

***(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 SEPTEMBER 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 September 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 the nine-month period then ended, 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 consolidated financial position of ICBC Turkey Bank A.Ş. as of 30 September 2022, and of the results of its consolidated operations and its consolidated cash flows for the nine-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, 26 October 2022

**ICBC TURKEY BANK A. Ş.**  
**NINE-MONTH CONSOLIDATED FINANCIAL REPORT AS OF 30 SEPTEMBER 2022**

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The nine 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
- EXPLANATIONS ON APPLIED ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- DISCLOSURES AND FOOTNOTES 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 nine 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**.

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XIANGYANG GAO  
Chairman of Board of  
Directors

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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

---

Mert CAN  
Director

Contact information for questions on this financial report

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**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 September 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 SEPTEMBER 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 <sup>(*)</sup>	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 <sup>(*)</sup>	Member of the Board of Directors and Deputy General Manager	PhD
Assistant General Managers <sup>(**)</sup> :	Chunyi Zheng <sup>(**)</sup>	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.

<sup>(\*)</sup> 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.

<sup>(\*\*)</sup> 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 September 2022, the Bank has 59 domestic branches. As of the same date, the Bank has 839 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 SEPTEMBER 2022

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

ASSETS	Notes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/09/2022			Audited Reviewed PRIOR PERIOD 31/12/2021		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>797,676</b>	<b>22,199,779</b>	<b>22,997,455</b>	<b>738,799</b>	<b>12,118,342</b>	<b>12,857,141</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>581,201</b>	<b>16,303,980</b>	<b>16,885,181</b>	<b>344,676</b>	<b>7,735,190</b>	<b>8,079,866</b>
1.1.1 Cash and Balances at Central Bank	(5.I.1)	142,609	14,881,755	15,024,364	314,003	7,290,755	7,604,758
1.1.2 Banks	(5.I.3)	14,972	1,432,300	1,447,272	12,851	446,330	459,181
1.1.3 Receivables from Money Markets		427,105	-	427,105	20,955	-	20,955
1.1.4 Allowance For Expected Credit Losses (-)		3,485	10,075	13,560	3,133	1,895	5,028
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>		<b>61,412</b>	<b>29,856</b>	<b>91,268</b>	<b>41,530</b>	<b>25,694</b>	<b>67,224</b>
1.2.1 Public Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		99	29,856	29,955	69	25,694	25,763
1.2.3 Other Financial Assets		61,313	-	61,313	41,461	-	41,461
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(5.I.4)	<b>42,468</b>	<b>5,567,689</b>	<b>5,610,157</b>	<b>225,646</b>	<b>4,293,975</b>	<b>4,519,621</b>
1.3.1 Public Debt Securities		42,468	316,408	358,876	225,646	1,019,430	1,245,076
1.3.2 Equity Instruments		-	-	-	-	-	-
1.3.3 Other Financial Assets		-	5,251,281	5,251,281	-	3,274,545	3,274,545
<b>1.4 Derivative Financial Assets</b>	(5.I.2)	<b>112,595</b>	<b>298,254</b>	<b>410,849</b>	<b>126,947</b>	<b>63,483</b>	<b>190,430</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		112,595	298,254	410,849	126,947	63,483	190,430
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>10,946,289</b>	<b>24,694,163</b>	<b>35,640,452</b>	<b>7,526,949</b>	<b>18,412,071</b>	<b>25,939,020</b>
<b>2.1 Loans</b>	(5.I.5)	<b>4,629,038</b>	<b>19,731,029</b>	<b>24,360,067</b>	<b>4,553,773</b>	<b>14,175,570</b>	<b>18,729,343</b>
<b>2.2 Receivables from Leasing Transactions</b>	(5.I.10)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3 Factoring Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4 Financial Assets Measured at Amortised Cost</b>	(5.I.6)	<b>6,398,651</b>	<b>5,640,758</b>	<b>12,039,409</b>	<b>3,065,166</b>	<b>4,932,278</b>	<b>7,997,444</b>
2.4.1 Public Debt Securities		6,398,651	4,842,789	11,241,440	3,065,166	4,254,512	7,319,678
2.4.2 Other Financial Assets		-	797,969	797,969	-	677,766	677,766
<b>2.5 Allowance for Expected Credit Losses (-)</b>		<b>81,400</b>	<b>677,624</b>	<b>759,024</b>	<b>91,990</b>	<b>695,777</b>	<b>787,767</b>
<b>III. NON-CURRENT ASSETS HELD FOR SALE AND FROM DISCOUNTED OPERATIONS (Net)</b>	(5.I.14)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held for Sale		-	-	-	-	-	-
3.2 Held from Discontinued Operations		-	-	-	-	-	-
<b>IV. PARTNERSHIP INVESTMENTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4.1 Associates (Net)</b>	(5.I.7)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Non-Consolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>	(5.I.8)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1 Non-Consolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Non-Consolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Controlled Partnership (Joint Ventures) (Net)</b>	(5.I.9)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Jointly Controlled Partnership Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Non-Consolidated Jointly Controlled Partnership		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>		<b>160,457</b>	<b>-</b>	<b>160,457</b>	<b>123,237</b>	<b>-</b>	<b>123,237</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>22,251</b>	<b>-</b>	<b>22,251</b>	<b>11,437</b>	<b>-</b>	<b>11,437</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		22,251	-	22,251	11,437	-	11,437
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(5.I.12)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>501</b>	<b>-</b>	<b>501</b>	<b>504</b>	<b>-</b>	<b>504</b>
<b>IX. DEFERRED TAX ASSET</b>		<b>450,825</b>	<b>-</b>	<b>450,825</b>	<b>300,614</b>	<b>-</b>	<b>300,614</b>
<b>X. OTHER ASSETS (Net)</b>		<b>544,867</b>	<b>6,861</b>	<b>551,728</b>	<b>136,512</b>	<b>4,421</b>	<b>140,933</b>
<b>TOTAL ASSETS</b>		<b>12,922,866</b>	<b>46,900,803</b>	<b>59,823,669</b>	<b>8,838,052</b>	<b>30,534,834</b>	<b>39,372,886</b>

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 SEPTEMBER 2022

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

LIABILITIES	Notes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/09/2022			Audited Reviewed PRIOR PERIOD 31/12/2021		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSIT</b>	(5.II.1)	5,240,766	24,096,049	29,336,815	2,233,408	14,073,145	16,306,553
<b>II. LOANS RECEIVED</b>	(5.II.4)	1,986,603	18,217,904	20,204,507	11,041	12,963,603	12,974,644
<b>III. MONEY MARKET FUNDS</b>	(5.II.2)	23,328	-	23,328	3,024,482	-	3,024,482
<b>IV. MARKETABLE SECURITIES (Net)</b>		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. FUNDS</b>		-	-	-	-	-	-
5.1 Borrowers' Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(5.II.3)	79,982	127,445	207,427	11,820	4,503	16,323
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		79,982	127,445	207,427	11,820	4,503	16,323
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES (Net)</b>	(5.II.6)	90,120	-	90,120	74,534	-	74,534
<b>X. PROVISIONS</b>	(5.II.8)	396,655	108,098	504,753	337,859	96,948	434,807
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Reserves for Employee Benefits		78,971	-	78,971	43,773	-	43,773
10.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4 Other Provisions		317,684	108,098	425,782	294,086	96,948	391,034
<b>XI. CURRENT TAX LIABILITIES</b>	(5.II.9)	157,764	-	157,764	199,192	-	199,192
<b>XII. DEFERRED TAX LIABILITIES</b>		-	-	-	-	-	-
<b>XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(5.II.10)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT</b>		-	5,622,914	5,622,914	-	3,999,625	3,999,625
14.1 Loans		-	5,622,914	5,622,914	-	3,999,625	3,999,625
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	(5.II.5)	206,048	802,880	1,008,928	158,956	558,556	717,512
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.12)	2,894,621	(227,508)	2,667,113	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		(512)	(227,508)	(228,020)	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		1,332,009	-	1,332,009	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		1,273,932	-	1,273,932	187,189	-	187,189
16.7 Minority Shares'		-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		11,075,887	48,747,782	59,823,669	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 SEPTEMBER 2022

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

	Notes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/09/2022			Audited Reviewed PRIOR PERIOD 31/12/2021		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS (I-II+III)</b>		<b>6,191,483</b>	<b>36,128,894</b>	<b>42,320,377</b>	<b>2,423,686</b>	<b>21,926,199</b>	<b>24,349,885</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(5.III.1)	<b>1,342,433</b>	<b>12,963,686</b>	<b>14,306,119</b>	<b>811,755</b>	<b>9,691,300</b>	<b>10,503,055</b>
1.1. Letters of Guarantee		1,342,433	4,132,470	5,474,903	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		1,342,433	4,132,470	5,474,903	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		-	4,152,777	4,152,777	-	1,379,096	1,379,096
1.3.1. Documentary Letters of Credit		-	1,080,754	1,080,754	-	480,184	480,184
1.3.2. Other Letters of Credit		-	3,072,023	3,072,023	-	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		-	4,678,439	4,678,439	-	4,385,590	4,385,590
1.9. Other Warranties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.III.1)	<b>219,366</b>	<b>145,841</b>	<b>365,207</b>	<b>324,503</b>	<b>233,544</b>	<b>558,047</b>
2.1. Irrevocable Commitments		219,366	145,841	365,207	324,503	233,544	558,047
2.1.1. Asset Purchase and Sales Commitments		95,353	145,841	241,194	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		29,128	-	29,128	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		5,977	-	5,977	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		88,619	-	88,619	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		286	-	286	-	-	-
2.1.13. Other Irrevocable Commitments		-	-	-	193	-	193
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>4,629,684</b>	<b>23,019,367</b>	<b>27,649,051</b>	<b>1,287,428</b>	<b>12,001,355</b>	<b>13,288,783</b>
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		4,629,684	23,019,367	27,649,051	1,287,428	12,001,355	13,288,783
3.2.1. Forward Foreign Currency Purchase and Sale Transactions		1,736,756	5,725,462	7,462,218	99,729	123,208	222,937
3.2.1.1. Forward Foreign Currency Purchase Transactions		1,030,623	2,691,961	3,722,584	98,206	12,241	110,447
3.2.1.2. Forward Foreign Currency Sale Transactions		706,133	3,033,501	3,739,634	1,523	110,967	112,490
3.2.2. Currency and Interest Rate Swaps		2,892,928	17,293,905	20,186,833	1,187,699	11,878,147	13,065,846
3.2.2.1. Currency Swap Purchase Transactions		156,190	10,041,796	10,197,986	-	6,619,622	6,619,622
3.2.2.2. Currency Swap Sale Transactions		2,736,738	7,252,109	9,988,847	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>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		<b>21,039,791</b>	<b>246,898,241</b>	<b>267,938,032</b>	<b>18,353,673</b>	<b>178,900,665</b>	<b>197,254,338</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>10,222,819</b>	<b>132,418,456</b>	<b>142,641,275</b>	<b>8,141,876</b>	<b>96,600,634</b>	<b>104,742,510</b>
4.1. Customer Fund and Portfolio Assets		-	-	-	-	-	-
4.2. Securities Held in Custody		1,675,748	189,900	1,865,648	1,602,505	76,749	1,679,254
4.3. Checks Received for Collection		144,255	48,140	192,395	51,374	56,294	107,668
4.4. Commercial Notes Received for Collection		3,521	15,015	18,536	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		8,398,020	132,165,401	140,563,421	6,477,685	96,453,047	102,930,732
4.8. Custodians		1,275	-	1,275	2,930	-	2,930
<b>V. PLEDGED ITEMS</b>		<b>10,816,972</b>	<b>114,479,785</b>	<b>125,296,757</b>	<b>10,211,797</b>	<b>82,300,031</b>	<b>92,511,828</b>
5.1. Marketable Securities		28,860	-	28,860	18,709	-	18,709
5.2. Guarantee Notes		921	185	1,106	921	133	1,054
5.3. Commodity		30,575	1,133	31,708	33,787	92,741	126,528
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		2,464,159	72,052,624	74,516,783	2,606,310	54,053,575	56,659,885
5.6. Other Pledged Items		8,292,457	42,425,843	50,718,300	7,552,070	28,153,582	35,705,652
5.7. Depositories Receiving Pledged Items		-	-	-	-	-	-
<b>VI. ACCEPTED BILL OF GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>27,231,274</b>	<b>283,027,135</b>	<b>310,258,409</b>	<b>20,777,359</b>	<b>200,826,864</b>	<b>221,604,223</b>

