

***(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 LIMITED REVIEW REPORT
FOR THE PERIOD ENDED 31 MARCH 2023**

**(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”) as at 31 March 2023, and the consolidated statement of profit or loss, consolidated statement of income and expense items recognized in consolidated equity, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the three-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 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of ICBC Turkey Bank A.Ş. as of 31 March 2023, and of the results of its operations and its cash flows for the three-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 convenience translation to English

BRSA Accounting and Reporting Regulations explained in detail in Section 3 differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Mehmet Erol
Partner

İstanbul, 28 April 2023

ICBC TURKEY BANK A. Ş.
THREE-MONTH CONSOLIDATED FINANCIAL REPORT AS OF 31 MARCH 2023

Address of the Bank's

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The three-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 Footnotes Thereof” as required by the Banking Regulation and Supervision Agency (BRSA), 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 consolidated financial report.

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

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

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ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated)

SECTION ONE

GENERAL INFORMATION

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 at 31 March 2023 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 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 31 MARCH 2023**

(Amounts expressed in “Thousands of 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	Doctorate
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
Member of the Board of Directors:	Chunyi Zheng	General Manager and Member of the Board of Directors	Doctorate
	Jianfeng Zheng	Member of the Board of Directors	Graduate
	Serhat Yanık	Independent Member of the Board of Directors	Doctorate
	Chunyi Zheng	General Manager and Member of the Board of Directors	Doctorate
General Manager:			
Deputy General Managers ^(*) :	Chunyi Zheng	Credit Allocation, Legal Affairs, Operations Management and Operation Center	Doctorate
	Jinhong Li	Asset and Liability Department, Economic Research Department, Financial Control and Accounting Department	Graduate
	Hüseyin H. İmece	Digital Banking Department, Financial Technology Department, Technology Center, Administrative Affairs Center, Public Relations and Advertisement Unit of Executive Office	Undergraduate
	Kadir Karakurum	International Business Department, Financial Institutions Department, Financial Market Department and Corporate Banking Department and Cross Border Finance Department	Graduate
Assistant General Manager:	D.Halit Döver	Managing Director of Inspectors’ Group	Graduate
Head of the Board of Inspectors:	Selçuk İçten	Chairman of the Board of Directors	Undergraduate

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

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 Sampo Japan Sigorta A.Ş., Fiba Emeklilik and Hayat A.Ş., HDI Sigorta A.Ş. and Axa Sigorta A.Ş.

As of 31 March 2023, the Group has 59 branches close to industrial zones of Turkey. The Group has 859 employees as of 31 March 2022 (As at 31 December 2022, number of branches was 59, number of employees was 866).

The Parent Bank and its subsidiary, ICBC Turkey Yatırım Menkul Değerler A.Ş. (“ICBC Yatırım”) have been consolidated. As of 31 March 2023, ICBC Portföy Yönetimi A.Ş. 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. The Parent Bank and its subsidiary are referred to as “the Group” as a whole.

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, Footnote 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 31 MARCH 2023

(Amounts expressed in “Thousands of TL”.)

ASSETS		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRAS					
			Reviewed CURRENT PERIOD 31/03/2023			Audited PRIOR PERIOD 31/12/2022		
			TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)			831,567	26,123,029	26,954,596	431,070	20,998,971	21,430,041
1.1 Cash and Cash Equivalents			775,250	13,770,647	14,545,897	346,600	13,204,085	13,550,685
1.1.1 Cash and Balances at Central Bank	(5.I.1)		100,072	12,324,622	12,424,694	333,269	11,539,312	11,872,581
1.1.2 Banks	(5.I.3)		14,041	1,453,223	1,467,264	14,294	1,670,968	1,685,262
1.1.3 Receivables from Money Markets			675,555	-	675,555	5,400	-	5,400
1.1.4 Allowance for Expected Credit Losses (-)			14,418	7,198	21,616	6,363	6,195	12,558
1.2 Financial Assets at Fair Value Through Profit or Loss			16,837	38,257	55,094	16,550	34,160	50,710
1.2.1 Public Debt Securities			-	-	-	-	-	-
1.2.2 Equity Instruments			72	38,257	38,329	151	34,160	34,311
1.2.3 Other Financial Assets			16,765	-	16,765	16,399	-	16,399
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(5.I.4)		24,136	12,254,368	12,278,504	39,445	7,703,359	7,742,804
1.3.1 Public Debt Securities			24,136	351,927	376,063	39,445	345,314	384,759
1.3.2 Equity Instruments			-	-	-	-	-	-
1.3.3 Other Financial Assets			-	11,902,441	11,902,441	-	7,358,045	7,358,045
1.4 Derivative Financial Assets	(5.I.2)		15,344	59,757	75,101	28,475	57,367	85,842
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss			15,344	59,757	75,101	28,475	57,367	85,842
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income			-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)	(5.I.5)		11,023,897	29,993,663	41,017,560	9,945,905	28,877,338	38,823,243
2.1 Loans	(5.I.10)		2,420,208	24,612,283	27,032,491	3,218,244	23,986,627	27,204,871
2.2 Receivables from Leasing Transactions			-	-	-	-	-	-
2.3 Factoring Receivables			-	-	-	-	-	-
2.4 Financial Assets Measured at Amortised Cost	(5.I.6)		8,760,878	5,828,984	14,589,862	6,803,096	5,696,174	12,499,270
2.4.1 Public Debt Securities			8,760,878	4,998,952	13,759,830	6,803,096	4,897,390	11,700,486
2.4.2 Other Financial Assets			-	830,032	830,032	-	798,784	798,784
2.5 Allowance for Expected Credit Losses (-)			157,189	447,604	604,793	75,435	805,463	880,898
III. NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND FROM “DISCOUNTED OPERATIONS” (Net)	(5.I.14)		-	-	-	-	-	-
3.1 Held for Sale			-	-	-	-	-	-
3.2 Held from discontinued operations			-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES			-	-	-	-	-	-
4.1 Investments in Associates (Net)	(5.I.7)		-	-	-	-	-	-
4.1.1 Associates accounted by using equity method			-	-	-	-	-	-
4.1.2 Non-Consolidated Associates			-	-	-	-	-	-
4.2 Investments in Subsidiaries (Net)	(5.I.8)		-	-	-	-	-	-
4.2.1 Non-Consolidated Financial Subsidiaries			-	-	-	-	-	-
4.2.2 Non-Consolidated Non-Financial Subsidiaries			-	-	-	-	-	-
4.3 Joint Controlled Partnership (Joint Ventures) (Net)	(5.I.9)		-	-	-	-	-	-
4.3.1 Jointly Controlled Partnership Accounted by Using Equity Method			-	-	-	-	-	-
4.3.2 Non-Consolidated Jointly Controlled Partnership			-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)			216,486	-	216,486	188,038	-	188,038
VI. INTANGIBLE ASSETS AND GOODWILL (Net)			26,398	-	26,398	24,400	-	24,400
6.1 Goodwill			-	-	-	-	-	-
6.2 Others			26,398	-	26,398	24,400	-	24,400
VII. INVESTMENT PROPERTIES (Net)	(5.I.12)		-	-	-	-	-	-
VIII. CURRENT TAX ASSETS			1,027	-	1,027	1,256	-	1,256
IX. DEFERRED TAX ASSETS			587,986	-	587,986	667,686	-	667,686
X. OTHER ASSETS (Net)			741,786	7,997	749,783	823,473	6,383	829,856
TOTAL ASSETS			13,429,147	56,124,689	69,553,836	12,081,828	49,882,692	61,964,520

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

ICBC TURKEY BANK ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 MARCH 2023

(Amounts expressed in “Thousands of TL”.)

LIABILITIES	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRAS					
		Reviewed CURRENT PERIOD 31/03/2023			Audited PRIOR PERIOD 31/12/2022		
		TL	FC	Total	TL	FC	Total
I. DEPOSIT	(5.II.1)	4,132,971	20,046,137	24,179,108	5,224,487	18,973,925	24,198,412
II. LOANS RECEIVED	(5.II.4)	732,894	28,927,850	29,660,744	2,442,937	23,995,166	26,438,103
III. MONEY MARKET FUNDS	(5.II.2)	4,339,828	-	4,339,828	731,806	-	731,806
IV. MARKETABLE SECURITIES (Net)		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrowers' Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(5.II.3)	13,130	65,476	78,606	32,599	440,675	473,274
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		13,130	65,476	78,606	32,599	440,675	473,274
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	(5.II.6)	121,240	-	121,240	106,829	-	106,829
X. PROVISIONS	(5.II.8)	385,873	128,925	514,798	406,844	130,982	537,826
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Reserves for Employee Benefits		142,898	-	142,898	118,057	-	118,057
10.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4 Other Provisions		242,975	128,925	371,900	288,787	130,982	419,769
XI. CURRENT TAX LIABILITIES	(5.II.9)	558,902	-	558,902	435,653	-	435,653
XII. DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “DISCONTINUED OPERATIONS” (Net)	(5.II.10)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT		-	5,849,406	5,849,406	-	5,613,721	5,613,721
14.1 Loans		-	5,849,406	5,849,406	-	5,613,721	5,613,721
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	(5.II.5)	221,697	334,349	556,046	181,515	110,144	291,659
XVI. SHAREHOLDERS' EQUITY	(5.II.12)	3,579,989	115,169	3,695,158	3,020,869	116,368	3,137,237
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 Profit		-	-	-	-	-	-
16.2.3 Other Capital Reserves		-	-	-	-	-	-
16.3 Other Accumulated Comprehensive Income that will not be Reclassified in Profit or Loss		23,753	-	23,753	-	-	-
16.4 Other Accumulated Comprehensive Income that will be Reclassified in Profit or Loss		(581)	115,169	114,588	25,076	-	25,076
16.5 Profit Reserves		-	-	-	191	116,368	116,559
16.5.1 Legal Reserves		2,072,293	-	2,072,293	678,621	-	678,621
16.5.2 Statutory Reserves		106,035	-	106,035	37,546	-	37,546
16.5.3 Extraordinary Reserves		-	-	-	-	-	-
16.5.4 Other Profit Reserves		1,908,195	-	1,908,195	583,012	-	583,012
16.6 Profit or Loss		58,063	-	58,063	58,063	-	58,063
16.6.1 Prior Years' Profit or Losses		625,111	-	625,111	1,457,568	-	1,457,568
16.6.2 Current Period's Net Profit or Loss		62,576	-	62,576	56,801	-	56,801
16.7 Minority Shares'		562,535	-	562,535	1,400,767	-	1,400,767
TOTAL LIABILITIES		14,086,524	55,467,312	69,553,836	12,583,539	49,380,981	61,964,520

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 31 MARCH 2023

(Amounts expressed in “Thousands of TL”.)

