End of the Period	-	-	-	1,035,179	18	-
Interest and Commission Income Received	-	-	39	-	-	-

⁽¹⁾ As described in the 2nd Subclause on Article 49 of Banking Law no.5411.

b) Information on deposits held by the Parent Bank's risk group:

Current Period Parent Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		The Parent Bank's Direct and Indirect Shareholders		Other Components In Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Deposits						
Balance at the beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	119,949	-	5,223	-
Interest on Deposits	-	-	-	-	-	43

⁽¹⁾ As described in the 2nd Subclause on Article 49 of Banking Law no.5411.

Prior Period Parent Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		The Parent Bank's Direct and Indirect Shareholders		Other Components In Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Deposits						
Balance at the beginning of the Period	-	-	62,865	-	2,621	-
Balance at the End of the Period	-	-	122,076	-	3,191	-
Interest on Deposits	-	-	-	-	-	52

⁽¹⁾ As described in the 2nd Subclause on Article 49 of Banking Law no.5411.

As of 30 June 2022, the Parent Bank has loans amounting to TL 11,814,103 (31 December 2021: TL 8,359,652) from banks in the risk group.

As of 30 June 2022, the Parent Bank has subordinated loans amounting to TL 5,000,321 (31 December 2021: TL 3,999,625) from banks in its risk group.

c) Information on forward transactions, option contracts and other similar agreements with the risk group of the Parent Bank:

As of 30 June 2022, the Group has no derivative transactions with the risk group it is included in (31 December 2021: None).

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

V. Explanations on the Parent Bank’s Risk Group (continued)

2. The Parent Bank’s transactions with the risk group:

Besides nature of the relationship, transaction type, amount and its proportion in total transaction amount, amounts of primary transactions and their proportions in total amount, pricing policy and other matters:

In the Bank’s transactions with its risk group, pricing policy and other matters are determined and applied at market conditions. As of 30 June 2022, proportion of cash loans to risk group in total cash loans is 0.0002% (31 December 2021: 0.002%) and proportion of deposits from its risk group in total deposits is 0.5% (31 December 2021: 4.1%). Proportion of borrowings from its risk group in total funds borrowed is 58.4% (31 December 2021: 64.5%)

As a result of other activities in the risk group of the Bank, other commission income is amounting to TL 1 (30 June 2021: TL 10), other operating income is amounting to TL 2,917 (30 June 2021: TL 1,663) and there are no other operating expenses (30 June 2021: None). There are no other commission expenses. (30 June 2021: TL 1)

In the current period, benefits provided to the Group’s key management amount to TL 29,951 (30 June 2021: TL 16,853).

VI. Explanation and Notes on Subsequent Events

None.

ICBC TURKEY BANK ANONİM ŞİRKETİ

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION SIX

EXPLANATIONS ON THE AUDITORS’ REVIEW REPORT

I. Explanations on the Auditors’ Review Report

The consolidated financial statements of the Parent Bank and its subsidiaries as at and for the year ended 30 June 2022 have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., (Member of Deloitte Touche Tohmatsu Limited) and the Auditors’ Report dated 9 August 2022 is presented in the introduction of this report.

II. Explanation and Notes Prepared by the Independent Auditors

None.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

SECTION SEVEN

EXPLANATIONS ON CONSOLIDATED ACTIVITY REPORT

I. General Information

1. Capital and Shareholder Structure

The shareholder structure of the Bank as at 30 June 2022 is as follows:

Name of the Shareholder – 30 June 2022	Shareholding Amount (Full TL)	Percentage (%)
Industrial and Commercial Bank of China Limited (ICBC)	798,428,227	92.84
Publicly Traded	61,571,773	7.16
Grand Total	860,000,000	100.00

The Bank has acquired none of its shares within the context of the Article 379 of the Turkish Commercial Code numbered 6102.

2. Shares Owned by Executives

Based on the Bank's share ledger records, none of the members of the Board of Directors, General Manager and Assistant General Managers of the Bank owns any shares within the shareholding structure of the Bank.

3. Amendments in Articles of Association During the Period

There were no changes in the articles of association during the reporting period.