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 SEPTEMBER 2022

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

INCOME AND EXPENSE ITEMS		Notes (Section Five)	THOUSANDS OF TURKISH LIRA			
			Reviewed CURRENT PERIOD (01/01/2022 - 30/09/2022)	Reviewed PRIOR PERIOD (01/01/2021 - 30/09/2021)	Reviewed CURRENT PERIOD (01/07/2022 - 30/09/2022)	Reviewed PRIOR PERIOD (01/07/2021 - 30/09/2021)
<b>I.</b>	<b>INTEREST INCOME</b>	(5.IV.1)	<b>2,997,567</b>	<b>1,097,632</b>	<b>1,041,516</b>	<b>363,421</b>
1.1	Interest on Loans		1,330,408	575,512	543,154	171,440
1.2	Interest Received from Reserve Deposits		8,738	19,558	1,280	8,044
1.3	Interest Received from Banks		18,699	12,268	12,258	4,981
1.4	Interest Received from Money Market Transactions		37,311	76,110	14,433	30,074
1.5	Interest Received from Marketable Securities Portfolio		1,589,451	409,491	460,757	147,515
1.5.1	Financial Assets at Fair Value Through Profit or Loss		277	-	277	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		61,942	90,895	14,272	20,201
1.5.3	Financial Assets Measured at Amortised Cost		1,527,232	318,596	446,208	127,314
1.6	Finance Lease Income		-	-	-	-
1.7	Other Interest Income		12,960	4,693	9,634	1,367
<b>II.</b>	<b>INTEREST EXPENSES (-)</b>	(5.IV.2)	<b>1,265,510</b>	<b>591,738</b>	<b>580,555</b>	<b>178,151</b>
2.1	Interest on Deposits		748,265	402,964	338,195	130,086
2.2	Interest on Funds Borrowed		382,053	171,275	176,509	43,776
2.3	Interest on Money Market Transactions		30,734	7,512	1,575	1,009
2.4	Interest on Securities Issued		-	-	-	-
2.5	Interest on Leases		10,030	8,434	3,510	2,731
2.6	Other Interest Expenses		94,428	1,553	60,766	549
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>1,732,057</b>	<b>505,894</b>	<b>460,961</b>	<b>185,270</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>166,170</b>	<b>154,996</b>	<b>59,168</b>	<b>29,763</b>
4.1	Fees and Commissions Received		193,797	168,309	71,593	34,560
4.1.1	Non-Cash Loans		54,144	24,340	16,630	9,015
4.1.2	Other		139,653	143,969	54,963	25,545
4.2	Fees and Commissions Paid (-)		27,627	13,313	12,425	4,797
4.2.1	Non-Cash Loans		50	29	16	10
4.2.2	Other		27,577	13,284	12,409	4,787
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>2</b>	<b>201</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	(5.IV.3)	<b>425,730</b>	<b>114,664</b>	<b>191,454</b>	<b>24,015</b>
6.1	Profit/Losses from Capital Market Transactions		5,602	17,563	4,037	2,749
6.2	Profit/Losses from Derivative Financial Transactions		740,025	104,095	298,810	36,902
6.3	Foreign Exchange Profit/Losses		(319,897)	(6,994)	(111,393)	(15,636)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5.IV.4)	<b>101,449</b>	<b>75,277</b>	<b>32,540</b>	<b>23,218</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>2,425,408</b>	<b>851,032</b>	<b>744,123</b>	<b>262,266</b>
<b>IX.</b>	<b>ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	(5.IV.5)	<b>(10,013)</b>	<b>161,397</b>	<b>(193,654)</b>	<b>81,648</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	(5.IV.5)	<b>17,404</b>	<b>1,683</b>	<b>9,054</b>	<b>383</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>454,106</b>	<b>245,831</b>	<b>187,512</b>	<b>86,792</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(5.IV.6)	<b>303,478</b>	<b>204,284</b>	<b>87,373</b>	<b>53,645</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>1,660,433</b>	<b>237,837</b>	<b>653,838</b>	<b>39,798</b>
<b>XIV.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV.</b>	<b>PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>NET MONETARY POSITION GAIN / LOSS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)</b>	(5.IV.7)	<b>1,660,433</b>	<b>237,837</b>	<b>653,838</b>	<b>39,798</b>
<b>XVIII.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.IV.8)	<b>386,501</b>	<b>40,096</b>	<b>191,138</b>	<b>16,089</b>
18.1	Current Tax Provision		459,922	76,447	175,134	27,954
18.2	Expense Effect of Deferred Tax (+)		337,260	26,883	25,809	2,334
18.3	Income Effect of Deferred Tax (-)		410,681	63,234	9,805	14,199
<b>XIX.</b>	<b>NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	(5.IV.9)	<b>1,273,932</b>	<b>197,741</b>	<b>462,700</b>	<b>23,709</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)</b>	(5.IV.7)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	(5.IV.8)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
23.1	Current Tax Provision		-	-	-	-
23.2	Expense Effect of Deferred Tax (+)		-	-	-	-
23.3	Income Effect of Deferred Tax (-)		-	-	-	-
<b>XXIV.</b>	<b>CURRENT PERIOD NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXV.</b>	<b>CURRENT PERIOD NET PROFIT/LOSS (XIX+XXIV)</b>	(5.IV.10)	<b>1,273,932</b>	<b>197,741</b>	<b>462,700</b>	<b>23,709</b>
25.1	Group's Profit/Loss		<b>1,273,932</b>	<b>197,741</b>	<b>462,700</b>	<b>23,709</b>
25.2	Minority Shares Profit / Loss (-)		-	-	-	-
	Profit/Loss per Share		0.1481	0.0230	0.0538	0.0028

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 SEPTEMBER 2022**

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

		THOUSANDS OF TURKISH LIRA	
		Reviewed CURRENT PERIOD (01/01/2022 - 30/09/2022)	Reviewed PRIOR PERIOD (01/01/2021 - 30/09/2021)
<b>I.</b>	<b>CURRENT PERIOD PROFIT / LOSS</b>	<b>1,273,932</b>	<b>197,741</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(232,033)</b>	<b>(2,909)</b>
<b>2.1</b>	<b>Other Items That Will Not Be Reclassified to Profit or Loss</b>	<b>-</b>	<b>171</b>
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	-	(9)
<b>2.2</b>	<b>Other Items That Will Be Reclassified to Profit or Loss</b>	<b>(232,033)</b>	<b>(3,080)</b>
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	(308,823)	(4,305)
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	76,790	1,225
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>1,041,899</b>	<b>194,832</b>

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

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

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

					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	
	Prior Period (30/09/2021)																
I.	Balance at the End of Previous Period	860,000	(587)	-	-	17,326	922	-	-	(4,543)	-	402,700	51,067	90,931	1,417,816	-	1,417,816
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)	-	-	17,326	922	-	-	(4,543)	-	402,700	51,067	90,931	1,417,816	-	1,417,816
IV.	Total Comprehensive Income	-	-	-	-	171	-	-	-	(3,080)	-	-	-	197,741	194,832	-	194,832
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	-	-	-	-	-	-	-	-	-	-	3,535	-	3,535	-	3,535	
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	88,898	2,033	(90,931)	-	-	-	
11.1	Dividends Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2	Transfers Legal Reserves	-	-	-	-	-	-	-	-	-	88,898	(88,898)	-	-	-	-	
11.3	Others	-	-	-	-	-	-	-	-	-	-	90,931	(90,931)	-	-	-	
	Balances at the end of Period (III+IV+...+X+XI) 30/09/2021	860,000	(587)	-	-	17,497	922	-	-	(7,623)	-	491,598	56,635	197,741	1,616,183	-	1,616,183

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 CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

	Paid-in Capital	Share Premiums	Share Certificate Cancellation Profits	Other Capital Reserves	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			Profit Reserves	Prior Period's Profit/(Loss)	Net Profit / (Loss) for the Period)	Total Equity Except Minority Shares	Minority Shares	Total Equity
					1	2	3	4	5	6						
Current Period (30/09/2022)																
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	-	-	-	-	-	-	-	-	(232,033)	-	-	-	1,273,932	1,041,899	-	1,041,899
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the end of Period (III+IV+...+X+XI) 30/09/2022</b>	<b>860,000</b>	<b>(587)</b>	<b>-</b>	<b>-</b>	<b>29,086</b>	<b>(2,721)</b>	<b>-</b>	<b>-</b>	<b>(228,020)</b>	<b>-</b>	<b>677,346</b>	<b>58,077</b>	<b>1,273,932</b>	<b>2,667,113</b>	<b>-</b>	<b>2,667,113</b>