	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRAS					
		Reviewed CURRENT PERIOD 31/03/2023			Audited PRIOR PERIOD 31/12/2022		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I-II+III)		3,406,995	43,955,840	47,362,835	4,117,441	40,670,245	44,787,686
I. GUARANTEES and WARRANTIES	(5.III.1)	1,578,300	17,435,079	19,013,379	1,374,775	12,353,845	13,728,620
1.1. Letters of Guarantee		-	-	-	-	-	-
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		-	-	-	-	-	-
1.2. Bank Acceptances		1,578,300	4,286,778	5,865,078	1,374,775	4,143,861	5,518,636
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	3,903,803	3,903,803	-	3,893,609	3,893,609
1.3.1. Documentary Letters of Credit		-	1,020,899	1,020,899	-	1,451,935	1,451,935
1.3.2. Other Letters of Credit		-	2,882,904	2,882,904	-	2,441,674	2,441,674
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		-	9,244,498	9,244,498	-	4,316,375	4,316,375
1.9. Other Warranties		-	-	-	-	-	-
II. COMMITMENTS	(5.III.1)	402,981	900,200	1,303,181	135,373	386,288	521,661
2.1. Irrevocable Commitments		402,981	900,200	1,303,181	135,373	386,288	521,661
2.1.1. Asset Purchase and Sales Commitments		259,201	900,200	1,159,401	-	386,288	386,288
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		-	-	-	-	-	-
2.1.5. Securities Issue Brokerage Commitments		29,750	-	29,750	30,597	-	30,597
2.1.6. Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7. Commitments for Checks Payments		10,182	-	10,182	5,711	-	5,711
2.1.8. Tax and Fund Liabilities from Export Commitments		3	-	3	3	-	3
2.1.9. Commitments for Credit Card Limits		103,515	-	103,515	98,802	-	98,802
2.1.10. Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		330	-	330	260	-	260
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		1,425,714	25,620,561	27,046,275	2,607,293	27,930,112	30,537,405
3.1. Derivative Financial Instruments Held for Hedging		-	-	-	-	-	-
3.1.1. Fair Value Hedges		-	-	-	-	-	-
3.1.2. Cash Flow Hedges		-	-	-	-	-	-
3.1.3. Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
3.2. Trading Transactions		1,425,714	25,620,561	27,046,275	2,607,293	27,930,112	30,537,405
3.2.1. Forward Foreign Currency Purchase and Sale Transactions		832,016	10,572,974	11,404,990	2,387,539	6,975,306	9,362,845
3.2.1.1. Forward Foreign Currency Purchase Transactions		714,760	4,998,368	5,713,128	1,283,390	3,423,182	4,706,572
3.2.1.2. Forward Foreign Currency Sale Transactions		117,256	5,574,606	5,691,862	1,104,149	3,552,124	4,656,273
3.2.2. Currency and Interest Rate Swaps		593,698	15,047,587	15,641,285	219,754	20,954,806	21,174,560
3.2.2.1. Currency Swap Purchase Transactions		-	7,809,945	7,809,945	-	10,376,062	10,376,062
3.2.2.2. Currency Swap Sale Transactions		593,698	7,237,642	7,831,340	219,754	10,578,744	10,798,498
3.2.2.3. Interest Rate Swap Purchase Transactions		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap Sale Transactions		-	-	-	-	-	-
3.2.3. Currency, Interest Rate and Securities Options		-	-	-	-	-	-
3.2.3.1. Currency Purchase Options		-	-	-	-	-	-
3.2.3.2. Currency Sale Options		-	-	-	-	-	-
3.2.3.3. Interest Rate Purchase Options		-	-	-	-	-	-
3.2.3.4. Interest Rate Sale Options		-	-	-	-	-	-
3.2.3.5. Securities Purchase Options		-	-	-	-	-	-
3.2.3.6. Securities Sale Options		-	-	-	-	-	-
3.2.4. Currency Futures		-	-	-	-	-	-
3.2.4.1. Currency Purchase Futures		-	-	-	-	-	-
3.2.4.2. Currency Sale Futures		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Purchase Futures		-	-	-	-	-	-
3.2.5.2. Interest Rate Sale Futures		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		20,709,777	256,128,326	276,838,103	20,601,475	246,186,784	266,788,259
IV. ITEMS HELD IN CUSTODY		10,710,029	138,444,394	149,154,423	10,744,640	134,795,343	145,539,983
4.1. Customer Fund and Portfolio Assets		-	-	-	-	-	-
4.2. Securities Held in Custody		1,817,454	399,069	2,216,523	1,839,725	286,246	2,125,971
4.3. Checks Received for Collection		170,791	60,013	230,804	204,848	54,373	259,221
4.4. Commercial Notes Received for Collection		2,833	17,200	20,033	5,948	17,223	23,171
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Securities Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		8,718,698	137,968,112	146,686,810	8,690,550	134,437,501	143,128,051
4.8. Custodians		253	-	253	3,569	-	3,569
V. PLEDGED ITEMS		9,999,748	117,683,932	127,683,680	9,856,835	111,391,441	121,248,276
5.1. Marketable Securities		19,866	-	19,866	15,592	-	15,592
5.2. Guarantee Notes		921	192	1,113	921	187	1,108
5.3. Commodity		26,883	1,172	28,055	28,364	1,144	29,508
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		1,647,748	77,327,458	78,975,206	1,716,693	72,895,416	74,612,109
5.6. Other Pledged Items		8,304,330	40,355,110	48,659,440	8,095,265	38,494,694	46,589,959
5.7. Depositories Receiving Pledged Items		-	-	-	-	-	-
VI. ACCEPTED BILL OF GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ITEMS (A+B)		24,116,772	300,084,166	324,200,938	24,718,916	286,857,029	311,575,945

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL”.)

		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRAS	
			Reviewed CURRENT PERIOD (01/01/2023 - 31/03/2023)	Reviewed PRIOR PERIOD (01/01/2022 - 31/03/2022)
I.	INTEREST INCOME	(5.IV.1)	1,342,933	1,011,532
1.1	Interest on Loans		723,849	347,413
1.2	Interest Received from Reserve Deposits		10,632	6,179
1.3	Interest Received from Banks		24,724	2,478
1.4	Interest Received from Money Market Transactions		3,666	12,597
1.5	Interest Received from Marketable Securities Portfolio		547,597	641,080
1.5.1	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		10,814	40,990
1.5.3	Financial Assets Measured at Amortised Cost		536,783	600,090
1.6	Finance Lease Income		-	-
1.7	Other Interest Income		32,465	1,785
II.	INTEREST EXPENSES (-)	(5.IV.2)	713,681	273,982
2.1	Interest on Deposits		188,095	156,685
2.2	Interest on Funds Borrowed		388,118	86,329
2.3	Interest on Money Market Transactions		32,687	27,212
2.4	Interest on Securities Issued		-	-
2.5	Interest on Leases		5,096	2,999
2.6	Other Interest Expenses		99,685	757
III.	NET INTEREST INCOME/EXPENSE (I - II)		629,252	737,550
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		59,736	33,394
4.1	Fees and Commissions Received		73,336	39,433
4.1.1	Non-Cash Loans		32,035	18,404
4.1.2	Other		41,301	21,029
4.2	Fees and Commissions Paid (-)		13,600	6,039
4.2.1	Non-Cash Loans		15	17
4.2.2	Other		13,585	6,022
V.	DIVIDEND INCOME		1	1
VI.	TRADING PROFIT/LOSS (Net)	(5.IV.3)	108,057	78,377
6.1	Profit/Losses from Capital Market Transactions		4,320	8,517
6.2	Profit/Losses from Derivative Financial Transactions		(49,950)	75,185
6.3	Foreign Exchange Profit/Losses		153,687	(5,325)
VII.	OTHER OPERATING INCOME	(5.IV.4)	65,346	53,282
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		862,392	902,604
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(5.IV.5)	(266,481)	119,406
X.	OTHER PROVISION EXPENSES (-)	(5.IV.5)	5,656	7,530
XI.	PERSONNEL EXPENSES (-)		206,284	131,192
XII.	OTHER OPERATING EXPENSES (-)	(5.IV.6)	141,298	96,618
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		775,635	547,858
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	(5.IV.7)	775,635	547,858
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.IV.8)	213,100	155,940
18.1	Current Tax Provision		132,185	340,199
18.2	Expense Effect of Deferred Tax (+)		250,043	2,074
18.3	Income Effect of Deferred Tax (-)		169,128	186,333
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	(5.IV.9)	562,535	391,918
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from Assets Held for Sale		-	-
20.2	Profit from Sale of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Other Income from Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on Assets Held for Sale		-	-
21.2	Losses from Sale of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Other Expenses from Discontinued Operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)	(5.IV.7)	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(5.IV.8)	-	-
23.1	Current Tax Provision		-	-
23.2	Expense Effect of Deferred Tax (+)		-	-
23.3	Income Effect of Deferred Tax (-)		-	-
XXIV.	CURRENT PERIOD NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	CURRENT PERIOD NET PROFIT/LOSS (XIX+XXIV)	(5.IV.10)	562,535	391,918
25.1	Group's Profit / Loss		562,535	391,918
25.2	Minority Shares Profit / Loss (-)		-	-
	Profit / Loss of Per Share		0.0654	0.0456

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2023**

(Amounts expressed in “Thousands of TL”.)

		THOUSANDS OF TURKISH LIRAS	
		Reviewed CURRENT PERIOD (01/01/2023 - 31/03/2023)	Reviewed PRIOR PERIOD (01/01/2022 - 31/03/2022)
I.	CURRENT PERIOD PROFIT / LOSS	562,535	391,918
II.	OTHER COMPREHENSIVE INCOME	(3,295)	(17,655)
2.1	Items That Will Not Be Reclassified to Profit or Loss	(1,323)	-
2.1.1	Gains/Losses on Revaluation of Tangible Assets	-	-
2.1.2	Gains/Losses on Revaluation of Intangible Assets	-	-
2.1.3	Gains/Losses on Remeasurements of Defined Benefit Plans	(1,921)	-
2.1.4	Components of Other Comprehensive Income That Will Not Be Reclassified as Other Profit or Loss	-	-
2.1.5	Taxes Related to Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	598	-
2.2	Items That Will Be Reclassified to Profit or Loss	(1,972)	(17,655)
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Valuation and/or Reclassification Profit/Loss from Financial Assets at Fair Value Through Other Comprehensive Income	(2,589)	(22,873)
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	Components of Other Comprehensive Income That Will Be Reclassified as Other Profit or Loss	-	-
2.2.6	Taxes Related to Other Comprehensive Income That Will Be Reclassified to Profit or Loss	617	5,218
III.	TOTAL COMPREHENSIVE INCOME (I+II)	559,240	374,263

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD 31 MARCH 2023

(Amounts expressed in “Thousands of TL”.)

	Paid-in Capital	Share Premium	Share Certificate Cancellation Profit	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		6	Profit Reserves	Prior Periods' Profit / (Loss)	Current Period's Net Profit / (Loss)	Total Equity Attributable to Equity Holders of the Parent	Minority Shares	Total Equity
					1	2	3	4							
Prior Period (31/03/2022)															
I. Balance at the End of Prior 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	-	-	-	-	-	-	-	-	(17,655)	-	-	391,918	374,263	-	374,263
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease through Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	185,748	(185,748)	-	-	-	-
11.1 Dividends Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers Legal Reserves	-	-	-	-	-	-	-	-	-	185,748	(185,748)	-	-	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (III+IV+...+X+XI) 31/03/2022	860,000	(587)	-	-	29,086	(2,721)	-	-	(13,642)	-	677,346	58,077	391,918	1,999,477	1,999,477

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/loss and other accumulated amounts of other comprehensive income that will not be reclassified to profit or loss)
4. Foreign currency translation differences,
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 consolidated financial statements.

ICBC TURKEY BANK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL”.)

					Other Accumulated Comprehensive Income and Expenses That Will Not Be Reclassified in Profit and Loss			Other Accumulated Comprehensive Income and Expenses That Will Be Reclassified in Profit and Loss									
		Paid-in Capital	Share Premium	Share Certificate Cancellation Profit	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit / (Loss)	Current Period's Net Profit / (Loss)	Total Equity Attributable to Equity Holders of the Parent	Minority Shares	Total Equity
Current Period (31/03/2023)																	
I.	Balance at the End of Prior Period	860,000	(587)	-	-	29,086	(4,010)	-	-	116,560	-	678,621	1,457,568	-	3,137,238	-	3,137,238
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	(4,010)	-	-	116,560	-	678,621	1,457,568	-	3,137,238	-	3,137,238
IV.	Total Comprehensive Income	-	-	-	-	-	(1,323)	-	-	(1,972)	-	-	-	562,535	559,240	-	559,240
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	-	-	-	-	-	-	-	-	-	-	-	(1,320)	-	(1,320)	-	(1,320)
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	1,393,672	(1,393,672)	-	-	-	-
11.1	Dividends Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers Legal Reserves	-	-	-	-	-	-	-	-	-	-	1,393,672	(1,393,672)	-	-	-	-
11.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (III+IV+...+X+XI) 31/03/2023		860,000	(587)	-	-	29,086	(5,333)	-	-	114,588	-	2,072,293	62,576	562,535	3,695,158	-	3,695,158

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/loss and other accumulated amounts of other comprehensive income that will not be reclassified to profit or loss)
4. Foreign currency translation differences,
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 consolidated financial statements.

ICBC TURKEY BANK ANONİM ŞİRKETİ
**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2023**

(Amounts expressed in “Thousands of TL”.)

		THOUSANDS OF TURKISH LIRAS	
		Reviewed CURRENT PERIOD (01/01/2023 - 31/03/2023)	Reviewed PRIOR PERIOD (01/01/2022 - 31/03/2022)
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	525,904	559,641
1.1.1	Interest Received	1,058,592	692,714
1.1.2	Interest Paid	(726,869)	(178,003)
1.1.3	Dividends Received	1	1
1.1.4	Fees and Commissions Received	149,439	94,795
1.1.5	Other Income	(51,922)	77,085
1.1.6	Collections from Previously Written-Off Loans and Other Receivables	12,945	1,024
1.1.7	Cash Payments to Personnel and Service Suppliers	(184,926)	(121,538)
1.1.8	Taxes Paid	(15,632)	(4,752)
1.1.9	Other	284,276	(1,685)
1.2	Changes in Operating Assets and Liabilities Subject to Banking Operations	3,461,054	611,979
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	2,634	(4,641)
1.2.2	Net (Increase) Decrease in Due from Banks	1,799,775	(254,757)
1.2.3	Net (Increase) Decrease in Loans	(4,239,751)	(4,572,648)
1.2.4	Net (Increase) Decrease in Other Assets	(715,501)	(780,790)
1.2.5	Net Increase (Decrease) in Bank Deposits	(1,208,261)	3,087,589
1.2.6	Net Increase (Decrease) in Other Deposits	1,185,542	4,866,791
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	3,239,245	1,195,084
1.2.9	Net Increase (Decrease) in Matured Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	3,397,371	(2,924,649)
I.	Net Cash Provided from Banking Operations	3,986,958	1,171,620
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided from Investing Activities	(1,274,273)	1,997,899
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	Cash Paid for Tangible and Intangible Asset Purchases	(18,776)	(18,776)
2.4	Cash Obtained from the Sale of Tangible and Intangible Assets	-	-
2.5	Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(3,529)	(6,927)
2.6	Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income	3,401	901,109
2.7	Cash Paid for Purchase of Financial Assets Measured at Amortised Cost	(1,343,205)	-
2.8	Cash Obtained from Sale of Financial Asset Measured at Amortised Cost	18,011	1,111,717
2.9	Other	69,825	10,776
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided from Financing Activities	(14,411)	(3,543)
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Outflow Arised from Funds Borrowed and Securities Issued	-	-
3.3	Equity Investments Issued	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Leases	(14,411)	(3,543)
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	105,772	208,439
V.	Net Increase in Cash and Cash Equivalents (I+II+III+IV)	2,804,046	3,374,415
VI.	Cash and Cash Equivalents at the Beginning of the Period	5,935,393	4,728,476
VII.	Cash and Cash Equivalents at the End of the Period (V+VI)	8,739,439	8,102,891

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

SECTION THREE EXPLANATIONS ON 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:

The Parent Bank’s 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.