4. Chairman and Members of the Board of Directors, Audit Committee Members

Name	Position and Areas of Responsibility
Xiangyang Gao	Chairman of the Board of Directors
Chunyi Zheng ^(*) ^(**)	Member of the Board of Directors and Deputy General Manager
Peiguo Liu	Chairman of the Audit Committee, Member of the Board of Directors
Jianfeng Zheng	Member of the Board of Directors
Ying Wang	Independent Member of the Board of Directors, Member of Audit Committee
Serhat Yank	Independent Member of the Board of Directors

5. The Parent Bank's Senior Management and Their Responsibilities in the Bank

Name ^(**)	Position and Areas of Responsibility
Chunyi Zheng ^(*) ^(**)	Deputy General Manager - Member of the Board of Directors - Project and Cross Border Finance Division, Retail Banking Division, Executive Office General Secretariat Unit, Credit and Investment Management Division and Investment Banking Division
Jinhong Li	Deputy General Manager – Credit Allocation, Legal Affairs, Operations Management and Operation Center
Hüseyin H. İmece	Deputy General Manager – Assistant General Manager - Financial Control and Accounting Department Asset and Liability Department, Economic Research Department
D.Halit Döner	Assistant General Manager - International Relations International Business Department, Financial Institutions Department, Financial Market Department and Corporate Banking Department, Cross Border Finance Department
Kadir Karakurum	Deputy General Manager – Assistant General Manager - Digital Banking Department, Financial Technology Department, Technology Center, Administrative Affairs Center, Public Relations and Advertisement Unit of Executive Office

^(*) Board of director's that held on 9 May 2022, It was decided that Mr. Chunyi ZHENG has been appointed as acting General Manager that was led by Ms. Jinhong LI until the appointment of the General Manager of the bank.

^(**) As of 1 April 2022, Chunyi Zheng has been appointed as the Deputy General Manager and Deputy General Manager responsible for Project and Corss Border, Retail Banking, Executive Office, Credit and Investment Management, Investment Banking departments.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

I. General Information (Continued)

6. Information Regarding the Subsidiaries and Associates

Company	Subsidiaries	Main Area of Business Activity	Percentage %
Finance Sector	ICBC Turkey Yatırım Menkul Değerler A.Ş.	Brokerage Services	99.998

ICBC Turkey Yatırım Menkul Değerler A.Ş. was incorporated in 1996 in Istanbul. The Company conducts capital market transactions within the scope of the Capital Markets Law and the related legislation provisions. ICBC Turkey Yatırım acts as an intermediary in providing capital markets products and offers alternatives in investment funds with different risk and return categories and portfolio management services. It creates financing solutions for its corporate customers by issuance of private sector bonds and commercial papers and prepares the ground for the investors and the corporations to meet through the IPO operations. ICBC Turkey Yatırım, providing daily and weekly reports and stock analyses for its customers prepared by its experienced research team, helps a wider range of customers via 20 branches.

II. Financial Information and Evaluations about the Bank

1. Consolidated Financial Figures:

Financial Figures (TL Million)	30 June 2022	31 December 2021	%
Total Assets	50,839	39,373	29.1
Deposits ⁽¹⁾	23,997	16,098	54.2
Loans ⁽²⁾	25,422	21,775	16.7
Shareholders' Equity	2,152	1,625	32.4
Profit ⁽³⁾	811.2	174.0	366

⁽¹⁾ Excluding bank deposits.

⁽²⁾ Loans classified at Financial Assets at Fair Value Through Other Comprehensive Income are included.

⁽³⁾ Prior period profit figure is the balance on 30 June 2021.

Financial Figures %	30 June 2022	31 December 2021	%
Return on Assets ⁽³⁾	3.69	1.56	184.8
Return on Equity ⁽³⁾	82.67	27.48	259.0
Capital Adequacy Ratio	24.09	26.93	(10.5)
Loans/ Total Assets ⁽²⁾	50.00	55.31	(9.6)
Deposits/ Total Assets ⁽¹⁾	47.20	40.89	19.5
NPL Ratio	0.17	0.20	(17)

⁽¹⁾ Excluding bank deposits.

⁽²⁾ Loans classified at Financial Assets at Fair Value Through Other Comprehensive Income are included.

⁽³⁾ Prior period profit figure is the balance on 30 June 2021.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

II. Financial Information and Evaluations about the Bank (Continued)

2. Letter from the Chairman of the Board of Directors:

As inflation reaches to the highest level over the past 40 years in developed economies, tightening steps in monetary policy by developed countries have become more apparent in the second quarter of the year. Federal Reserve has increased the policy rate by 50 bps in May and 75 bps in June and has given a strong message that monetary policy will remain tight until a meaningful decline in inflation is observed. As Federal Reserve becomes more aggressive in response to rising inflation compared to other developed country central banks, the global recessionary concerns have increased and the dollar index has risen to historically high levels. This has led to a partial decline in energy and other global commodity prices in the first few days of the third quarter and has supported the expectations that cost-led price pressures may ease in the second half of the year. For Turkish economy the continued rise in energy prices, the fall in the value of domestic currency and solid domestic demand have caused annual inflation to make new peaks in the second quarter of the year. During the same period the deterioration in current account balance continued due to the rise in energy imports and annualized current account deficit has increased to one-year high. Despite the continued rise in annual inflation funding costs have remained relatively stable for the banking industry and this has supported profitability of the sector. During the first five months of the year the total profit of the banking industry has increased by 434% compared to the same period of the previous year. Recently, both CBRT and BRSA have implemented new macro-prudential policies which are expected to increase the interest rates for loans and reduce loan volume growth rates. This would potentially limit the contribution of domestic demand to economic growth in the second half of the year and may lead to a slowdown in economic activity.