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 SEPTEMBER 2022

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

		THOUSANDS OF TURKISH LIRA	
		Reviewed CURRENT PERIOD (01/01/2022 - 30/09/2022)	Reviewed PRIOR PERIOD (01/01/2021 - 30/09/2021)
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1</b>	<b>Operating Profit Before Changes in Operating Assets and Liabilities</b>	<b>1,103,546</b>	<b>255,625</b>
1.1.1	Interest Received	1,738,522	801,877
1.1.2	Interest Paid	(865,644)	(525,760)
1.1.3	Dividend Received	2	201
1.1.4	Fees And Commissions Received	242,719	125,159
1.1.5	Other Income	738,580	116,799
1.1.6	Collections from Non-Performing Receivables Accounted as Loss	3,144	4,759
1.1.7	Cash Payments to Personnel and Service Suppliers	(418,908)	(237,205)
1.1.8	Taxes Paid	(21,458)	(93,164)
1.1.9	Other	(313,411)	62,959
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities Subject to Banking Operations</b>	<b>4,464,028</b>	<b>(657,797)</b>
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss	(16,846)	(11,556)
1.2.2	Net (Increase) Decrease in due from Banks	(2,948,115)	(922,626)
1.2.3	Net (Increase) Decrease in Loans	(7,488,331)	2,468,438
1.2.4	Net (Increase) Decrease in Other Assets	(2,514,489)	(411,404)
1.2.5	Net Increase (Decrease) in Bank Deposits	382,421	89,689
1.2.6	Net Increase (Decrease) in Other Deposits	12,539,525	2,957,245
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	6,938,313	(4,235,571)
1.2.9	Net Increase (Decrease) in Matured Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	(2,428,450)	(592,012)
<b>I.</b>	<b>Net Cash Flow Provided by Banking Operations</b>	<b>5,567,574</b>	<b>(402,172)</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(548,328)</b>	<b>751,228</b>
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)	(8,797)
2.4	Securities and Real Estates Sold	-	2,529
2.5	Financial Assets at Fair Value Through Other Comprehensive Income Purchased	(38,390)	(3,682)
2.6	Financial Assets at Fair Value Through Other Comprehensive Income Sold	789,045	615,598
2.7	Financial Assets Measured at Amortised Cost Purchased	(3,342,492)	(971,310)
2.8	Financial Asset Measured at Amortised Cost Sold	1,978,651	1,114,930
2.9	Other	83,634	1,960
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>	<b>(15,586)</b>	<b>(4,737)</b>
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	(15,586)	(4,737)
3.6	Other	-	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>866,941</b>	<b>227,713</b>
<b>V.</b>	<b>Net Increase in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>5,870,601</b>	<b>572,032</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of Period</b>	<b>4,728,475</b>	<b>3,750,867</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of Period (V+VI)</b>	<b>10,599,076</b>	<b>4,322,899</b>

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

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 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 KGK.

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 September 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 September 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 SEPTEMBER 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 September 2022, the USD exchange rate used in the conversion of foreign currency transactions into Turkish currency and their reflection in the financial statements is 18.5187 full TL, Euro exchange rate is 18.1395 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 September 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 September 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 SEPTEMBER 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 September 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.

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

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(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.

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

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### 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.

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### 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. 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).

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### 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 September 2022, TL 236 receivables have been written-off. (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.

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### 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 "IFRS 5 Turkish Financial Reporting Standard on Assets Held for Sale and Discontinued Operations" in the financial statements. In accordance with IFRS 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 September 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 September 2022.

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

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#### 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 September 2022 (31 December 2021: 3.09%).

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### 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. Taxation has been applied at the rate of 23% until 30 June 2022 and at the rate of 25% as of 1 July 2022.

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 September 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 SEPTEMBER 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 September 2022 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.

#### **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.

## ICBC TURKEY BANK ANONİM ŞİRKETİ

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

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

#### 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 September 2022	30 September 2021
Net Profit / (Loss) for the Period	1,273,932	197,741
Number of Shares	8,600,000	8,600,000
<b>Profit / (Loss) Per Share (*)</b>	<b>0.1481</b>	<b>0.0230</b>

(\*) Expressed as full TL.

#### XXIX. Reclassifications

None.

#### XXX. Explanations on Other Matters

None.

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 25.34% (31 December 2021: 26.93%).

Current Period	30 September 2022	31 December 2021
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
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	(144,957)	60,389
Profit	1,332,009	243,825
Current Period Profit	1,273,932	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	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>2,723,811</b>	<b>1,655,225</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1 <sup>st</sup> 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	6,638	3,920
Goodwill net of related tax liability	-	-
Other intangibles other than mortgage-servicing rights net of related deferred tax liability	22,251	11,437
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	5,748	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	239,517	-
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	-	-
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>274,154</b>	<b>20,185</b>
<b>Total Common Equity Tier I Capital</b>	<b>2,449,657</b>	<b>1,635,040</b>

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 2022	31 December 2021
<b>ADDITIONAL TIER 1 CAPITAL</b>		
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)	-	-
<b>Additional Tier 1 Capital before Deductions</b>	-	-
<b>Deductions from Additional Tier 1 Capital</b>		
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	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
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 (-)	-	-
<b>Total deductions from Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>		
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>2,449,657</b>	<b>1,635,040</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	5,555,610	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)	359,166	236,282
<b>Tier II Capital Before Deductions</b>	<b>5,914,776</b>	<b>4,234,982</b>
<b>Deductions From Tier II Capital</b>		
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 (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>5,914,776</b>	<b>4,234,982</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>8,364,433</b>	<b>5,870,022</b>
<b>Deductions from Total Capital</b>		
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	146	158
<b>Regulatory Adjustments which will be deducted from Total Capital during the transition period</b>		
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	-	-

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## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 2022	31 December 2021
<b>TOTAL CAPITAL</b>		
Total capital (The Sum of Tier I Capital and Tier II)	8,364,287	5,869,864
Total Risk Weighted Amounts	33,003,847	21,799,994
<b>CAPITAL ADEQUACY RATIOS <sup>(2)</sup></b>		
Core Capital Adequacy Ratio (%)	7.42	7.50
Tier I Capital Adequacy Ratio (%)	7.42	7.50
Capital Adequacy Ratio (%)	25.34	26.93
<b>BUFFERS</b>		
Bank-specific total core capital ratio	2.53	2.57
Capital conservation buffer ratio (%)	2.50	2.50
Bank specific countercyclical buffer ratio (%)	0.03	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 (%)	-	-
<b>Amounts below the financial limits as per the Deduction Principles</b>		
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	-	-
<b>Limits Related to Provisions Considered in Tier II Calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	846,708	857,333
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	359,166	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	-	-
<b>Debt instruments subjected to Temporary Article 4 (to be implemented between 1 January 2019 and 1 January 2022)</b>		
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	-	-

<sup>(1)</sup> 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".

<sup>(2)</sup> As of 30 September 2022, the Parent Bank has taken into consideration subordinated loan amounting TL 5,555,610 (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 September 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 as of 30 September 2022. 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.

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

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### 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
<b>Consideration in equity calculation</b>	
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 5,555,610
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	-
<b>Interest / dividend payments</b>	
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
<b>Convertible to stock</b>	
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	-
<b>Value reduction feature</b>	
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 SEPTEMBER 2022

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#### 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):

	26.09.2022	27.09.2022	28.09.2022	29.09.2022	30.09.2022
USD	18,4266	18,4509	18,4862	18,5038	18,5187
GBP	19,7068	19,8833	19,6738	19,9995	20,5816
EURO	17,7907	17,7719	17,6711	17,9232	18,1395
JPY	0,1276	0,1275	0,1274	0,1276	0,1279

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

	Monthly Average FC Exchange Bid Rates
USD	18.2872
GBP	20.7337
EURO	18.1391
JPY	0.1278

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

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

#### Information on consolidated foreign currency exchange rate risk:

30 September 2022	Euro	USD	Other FC	Total
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with The CBRT <sup>(1)</sup>	1,580,484	13,295,541	5,730	14,881,755
Banks	622,372	673,325	136,603	1,432,300
Financial Assets at Fair Value Through Profit or Loss	29,856	-	-	29,856
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	5,197,188	330,386	40,115	5,567,689
Loans <sup>(3)</sup>	8,548,687	11,181,667	675	19,731,029
Investment and Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	-	5,640,758	-	5,640,758
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	711	5,447	703	6,861
<b>Total Assets</b> <sup>(2) (3) (7)</sup>	<b>15,979,298</b>	<b>31,127,124</b>	<b>183,826</b>	<b>47,290,248</b>
<b>Liabilities</b>				
Interbank Deposits	607	2,951	402,714	406,272
Foreign Currency Deposits	4,996,761	17,692,547	1,000,469	23,689,777
Fund Provided From Money Market	-	-	-	-
Funds Provided From Other Financial Institutions	4,628,592	19,212,226	-	23,840,818
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities Held For Hedging	-	-	-	-
Other Liabilities	102,062	599,034	101,784	802,880
<b>Total Liabilities</b> <sup>(2) (6) (8)</sup>	<b>9,728,022</b>	<b>37,506,758</b>	<b>1,504,967</b>	<b>48,739,747</b>
<b>Net On Balance Sheet Position</b>	<b>6,251,276</b>	<b>(6,379,634)</b>	<b>(1,321,141)</b>	<b>(1,449,499)</b>
<b>Net Off Balance Sheet Position</b>	<b>(5,895,831)</b>	<b>7,214,343</b>	<b>1,224,768</b>	<b>2,543,280</b>
Financial Derivatives Assets <sup>(5)</sup>	1,483,280	9,768,449	1,602,515	12,854,244
Financial Derivatives Liabilities <sup>(5)</sup>	7,379,111	2,554,106	377,747	10,310,964
<b>Non-Cash Loans</b> <sup>(4)</sup>	<b>3,235,882</b>	<b>9,702,862</b>	<b>24,942</b>	<b>12,963,686</b>
<b>31 December 2021</b>				
<b>Total Assets</b> <sup>(2) (3) (7)</sup>	<b>12,415,259</b>	<b>17,890,910</b>	<b>862,854</b>	<b>31,169,023</b>
<b>Total Liabilities</b> <sup>(2) (6) (8)</sup>	<b>8,107,267</b>	<b>22,814,035</b>	<b>673,627</b>	<b>31,594,929</b>
<b>Net On Balance Sheet Position</b>	<b>4,307,992</b>	<b>(4,923,125)</b>	<b>189,227</b>	<b>(425,906)</b>
<b>Net Off Balance Sheet Position</b>	<b>(4,210,917)</b>	<b>5,724,264</b>	<b>(187,665)</b>	<b>1,325,682</b>
Receivables from Derivative Financial Assets <sup>(5)</sup>	100,327	6,293,913	386,051	6,780,291
Payables to Derivative Financial Liabilities <sup>(5)</sup>	4,311,244	569,649	573,716	5,454,609
<b>Non-Cash Loans</b> <sup>(4)</sup>	<b>3,897,453</b>	<b>5,780,541</b>	<b>13,306</b>	<b>9,691,300</b>

<sup>(1)</sup> As of 30 September 2022 and 31 December 2021, the Group does not have precious metals in CBRT accounts.