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

The 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 the 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 judgment on the assets and liabilities of the balance sheet. 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 are explained in the following related footnotes.

With the Communiqué Amending the General Communiqué on Tax Procedure Law No. 547 published in the Official Gazette dated 14 January 2023 and numbered 32073, regulations determining the procedures and principles regarding the revaluation of depreciable economic assets of banks have entered into force. Accordingly, in order to be taken into account in the calculation of corporate tax base, the Bank will be able to revalue the depreciable economic assets in its balance sheet, provided that the conditions specified in the relevant articles of the Tax Procedure Law are met.

With the BRSA's Board Decision dated 31 January 2023 and numbered 10496, it has been decided to use the Central Bank's foreign exchange buying rate as of 30 December 2022 instead of the Central Bank's foreign exchange buying rate as of 31 December 2021 in the calculation of the amount subject to credit risk in accordance with the Regulation on Measurement and Assessment of Capital Adequacy of Banks and also to update the SME turnover limit and retail loan limits.

On 6 February 2023, an earthquake centred in Kahramanmaraş affected 10 provinces. In the aftermath of the disaster, the BRSA, the CBRT, the BAT and the Revenue Administration have put into effect some comforting regulations for the residents of the provinces in the disaster area. The Bank management has taken the necessary measures within the scope of these decisions and additional studies on the subject are ongoing. As announced in the Official Gazette No. 32098 dated 8 February 2023, a State of Emergency was declared for 3 months in Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa provinces.

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 Parent Bank's financials have been evaluated and it has been concluded that there is no material effect. The Bank's studies continues within the scope of compliance with the changes.

Unless stated otherwise, the consolidated financial statements and balances in related disclosures are presented in thousands of Turkish Lira.

Accounting policies and valuation principles used in the preparation of consolidated financial statements are as follows:

The accounting policies and the valuation principles used in the preparation of the 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 (“BRSA Accounting and Financial Reporting Legislation” as a whole), which was put into effect by the POA for matters not regulated by these.

Since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index (“CPI”) rates, with the announcement published by the POA on 20 January 2022 within the scope of “Implementation of Financial Reporting in High Inflation Economies in the Scope of Financial Reporting Standards of Turkey, Financial Reporting Standard for Large and Medium Sized Entities”, it has been stated that entities that apply TFRS do not need to make any adjustments in their financial statements as at 31 March 2023 within the scope of TAS 29 “Financial Reporting in Hyperinflationary Economies”. As there is no new announcement has been published by POA within the scope of TAS 29, there has been no adjustment made on the consolidated financial statements as at 31 March 2023 within the scope of TAS 29.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of 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 that may arise from the short-term resources is to expand the deposit base through customer-oriented banking philosophy, and to increase customer transactions and retention rates. The 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 31 March 2023, the USD exchange rate used in the conversion of foreign currency transactions into Turkish currency and their reflection in the financial statements is TL 19.1532 full, Euro exchange rate is TL 20.8450 full, British Pound exchange value is TL 23.6602 full and Japanese Yen exchange rate is TL 0.1433 full.

There is no goodwill amount related to the Parent Bank’s foreign subsidiaries.

III. Explanations on Subsidiaries and Associates

As of 31 March 2023 and 31 December 2022, 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 30 June 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 Parent 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 31 March 2023 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.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of 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.

The Group’s 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 of the Parent Bank as of 31 March 2023.

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 Bank 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”. The advance commissions obtained from cash and non-cash loans are allocated to the relevant periods in accordance with the periodicity principle and recorded as income. 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 initial recognition in the financial statements. During the initial recognition of financial assets other than “Financial Assets at Fair Value through Profit/Loss”, transaction costs are added to fair value or deducted from fair value.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

VII. Explanations on Financial Assets (continued)

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

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

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

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

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

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

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

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

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

c. Financial Assets Measured at Amortized Cost:

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

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

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

Loans:

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

VIII. Explanations on Impairment of Financial Assets

Recognition of Expected Credit Losses in Financial Statements:

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

The Groups measured the expected credit losses for a financial asset based on the probabilities that are weighted and unbiased by probable outcomes, the time value of money and the estimates of past events, current and future economic conditions that are reasonable, in a way that reflects supportable information available without undue cost or effort as of the reporting date.

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 obtained.

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.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

VIII. Explanations on Impairment of Financial Assets (continued)

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

Exposure of Default (EAD)

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

Definition of Default

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

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

This may include;

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

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

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

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

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

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

Review of the Parent Bank's Business Model:

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

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

VIII. Explanations on Impairment of Financial Assets (continued)

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

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

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

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

IX. Explanations on Write-down Policy

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

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

As of 31 March 2023, there is no written off receivables (31 December 2022: 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.

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”. Interest income accrual is calculated for the difference between the purchase and resale prices determined by reverse repurchase agreements according to the “Effective interest (internal rate of return) method”. 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 “TFRS 5 Turkish Financial Reporting Standard on Assets Held for Sale and Discontinued Operations” in the financial statements. In accordance with TFRS 5 – “Non-current Assets Held for Resale and Discontinued Operations”, an asset (or disposal group) classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

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

The Group does not have any assets held for sale (31 December 2022: None).

The Group has no discontinued operations (31 December 2022: None).

XIII. Explanations on Goodwill and Other Intangible Assets

There is no goodwill in the accompanying consolidated financial statements as of 31 March 2023 and 31 December 2022.

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 term

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 no pre-tax value increase in the Tangible Assets item as of 31 March 2023 (31 December 2022: None.)

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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 Parent 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 when there is a legal or structural obligation as of the balance sheet date, it is probable that an outflow of resources that provide economic benefits to settle the obligation and a reliable estimation of the amount of the obligation can be made. 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, the liability is regarded as “Contingent” and is 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 "TAS 19- 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 31 March 2023 (31 December 2022: 3.09%).

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XIX Explanations on Taxation

a. Current Tax:

In Turkey, the general corporate tax rate is 20%. However, with the paragraph added to the provisional Article 13 of the Corporate Tax Law No. 5520 with the Article 26 of the Law No. 7394 on “The Law on the Evaluation of Immovable Property belonging to the Treasury and Amending the Value Added Tax Law and Amending Some Laws and Decree-Laws” published in the Official Gazette numbered 31810 and dated 15 April 2022, 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, the corporate tax rate was applied as 25% for the corporate income for the taxation period of 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. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. Despite the deduction, if the temporary tax amount remains, this amount can be refunded in cash or deducted from other financial debts against the state.

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 profit from prior 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.

Within the framework of the reiterated article 298/A of the Tax Procedure Law, financial statements are subject to inflation if both of the following conditions are met: - The increase in the price index (DPI - PPI - Domestic Producer Price Index) is reduced from 100% in the last three accounting periods, including the current period, and - more than 10% in the current accounting period. The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022, with the Law No. 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. In accordance with Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023 and the profit / loss difference arising from the inflation adjustment will be shown in the retained earnings / loss account and will not be subject to tax.

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. Deferred taxes are based on tax rates that have been enacted at the balance sheet date.

For the items subject to deferred tax calculation as of 31 December 2022, enacted tax rates that are valid 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 will be applied as 25% for the corporate earnings of the institutions for the 2021 taxation period, and as 23% for the corporate earnings of the 2022 taxation period, starting from the declarations that must be submitted as of 1 July 2021.

However, with the publication of the Law No. 7394 in the Official Gazette dated 15 April 2022, corporate tax rate for Groups, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies has been permanently increased to 25%, and the tax rate to be applied to the cumulative earnings of 2022 are taken into account as 25%. As of 31 December 2023, the deferred tax is calculated over 25%, and as of 31 December 2022, the enacted tax rates valid in accordance with the current tax legislation are used as of the reporting dates, in accordance with their lives, for the items subject to deferred tax calculation.

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.

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XIX Explanations on Taxation (continued)

b. Deferred Tax (continued)

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. In addition, as of 1 January 2018, deferred tax assets are calculated over the expected loss provisions that constitute temporary difference in accordance with TFRS 9.

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.

Deferred tax assets and liabilities of the Parent Bank have been offset in the Parent Bank’s financial statements.

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 profit 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 2022: 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 31 March 2023 and 31 December 2022, 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 30 March 2023, it was decided to allocate 5% of the legal reserves of TL 70,038 from TL 1,400,767, which constitutes the net after-tax unconsolidated balance sheet profit of 2022, in accordance with Article 519/1 of the TCC and the remaining TL 1,330,729 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.

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.

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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.

	31 March 2023	31 March 2022
Net Profit/(Loss) for the Period	563,255	391,918
Number of Shares	8,600,000	8,600,000
Profit/(Loss) Per Share (*)	0.0655	0.0456

(*) Expressed as full TL.

XXIX. Reclassifications

None.

XXX. Explanations on Other Matters

None.

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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 25.57% (31 December 2022: 29.99%).

Current Period	31 March 2023	31 December 2022
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	860,000
Share issue premiums	(587)	(587)
Reserves	2,072,294	678,621
Gains recognized in equity as per TAS	169,247	173,251
Profit	625,111	1,457,568
Current Period Profit	562,535	1,400,767
Prior Period Profit/Loss	62,576	56,801
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	3,726,065	3,168,853
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	-
Improvement costs for operating leasing	15,880	12,882
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	26,398	24,400
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	7,582	9,355
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of core capital of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of core capital of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the core capital	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the core capital	180,003	-
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	-	361,668
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier 1 Capital	229,863	408,305
Total Common Equity Tier 1 Capital	3,496,202	2,760,548

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I. Explanations on Consolidated Equity (continued)

Information about consolidated total capital (continued):

	31 March 2023	31 December 2022
ADDITIONAL TIER 1 CAPITAL		
Preferred stock not included in core capital and the related share premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier 1 Capital before Deductions	-	-
Deductions from Additional Tier 1 Capital		
Direct and indirect investments of the Bank in its own additional Tier 1 capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital		
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	3,496,202	2,760,548
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	5,745,960	5,609,490
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)	389,548	295,803
Tier II Capital Before Deductions	6,135,508	5,905,293
Deductions from Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	6,135,508	5,905,293
Total Capital (The sum of Tier I Capital and Tier II Capital)	9,631,710	8,665,841
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51st 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	136	141
Regulatory Adjustments which will be deducted from Total Capital during the transition period		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank owns 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 owns 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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I. Explanations on Consolidated Equity (continued)

Information about consolidated total capital (continued):

	31 March 2023	31 December 2022
TOTAL CAPITAL		
Total capital (The Sum of Tier I Capital and Tier II)	9,631,574	8,665,700
Total Risk Weighted Amounts	37,668,050	29,887,323
CAPITAL ADEQUACY RATIOS ⁽²⁾		
Core Capital Adequacy Ratio (%)	9.28	9.26
Tier I Capital Adequacy Ratio (%)	9.28	9.26
Capital Adequacy Ratio (%)	25.57	29.99
BUFFERS		
Bank-specific total core capital ratio	2.53	2.54
Capital conservation buffer ratio (%)	2.50	2.50
Bank specific countercyclical buffer ratio (%)	0.03	0.04
Systemically significant bank buffer ratio (%)	-	-
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	-
Amounts below the financial limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from mortgage servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits Related to Provisions Considered in Tier II Calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	635,886	992,455
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	389,548	295,803
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Temporary Article 4 (to be implemented between 1 January 2019 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

⁽¹⁾ Amounts in this column represent the amounts of items that are subject to transition provisions in accordance with the temporary articles of “Regulation on Equity of Banks” and take into consideration at the end of transition process.

⁽²⁾ As of 31 March 2023, the Parent Bank has taken into consideration subordinated loan amounting TL 5,555,610 (31 December 2022: TL 5,613,721) from its main shareholder, Industrial and Commercial Bank of China Limited Company, for capital adequacy calculation.

In the calculation of the amount subject to credit risk, in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (Regulation) stated in the Board Decision dated 28.04.2022 and numbered 9996 and published in the Official Gazette dated 23.10.2015 and numbered 29511; it has been decided to continue the practice the application that monetary and non-monetary assets, excluding items in foreign currency measured in historical cost, are evaluated in accordance with Turkish Accounting Standards and the relevant special reserve amount is calculated using the Central Bank of the Republic of Turkey (Central Bank) foreign exchange buying rate as of 31.12.2021 by the Parent Bank by using the Central Bank's foreign exchange buying rate of 30.12.2022 until a Board Decision to the contrary is taken.