Kind Regards,

XIANGYANG GAO
Chairman of the Board of Directors

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

II. Financial Information and Evaluations about the Bank (Continued)

3. Letter from the Deputy General Manager:

In the second quarter of 2022, the persistency in global inflation and the tightening of the monetary policy by developed economies have been the main topics in economic agenda. The increase in energy and other commodity prices due to the war in Ukraine has increased the cost-led price pressures and inflation in developed economies has risen to the highest levels over the past 40 years. In order to avoid a permanent deterioration in long-term inflation expectations, central banks continued their policy tightening steps in the second quarter of the year. In this regard, Federal Reserve has decoupled from other developed country central banks and has significantly tightened the stance of monetary policy. FOMC raised the policy rate by 50 bps in May and 75 bps in June and has given a strong signal that rate hikes would continue until they see a meaningful decline in inflation. In the same period, European Central Bank has ended monetary stimulus program but did not change the policy rate. The hawkish tone provided by the Federal Reserve has caused the US dollar to appreciate against major currencies and at the very beginning of the third quarter EUR/USD has decreased remarkably for the first time since 2002. The tight monetary policy employed by developed country central banks has increased the concerns for a global recession and energy and other commodity prices has shown some decline in the last few weeks of the second quarter. If this recent decline in energy prices turns into a downward trend in the second half of the year, there might be a meaningful decline in annual inflation in the last quarter of the year and Federal Reserve might give a pause to rate hikes.

Global inflationary pressures have shown its impact on Turkish economy as well in the second quarter of the year. Rising energy prices, depreciation of Turkish Lira and strong domestic demand caused the inflation rate to further increase in the second quarter of the year. The real interest rate for Turkish Lira stayed at deeply negative levels and this has also strengthened inflationary pressures by supporting domestic demand conditions. The increase in energy imports has led to a further deterioration in current account balance and the annualized current account deficit has reached to one-year high by May. The macroeconomic environment has supported the profitability of the banking industry and in the first five months of 2022 the total profit of the industry has increased by 434% compared to the same period of the previous year. Recently, both CBRT and BRSA have adopted new macro-prudential policies in order to stabilize the loan volume growth and this might reduce demand side inflationary pressures in the second half of the year. Real GDP has increased by 7.3% in the first quarter of year by the joint contribution of domestic demand and external demand and leading indicators reveal that economic growth has remained solid in the second quarter of the year as well. However, in the second half of the year economic activity may slow down with the decline in domestic demand conditions and a lower contribution from external demand due to global recessionary concerns.

Kind Regards,

CHUNYI ZHENG
Deputy General Manager

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

II. Financial Information and Evaluations about the Bank (Continued)

4. Information on Significant Events During the Period:

None.

III. Information About Transactions of Bank with Risk Group

Bank’s relations with risk group covers all kind of banking transactions in accordance with Banking Law, within the framework of normal bank-customer relationship and market conditions. Detailed explanations in these transactions are at Section 5 and V. Footnote of “Consolidated Financial Statements to Be Announced to Public and Related Explanations and Footnotes with Auditors’ Review Report as at 30 June 2022”.

IV. Information on Risk Management Policies by Risk Types

As of the reporting period, there has been no change.

V. Information Related to the Donations During the Period

The list of donations as of the end of 30 June 2022 is given below:

Donation Institution (full amount)	Amount (TL)
Türk Eğitim Vakfı	1,650.00
Türk Eğitim Gönüllüleri Vakfı	175,680.00
Total	177,330.00

VI. Consolidated Auditors’ Review Report

ICBC Turkey Bank Anonim Şirketi (ICBC Turkey)’s all material disclosures to BIST, Consolidated Financial Statements, Explanations and Footnotes Related Thereon and the Auditors’ Review Report for the nine-month period ended at 30 June 2022 are published under the “Financial Information” heading in the “Investor Relations” section of the Bank’s website addressed www.icbc.com.tr.