<sup>(2)</sup> As of 30 September 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 298,254 and TL 127,445 respectively (31 December 2021: to TL 63,483 and TL 4,503) are not included in the table.

<sup>(3)</sup> As of 30 September 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).

<sup>(4)</sup> Has no effect on net off-balance sheet position.

<sup>(5)</sup> As of 30 September 2022, foreign currency purchase transactions amounting to TL 120,487 and selling transactions with a value date of TL 25,354 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).

<sup>(6)</sup> As of 30 September 2022, "Valuation Differences of Securities" amounting to TL (277,508) (31 December 2021: TL 1,555) which are classified under shareholders' equity, are not included.

<sup>(7)</sup> As of 30 September 2022, assets amounting to TL 687,699 (31 December 2021: TL 697,672) are not included "Expected Loss Provisions".

<sup>(8)</sup> As of 30 September 2022, liabilities amounting to TL 108,098 (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 SEPTEMBER 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 September 2022	Up to 1 Month	1- 3 Months	3-12 Months	1 - 5 Years	5 Years and Over	Non-Interest Bearing <sup>(1)</sup>	Total
<b>Varlıklar</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with The CBRT	10,602,521	-	-	-	-	4,421,843	15,024,364
Banks	598,268	68,444	-	-	-	780,560	1,447,272
Financial Assets at Fair Value Through Profit or Loss <sup>(2)</sup>	180,038	146,714	84,097	-	-	91,268	502,117
Money Market Placements	427,105	-	-	-	-	-	427,105
Financial Assets at Fair Value Through Other Comprehensive Income	4,898	5,197,188	13,201	278,644	116,226	-	5,610,157
Loans	2,824,434	4,419,723	12,977,451	2,687,841	1,450,618	-	24,360,067
Financial Assets Measured at Amortized Cost	60,876	2,158,879	735,225	7,916,557	1,167,872	-	12,039,409
Other Assets <sup>(1)</sup>	50	-	-	-	-	413,128	413,178
<b>Total Assets</b>	<b>14,698,190</b>	<b>11,990,948</b>	<b>13,809,974</b>	<b>10,883,042</b>	<b>2,734,716</b>	<b>5,706,799</b>	<b>59,823,669</b>
<b>Liabilities</b>							
Bank Deposits	601,867	-	-	-	-	526,950	1,128,817
Other Deposits	15,375,636	6,951,407	1,584,386	37	-	4,296,532	28,207,998
Money Market Borrowings	23,328	-	-	-	-	-	23,328
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	4,509,644	11,163,159	10,154,618	-	-	-	25,827,421
Other Liabilities <sup>(1)</sup>	735,581	68,597	86,437	-	-	3,745,490	4,636,105
<b>Total Liabilities</b>	<b>21,246,056</b>	<b>18,183,163</b>	<b>11,825,441</b>	<b>37</b>	<b>-</b>	<b>8,568,972</b>	<b>59,823,669</b>
Balance Sheet Long Position	-	-	1,984,533	10,883,005	2,734,716	-	15,602,254
Balance Sheet Short Position	(6,547,866)	(6,192,215)	-	-	-	(2,862,173)	(15,602,254)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(6,547,866)</b>	<b>(6,192,215)</b>	<b>1,984,533</b>	<b>10,883,005</b>	<b>2,734,716</b>	<b>(2,862,173)</b>	

<sup>(1)</sup> Tangible and intangible assets amounting to TL 182,708, deferred tax assets amounting to TL 450,825, tax assets amounting to TL 501, expected loss provisions amounting to TL (772,584) and other assets amounting to TL 551,678, are included in other assets line in the interest-free column; provisions amounting to TL 504,753, tax liability amounting to TL 157,764, lease liabilities amounting to TL 90,120, other liabilities amounting to TL 325,740 and shareholders' equity amounting to TL 2,667,113 are presented in other liabilities as non-interest bearing.

<sup>(2)</sup> Derivative financials instruments are included.

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 <sup>(1)</sup>	Total
<b>31 December 2021</b>							
<b>Assets</b>							
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 <sup>(1)</sup>	698	-	-	-	-	(216,768)	(216,070)
<b>Total Assets</b>	<b>11,325,557</b>	<b>12,691,381</b>	<b>4,294,671</b>	<b>6,974,698</b>	<b>1,374,413</b>	<b>2,712,166</b>	<b>39,372,886</b>
<b>Liabilities</b>							
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
<b>Total Liabilities</b>	<b>14,744,326</b>	<b>4,407,688</b>	<b>14,881,581</b>	<b>1,071</b>	<b>-</b>	<b>5,338,220</b>	<b>39,372,886</b>
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	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(3,418,769)</b>	<b>8,283,693</b>	<b>(10,586,910)</b>	<b>6,973,627</b>	<b>1,374,413</b>	<b>(2,626,054)</b>	<b>-</b>

(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 SEPTEMBER 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%
<b>30 September 2022 <sup>(1)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	0.94	3.04	-	8.50
Banks	-	3.07	-	16.49
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	15.84
Financial Assets at Fair Value Through Other Comprehensive Income	5.47	5.06	-	18.96
Loans	4.63	6.48	-	27.07
Financial Assets Measured at Amortised Cost	-	5.93	-	44.29
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	1.75	3.15	0.01	14.99
Money Market Borrowings	-	-	-	16.73
Miscellaneous Payables	-	-	-	14.44
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0.90	2.45	-	19.03

<sup>(1)</sup> Stated at compound interest rates.

	EURO %	USD %	JPY%	TL%
<b>31 December 2021 <sup>(1)</sup></b>				
<b>Assets</b>				
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
<b>Liabilities</b>				
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

<sup>(1)</sup> Stated at compound interest rates.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 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 SEPTEMBER 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 September 2022	30 September 2022	31 August 2022	31 July 2022
Ratio (%)	512.94	343.10	598.97	433.52

30 September 2022	Unweighted Amounts <sup>(2)</sup>		Weighted Amounts <sup>(2)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			<b>23,114,297</b>	<b>17,331,378</b>
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers Deposits	9,904,400	7,945,271	948,494	794,417
Stable deposits	838,921	2,198	41,946	110
Less Stable Deposits	9,065,479	7,943,073	906,548	794,307
Unsecured Funding other than Retail and Small Business Customer Deposits	18,623,981	14,312,737	8,877,395	6,158,021
Operational Deposits	3,099	-	598	-
Non-Operational Funding	15,908,278	13,594,578	6,448,451	5,450,734
Other Unsecured Funding	2,712,604	718,159	2,428,346	707,287
Secured Funding	-	-	-	-
Other Cash Outflows	3,359,277	2,524,157	3,212,976	2,402,434
Liquidity Needs Related to Derivatives and Market Valuation Changes on Derivatives Transactions	3,115,441	2,321,285	3,115,441	2,321,285
Debts Related to The Structured Financial Products	-	-	-	-
Commitments Related to Debts To Financial Markets and Other Off Balance Sheet Liabilities	243,836	202,872	97,535	81,149
Commitments That Are Unconditionally Revocable at Any Time by The Bank and Other Contractual Commitments	3,536,240	3,536,240	176,812	176,812
Other Irrevocable or Conditionally Revocable Commitments	7,101,471	6,831,194	711,229	683,119
<b>TOTAL CASH OUTFLOWS</b>			<b>13,926,906</b>	<b>10,214,803</b>
<b>CASH INFLOWS</b>				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	5,260,899	4,636,046	5,055,593	4,504,595
Other Contractual Cash Inflows	2,775,688	2,770,907	2,775,688	2,770,907
<b>TOTAL CASH INFLOWS</b>	<b>8,036,587</b>	<b>7,406,953</b>	<b>7,831,281</b>	<b>7,275,502</b>
			<b>Upper Limit Applied Accounts</b>	
<b>TOTAL HIGH LIQUIDITY ASSETS</b>			<b>23,114,297</b>	<b>17,331,378</b>
<b>TOTAL NET CASH OUTFLOWS</b>			<b>6,095,625</b>	<b>2,939,301</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>379.19</b>	<b>589.64</b>

<sup>(1)</sup> Simple arithmetical average of the monthly consolidated liquidity coverage ratios of the third three months of 2022 was taken.

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 <sup>(1)</sup>		Weighted Amounts <sup>(1)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			8,080,376	5,901,739
<b>CASH OUTFLOWS</b>				
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
<b>TOTAL CASH OUTFLOWS</b>			<b>7,350,688</b>	<b>6,493,046</b>
<b>CASH INFLOWS</b>				
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
<b>TOTAL CASH INFLOWS</b>	<b>4,921,605</b>	<b>4,619,711</b>	<b>4,506,668</b>	<b>4,230,554</b>
			<b>Upper Limit Applied Accounts</b>	
<b>TOTAL HIGH LIQUIDITY ASSETS</b>			<b>8,080,376</b>	<b>5,901,739</b>
<b>TOTAL NET CASH OUTFLOWS <sup>(1)</sup></b>			<b>2,844,020</b>	<b>2,262,492</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>284.12</b>	<b>260.85</b>