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

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EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

I. Explanations on Consolidated Equity (continued)

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

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

Information on borrowing instruments included in equity calculation:

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

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EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

II. Explanations on Consolidated Credit Risk

Not disclosed in accordance with Article 25 of the Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to the Public by Banks.

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):

	27.03.2023	28.03.2023	29.03.2023	30.03.2023	31.03.2023
USD	19.0680	19.0839	19.1070	19.1460	19.1532
GBP	23.3261	23.4483	23.5295	23.5943	23.6602
EURO	20.5252	20.6467	20.7201	20.8021	20.8450
JPY	0.1448	0.1453	0.1445	0.1441	0.1434

The basic arithmetical average of the Parent Bank’s foreign exchange bid rates for the last thirty-one days ending 31 March 2023 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	18.9744
GBP	22.9675
EURO	20.2920
JPY	0.1415

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EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

III. Explanations on Consolidated Foreign Currency Exchange Rate Risk (continued)

Information on consolidated foreign currency rate risk:

31 March 2023	EURO	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with The CBRT ⁽¹⁾	1,674,086	10,640,333	10,203	12,324,622
Banks	359,422	1,030,644	63,157	1,453,223
Financial Assets at Fair Value Through Profit or Loss	38,257	-	-	38,257
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	6,426,669	4,778,527	1,049,172	12,254,368
Loans ⁽³⁾	14,144,602	10,466,960	721	24,612,283
Investment and Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	-	5,828,984	-	5,828,984
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	796	6,101	1,100	7,997
Total Assets ^{(2) (3) (7)}	22,643,832	32,751,549	1,124,353	56,519,734
Liabilities				
Interbank Deposits	1	1	249,306	249,308
Foreign Currency Deposits	3,538,874	15,268,205	989,750	19,796,829
Fund Provided from Money Market	-	-	-	-
Funds Provided from Other Financial Institutions	8,502,573	26,274,683	-	34,777,256
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities Held for Hedging	-	-	-	-
Other Liabilities	26,551	118,373	189,425	334,349
Total Liabilities ^{(2) (6) (8)}	12,067,999	41,661,262	1,428,481	55,157,742
Net on Balance Sheet Position	10,575,833	(8,909,713)	(304,128)	1,361,992
Net Off Balance Sheet Position	(6,673,090)	6,588,520	339,677	255,107
Financial Derivatives Assets ⁽⁵⁾	1,995,317	10,019,752	1,372,865	13,387,934
Financial Derivatives Liabilities ⁽⁵⁾	8,668,407	3,431,232	1,033,188	13,132,827
Non-Cash Loans ⁽⁴⁾	8,032,131	9,402,948	-	17,435,079
31 December 2022				
Total Assets ^{(2) (3) (7)}	17,906,630	31,688,414	1,041,939	50,636,983
Total Liabilities ^{(2) (6) (8)}	10,824,925	35,424,548	2,443,483	48,692,956
Net on Balance Sheet Position	7,081,705	(3,736,134)	(1,401,544)	1,944,027
Net Off Balance Sheet Position	6,743,612	4,998,781	1,413,414	(331,417)
Financial Derivatives Assets ⁽⁵⁾	2,559,643	9,452,478	1,976,631	13,988,752
Financial Derivatives Liabilities ⁽⁵⁾	9,303,255	4,453,697	563,217	14,320,169
Non-Cash Loans ⁽⁴⁾	3,014,748	9,313,304	25,793	12,353,845

⁽¹⁾ As of 31 March 2023 and 31 December 2022, the Group does not have precious metals in CBRT accounts.

⁽²⁾ As of 31 March 2023, 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 59,757 and TL 65,476 respectively (31 December 2022: to TL 57,367 and TL 440,675) are not included in the table.

⁽³⁾ As of 31 March 2023, there are no foreign currency indexed loans and rediscount amounts included under the TL column in the “Loans” line in the assets (31 December 2022: TL None).

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

⁽⁵⁾ As of 31 March 2023, foreign currency purchase transactions amounting to TL 113,604 and selling transactions with a value date of TL 88,528 are included in the “Forward Assets Purchase/Sale Commitments” item in off-balance sheet accounts (31 December 2022: TL 193,246 and TL 193,041).

⁽⁶⁾ As of 31 March 2023, “Valuation Differences of Securities” amounting to TL 115,169 (31 December 2022: TL 116,368) which are classified under shareholders' equity, are not included.

⁽⁷⁾ As of 31 March 2023, assets amounting to TL 454,802 (31 December 2022: TL 805,072) are not included “Expected Loss Provisions”.

⁽⁸⁾ As of 31 March 2023, liabilities amounting to TL 128,925 (31 December 2022: TL 130,981) are not included “Other Provisions”.

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EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of 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)

31 March 2023	Up to 1 Month	1– 3 Months	3 –12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing ⁽¹⁾	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with The CBRT	5,827,701	-	-	-	-	6,596,993	12,424,694
Banks	411,355	-	-	-	-	1,055,909	1,467,264
Financial Assets at Fair Value Through Profit or Loss ⁽²⁾	35,139	20,698	36,101	-	-	38,257	130,195
Money Market Placements	675,555	-	-	-	-	-	675,555
Financial Assets at Fair Value Through Other Comprehensive Income	193,116	6,426,635	5,282,687	375,823	243	-	12,278,504
Loans	4,153,400	5,235,939	14,070,642	2,708,422	864,088	-	27,032,491
Financial Assets Measured at Amortized Cost	2,414	2,203,618	2,919,451	8,134,536	1,329,843	-	14,589,862
Other Assets	475	-	-	-	-	954,796	955,271
Total Assets	11,299,155	13,886,890	22,308,881	11,218,781	2,194,174	8,645,955	69,553,836
Liabilities							
Bank Deposits	980,290	-	-	-	-	369,120	1,349,410
Other Deposits	12,296,301	4,565,247	523,024	293	-	5,444,833	22,829,698
Money Market Borrowings	4,339,828	-	-	-	-	-	4,339,828
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	3,151,607	12,199,349	20,159,194	-	-	-	35,510,150
Other Liabilities	6,871	40,612	31,681	-	-	5,445,586	5,524,750
Total Liabilities	20,774,897	16,805,208	20,713,899	293	-	11,259,539	69,553,836
Balance Sheet Long Position	-	-	1,594,982	11,218,488	2,194,174	-	15,007,644
Balance Sheet Short Position	(9,475,742)	(2,918,318)	-	-	-	(2,613,584)	(15,007,644)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(9,475,742)	(2,918,318)	1,594,982	11,218,488	2,194,174	(2,613,584)	-

⁽¹⁾ Tangible and intangible assets amounting to TL 242,884, deferred tax assets amounting to TL 587,986, tax assets amounting to TL 1,207, expected loss provisions amounting to TL (626,409) and other assets amounting to TL 749,308, are included in other assets line in the interest-free column; provisions amounting to TL 514,798, tax liability amounting to TL 558,902, lease liabilities amounting to TL 121,240, other foreign sources amounting to TL 476,882 and shareholders' equity amounting to TL 3,695,158 are presented in other liabilities as non-interest bearing.

⁽²⁾ Derivative financials instruments are included.

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IV. Explanations on Consolidated Interest Rate Risk (continued)

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

	Up to 1 Month	1– 3 Months	3 –12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing ⁽¹⁾	Total
31 December 2022							
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with The CBRT	7,827,015	-	-	-	-	4,045,566	11,872,581
Banks	783,140	-	-	-	-	902,122	1,685,262
Financial Assets at Fair Value Through Profit or Loss ⁽²⁾	3,410	75,696	6,771	-	-	50,675	136,552
Money Market Placements	5,400	-	-	-	-	-	5,400
Financial Assets at Fair Value Through Other Comprehensive Income	-	6,115,106	1,256,698	238,716	132,284	-	7,742,804
Loans	4,930,648	6,731,303	12,374,167	1,823,574	1,345,179	-	27,204,871
Financial Assets Measured at Amortized Cost	723,877	76,128	3,249,763	7,318,926	1,130,576	-	12,499,270
Other Assets ⁽¹⁾	128	-	-	-	-	817,652	817,780
Total Assets	14,273,618	12,998,233	16,887,399	9,381,216	2,608,039	5,816,015	61,964,520
Liabilities							
Bank Deposits	1,303,769	-	-	-	-	1,254,329	2,558,098
Other Deposits	11,916,215	4,202,544	1,796,654	548	-	3,724,353	21,640,314
Money Market Borrowings	731,806	-	-	-	-	-	731,806
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	4,344,741	7,776,786	19,930,297	-	-	-	32,051,824
Other Liabilities	358,793	225,653	4,594	-	-	4,393,438	4,982,478
Total Liabilities	18,655,324	12,204,983	21,731,545	548	-	9,372,120	61,964,520
Balance Sheet Long Position	-	793,250	-	9,380,668	2,608,039	-	12,781,957
Balance Sheet Short Position	(4,381,706)	-	(4,844,146)	-	-	(3,556,105)	(12,781,957)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(4,381,706)	793,250	(4,844,146)	9,380,668	2,608,039	(3,556,105)	-

⁽¹⁾ Tangible and intangible assets amounting to TL 212,438, deferred tax assets amounting to 667,686 TL tax assets amounting to TL 1,256, expected loss provisions amounting to TL (893,483), and other assets amounting to TL 140,235, are included in other assets line in the interest-free column; provisions amounting to TL 537,826, tax liability amounting to TL 435,653, lease liabilities amounting to TL 106,829, other foreign sources amounting to TL 291,659 and shareholders' equity amounting to TL 3,137,237 are presented in other liabilities as non-interest bearing.

⁽²⁾ Derivative financials instruments are included.

Interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
31 March 2023 ⁽¹⁾				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	4.50	4.50	-	-
Banks	-	4.93	-	19.58
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	18.84
Financial Assets at Fair Value Through Other Comprehensive Income	7.36	9.19	-	13.34
Loans	4.92	7.84	-	25.09
Financial Assets Measured at Amortised Cost	-	1.72	-	11.24
Liabilities				
Bank Deposits	-	-	-	8.92
Other Deposits	1.11	1.24	0.01	14.50
Money Market Borrowings	-	-	-	9.36
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	3.16	5.78	-	-

⁽¹⁾ Stated at compound interest rates.

ICBC TURKEY BANK ANONİM ŞİRKETİ**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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IV. Explanations on Consolidated Interest Rate Risk (continued)**Interest rates applied to monetary financial instruments (continued):**

	EURO %	USD %	JPY %	TL %
31 December 2022 ⁽¹⁾				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased)	2.53	-	-	-
and Balances with the CBRT	1.39	4.60	-	-
Banks	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	10.75
Financial Assets at Fair Value Through Other Comprehensive Income	2.65	5.05	-	22.05
Loans	5.12	7.24	-	43.06
Financial Assets Measured at Amortised Cost	-	5.91	-	9.86
Liabilities				
Bank Deposits	-	4.64	-	10.38
Other Deposits	0.92	1.96	-	15.04
Money Market Borrowings	-	-	-	10.16
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	2.72	4.98	-	13.81

(1) Stated at compound interest rates.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

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V. Explanations on Consolidated Liquidity Risk

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.

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(Amounts expressed in "Thousands of TL" unless otherwise stated.)

V. Explanations on Consolidated Liquidity Risk (continued)

Liquidity coverage ratios are calculated on a weekly and monthly basis as of 1 January 2015 in accordance with the Regulation on Banks' Liquidity Coverage Ratio Calculation published in the Official Gazette No. 28948 dated 21 March 2014 and are subject to legal reporting. Liquidity coverage ratios should be at least 80% in foreign currency assets and liabilities for 2022 and at least 100% in total assets and liabilities. The ratios in the table show the rates for the first three months including the reporting period.