<sup>(1)</sup> 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. The main source of funding is deposits, and other funding sources are foreign loans and repo. 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 SEPTEMBER 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 September 2022	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 Years	5 years and over	Undist <sup>(1)</sup>	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	4,421,843	10,602,521	-	-	-	-	-	15,024,364
Banks	780,560	598,269	68,443	-	-	-	-	1,447,272
Financial Assets at Fair Value Through Profit or Loss <sup>(4)</sup>	91,268	180,038	146,714	84,097	-	-	-	502,117
Interbank Money Market Placements	-	427,105	-	-	-	-	-	427,105
Financial Assets at Fair Value Through Other Comprehensive Income	-	4,901	-	13,201	5,475,830	116,225	-	5,610,157
Loans	-	2,060,359	1,696,219	9,136,666	5,205,449	6,261,374	-	24,360,067
Financial Assets Measured at Amortised Cost	-	58,863	437,491	166,384	8,913,191	2,463,480	-	12,039,409
Other Assets <sup>(1)</sup>	-	522,170	6,362	17,016	2,356	-	(134,726)	413,178
<b>Total Assets</b>	<b>5,293,671</b>	<b>14,454,226</b>	<b>2,355,229</b>	<b>9,417,364</b>	<b>19,596,826</b>	<b>8,841,079</b>	<b>(134,726)</b>	<b>59,823,669</b>
<b>Liabilities</b>								
Bank Deposits	526,950	601,867	-	-	-	-	-	1,128,817
Other Deposits	4,296,532	15,375,636	6,951,407	1,584,386	37	-	-	28,207,998
Funds Borrowed from Other Financial Institutions	-	4,509,642	5,540,247	9,226,305	928,312	5,622,915	-	25,827,421
Interbank Money Markets	-	23,328	-	-	-	-	-	23,328
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	85,976	212,846	117,402	8,978	30,109	4,180,794	4,636,105
<b>Total Liabilities</b>	<b>4,823,482</b>	<b>20,596,449</b>	<b>12,704,500</b>	<b>10,928,093</b>	<b>937,327</b>	<b>5,653,024</b>	<b>4,180,794</b>	<b>59,823,669</b>
<b>Net Liquidity Gap</b>	<b>470,189</b>	<b>(6,142,223)</b>	<b>(10,349,271)</b>	<b>(1,510,729)</b>	<b>18,659,499</b>	<b>3,188,055</b>	<b>(4,315,520)</b>	<b>-</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>(219)</b>	<b>-</b>	<b>192,090</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191,871</b>
Derivative financial assets <sup>(3)</sup>	-	120,488	-	13,920,570	-	-	-	14,041,058
Derivative financial liabilities <sup>(3)</sup>	-	120,707	-	13,728,480	-	-	-	13,849,187
<b>Non-cash loans<sup>(2)</sup></b>	<b>4,837,835</b>	<b>3,793,088</b>	<b>702,897</b>	<b>2,038,942</b>	<b>2,933,357</b>	<b>-</b>	<b>-</b>	<b>14,306,119</b>
<b>31 December 2021</b>								
<b>Total Assets</b>	<b>2,928,934</b>	<b>9,442,189</b>	<b>2,239,678</b>	<b>8,418,942</b>	<b>11,013,173</b>	<b>5,985,430</b>	<b>(655,460)</b>	<b>39,372,886</b>
<b>Total Liabilities</b>	<b>2,850,793</b>	<b>13,606,496</b>	<b>3,903,365</b>	<b>10,890,158</b>	<b>1,297,758</b>	<b>4,046,783</b>	<b>2,777,533</b>	<b>39,372,886</b>
<b>Net Liquidity Gap</b>	<b>78,141</b>	<b>(4,164,307)</b>	<b>(1,663,687)</b>	<b>(2,471,216)</b>	<b>9,715,415</b>	<b>1,938,647</b>	<b>(3,432,993)</b>	<b>-</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>(86)</b>	<b>-</b>	<b>171,352</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>171,266</b>
Derivative financial assets <sup>(3)</sup>	-	223,169	-	6,730,069	-	-	-	6,953,238
Derivative financial liabilities <sup>(3)</sup>	-	223,255	-	6,558,717	-	-	-	6,781,972
<b>Non-cash loans<sup>(2)</sup></b>	<b>4,918,144</b>	<b>910,930</b>	<b>1,000,516</b>	<b>1,204,684</b>	<b>2,465,449</b>	<b>3,332</b>	<b>-</b>	<b>10,503,055</b>

<sup>(1)</sup> The balance sheet is composed of TL 182,708 of tangible and intangible assets, TL 3,239 of the stationary supplies, TL 1,631 of assets held for sale, TL (773,129) of expected credit loss provisions, TL 450,825 deferred tax assets and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 504,753, other liabilities amounting to TL 1,008,928 and equity amounting to TL 2,667,113 are included here.

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

<sup>(3)</sup> As of 30 September 2022, the spot purchase transactions amounting to TL 120,488 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 120,706 are included in liabilities of derivative financial instruments (31 December 2021 : TL 223,169 and TL 223,255).

<sup>(4)</sup> Receivables from derivative transactions are included.

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 3.27% as at 30 September 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 September 2022 <sup>(1)</sup>	Prior period 31 December 2021 <sup>(1)</sup>
<b>On-Balance Sheet Exposures</b>		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	56,177,316	31,489,334
(Assets amounts deducted in determining Tier 1 capital)	(147)	(160)
Total on-Balance sheet exposures	56,177,169	31,489,174
<b>Derivative Financial Instruments and Credit Derivatives</b>		
Replacements cost of derivative financial instruments and credit derivatives	-	-
Potential credit risk of derivative financial instruments and credit derivatives	532,723	125,363
Total risk amount related to derivative financial instruments and credit derivatives	532,723	125,363
<b>Securities or Commodity Collateralized Financing Transactions</b>		
Risk amount of security or commodity secured financing transactions	23,962	192,906
Amount of risk arising from brokered transactions	-	-
Total risk amount related to securities or commodity-backed financing transactions	23,962	192,906
<b>Off-Balance Sheet Items</b>		
Off-balance sheet exposure at gross notional amount	15,151,577	9,920,586
Adjustments for conversions to credit equivalent amounts	-	-
Total risk of off-balance sheet items	15,151,577	9,920,586
<b>Capital and Total Exposure</b>		
Tier 1 capital	2,353,051	1,631,970
Total exposures	71,885,431	41,728,029
<b>Leverage Ratio Average</b>	<b>3.27%</b>	<b>3.91%</b>

<sup>(1)</sup> 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 September 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 SEPTEMBER 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 SEPTEMBER 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 September 2022	Prior Period 31 December 2021	Current Period 30 September 2022
<b>1 Credit risk (excluding counterparty credit risk)</b>	<b>28,140,612</b>	<b>18,816,558</b>	<b>2,251,249</b>
2 Standardised approach	28,733,292	18,898,063	2,298,663
3 Internal rating-based approach	-	-	-
<b>4 Counterparty credit risk</b>	<b>592,681</b>	<b>85,984</b>	<b>47,414</b>
5 Standardised approach for counterparty credit risk	592,681	85,984	47,414
6 Internal model method	-	-	-
<b>7 Basic risk weight approach to internal models equity position in the banking account</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8 Investments made in collective investment companies - look-through approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9 Investments made in collective investment companies - mandate-based approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10 Investments made in collective investment companies - 1250% weighted risk approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>11 Settlement risk</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>12 Securitization positions in banking accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>
13 IRB ratings-based approach	-	-	-
14 IRB Supervisory Formula Approach	-	-	-
15 SA/simplified supervisory formula approach	-	-	-
<b>16 Market risk</b>	<b>2,548,574</b>	<b>1,722,325</b>	<b>203,886</b>
17 Standardised approach	2,548,574	1,722,325	203,886
18 Internal model approaches)	-	-	-
<b>19 Operational risk</b>	<b>1,721,980</b>	<b>1,175,127</b>	<b>137,758</b>
20 Basic Indicator Approach	1,721,980	1,175,127	137,758
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
<b>23 The amount of the discount threshold under the equity (subject to a 250% risk weight)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24 Floor adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>33,003,847</b>	<b>21,799,994</b>	<b>2,640,308</b>

#### 2. 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”.

#### 3. 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 SEPTEMBER 2022

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

### IX. 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:

	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Treasury, Investment Banking and Others</b>	<b>Group's Total Operations</b>
<b>30 September 2022</b>				
Operating Income	135,294	612,397	1,677,717	2,425,408
Net profit of segment	61,823	589,274	1,009,336	1,660,433
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	61,823	589,274	1,009,336	1,660,433
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	61,823	589,274	1,009,336	1,660,433
Tax Provision (-)	-	-	386,501	386,501
Profit / (Loss) after tax	61,823	589,274	622,835	1,273,932
<b>Net Profit/ (Loss) for the Period</b>	<b>61,823</b>	<b>589,274</b>	<b>622,835</b>	<b>1,273,932</b>
Segment Assets <sup>(1)</sup>	369,084	29,253,698	30,200,887	59,823,669
Associate and Subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>369,084</b>	<b>29,253,698</b>	<b>30,200,887</b>	<b>59,823,669</b>
Segment Liabilities <sup>(1)</sup>	11,148,011	17,904,047	28,104,498	57,156,556
Equity	-	-	2,667,113	2,667,113
<b>Total Liabilities</b>	<b>11,148,011</b>	<b>17,904,047</b>	<b>30,771,611</b>	<b>59,823,669</b>

<sup>(1)</sup> 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 25% of the total gross income, investment banking and other segments 69% and retail banking 6%.

	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Treasury, Investment Banking and Others</b>	<b>Group's Total Operations</b>
<b>31 December 2021</b>				
Operating Income	82,500	326,837	441,695	851,032
Net profit of segment	34,503	303,289	(99,955)	237,837
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	34,503	303,289	(99,955)	237,837
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	34,503	303,289	(99,955)	237,837
Tax Provision (-)	-	-	40,096	40,096
Profit / (Loss) after tax	34,503	303,289	(140,051)	197,741
<b>Net Profit for the Period</b>	<b>34,503</b>	<b>303,289</b>	<b>(140,051)</b>	<b>197,741</b>
Segment Assets <sup>(1)</sup>	404,982	21,220,588	17,747,316	39,372,886
Associate and Subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>404,982</b>	<b>21,220,588</b>	<b>17,747,316</b>	<b>39,372,886</b>
Segment Liabilities <sup>(1)</sup>	8,637	16,167,599	21,571,436	37,747,672
Equity	-	-	1,625,214	1,625,214
<b>Total Liabilities</b>	<b>8,637</b>	<b>16,167,599</b>	<b>23,196,650</b>	<b>39,372,886</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> The balances in the income statement include the amounts as at 30 September 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 38%, 52%, and 10%, respectively.

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

	<b>30 September 2022</b>		<b>31 December 2021</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Cash/Effective	25,347	274,912	18,241	149,199
Central Bank of the Republic of Turkey (CBRT) <sup>(1)</sup>	117,262	14,606,843	295,762	7,141,556
Other	-	-	-	-
<b>Total</b>	<b>142,609</b>	<b>14,881,755</b>	<b>314,003</b>	<b>7,290,755</b>

<sup>(1)</sup> As of 30 September 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:**

	<b>30 September 2022</b>		<b>31 December 2021</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposits <sup>(1)</sup>	117,262	4,005,057	295,762	2,236,850
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	10,601,786	-	4,904,706
<b>Total</b>	<b>117,262</b>	<b>14,606,843</b>	<b>295,762</b>	<b>7,141,556</b>

<sup>(1)</sup> As at 30 September 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 September 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 September 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 SEPTEMBER 2022**

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

**I. 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 September 2022		31 December 2021	
	TL	FC	TL	FC
Forward Transactions	57,139	74,559	916	-
Swap Transactions	55,456	223,695	126,031	63,483
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>112,595</b>	<b>298,254</b>	<b>126,947</b>	<b>63,483</b>

**3. Information on banks:**

a) Information on Banks:

	30 September 2022		31 December 2021	
	TL	FC	TL	FC
Banks				
Domestic	14,972	899,231	12,851	336,417
Foreign	-	533,069	-	109,913
Foreign Offices and Branches	-	-	-	-
<b>Total</b>	<b>14,972</b>	<b>1,432,300</b>	<b>12,851</b>	<b>446,330</b>

**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 September 2022		31 December 2021	
	TL	FC	TL	FC
Given as Collateral/Blocked	5,847	275,868	183,443	250,700
Subject to Repurchase Agreements	-	-	-	-
<b>Total</b>	<b>5,847</b>	<b>275,868</b>	<b>183,443</b>	<b>250,700</b>

As of 30 September 2022, financial assets at fair value through other comprehensive income other than those given as collaterals or subject to repurchase agreements amounting to TL 131,254 are unrestricted (31 December 2021: TL 1,039,575).

Financial Assets at Fair Value Through Other Comprehensive Income includes loans of TL 5,197,188 (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 SEPTEMBER 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 September 2022	31 December 2021
Debt Instruments	487,165	1,509,524
Listed	431,323	1,279,675
Unlisted	55,842	229,849
Equity Instruments	-	-
Listed	-	-
Unlisted	-	-
Impairment Provision (-)	74,196	35,806
<b>Total</b>	<b>412,969</b>	<b>1,473,718</b>

#### 5. Information related to loans:

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

	30 September 2022		31 December 2021	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	1,857,628	-	1,001,523
Loans Given to Legal Entity Partners	-	1,857,628	-	1,001,523
Loans Given to Real Person Partners	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	4,519	-	4,473	-
<b>Total</b>	<b>4,519</b>	<b>1,857,628</b>	<b>4,473</b>	<b>1,001,523</b>

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

		Loans Under Close Monitoring		
		Loans Not Subject to restructuring	Restructured Loans	
30 September 2022	Standard Loans		Loans with Revised Contract Terms	Refinance
<b>Cash Loans</b>				
<b>Non-Specialized Loans</b>	23,054,823	1,848	1,261,122	119
Enterprise Loans	14,645,609	-	1,261,122	-
Export Loans	3,402,291	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	4,253,731	-	-	-
Consumer Loans	328,586	1,790	-	119
Credit Cards	20,822	39	-	-
Other	403,784	19	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>23,054,823</b>	<b>1,848</b>	<b>1,261,122</b>	<b>119</b>

**ICBC TURKEY BANK ANONİM ŞİRKETİ**
**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 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				Loans with Revised Contract Terms
Cash Loans				Refinance
<b>Non-Specialized Loans</b>	<b>17,627,776</b>	<b>3,336</b>	<b>1,049,972</b>	<b>4,299</b>
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	-	-	-	-
<b>Total</b>	<b>17,627,776</b>	<b>3,336</b>	<b>1,049,972</b>	<b>4,299</b>

	30 September 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	188,839	-	171,448	-
Significant Increase in Credit Risk	-	517,162	-	560,884
<b>Total</b>	<b>188,839</b>	<b>517,162</b>	<b>171,448</b>	<b>560,884</b>

**ICBC TURKEY BANK ANONİM ŞİRKETİ**

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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(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:

<b>Current Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>13,214</b>	<b>313,092</b>	<b>326,306</b>
Mortgage Loans	-	249,562	249,562
Automotive Loans	-	3,381	3,381
Consumer Loans	13,214	60,149	73,363
Other	-	-	-
<b>Consumer Loans – Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards – TL</b>	<b>17,389</b>	<b>-</b>	<b>17,389</b>
With Installment	4,539	-	4,539
Without Installment	12,850	-	12,850
<b>Consumer Credit Cards – FC</b>	<b>823</b>	<b>-</b>	<b>823</b>
With Installment	-	-	-
Without Installment	823	-	823
<b>Personnel Loans – TL</b>	<b>1,027</b>	<b>1,585</b>	<b>2,612</b>
Mortgage Loans	-	97	97
Automotive Loans	-	-	-
Consumer Loans	1,027	1,488	2,515
Other	-	-	-
<b>Personnel Loans – Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>1,807</b>	<b>-</b>	<b>1,807</b>
With Installment	568	-	568
Without Installment	1,239	-	1,239
<b>Personnel Credit Cards – FC</b>	<b>100</b>	<b>-</b>	<b>100</b>
With Installment	-	-	-
Without Installment	100	-	100
<b>Credit Deposit Account – TL (Real Person)</b>	<b>4,564</b>	<b>-</b>	<b>4,564</b>
<b>Credit Deposit Account – FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>38,924</b>	<b>314,677</b>	<b>353,601</b>

**ICBC TURKEY BANK ANONİM ŞİRKETİ**

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 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):

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

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

<b>Current Period</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Commercial Installment Loans – TL</b>	<b>312</b>	<b>131,592</b>	<b>131,904</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	312	131,592	131,904
Other	-	-	-
<b>Commercial Installment Loans – Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Commercial Installment Loans – FC</b>	<b>-</b>	<b>4,446,180</b>	<b>4,446,180</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	4,446,180	4,446,180
Other	-	-	-
<b>Corporate Credit Cards – TL</b>	<b>482</b>	<b>-</b>	<b>482</b>
With Installment	45	-	45
Without Installment	437	-	437
<b>Corporate Credit Cards – FC</b>	<b>206</b>	<b>-</b>	<b>206</b>
With Installment	-	-	-
Without Installment	206	-	206
<b>Credit Deposit Account – TL (Legal Entity)</b>	<b>59</b>	<b>-</b>	<b>59</b>
<b>Credit Deposit Account – FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,059</b>	<b>4,577,772</b>	<b>4,578,831</b>

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

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

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

### Explanations and Notes on Consolidated Assets (continued)

#### 5. Information related on loans (continued)

e) Loan concentration based on counterparties:

	30 September 2022	31 December 2021
Domestic Loans	24,078,575	18,274,733
Foreign Loans	281,492	454,610
<b>Total</b>	<b>24,360,067</b>	<b>18,729,343</b>

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 September 2022	31 December 2021
Loans and Receivables with Limited Collectability	3	16
Loans and Receivables with Doubtful Collectability	41	49
Allocated for Loss Loans	37,294	37,881
<b>Total</b>	<b>37,338</b>	<b>37,946</b>

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 SEPTEMBER 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:

	<b>Group III Loans with Limited Collectability</b>	<b>Group IV Loans with Doubtful Collectability</b>	<b>Group V Uncollectible Loans</b>
<b>Prior Period End Balance</b>	<b>172</b>	<b>61</b>	<b>43,727</b>
Additions (+)	63	3	1,509
Transfers from Other Categories of Non-Performing Loans (+)	-	191	142
Transfers to Other Categories of Non-Performing Loans (-)	191	142	-
Collections (-)	40	62	3,042
Write-offs (-)	-	-	236
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balances at End of the Period</b>	<b>4</b>	<b>51</b>	<b>42,100</b>
Provision (-)	3	41	37,294
<b>Net Balance on Balance Sheet</b>	<b>1</b>	<b>10</b>	<b>4,806</b>

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

	<b>Group III Loan with Limited Collectability</b>	<b>Group IV Loans with Doubtful Collectability</b>	<b>Group V Uncollectible Loans</b>
<b>Current Period</b>			
Balances at the End of the Period	-	-	164
Provision Amount (-)	-	-	164
Net Balance on Balance Sheet	-	-	-
<b>Prior Period</b>			
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 SEPTEMBER 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:

	<b>Group III Loan with Limited Collectability</b>	<b>Group IV Loans with Doubtful Collectability</b>	<b>Group V Uncollectible Loans</b>
<b>Current Period (Net)</b>	<b>1</b>	<b>10</b>	<b>4,806</b>
Loans Allowed to Real Persons and Corporate Entities (Gross)	4	51	42,100
Provision Amount (-)	3	41	37,294
Loans Allowed to Real Persons and Corporate Entities (Net)	1	10	4,806
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>156</b>	<b>12</b>	<b>5,846</b>
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:

	<b>Group III Loan with Limited Collectability</b>	<b>Group IV Loans with Doubtful Collectability</b>	<b>Group V Uncollectible Loans</b>
<b>Current Period (Net)</b>	<b>-</b>	<b>-</b>	<b>1,840</b>
Interest Accruals and Rediscounts and Valuation Differences	-	-	12,822
Provision amount (-)	-	-	10,982
<b>Prior Period (Net)</b>	<b>-</b>	<b>-</b>	<b>1,307</b>
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 SEPTEMBER 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 September 2022, the Bank's government debt securities valued at amortized cost is TL 11,241,440 (31 December 2021: TL 7,319,678).

	30 September 2022	31 December 2021
Government Bonds	11,241,440	7,319,678
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
<b>Total</b>	<b>11,241,440</b>	<b>7,319,678</b>

c) Information on financial assets at amortized cost:

	30 September 2022	31 December 2021
Debt Instruments	10,647,895	7,651,959
Listed	-	-
Unlisted	10,647,895	7,651,959
Value Increase / Impairment Provision <sup>(1)</sup>	1,391,514	345,485
<b>Total</b>	<b>12,039,409</b>	<b>7,997,444</b>

<sup>(1)</sup> Consists of change in interest accruals.

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

	30 September 2022	31 December 2021
Beginning Balance	7,997,444	4,391,069
Foreign Currency Differences on Monetary Assets	1,286,610	2,240,239
Purchases During Year	3,342,492	2,135,581
Disposals Through Sales and Redemptions	(1,978,651)	(1,114,930)
Value Increase / Impairment Provision <sup>(1)</sup>	1,391,514	345,485
<b>Total</b>	<b>12,039,409</b>	<b>7,997,444</b>

<sup>(1)</sup> 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 SEPTEMBER 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 September 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 September 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	Shareholder s' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit / Loss	Fair Value
1,637,283	310,782	5,379	62,178	-	63,055	35,105	-

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 Turkey Yatırım and ICBC Turkey Portföy.