	Min FC (%)	Min Sum (%)	Max FC (%)	Max Sum (%)
Month	28 February 2023	28 February 2023	31 January 2023	31 January 2023
Ratio (%)	242.98%	267.64%	533.96%	491.59%

31 March 2023	Unweighted Amounts ⁽¹⁾		Weighted Amounts ⁽¹⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			26,815,907	17,473,995
CASH OUTFLOWS				
Retail and Small Business Customers Deposits	9,904,400	7,945,271	801,192	695,002
Stable deposits	838,921	2,198	27,529	215
Less Stable Deposits	9,065,479	7,943,073	773,663	694,787
Unsecured Funding other than Retail and Small Business Customer Deposits	18,623,981	14,312,738	10,246,571	8,381,961
Operational Deposits	3,099	-	608	-
Non-Operational Funding	15,908,278	13,594,579	5,828,628	4,914,978
Other Unsecured Funding	2,712,604	718,159	4,417,335	3,466,983
Secured Funding	-	-	-	-
Other Cash Outflows	3,359,277	2,524,157	3,525,668	2,194,277
Liquidity Needs Related to Derivatives and Market Valuation Changes on Derivatives Transactions	3,115,441	2,321,285	3,424,826	2,125,205
Debts Related to The Structured Financial Products	-	-	-	-
Commitments Related to Debts to Financial Markets and Other Off Balance Sheet Liabilities	243,836	202,872	100,842	69,072
Commitments That Are Unconditionally Revocable at Any Time by The Bank and Other Contractual Commitments	3,536,240	3,536,240	198,709	198,709
Other Irrevocable or Conditionally Revocable Commitments	7,101,471	6,831,194	815,005	760,480
TOTAL CASH OUTFLOWS			15,587,145	12,230,429
CASH INFLOWS				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	5,260,899	4,636,046	3,835,722	3,511,786
Other Contractual Cash Inflows	2,775,688	2,770,907	3,322,948	3,322,948
TOTAL CASH INFLOWS	8,036,587	7,406,953	7,158,670	6,834,734
			Upper Limit Applied Values	
TOTAL HIGH LIQUIDITY ASSETS			26,815,907	17,473,995
TOTAL NET CASH OUTFLOWS			8,428,476	5,395,693
LIQUIDITY COVERAGE RATIO (%)			318.16	323.85

⁽¹⁾ Simple arithmetical average of the monthly consolidated liquidity coverage ratios of the first three months of 2023 was taken.

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V. Explanations on Consolidated Liquidity Risk (continued)

31 December 2022	Unweighted Amounts ⁽¹⁾		Weighted Amounts ⁽¹⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			26,280,057	17,486,289
CASH OUTFLOWS				
Retail and Small Business Customers Deposits	9,904,400	7,945,271	986,909	824,305
Stable deposits	838,921	2,198	41,391	199
Less Stable Deposits	9,065,479	7,943,073	945,518	824,106
Unsecured Funding Other than Retail and Small Business Customer Deposits	18,623,980	14,312,738	10,407,222	2,513,685
Operational Deposits	3,098	1	795	-
Non-Operational Funding	15,908,278	13,594,578	6,633,180	555,419
Other Unsecured Funding	2,712,604	718,159	3,773,247	1,958,266
Secured Funding	-	-	-	-
Other Cash Outflows	3,359,278	2,524,157	3,965,816	2,088,094
Derivative Liabilities and Collateral-Making Obligations	3,115,442	2,321,285	3,843,421	2,032,330
Debts Related to The Structured Financial Products	-	-	-	-
Commitments Related to Debts to Financial Markets and Other Off Balance Sheet Liabilities	243,836	202,872	122,395	55,764
Commitments That Are Unconditionally Revocable at Any Time by The Bank and Other Contractual Commitments	3,536,240	3,536,240	210,910	210,910
Other Irrevocable or Conditionally Revocable Commitments	7,101,471	6,831,194	715,557	684,869
TOTAL CASH OUTFLOWS			16,286,414	6,321,863
CASH INFLOWS				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	5,260,899	4,636,046	4,605,369	3,912,156
Other Contractual Cash Inflows	2,775,688	2,770,907	3,666,624	3,666,624
TOTAL CASH INFLOWS	8,036,587	7,406,953	8,271,993	7,578,780
			Upper Limit Applied Values	
TOTAL HIGH LIQUIDITY ASSETS			26,280,057	17,486,289
TOTAL NET CASH OUTFLOWS			8,014,421	3,743,083
LIQUIDITY COVERAGE RATIO (%)			327.91	467.16

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

There has been an increase in the liquidity coverage ratio due to the foreign loans taken 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. Deposits are the main fund resources while loans provided from abroad, and repo are other resources regarding funding. The opposite parties of repo transactions are the Central Bank of the Republic of Turkey and banks and there is no concentration. A significant part of funds, provided from abroad, is provided by the risk group of the Bank.

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V. Explanations and Notes on Consolidated Liquidity Risk (continued)

Presentation of assets and liabilities according to their remaining maturities:

31 March 2023	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 Years	5 years and over	Undist.	Total
Assets								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	6,596,993	5,827,701	-	-	-	-	-	12,424,694
Banks	1,055,854	411,410	-	-	-	-	-	1,467,264
Financial Assets at Fair Value Through Profit or Loss ⁽⁴⁾	55,094	18,302	20,698	36,101	-	-	-	130,195
Interbank Money Market Placements	-	675,555	-	-	-	-	-	675,555
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	1,257,797	11,020,465	242	-	12,278,504
Loans	-	1,814,585	2,320,959	9,918,651	6,383,757	6,594,539	-	27,032,491
Financial Assets Measured at Amortised Cost	-	-	248,459	2,472,225	8,983,130	2,886,048	-	14,589,862
Other Assets	-	701,229	2,125	27,234	599,627	-	(374,944)	955,271
Total Assets	7,707,941	9,448,782	2,592,241	13,712,008	26,986,979	9,480,829	(374,944)	69,553,836
Liabilities								
Bank Deposits	369,120	980,290	-	-	-	-	-	1,349,410
Other Deposits	5,493,442	12,247,692	4,565,247	523,024	293	-	-	22,829,698
Funds Borrowed from Other Financial Institutions	-	3,151,607	6,350,665	20,159,194	-	5,848,684	-	35,510,150
Interbank Money Markets	-	4,339,828	-	-	-	-	-	4,339,828
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	61,673	547,865	40,771	53,872	17,806	67,025	4,735,738	5,524,750
Total Liabilities	5,924,235	21,267,282	10,956,683	20,736,090	18,099	5,915,709	4,735,738	69,553,836
Net Liquidity Gap	1,783,706	(11,818,500)	(8,364,442)	(7,024,082)	26,968,880	3,565,120	(5,110,682)	-
Net off Balance Sheet Position	-	15,517	(22,997)	7,192	-	-	-	(288)
Derivative Financial Assets ⁽³⁾	-	4,772,604	5,518,313	3,811,777	-	-	-	14,102,694
Derivative Financial Liabilities ⁽³⁾	-	4,757,087	5,541,310	3,804,585	-	-	-	14,102,982
Non-cash Loans⁽²⁾	1,344,046	2,469,670	793,166	2,544,325	0,344,915	1,517,256	-	19,013,378
31 December 2022								
Total Assets	4,998,432	13,415,812	2,374,559	12,352,406	20,158,215	9,722,365	(1,057,269)	61,964,520
Total Liabilities	4,978,682	17,808,822	12,085,090	16,947,616	950,623	5,651,457	3,542,230	61,964,520
Net Liquidity Gap	19,750	(4,393,010)	(9,710,531)	(4,595,210)	19,207,592	4,070,908	(4,599,499)	-
Net off Balance Sheet Position	-	(236,270)	(138,593)	2,932	-	-	-	(371,931)
Derivative Financial Assets ⁽³⁾	-	5,332,282	8,616,998	1,322,861	-	-	-	15,272,141
Derivative Financial Liabilities ⁽³⁾	-	5,568,552	8,755,591	1,319,929	-	-	-	15,644,072
Non-cash loans⁽²⁾	313,558	3,946,171	946,364	1,255,102	5,722,667	1,544,759	-	13,728,621

⁽¹⁾ The balance sheet is composed of TL 242,884 tangible and intangible assets, of TL (626,409) expected loss provision, TL 587,986 deferred tax asset and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 514,798, tax liability amounting to TL 558,902, lease liabilities amounting to TL 121,240, derivative financial liabilities amounting to TL 78,606, other liabilities amounting to TL 556,046 and equity amounting to TL 3,695,158 are included here.

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

⁽³⁾ As of 31 March 2023, the spot purchase transactions amounting to TL 143,668 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 128,811 are included in liabilities of derivative financial instruments (31 December 2022: TL 193,247 and TL 193,041).

⁽⁴⁾ Receivables from derivative transactions are included.

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EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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VI. Explanations on Consolidated Leverage Ratio

Consolidated leverage ratio of the Parent Bank calculated based on 3 months average amounts is 3.63% as of 31 March 2023 (31 December 2022: 3.43%). This rate is above the minimum rate.

	Current period 31 March 2023 ⁽¹⁾	Prior period 31 December 2022 ⁽¹⁾
On-Balance Sheet Exposures		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	64,387,789	60,565,395
(Assets amounts deducted in determining Tier 1 capital)	(138)	143
Total on-Balance sheet exposures	64,387,651	60,565,538
Derivative Financial Instruments and Credit Derivatives		
Replacements cost of Derivative Financial Instruments and credit derivatives	-	-
Potential credit risk of Derivative Financial Instruments and credit derivatives	443,360	301,336
Total risk amount related to Derivative Financial Instruments and credit derivatives	443,360	301,336
Securities or Commodity Collateralized Financing Transactions		
Risk amount of security or commodity secured financing transactions	1,369,214	153,471
Amount of risk arising from brokered transactions	-	-
Total risk amount related to securities or commodity-backed financing transactions	1,369,214	153,471
Off-balance Sheet Items		
Off-balance sheet exposure at gross notional amount	17,596,554	15,114,089
Adjustments for conversions to credit equivalent amounts	-	-
Total risk of off-balance sheet items	17,596,554	15,114,089
Capital and Total Exposure		
Tier 1 capital	3,042,865	2,612,192
Total exposures	83,796,779	76,134,434
Leverage Ratio Average	%3.63	%3.43

⁽¹⁾ The amounts in the table show the arithmetic averages of the last 3 months of the relevant periods.

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FOR THE PERIOD ENDED 31 MARCH 2023**

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

VII. Consolidated Share Position Risk Arising from Banking Accounts

As of 31 March 2023 and 31 December 2022, the Group has no share position risk arising from banking accounts.

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. İSEDES 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.

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(Amounts expressed in “Thousands of TL” unless otherwise stated.)

VIII. Explanation 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 31 March 2023	Prior Period 31 December 2022	Current Period 31 March 2023
1 Credit risk (excluding counterparty credit risk)	30,708,176	23,006,832	2,456,654
2 Standardised approach	31,163,840	23,006,832	2,493,107
3 Internal rating-based approach			
4 Counterparty credit risk	455,664	161,139	36,453
5 Standardised approach for counterparty credit risk	455,664	161,139	36,453
6 Internal model method			
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
8 Investments made in collective investment companies - look-through approach	-	-	-
9 Investments made in collective investment companies - mandate-based approach	-	-	-
10 Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach			
14 IRB Supervisory Formula Approach			
15 SA/simplified supervisory formula approach			
16 Market risk	3,304,468	4,997,371	264,357
17 Standardised approach	3,304,468	4,997,371	264,357
18 Internal model approaches)			
19 Operational risk	3,199,742	1,721,980	255,979
20 Basic Indicator Approach	3,199,742	1,721,980	255,979
21 Standard Approach			
22 Advanced measurement approach			
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	37,668,050	29,887,323	3,013,443

Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk:

To determine the risk weights of receivables from central governments or from central banks and risk weights of receivables from banks and intermediary institutions specified in Article 6 of the Regulation on the Measurement and Assessment of Capital Adequacy of Banks, the application of rotation in Japan Credit Rating Agency (JCR) degrees, which has been used as of 31 October 2016. The degrees of the international credit rating agency Islamic International Rating Agency (IIRA) had been used since 30 April 2020. In this context, the note set for Turkey's rating countries of long-term foreign currency, the Republic of Turkey in foreign currency securities issued by the Treasury, all other foreign currency risk associated with the Republic of Turkey and the Central Government and on the opposite side of the incoming international limited is countered by resident banks, which will have risk weights are determined. The matching of "Credit Quality Levels" corresponding to IIRA degrees and Japan Credit Rating Agency (JCR), which was abandoned to use, is shared with the table below.

Islamic International Rating Agency	Credit Quality Level	Japan Credit Rating Agency
AAA and AA-	1	AAA and AA-
A+ and A-	2	A+ and A-
BBB+ and BBB	3	BBB+ and BBB
BB+ and BB-	4	BB+ and BB-
B+ and B-	5	B+ and B-
CCC and lower	6	CCC+ and lower

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EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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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:

31 March 2023	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group’s Total Operations
Operating Income	43,890	299,122	519,380	862,392
Net profit of segment	14,078	325,940	435,617	775,635
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	14,078	325,940	435,617	775,635
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	14,078	325,940	435,617	775,635
Tax Provision (-)	-	-	213,100	213,100
Profit / (Loss) after tax	14,078	325,940	222,517	562,535
Net Profit/ (Loss) for the Period	14,078	325,940	222,517	562,535
Segment Assets ⁽¹⁾	629,955	38,564,467	30,359,414	69,553,836
Associate and Subsidiaries	-	-	-	-
Total Assets	629,955	38,564,467	30,359,414	69,553,836
Segment Assets ⁽¹⁾	8,744,211	14,985,203	42,129,264	65,858,678
Associate and Subsidiaries	-	-	3,695,158	3,695,158
Total Liabilities	8,744,211	14,985,203	45,824,422	69,553,836

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 55% for corporate banking, 1% for retail banking, 44% for treasury, investment banking and others segment. Looking at the gross income (operating income) distribution of the Group, corporate banking constitutes 35% of the total gross income, investment banking and other segments 60% and retail banking 5%.

31 December 2022	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group’s Total Operations
Operating Income	26,138	113,179	763,287	902,604
Net profit of segment	3,010	101,509	443,339	547,858
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	3,010	101,509	443,339	547,858
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	3,010	101,509	443,339	547,858
Tax Provision (-)	-	-	155,940	155,940
Profit / (Loss) after tax	3,010	101,509	287,399	391,918
Net Profit for the Period	3,010	101,509	287,399	391,918
Segment Assets ⁽¹⁾	379,129	33,717,821	27,923,361	61,964,520
Associate and Subsidiaries	-	-	-	-
Total Assets	379,129	33,717,821	27,923,361	61,964,520
Segment Liabilities ⁽¹⁾	6,489,616	13,039,795	35,894,271	58,827,283
Equity	-	-	3,137,237	3,137,237
Total Liabilities	6,489,616	13,039,795	39,031,508	61,964,520

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

⁽²⁾ The balances in the income statement include the amounts as at 31 March 2022.

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. Looking at the gross income (operating income) distribution of the Group, corporate banking constitutes 13% of the total gross income, investment banking and other segments 85% and retail banking 2%.

ICBC TURKEY BANK ANONİM ŞİRKETİ**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

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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:**

	31 March 2023		31 December 2022	
	TL	FC	TL	FC
Cash	28,630	181,771	26,533	141,709
Central Bank of the Republic of Turkey (CBRT) ⁽¹⁾	71,442	12,142,851	306,736	11,397,603
Total	100,072	12,324,622	333,269	11,539,312

⁽¹⁾ As of 31 March 2023, there are no precious metals at the CBRT (31 December 2022: None).**b) Information related to the account of the Central Bank of Turkey:**

	31 March 2023		31 December 2022	
	TL	FC	TL	FC
Unrestricted Demand Deposits ⁽¹⁾	71,442	6,315,885	306,736	3,571,323
Restricted Time Deposits	-	5,826,966	-	7,826,280
Total	71,442	12,142,851	306,736	11,397,603

⁽¹⁾ As at 31 March 2023, there are no precious metals at the CBRT (31 December 2022: 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 31 March 2023, the applicable rates for Turkish lira required reserves are between 0% and 8%, depending on the maturity structure, (31 December 2022: between 3% and 8%); The applicable rates for FX required reserves are between 5% and 26%, depending on the maturity structure (31 December 2022: 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 31 March 2023 and 31 December 2022, 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 31 MARCH 2023

(Amounts expressed in “Thousands of 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:

	31 March 2023		31 December 2022	
	TL	FC	TL	FC
Forward Transactions	10,987	41,062	28,475	56,060
Swap Transactions	4,357	18,695	-	1,307
Total	15,344	59,757	28,475	57,367

3. Information on banks:

a) Information on Banks:

	31 March 2023		31 December 2022	
	TL	FC	TL	FC
Banks				
Domestic	14,041	717,507	14,294	1,077,305
Foreign	-	735,716	-	593,663
Total	14,041	1,453,223	14,294	1,670,968

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:

	31 March 2023		31 December 2022	
	TL	FC	TL	FC
Given as Collateral or Blocked	23,959	360,245	31,581	351,689
Total	23,959	360,245	31,581	351,689

As of 31 March 2023, financial assets at fair value through other comprehensive income other than those given as collaterals or subject to repurchase agreements amounting to TL 279,927 are unrestricted (31 December 2022: None.).

Financial Assets at Fair Value Through Other Comprehensive Income includes loans with a fair value of TL 11,843,985 and marketable securities amounting to TL 58,456 (31 December 2022: TL 7,358,045).

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 31 MARCH 2023

(Amounts expressed in “Thousands of 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:

	31 March 2023	31 December 2022
Debt Instruments	376,063	384,759
Listed	376,063	384,759
Unlisted	-	-
Equity Instruments	-	-
Listed	-	-
Unlisted	-	-
Impairment Provision (-)	-	-
Total	376,063	384,759

* Loans amounting to TL 11,902,441 under the financial assets at fair value through other comprehensive income in the assets of the bank are not included in the table.(31 December 2022: TL 7,358,045)

5. Information related to loans:

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

	31 March 2023		31 December 2022	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	1,749,212	-	1,808,581
Loans Given to Legal Entity Partners	-	1,749,212	-	1,808,581
Loans Given to Real Person Partners	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	4,077	-	4,038	-
Total	4,077	1,749,212	4,038	1,808,581

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

		Loans Under Close Monitoring		
		Restructured Loans		
31 March 2023	Standard Loans	Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-Specialized Loans	26,386,016	513,799	735	4,299
Enterprise Loans	15,614,033	-	-	4,155
Export Loans	5,432,716	123,383	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	3,871,141	-	-	-
Consumer Loans	262,103	5,758	735	144
Credit Cards	22,612	-	-	-
Other	1,183,411	384,658	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	26,386,016	513,799	735	4,299

ICBC TURKEY BANK ANONİM ŞİRKETİ
**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

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

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

31 December 2022	Loans Under Close Monitoring			
	Standard Loans	Loans Not Subject to restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-Specialized Loans	25,413,272	362,359	1,385,436	1,782
Enterprise Loans	12,368,740	-	1,385,352	-
Export Loans	1,296,721	114,030	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	11,040,365	-	-	-
Consumer Loans	382,637	3,860	84	1,683
Credit Cards	17,315	-	-	99
Other	307,560	244,469	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	25,413,338	362,359	1,385,436	1,782

	31 March 2023		31 December 2022	
	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	300,014	-	260,912	-
Significant Increase in Credit Risk	-	150,647	-	554,903
Total	300,014	150,647	260,912	554,903

ICBC TURKEY BANK ANONİM ŞİRKETİ

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

I. Explanations and Notes on Consolidated Assets (continued)

5. Information related on loans (continued):

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

Current Period	Medium and		Total
	Short-Term	Long-Term	
Consumer Loans – TL	8,182	258,881	267,063
Mortgage Loans	-	216,191	216,191
Automotive Loans	-	2,150	2,150
Consumer Loans	8,182	30,884	39,066
Other	-	9,656	9,656
Consumer Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans: – FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards – TL	18,047	-	18,047
With Installment	4,507	-	4,507
Without Installment	13,540	-	13,540
Consumer Credit Cards – FC	789	-	789
With Installment	-	-	-
Without Installment	789	-	789
Personnel Loans – TL	637	1,040	1,677
Mortgage Loans	-	67	67
Automotive Loans	-	-	-
Consumer Loans	637	973	1,610
Other	-	-	-
Personnel Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards – TL	2,181	-	2,181
With Installment	709	-	709
Without Installment	1,472	-	1,472
Personnel Credit Cards – FC	219	-	219
With Installment	-	-	-
Without Installment	219	-	219
Credit Deposit Account – TL (Real Person)	4,858	-	4,858
Credit Deposit Account – FC (Real Person)	-	-	-
Total	34,913	259,921	294,834

ICBC TURKEY BANK ANONİM ŞİRKETİ

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

I. Explanations and Notes on Consolidated Assets (continued)

5. Information related on loans (continued):

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

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans – TL	9,176	281,541	290,717
Mortgage Loans	-	230,060	230,060
Automotive Loans	-	2,593	2,593
Consumer Loans	9,176	48,888	58,064
Other	-	-	-
Consumer Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards – TL	18,860	-	18,860
With Installment	5,147	-	5,147
Without Installment	13,713	-	13,713
Consumer Credit Cards – FC	1,055	-	1,055
With Installment	-	-	-
Without Installment	1,055	-	1,055
Personnel Loans – TL	751	1,187	1,938
Mortgage Loans	-	82	82
Automotive Loans	-	-	-
Consumer Loans	751	1,105	1,856
Other	-	-	-
Personnel Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards – TL	2,003	-	2,003
With Installment	640	-	640
Without Installment	1,363	-	1,363
Personnel Credit Cards – FC	97	-	97
With Installment	-	-	-
Without Installment	97	-	97
Credit Deposit Account – TL (Real Person)	4,313	-	4,313
Credit Deposit Account – FC (Real Person)	-	-	-
Total	36,255	282,728	318,983

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

I. Explanations and Notes on Consolidated Assets (continued)

5. Information related on loans (continued):

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

Current Period	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans – TL	48	38,981	39,029
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	48	35,342	35,390
Other	-	3,639	3,639
Commercial Installment Loans – Indexed to FC	-	-	-
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans – FC	348,089	5,128,439	5,476,528
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	348,089	5,128,439	5,476,528
Other	-	-	-
Corporate Credit Cards – TL	1,145	-	1,145
With Installment	46	-	46
Without Installment	1,099	-	1,099
Corporate Credit Cards – FC	231	-	231
With Installment	-	-	-
Without Installment	231	-	231
Credit Deposit Account – TL (Legal Entity)	14	-	14
Credit Deposit Account – FC (Legal Entity)	-	-	-
Total	349,527	5,167,420	5,516,947

Prior Period	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans – TL	185	108,723	108,908
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	185	108,723	108,908
Other	-	-	-
Commercial Installment Loans – Indexed to FC	-	-	-
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans – FC	467,612	5,102,284	5,569,896
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	467,612	5,102,284	5,569,896
Other	-	-	-
Corporate Credit Cards – TL	759	-	759
With Installment	51	-	51
Without Installment	708	-	708
Corporate Credit Cards – FC	173	-	173
With Installment	-	-	-
Without Installment	173	-	173
Credit Deposit Account – TL (Legal Entity)	86	-	86
Credit Deposit Account – FC (Legal Entity)	-	-	-
Total	468,815	5,211,007	5,679,822

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in "Thousands of TL" unless otherwise stated.)

I. Explanations and Notes on Consolidated Assets (continued)

5. Information related on loans (continued)

e) Loan concentration based on counterparties:

	31 March 2023	31 December 2022
Domestic Loans	26,783,931	25,680,653
Foreign Loans	248,560	1,524,218
Total	27,032,491	27,204,871

f) Loans granted to subsidiaries and associates: None (31 December 2022: None).

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

	31 March 2023	31 December 2022
Loans and Receivables with Limited Collectability	23	-
Loans and Receivables with Doubtful Collectability	3	10
Allocated for Loss Loans	127,332	36,872
Total	127,358	36,882

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	-	-	-
Restructured Loans and Other Receivables	-	-	-

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in “Thousands of TL” unless otherwise stated.)

I. Explanations and Notes on Consolidated Assets (continued)

5. Information related on loans (continued)

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

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

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Prior Period End Balance	-	181	41,679
Additions (+)	4,377	-	94,350
Transfers from Other Categories of Non-Performing Loans (+)	-	4,343	4,309
Transfers to Other Categories of Non-Performing Loans (-)	4,343	4,309	-
Collections (-)	7	2	12,936
Write-offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balances at End of the Period	27	213	127,402
Provision (-)	23	3	127,332
Net Balance on Balance Sheet	4	210	70

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

	Group III Loans with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period			
Balances at the End of the Period	-	-	168
Provision Amount (-)	-	-	168
Net Balance on Balance Sheet	-	-	-
Prior Period			
Balances at the End of the Period	-	-	168
Provision Amount (-)	-	-	168
Net Balance on Balance Sheet	-	-	-

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

I. Explanations and Notes on Consolidated Assets (continued)

5. Information related on loans (continued)

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

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

	Group III Loan with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period (Net)	4	210	70
Loans Allowed to Real Persons and Corporate Entities (Gross)	27	213	127,402
Provision Amount (-)	23	3	127,332
Loans Allowed to Real Persons and Corporate Entities (Net)	4	210	70
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
Prior Period (Net)	-	171	4,969
Loans Allowed to Real Persons and Corporate Entities (Gross)	-	181	41,679
Special Provision Amount (-)	-	10	36,710
Loans Allowed to Real Persons and Corporate Entities (Net)	-	171	4,969
Banks (Gross)	-	-	-
Special Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Special Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

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

	Group III Loan with Limited Collectability	Group IV Loans with Doubtful Collectability	Group V Uncollectible Loans
Current Period (Net)	-	-	1,840
Interest Accruals and Rediscounts and Valuation Differences	-	-	12,822
Provision amount (-)	-	-	10,982
Prior Period (Net)	-	-	1,451
Interest Accruals and Rediscounts and Valuation Differences	-	-	12,117
Provision Amount (-)	-	-	10,666

ICBC TURKEY BANK ANONİM ŞİRKETİ**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

(Amounts expressed in “Thousands of 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 31 March 2023, the Bank's government debt securities valued at amortized cost is TL 13,759,830 (31 December 2022: TL 11,700,486).

	31 March 2023	31 December 2022
Government Bonds	13,759,830	11,700,486
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	13,759,830	11,700,486

c) Information on financial assets at amortized cost:

	31 March 2023	31 December 2022
Debt Instruments	14,296,333	11,013,950
Listed	-	-
Unlisted	14,296,333	11,013,950
Value Increase / Impairment Provision ⁽¹⁾	293,529	1,485,320
Total	14,589,862	12,499,270

⁽¹⁾ Consists of change in interest accruals.