Solo/stand-alone financial information of ICBC Turkey Portföy company, which is consolidated to ICBC Turkey 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
11,280	9,424	36	1,282	-	495	530	-

- g) Movement of consolidated subsidiaries:

	30 September 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	-	-
<b>Balance at the End of the Period</b>	<b>75,998</b>	<b>75,998</b>

**ICBC TURKEY BANK ANONİM ŞİRKETİ****EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 2022	31 December 2021
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	75,998	75,998
<b>Total</b>	<b>75,998</b>	<b>75,998</b>

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 September 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 SEPTEMBER 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 September 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	60,828	132,415	575,466	1,189,727	98,239	8,967	-	2,065,642
Foreign Currency Deposits	4,005,886	2,722,761	16,085,783	295,732	544,969	34,646	-	23,689,777
Residents in Turkey	3,658,363	2,710,984	15,329,351	292,351	49,055	1,767	-	22,041,871
Residents Abroad	347,523	11,777	756,432	3,381	495,914	32,879	-	1,647,906
Public Sector Deposits	24,889	-	-	-	-	-	-	24,889
Commercial Deposits	198,312	140,492	156,643	562,037	1,358,260	-	-	2,415,744
Other Ins. Deposits	6,617	481	4,797	-	51	-	-	11,946
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	526,950	601,867	-	-	-	-	-	1,128,817
CBRT	2,948	-	-	-	-	-	-	2,948
Domestic Banks	403,336	601,867	-	-	-	-	-	1,005,203
Foreign Banks	120,666	-	-	-	-	-	-	120,666
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,823,482</b>	<b>3,598,016</b>	<b>16,822,689</b>	<b>2,047,496</b>	<b>2,001,519</b>	<b>43,613</b>	<b>-</b>	<b>29,336,815</b>

(\*) As of 30 September 2022, TL 1,973,104 (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	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,850,793</b>	<b>1,501,417</b>	<b>11,187,897</b>	<b>169,591</b>	<b>567,112</b>	<b>29,743</b>	<b>-</b>	<b>16,306,553</b>

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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:

<b>Saving Deposits</b>	<b>Covered by Deposit Insurance Fund</b>	<b>Exceeding the Deposit Insurance</b>
	<b>30 September 2022</b>	<b>30 September 2022</b>
Saving Deposits	949,811	3,424,982
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	-	-
<b>Total</b>	<b>1,917,969</b>	<b>9,051,940</b>

<b>Saving Deposits</b>	<b>Covered by Deposit Insurance Fund</b>	<b>Exceeding the Deposit Insurance Limit</b>
	<b>31 December 2021</b>	<b>31 December 2021</b>
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	-	-
<b>Total</b>	<b>1,451,322</b>	<b>5,620,802</b>

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:

	<b>30 September 2022</b>	<b>31 December 2021</b>
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 <sup>nd</sup> 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 SEPTEMBER 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 September 2022, the Group has funds from repo transactions amounting to TL 23,328 (31 December 2021: TL 22,549 and TL 3,001,933).

#### 3. Derivative financial liabilities:

Derivative financial liabilities statement:

	30 September 2022		31 December 2021	
	TL	FC	TL	FC
Forwards Transactions	78,999	110,192	10,568	79
Swaps Transactions	983	17,253	1,252	4,424
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>79,982</b>	<b>127,445</b>	<b>11,820</b>	<b>4,503</b>

#### 4. Information on funds borrowed:

##### a) Information on banks and other financial institutions:

	30 September 2022		31 December 2021	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks and Institutions	519,135	-	11,041	-
Foreign Banks, Institutions and Funds	1,467,468	18,217,904	-	12,963,603
<b>Total</b>	<b>1,986,603</b>	<b>18,217,904</b>	<b>11,041</b>	<b>12,963,603</b>

##### b) Contractual maturities of funds borrowed:

	30 September 2022		31 December 2021	
	TL	FC	TL	FC
Short-Term	1,986,603	4,123,100	11,041	2,841,570
Medium and Long-Term	-	14,094,804	-	10,122,033
<b>Total</b>	<b>1,986,603</b>	<b>18,217,904</b>	<b>11,041</b>	<b>12,963,603</b>

##### 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 1,008,928 (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 September 2022		31 December 2021	
	TL	FC	TL	FC
Less than 1 Year	6,097	-	8,222	-
Between 1-4 Years	22,335	-	19,155	-
More Than 4 Years	61,688	-	47,157	-
<b>Total</b>	<b>90,120</b>	<b>-</b>	<b>74,534</b>	<b>-</b>

#### 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 SEPTEMBER 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 September 2022, this amount is restricted with full TL 15,371.40 (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 September 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 September 2022	31 December 2021
Balance at Prior Period End	28,799	16,889
Current Year Provisions	19,830	9,299
Paid in Current Year	(1,776)	(2,086)
Actual Loss/ (Gain)	-	4,697
<b>Balance at the End of the Period</b>	<b>46,853</b>	<b>28,799</b>

As at 30 September 2022, the Group has vacation pay liability amounting TL 32,118 (31 December 2021: TL 14,974).

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

As at 30 September 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 September 2022, the Parent Bank has provision for credit card service promotions amounting TL 102 (31 December 2021: TL 69).

###### d.3) Information on other provisions:

As at 30 September 2022, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 27,627 (31 December 2021: TL 19,958).

As at 30 September 2022, there is provision for personnel bonus amounting TL 281,711 (31 December 2021: TL 257,429).

As at 30 September 2022, the Group has provision for non-cash loans amounting to TL 111,797 (31 December 2021: TL 104,079).

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

	<b>30 September 2022</b>	<b>31 December 2021</b>
Corporate Taxes Payable	116,497	162,367
Taxation on Securities	11,325	5,525
Property Tax	357	334
Booking and Insurance Transaction Tax (BITT)	10,313	6,370
Foreign Exchange Tax	0	-
Value Added Tax Payable	1,679	1,531
Other	9,711	15,968
<b>Total</b>	<b>149,882</b>	<b>192,095</b>

**b) Information on premiums payable:**

	<b>30 September 2022</b>	<b>31 December 2021</b>
Social Security Premiums- Employee	3,310	3,051
Social Security Premiums- Employer	3,866	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	235	217
Unemployment Insurance- Employer	471	434
Other	-	-
<b>Total</b>	<b>7,882</b>	<b>7,097</b>

**c) Information on deferred tax liabilities:**

As of 30 September 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 SEPTEMBER 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:**

	<b>30 September 2022</b>	<b>31 December 2021</b>
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:**

	<b>30 September 2022</b>		<b>31 December 2021</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From Investment in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Revaluation Difference	(512)	(227,508)	2,458	1,555
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(512)</b>	<b>(227,508)</b>	<b>2,458</b>	<b>1,555</b>

**ICBC TURKEY BANK ANONİM ŞİRKETİ****EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 2022	31 December 2021
Forward purchase and sale commitments	241,194	446,424
Commitment for use guaranteed credit allocation	29,128	30,958
Credit cards limit commitments	88,619	74,208
Payment commitments for cheques	5,977	6,261
Credit card commitments given with applications for promotion	-	-
Tax and fund obligations arising from export commitments	3	3
Other irrevocable commitments	-	193
<b>Total</b>	<b>364,921</b>	<b>558,047</b>

**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 September 2022	31 December 2021
Letters of guarantee	5,474,903	4,738,369
Bank acceptance loans	-	-
Letters of credit	4,152,777	1,379,096
Other guarantees	4,678,439	4,385,590
<b>Total</b>	<b>14,306,119</b>	<b>10,503,055</b>

**c) Total amount of non-cash loans:**

	30 September 2022	31 December 2021
Non-Cash Loans Given for Cash Loan Risks	173,293	139,253
With Original Maturity of 1 Year or Less	29,513	25,617
With Original Maturity of More Than 1 Year	143,780	113,636
Other Non-Cash Loans	14,132,826	10,363,802
<b>Total</b>	<b>14,306,119</b>	<b>10,503,055</b>

**ICBC TURKEY BANK ANONİM ŞİRKETİ****EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 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 from loans:**

	30 September 2022		30 September 2021	
	TL	FC	TL	FC
Interest Income Received from Loans <sup>(1)</sup>				
Short Term Loans	426,243	119,626	105,876	62,008
Medium and Long Term Loans	155,908	622,261	114,329	286,020
Loans Under Follow-Up	6,370	-	7,279	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>588,521</b>	<b>741,887</b>	<b>227,484</b>	<b>348,028</b>

<sup>(1)</sup> Also includes fees and commissions from cash loans.**b) Information on interest income received from banks:**

	30 September 2022		30 September 2021	
	TL	FC	TL	FC
From Central Bank of The Republic of Turkey	9,574	612	19,558	-
From Domestic Banks	3,854	4,545	7,137	3,881
From Foreign Banks	-	8,852	-	1,250
From Foreign Offices and Branches	-	-	-	-
<b>Total</b>	<b>13,428</b>	<b>14,009</b>	<b>26,695</b>	<b>5,131</b>

**c) Information on interest income received from securities portfolio:**

	30 September 2022		30 September 2021	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	277	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	32,246	29,696	75,867	15,028
Financial Assets Measured at Amortized Cost	1,264,815	262,417	162,991	155,605
<b>Total</b>	<b>1,297,338</b>	<b>292,113</b>	<b>238,858</b>	<b>170,633</b>

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

	30 September 2022	30 September 2021
Interest Received from Associates and Subsidiaries	-	-

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 2022		30 September 2021	
	TL	FC	TL	FC
Banks <sup>(1)</sup>	167,473	214,580	67,352	103,923
Central Bank of The Republic of Turkey	-	-	-	-
Domestic Banks	4	-	1,048	-
Foreign Banks	167,469	214,580	66,304	103,923
Foreign Branches and Offices Abroad	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>167,473</b>	<b>214,580</b>	<b>67,352</b>	<b>103,923</b>

<sup>(1)</sup> 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 September 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	-	27,993	-	-	-	-	-	27,993
Saving Deposits	-	14,376	111,822	74,451	6,187	633	-	207,469
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	13,604	51,101	24,987	86,571	-	-	176,263
Other Deposits	-	35	1,322	-	4	-	-	1,361
<b>Total</b>	<b>-</b>	<b>56,008</b>	<b>164,245</b>	<b>99,438</b>	<b>92,762</b>	<b>633</b>	<b>-</b>	<b>413,086</b>
Foreign Currency								
Foreign Currency Deposits	-	5,174	310,342	1,685	5,560	542	-	323,303
Bank Deposits	-	11,876	-	-	-	-	-	11,876
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>17,050</b>	<b>310,342</b>	<b>1,685</b>	<b>5,560</b>	<b>542</b>	<b>-</b>	<b>335,179</b>
<b>Grand Total</b>	<b>-</b>	<b>73,058</b>	<b>474,587</b>	<b>101,123</b>	<b>98,322</b>	<b>1,175</b>	<b>-</b>	<b>748,265</b>
30 September 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	-	154	-	-	-	-	-	154
Saving Deposits	-	19,862	209,381	20	35	7	-	229,305
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	8,961	18,915	7	-	1	-	27,884
Other Deposits	4	51	1,741	-	3	-	-	1,799
<b>Total</b>	<b>4</b>	<b>29,028</b>	<b>230,037</b>	<b>27</b>	<b>38</b>	<b>8</b>	<b>-</b>	<b>259,142</b>
Foreign Currency								
Foreign Currency Deposits	-	2,033	137,035	2,019	1,988	688	-	143,763
Bank Deposits	-	59	-	-	-	-	-	59
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2,092</b>	<b>137,035</b>	<b>2,019</b>	<b>1,988</b>	<b>688</b>	<b>-</b>	<b>143,822</b>
<b>Grand Total</b>	<b>4</b>	<b>31,120</b>	<b>367,072</b>	<b>2,046</b>	<b>2,026</b>	<b>696</b>	<b>-</b>	<b>402,964</b>

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 2022	30 September 2021
<b>Profit</b>	<b>5,894,923</b>	<b>1,646,640</b>
Capital Market Gains	6,823	20,237
Derivative Gains	3,598,122	702,127
Foreign Exchange Gains	2,289,978	924,276
<b>Loss (-)</b>	<b>5,469,193</b>	<b>1,531,976</b>
Capital Market Losses	1,221	2,674
Derivative Losses	2,858,097	598,032
Foreign Exchange Losses	2,609,875	931,270

#### 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 September 2022	30 September 2021
<b>Allowance for Expected Credit Losses</b>	<b>(10,013)</b>	<b>161,397</b>
12-Month Expected Credit Losses (Stage 1)	24,625	39,423
Significant Increase in Credit Risk (Stage 2)	(35,256)	127,419
Credit-Impaired (Stage 3)	618	(5,445)
<b>Impairment Provisions for Securities</b>	<b>9,734</b>	<b>6</b>
Financial Assets at Fair Value Through Profit or Loss	(3)	6
Financial Assets at Fair Value Through Other Comprehensive Income	9,737	-
<b>Impairment Provisions Related to Investments in Associates, Subsidiaries and Joint Ventures</b>	<b>-</b>	<b>-</b>
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
<b>Other</b>	<b>7,670</b>	<b>1,677</b>
<b>Total</b>	<b>7,391</b>	<b>163,080</b>

**ICBC TURKEY BANK ANONİM ŞİRKETİ****EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 2022	30 September 2021
Reserve for Employee Termination Benefits	28,756	7,214
Reserve for Bank’s Social Aid Fund Deficit	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	30,228	22,293
Impairment Expenses of Intangible Assets	-	-
Impairment Expenses of Goodwill	-	-
Depreciation Expenses on Intangible Assets	6,330	4,997
Impairment Expenses of Investments in Associates	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	54	54
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	99,121	55,163
Leasing Expenses related to TFRS 16 Exemptions	2,912	2,124
Repair and Maintenance Expenses	26,342	15,232
Advertisement Expenses	645	1,565
Other Expenses	69,222	36,242
Loss on Sale of Assets	4	-
Other <sup>(1)</sup>	138,985	114,563
<b>Total</b>	<b>303,478</b>	<b>204,284</b>

<sup>(1)</sup> 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 September 2022, the Bank has current tax expense of TL 459,922 (30 September 2021: TL 76,447), deferred tax expense of TL 337,260 (30 September 2021: TL 26,883), deferred tax income of TL 410,681 (30 September 2021: TL 63,234).

## ICBC TURKEY BANK ANONİM ŞİRKETİ

### EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 (30 September 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 SEPTEMBER 2022

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

### VI. 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 September 2022:

Current Period Parent Bank's Risk Group <sup>(1)</sup>	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	-	-	-	1,035,179	18	-
Balance at the End of the Period	-	-	-	1,857,628	21	40
Interest and Commission Income Received	-	-	-	-	-	-

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

As of 30 September 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 <sup>(1)</sup>	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	-	-	3,867	997,502	6	-
Balance at the Beginning of the Period	-	-	-	1,035,179	18	-
Balance at the End of the Period	-	-	39	-	-	-
Interest and Commission Income Received	-	-	-	-	-	-

<sup>(1)</sup> 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 <sup>(1)</sup>	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	-	-	-	122,076	-	3,191
Balance at the End of the Period	-	-	-	120,666	-	5,719
Interest on Deposits	-	-	-	-	-	43

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

Prior Period Parent Bank's Risk Group <sup>(1)</sup>	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	-	-	-	-	-	80

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

As of 30 September 2022, the Parent Bank has loans amounting to TL 18,946,151 (31 December 2021: TL 8,359,652) from banks in the risk group.

As of 30 September 2022, the Parent Bank has subordinated loans amounting to TL 5,622,914 (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 September 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 SEPTEMBER 2022**

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

#### **VI. 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 September 2022, proportion of cash loans to risk group in total cash loans is 0.32% (31 December 2021: 0.0002%) and proportion of deposits from its risk group in total deposits is 0.97% (31 December 2021: 4.1%). Proportion of borrowings from its risk group in total funds borrowed is 48.4% (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 September 2021: TL 516), other operating income is amounting to TL 4,858 (30 September 2021: TL 2,540) and there are no other operating expenses (30 September 2021: None). There are no other commission expenses. (30 September 2021: TL 1)

In the current period, benefits provided to the Group’s key management amount to TL 50,258 (30 September 2021: TL 25,056).

#### **VII. Explanation and Notes on Subsequent Events**

None.

**ICBC TURKEY BANK ANONİM ŞİRKETİ**

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 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 30 September 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 26 October 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 SEPTEMBER 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 September 2022 is as follows:

Name of the Shareholder – 30 September 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
<b>Grand Total</b>	<b>860,000,000</b>	<b>100.00</b>

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 <sup>(*)</sup> (**)	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 <sup>(**)</sup>	Position and Areas of Responsibility
Chunyi Zheng <sup>(*)</sup> (**)	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

<sup>(\*)</sup> 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.

<sup>(\*\*)</sup> As of 1 April 2022, Chunyi Zheng has been appointed as the Deputy General Manager and Deputy General Manager responsible for Project and Cross 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 SEPTEMBER 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 September 2022	31 December 2021	%
Total Assets	59,824	39,373	51.9
Deposits <sup>(1)</sup>	28,208	15,558	81.3
Loans <sup>(2)</sup>	29,557	21,775	35.7
Shareholders' Equity	2,667	1,625	64.1
Profit <sup>(3)</sup>	1,273	197.7	544

<sup>(1)</sup> Excluding bank deposits.

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

<sup>(3)</sup> Prior period profit figure is the balance on 30 September 2021.

Financial Figures %	30 September 2022	31 December 2021	%
Return on Assets <sup>(3)</sup>	3.57	1.07	233.6
Return on Equity <sup>(3)</sup>	80.19	17.38	361.4
Capital Adequacy Ratio	25.34	26.93	(5.9)
Loans/ Total Assets <sup>(2)</sup>	49.41	55.31	(10.7)
Deposits/ Total Assets <sup>(1)</sup>	47.15	39.52	19.3
NPL Ratio	0.11	0.20	(48)

<sup>(1)</sup> Excluding bank deposits.

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

<sup>(3)</sup> Prior period profit figure is the balance on 30 September 2021.

## **ICBC TURKEY BANK ANONİM ŞİRKETİ**

### **EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 global inflation has become more persistent developed country central banks have continued their policy tightening steps in the third quarter of the year. While U.S. Federal Reserve increased the policy rate by 75 basis points both in July and September meeting, European Central Bank and Bank of England also raised their policy rate as inflation gets closer to double digit levels. Federal Reserve has been more aggressive in tightening the stance of monetary policy compared to other developed country central banks and this has generated an appreciation of USD against other major currencies. EUR/USD parity has fallen below 1.00 level for the first time over the past 20 years. Despite the tightening in monetary policy economic activity has been relatively strong in US and this has also contributed to the appreciation of USD. For Turkish economy the rise in annual inflation has continued in the third quarter of the year and it has reached to 83.45% by the end of September due to the depreciation of domestic currency and cost-led price pressures. The new easing steps by the CBRT despite the continued rise in annual inflation have also increased the downward pressure on local currency. The new set of macro-prudential policies adopted by the central bank has led to a substantial decline in government bond yields during the third quarter and loan interest rates have partially decreased. Leading indicators reveal that economic activity has slowed down in the third quarter of the year and easing steps by the central bank are expected to continue. The deterioration in current account balance and relatively large negative real interest rate for Turkish Lira might continue to be the supporting factors for the downward pressure in local currency.

Kind Regards,

XIANGYANG GAO

Chairman of the Board of Directors

## ICBC TURKEY BANK ANONİM ŞİRKETİ

### EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 Chairman of the Board of Directors:

As inflation reaches to the highest level over the past four decades developed country central banks continued to tighten the stance of monetary policy in the third quarter of the year and this has become the most important agenda of financial markets. U.S. Federal Reserve increased the policy rate by 75 basis points both in July and September meeting and gave a strong message that interest rates would remain high until the end of 2023. As inflation gets closer to double digit levels European Central Bank also raised the policy rate by 75 basis point in July meeting and bank’s deposit rate has reached to the positive territory for the first time since 2011. Bank of England has increased the policy rate by 50 basis points in August and September meeting and with these rate hikes the policy rate of the central bank has reached to the highest level since November 2008. During the third quarter USD has continued to appreciate against major currencies as Federal Reserve preserved its relatively aggressive stance of monetary policy and the dollar interest rates remain high compared to the interest rates of other major currencies. EUR/USD has fallen below 1 level for the first time over the past two decades and GBP/USD has declined below 1.10 level since 1985. Tight monetary policy adopted by developed country central banks has increased the concerns for a global recession and this has put a downward pressure on energy and other commodity prices during the third quarter. The easing of supply side price pressures has led to a partial decline in inflation expectations and markets expect that central banks might give a pause to rate hikes at the beginning of next year.

Due to the depreciation of Turkish Lira and high course of energy prices annual inflation has continued to increase in Turkey during the third quarter. Annual inflation was at 78.62% at the end of the second quarter and it has increased to 83.45% by the end of the third quarter. Despite the continued rise in annual inflation CBRT decreased the policy rate by 100 basis points both in August and September meeting citing the slowdown in economic activity. These rate cuts have further increased the downward pressure on domestic currency. Besides that, the central bank has adopted a new set of macro-prudential policies in order to reduce the gap between the policy rate and the loan interest rates. These measures have led to some decline in loan interest rates particularly for commercial loans. Real GDP growth has become 7.6% in the second quarter of the year and leading indicators reveal that economic activity has slowed down in the third quarter of the year. For the remaining part of the year real GDP growth might be relatively low due to the slowdown in domestic demand and a lower contribution of external demand.

Kind Regards,

CHUNYI ZHENG  
Deputy General Manager

## ICBC TURKEY BANK ANONİM ŞİRKETİ

### EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 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 September 2022 is given below:

Donation Institution (full amount)	Amount (TL)
Türk Eğitim Vakfı	2,650.00
Türk Eğitim Gönüllüleri Vakfı	175,680.00
<b>Total</b>	<b>178,330.00</b>

#### 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 September 2022 are published under the “Financial Information” heading in the “Investor Relations” section of the Bank’s website addressed [www.icbc.com.tr](http://www.icbc.com.tr).