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

	31 March 2023	31 December 2022
Beginning Balance	12,499,270	7,997,444
Foreign Currency Differences on Monetary Assets	435,847	9,454,032
Purchases During Year	1,343,205	(4,042,277)
Disposals Through Sales and Redemptions	18,011	(2,395,249)
Value Increase / Impairment Provision ⁽¹⁾	293,529	1,485,320
Total	14,589,862	12,499,270

⁽¹⁾ Consists of change in interest accruals.**7. Information on associates (net):**

None (31 December 2022: None).

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

I. Explanations and Notes on Consolidated Assets (continued)

8. Information on subsidiaries (net):

As of 31 March 2023, 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:

- 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 31 March 2023, the Parent Bank has no unconsolidated subsidiary.
- e) Information on consolidated subsidiaries:

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

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

Total Assets	Shareholders’ Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit / Loss	Fair Value
1,303,906	349,375	6,339	60,411	-	18,612	9,884	-

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
11,745	10,700	198	639.6	-	26	(193)	-

- g) Movement of consolidated subsidiaries:

	31 March 2023	31 December 2022
Balance at the Beginning of the Period	75,998	75,998
Movements During the Period	-	-
Purchases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
Balance at the End of the Period	75,998	75,998

ICBC TURKEY BANK ANONİM ŞİRKETİ**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

(Amounts expressed in “Thousands of 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:

	31 March 2023	31 December 2022
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	75,998	75,998
Total	75,998	75,998

i) Listed subsidiaries: None (31 December 2022: None).

j) Subsidiaries disposed of during the current period: None (31 December 2022: None).

k) Subsidiaries purchased in the current period: None (31 December 2022: None).

9. Information on joint ventures (net):

The Parent Bank does not have any joint ventures (31 December 2022: None).

10. Information on financial lease receivables (net):

None (31 December 2022: None).

11. Information on hedging purpose derivatives:

The Group does not have derivative financial instruments for hedging purposes (31 December 2022: None).

12. Information on investment properties (net):

The Bank has no investment property (31 December 2022: 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 31 March 2023 and 31 December 2022.

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 31 MARCH 2023

(Amounts expressed in "Thousands of 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) 31 March 2023:

	Demand	Up to 1 Month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	103,444	707,206	215,229	23,520	67,611	-	-	1,117,010
Foreign Currency Deposits	5,026,053	11,418,469	2,920,229	151,499	280,389	293	-	19,796,932
Residents in Turkey	4,876,833	11,066,800	2,720,990	13,539	6,934	293	-	18,685,389
Residents Abroad	149,220	351,669	199,239	137,960	273,455	-	-	1,111,543
Public Sector Deposits	15,707	-	1,226,401	-	-	-	-	1,242,108
Commercial Deposits	308,716	143,053	200,949	-	-	-	-	652,718
Other Ins. Deposits	14,116	5,719	1,092	3	-	-	-	20,930
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	369,121	980,290	-	-	-	-	-	1,349,411
CBRT	-	-	-	-	-	-	-	-
Domestic Banks	249,317	980,290	-	-	-	-	-	1,229,607
Foreign Banks	119,803	-	-	-	-	-	-	119,803
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	5,837,156	13,254,737	4,563,900	175,022	348,000	293	-	24,179,108

(*) As of 31 March 2023, TL 436,236 (31 December 2022: TL 1,482,089) 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 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	73,985	138,937	662,586	680,982	108,895	7,620	-	1,673,005
Foreign Currency Deposits	3,366,296	1,932,281	11,259,750	271,854	559,420	29,855	-	17,419,456
Residents in Turkey	3,192,835	1,854,379	10,672,983	268,356	61,265	6,572	-	16,056,390
Residents Abroad	173,461	77,902	586,767	3,498	498,155	23,283	-	1,363,066
Public Sector Deposits	6,152	-	-	-	-	-	-	6,152
Commercial Deposits	269,805	242,111	25,550	786,083	1,204,709	-	-	2,528,258
Other Ins. Deposits	8,116	61	5,214	-	52	-	-	13,443
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	1,254,329	1,303,769	-	-	-	-	-	2,558,098
CBRT	-	-	-	-	-	-	-	-
Domestic Banks	1,133,663	1,303,769	-	-	-	-	-	2,437,432
Foreign Banks	120,666	-	-	-	-	-	-	120,666
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	4,978,683	3,617,159	11,953,100	1,738,919	1,873,076	37,475	-	24,198,412

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

II. Explanations and Notes on Consolidated Liabilities (continued)

1. Information on deposits (continued):

b) Information on deposit insurance:

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

Saving Deposits	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance
	31 March 2023	31 March 2023
Saving Deposits	731,550	385,566
Foreign Currency Savings Deposits	1,815,593	4,767,266
Other Saving Deposits	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
Total	2,547,143	5,152,832

Saving Deposits	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance
	31 December 2022	31 December 2022
Saving Deposits	785,049	888,210
Foreign Currency Savings Deposits	757,126	4,926,525
Other Saving Deposits	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
Total	1,542,175	5,814,735

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 2022: TL 15,067).

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

	31 March 2023	31 December 2022
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	15,067
Deposits and Other Accounts linked to Crimes Mentioned in 282 nd Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey	-	-

ICBC TURKEY BANK ANONİM ŞİRKETİ**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

II. Explanations and Notes on Consolidated Liabilities (continued)**2. Payables to Money Markets:**

As of 31 March 2023, the Group has funds from repo transactions amounting to TL 4,339,828 (31 December 2022: TL 731,806).

3. Derivative financial liabilities:

Derivative financial liabilities statement:

	31 March 2023		31 December 2022	
	TL	FC	TL	FC
Forwards Transactions	13,130	30,867	25,857	18,553
Swaps Transactions	-	34,609	6,742	422,122
Total	13,130	65,476	32,599	440,675

4. Information on funds borrowed:

a) Information on banks and other financial institutions:

	31 March 2023		31 December 2022	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks and Institutions	732,894	-	908,549	-
Foreign Banks, Institutions and Funds	-	28,927,850	1,534,388	23,995,166
Total	732,894	28,927,850	2,442,937	23,995,166

b) Contractual maturities of funds borrowed:

	31 March 2023		31 December 2022	
	TL	FC	TL	FC
Short-Term	732,894	12,461,372	2,442,937	12,752,348
Medium and Long-Term	-	16,466,478	-	11,242,818
Total	732,894	28,927,850	2,442,937	23,995,166

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 560,355 (31 December 2022: TL 291,659) 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):

	31 March 2023		31 December 2022	
	TL	FC	TL	FC
Less than 1 Year	36,409	-	62,929	-
Between 1-4 Years	2,486	-	2,674	-
More Than 4 Years	82,345	-	41,226	-
Total	121,240	-	106,829	-

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

The Group does not have derivative financial instruments for hedging purposes (31 December 2022: None).

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of 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 completed 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 31 March 2023, this amount is restricted with full TL 19,982.83 (31 December 2022: full TL 15,371.40). 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.

	31 March 2023	31 December 2022
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:

	31 March 2023	31 December 2022
Balance at Prior Period End	81,572	28,799
Current Year Provisions	15,180	47,354
Paid in Current Year	(1,850)	(1,908)
Actual Loss/ (Gain)		7,327
Balance at the End of the Period	94,902	81,572

As at 31 March 2023, the Group has vacation pay liability amounting TL 10,378 (31 December 2022: TL 36,485).

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

As at 31 March 2023, there is no foreign exchange differences on foreign currency indexed loans (31 December 2022: 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 (31 December 2022: TL 7,015)

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

As at 31 March 2023, the Parent Bank has provision for credit card service promotions amounting TL 60 (31 December 2022: TL 98).

d.3) Information on other provisions:

As at 31 March 2023, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 29,410 (31 December 2022: TL 28,878).

As at 31 March 2023, there is provision for personnel bonus amounting TL 196,478 (31 December 2022: TL 242,018).

As at 31 March 2023, the Group has provision for non-cash loans amounting to TL 141,800 (31 December 2022: TL 140,376).

ICBC TURKEY BANK ANONİM ŞİRKETİ**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in “Thousands of TL” unless otherwise stated.)

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

a) Information on taxes payable:

	31 March 2023	31 December 2022
Corporate Taxes Payable	510,789	378,603
Taxation on Securities	6,111	9,461
Property Tax	442	448
Booking and Insurance Transaction Tax (BITT)	11,838	13,076
Foreign Exchange Tax	-	-
Value Added Tax Payable	3,334	1,815
Other	14,743	23,800
Total	547,257	427,203

b) Information on premiums payable:

	31 March 2023	31 December 2022
Social Security Premiums- Employee	4,875	3,635
Social Security Premiums- Employer	5,731	4,038
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	346	259
Unemployment Insurance- Employer	693	518
Other	-	-
Total	11,645	8,450

c) Information on deferred tax liabilities:

As of 31 March 2023, the Parent Bank has no deferred tax liabilities.(31 December 2022: 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
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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:**

	31 March 2023	31 December 2022
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:

	31 March 2023		31 December 2022	
	TL	FC	TL	FC
From Investment in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Revaluation Difference	(581)	115,169	192	116,368
Foreign Exchange Difference	-	-	-	-
Total	(581)	115,169	192	116,368

ICBC TURKEY BANK ANONİM ŞİRKETİ**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

(Amounts expressed in “Thousands of 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:**

	31 March 2023	31 December 2022
Forward purchase and sale commitments	1,159,401	386,288
Commitment for use guaranteed credit allocation	29,750	30,597
Credit cards limit commitments	103,515	98,802
Payment commitments for cheques	10,182	5,711
Credit card commitments given with applications for promotion	-	-
Tax and fund obligations arising from export commitments	3	3
Other irrevocable commitments	330	260
Total	1,303,181	521,661

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.

	31 March 2023	31 December 2022
Letters of guarantee	5,865,078	5,518,636
Bank acceptance loans	-	-
Letters of credit	3,903,803	3,893,609
Other guarantees	9,244,498	4,316,375
Total	19,013,379	13,728,620

c) Total amount of non-cash loans:

	31 March 2023	31 December 2022
Non-Cash Loans Given for Cash Loan Risks	713,307	150,772
With Original Maturity of 1 Year or Less	432,558	27,653
With Original Maturity of More Than 1 Year	280,749	123,119
Other Non-Cash Loans	18,300,072	13,577,848
Total	19,013,379	13,728,620

ICBC TURKEY BANK ANONİM ŞİRKETİ

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

(Amounts expressed in “Thousands of 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:

	31 March 2023		31 March 2022	
	TL	FC	TL	FC
Interest Income Received from Loans ⁽¹⁾				
Short Term Loans	98,156	193,928	136,269	19,695
Medium and Long Term Loans	62,035	363,350	44,018	146,481
Loans Under Follow-Up	6,380	-	950	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	166,571	557,278	181,237	166,176

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

b) Information on interest income received from banks:

	31 March 2023		31 March 2022	
	TL	FC	TL	FC
From Central Bank of The Republic of Turkey	13,062	-	6,179	-
From Domestic Banks	5,640	5,940	1,180	408
From Foreign Banks	-	10,714	-	890
From Foreign Offices and Branches	-	-	-	-
Total	18,702	16,654	7,359	1,298

c) Information on interest income received from securities portfolio:

	31 March 2023		31 March 2022	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Other Comprehensive Income	1,011	9,803	29,120	11,870
Financial Assets Measured at Amortized Cost	454,223	82,560	521,442	78,648
Total	455,234	92,363	550,562	90,518

d) There is no Information on interest income received from associates and subsidiaries: (31 March 2022: None)

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of 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:

	31 March 2023		31 March 2022	
	TL	FC	TL	FC
Banks ⁽¹⁾				
Central Bank of The Republic of Turkey	-	-	-	-
Domestic Banks	27,993	-	4	-
Foreign Banks	11,196	348,929	42,910	43,415
Foreign Branches and Offices Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	39,189	348,929	42,914	43,415

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

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

None.

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

d) Maturity structure of the interest expense on deposits:

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

31 March 2023		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	-	9,836	-	-	-	-	-	9,836
Saving Deposits	-	5,225	28,636	10,594	3,674	388	-	48,517
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	3,628	6,846	16,026	38,050	-	-	64,550
Other Deposits	-	7	196	-	2	-	-	205
Total	-	18,696	35,678	26,620	41,726	388	-	123,108
Foreign Currency								
Foreign Currency Deposits	-	2,588	58,311	760	3,030	192	-	64,881
Bank Deposits	-	106	-	-	-	-	-	106
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	2,694	58,311	760	3,030	192	-	64,987
	-	21,390	93,989	27,380	44,756	580	-	188,095
Grand Total								

31 March 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	-	7,189	-	-	-	-	-	7,189
Saving Deposits	-	4,857	49,843	7,242	250	92	-	62,284
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	4,442	35,323	18	10,301	-	-	50,084
Other Deposits	-	18	695	-	1	-	-	714
Total	-	16,506	85,861	7,260	10,552	92	-	120,271
Foreign Currency								
Foreign Currency Deposits	-	617	32,363	111	1,643	142	-	34,876
Bank Deposits	-	1,538	-	-	-	-	-	1,538
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	2,155	32,363	111	1,643	142	-	36,414
Grand Total	-	18,661	118,224	7,371	12,195	234	-	156,685

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

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

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

	31 March 2023	31 March 2022
Profit	1,168,575	1,969,588
Capital Market Gains	4,332	8,517
Derivative Gains	440,929	1,250,022
Foreign Exchange Gains	723,314	711,049
Loss (-)	1,060,518	1,891,211
Capital Market Losses	12	-
Derivative Losses	490,879	1,174,837
Foreign Exchange Losses	569,627	716,374

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:

	31 March 2023	31 March 2022
Allowance for Expected Credit Losses	(266,481)	119,406
12-Month Expected Credit Losses (Stage 1)	77,442	76,852
Significant Increase in Credit Risk (Stage 2)	(442,787)	42,055
Credit-Impaired (Stage 3)	98,864	499
Impairment Provisions for Securities	5,656	5,399
Financial Assets at Fair Value		
Through Profit or Loss	5,125	878
Financial Assets at Fair Value		
Through Other Comprehensive Income	531	4,521
Impairment Provisions Related to Investments in Associates, Subsidiaries and Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	2,131
Total	(260,825)	126,936

ICBC TURKEY BANK ANONİM ŞİRKETİ**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

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

	31 March 2023	31 March 2022
Reserve for Employee Termination Benefits	19,117	7,298
Reserve for Bank’s Social Aid Fund Deficit	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	18,072	8,229
Impairment Expenses of Intangible Assets	-	-
Impairment Expenses of Goodwill	-	-
Depreciation Expenses on Intangible Assets	2,700	1,676
Impairment Expenses of Investments in Associates	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	-	15
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	46,868	25,362
Leasing Expenses related to TFRS 16 Exemptions	426	899
Repair and Maintenance Expenses	11,239	6,336
Advertisement Expenses	247	191
Other Expenses	34,956	17,936
Loss on Sale of Assets	-	-
Other ⁽¹⁾	54,541	54,038
Total	141,298	96,618

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

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

8. Taxes on income from continued and discontinued operations:

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

As of 31 March 2023, the Bank's current tax expense is TL 132,185 (31 March 2022: TL 340,199).

As at 31 March 2023, the Bank has deferred tax expense amounting to TL 250,043 (31 March 2022: TL 2,074 deferred tax expense) and deferred tax income amounting to TL 169,128 (31 March 2022: TL 186,333 deferred tax income).

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EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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

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

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

10. Information on net profit and loss

- a) If it is required that the nature of the income and expense items arising from ordinary banking transactions, size and repetition rate for the understanding of the Parent Bank's performance over the period, the nature and amount of these items: None.
- b) The profit / loss effect of a change in the estimate made in relation to the financial statement items, if any, is likely to affect subsequent periods: None.
- c) There is no profit/loss of minority interests (31 December 2022: 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.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

V. Explanations on the Parent Bank’s Risk Group

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

a) 31 March 2023:

Current Period Parent Bank’s Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		The Parent Bank’s Direct and Indirect Shareholders		Other Components In Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables	-	-	-	-	-	-
Balance at the Beginning of the Period	21	2	-	1,315,089	28	40
Balance at the End of the Period	94,021	-	-	1,703,642	58	40
Interest and Commission Income Received	330	-	-	-	-	-

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

As of 31 March 2023, the Bank has placements amounting to TL 192,015 (31 December 2022: TL 39,352) in banks in the risk group.

Prior Period Parent Bank’s Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		The Parent Bank’s Direct and Indirect Shareholders		Other Components In Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables	-	-	-	-	-	-
Balance at the Beginning of the Period	1	-	-	1,001,523	25	-
Balance at the End of the Period	21	2	-	1,749,212	28	40
Interest and Commission Income Received	-	-	-	-	-	-

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

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

Current Period Parent Bank’s Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		The Parent Bank’s Direct and Indirect Shareholders		Other Components In Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Deposits						
Balance at the beginning of the Period		657,327		20,025		5,224
Balance at the End of the Period		52,078		119,900		4,132
Interest on Deposits		23		-		16

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

Prior Period Parent Bank’s Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		The Parent Bank’s Direct and Indirect Shareholders		Other Components In Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Deposits						
Balance at the beginning of the Period		-		122,229		3,625
Balance at the End of the Period		657,327		20,025		5,224
Interest on Deposits		-		-		16

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

As of 31 March 2023, the Parent Bank has loans amounting to TL 8,107,916 (31 December 2022: TL 15,443,846) from banks in the risk group.

As of 31 March 2023, the Parent Bank has subordinated loans amounting to TL 4,415,070 (31 December 2022: TL 5,613,721) 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 31 March 2023, the Group has no derivative transactions with the risk group it is included in (31 December 2022: None).

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

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

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

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

In the Bank’s transactions with its risk group, pricing policy and other matters are determined and applied at market conditions. As of 31 March 2023, proportion of cash loans to risk group in total cash loans is 0.0002% (31 December 2022: 0.074%) and proportion of deposits from its risk group in total deposits is 1.86% (31 December 2022: 0.8%). Proportion of borrowings from its risk group in total funds borrowed is 56.95% (31 December 2022: 30.3%)

As a result of other activities in the risk group of the Bank, other commission income is amounting to TL 1 (31 March 2022: TL 1), other operating income is amounting to TL 1,219 (31 March 2022: TL 1,219) and there are no other operating expenses (31 March 2022: None). There are no other commission expenses (31 March 2022: None).

In the current period, benefits provided to the Group’s key management amount to TL 14,548 (31 March 2022: TL 14,548).

VI. Explanation and Notes on Subsequent Events

None.

ICBC TURKEY BANK ANONİM ŞİRKETİ

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

(Amounts expressed in “Thousands of 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 31 March 2023 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 28 April 2023 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 31 MARCH 2023

(Amounts expressed in “Thousands of 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 31 March 2023 is as follows:

Name of the Shareholder – 31 March 2023	Shareholding Amount (Full TL)	Percentage (%)
Industrial and Commercial Bank of China Limited (ICBC)	798,428,227	92.84
Publicly Traded	61,571,773	7.16
Grand Total	860,000,000	100.00

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

2. Shares Owned by Executives

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

3. Amendments in Articles of Association During the Period

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

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

Name	Position and Areas of Responsibility
Xiangyang Gao	Chairman of the Board of Directors
Shaoxiong Xie (*)	Member of the Board of Directors and 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 Yanik	Independent Member of the Board of Directors

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

Name (**)	Position and Areas of Responsibility
Shaoxiong Xie (*)	General Manager - Member of the Board of Directors
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 Döver	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

(*) Following the departure of General Manager Shaoxiong Xie from the Bank as of 10 January 2022, Jinhong Li, in accordance with Article 23 of the Banking Law, in the absence of the General Manager, acted as Acting General Manager and natural member of the Board of Directors, Vice Chairman of the Credit Committee and member of the Risk Management Committee of the Board of Directors as of 10 January 2022.

(**) Effective from 1 April 2022, Chunyi Zheng was appointed as Acting General Manager and Executive Vice President responsible for Project and Corss Border, Retail Banking, General Secretariat of the Management Office, Credit and Investment Management, Investment Banking.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of 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)	31 March 2023	31 December 2022	%
Total Assets	69,554	61,965	0.12
Deposits ⁽¹⁾	24,179	24,198	-
Loans ⁽²⁾	38,876	34,507	0.13
Shareholders' Equity	3,695	3,137	0.18
Profit ⁽³⁾	563	392	0.46

⁽¹⁾ Excluding bank deposits.

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

⁽³⁾ Prior period profit figure is the balance on 31 March 2022.

Financial Figures %	31 March 2023	31 December 2022	%
Return on Assets ⁽³⁾	0.81	2.26	(1.45)
Return on Equity ⁽³⁾	15.26	19.60	(4.38)
Capital Adequacy Ratio	25.57	29.99	(14.74)
Loans/ Total Assets ⁽²⁾	38.87	43.90	(5.04)
Deposits/ Total Assets ⁽¹⁾	34.76	39.05	(4.29)
NPL Ratio	0.09	0.11	(0.01)

⁽¹⁾ Excluding bank deposits.

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

⁽³⁾ Prior period profit figure is the balance on 31 March 2022.

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

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

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

Despite the gradual decline in inflation in developed countries, the central banks continued to raise interest rates in the first quarter of the year as inflation was still well above the targeted 2% level. The US Federal Reserve raised interest rates by 25 basis points each at its January and March meetings, while the European Central Bank (ECB) raised rates by 50 basis points each at its February and March meetings. The recovery in the EUR/USD parity, which started in the last quarter of last year with the convergence of interest rates in the Euro Area to the Dollar interest rate, continued in the first quarter of the year and the parity increased to 1.09. The recent fluctuations in the banking sector both in the US and Europe strengthen the expectation that central banks are reaching the end of the monetary tightening process. On the other hand, the high course of inflation highlights the possibility that interest rates may remain at current levels for a longer period of time. In the Turkish economy, annual inflation continued to decline in the first quarter of the year due to the base effect, while the annualised current account deficit increased to the highest level since 2014 due to strong import demand. While economic activity started the first quarter of the year with a recovery in economic activity due to domestic demand, the earthquake disaster caused the risks to growth to increase in the short term. While the CBRT cut the policy rate by 50 basis points in the first quarter of the year, taking into account the negative effects of the earthquake disaster on production and employment in the short term, market interest rates continued to increase due to the high course of inflation expectations. In the rest of the year, the effects of the earthquake disaster on both economic growth and external balance are expected to be closely monitored. In addition, whether there will be a change in economic policies after the elections and its possible effects on the markets is expected to be one of the important issues on the agenda of the banking sector.

Kind Regards,

XIANGYANG GAO
Chairman of the Board of Directors

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023**

(Amounts expressed in “Thousands of TL” unless otherwise stated.)

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

3. Letter from the Deputy General Manager:

The first quarter of 2023 was a period in which the central banks of developed countries continued their policy tightening steps, but this also brought the risks on the banking sector to the fore. The rapid increase in the policy rate by the US Federal Reserve caused the return on treasury papers and other fixed-income securities to increase significantly and this situation caused problems in the asset management of some banks. In this context, Silicon Valley Bank and Signature Bank in the US were taken over by the FDIC due to the massive outflow of deposits and the destruction of their balance sheets, and the situation was recorded as the second and third largest bank failure in American history. In Europe, a similar situation was experienced by Credit Suisse, the second largest bank in Switzerland. With the support of the regulatory authorities, a solution to the current crisis was found with the acquisition of Silicon Valley Bank by First Citizens Bank and Credit Suisse by UBS, the largest bank in Switzerland. Despite the banking crisis, both the FED and the ECB continued to increase interest rates in the first quarter of the year, taking into account the high course of inflation. The FED increased the policy rate by 25 basis points each in both its January and March meetings and gave the message that interest rate increases would continue unless the expected improvement in inflation was observed. The European Central Bank, on the other hand, increased interest rates by 50 basis points each at its meetings in February and March, bringing the policy rate to its highest level since 2008. Despite the tight monetary policies, the fact that inflation is still well above the targeted level of 2% strengthens the expectation that the high course of interest rates will continue for a while. On the other hand, given the recent fluctuations in the banking sector in the US and Europe, the chance for switching for further monetary tightening has become limited.

With the contribution of the recent stabilisation in the Turkish Lira and the base effect, inflation continued to decrease in the first quarter of the year and annual inflation decreased to 55.18% from 64.27% at the end of the year. Due to the ongoing deterioration in the foreign trade balance, the annualised current account deficit continued to increase and reached above USD 50 billion. Following the slowdown in economic activity in the second half of 2022, leading indicators pointed to a recovery in domestic demand in the first quarter of the year. Aftermath of the earthquake, which can be described as the disaster of the century, risks to economic growth increased in the short term and the CBRT cut the policy rate by 50 basis points in the first quarter of the year. Despite the policy rate reduction, some of the market interest rates increased in the first quarter of the year. Government bond returns, which had fallen to single-digit levels due to macroprudential measures, increased back to double-digit levels, while Turkish Lira deposit rates continued to increase. It is likely that the growth in total output will remain relatively weak due to the diminishing contribution of external demand to growth due to the slowdown in the global economy, especially in the first half of the year.

Compared to the end of the previous year, total TL deposits increased by TL 2,824 billion to TL 4,458 billion and TL time deposits increased from TL 1,397 billion to TL 4,139 billion. In the same period, total FX deposits increased from USD 1,086 billion to USD 1,286 billion, while FX time deposits increased from USD 897 million to USD 1,067 billion. When the loan volume of the Bank is analysed, it is observed that TL retail loans decreased by TL 60 million and corporate loans decreased from TL 3,874 billion to TL 3,685 billion. With these figures, total TL loan portfolio decreased by TL 245 billion to TL 4,033 billion. Foreign currency loans, on the other hand, increased by USD 68 million. The Bank's TL securities portfolio increased by TL 2,900 million in the third quarter of the year.

Kind Regards,

CHUNYI ZHENG
Deputy General Manager

ICBC TURKEY BANK ANONİM ŞİRKETİ

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in “Thousands of 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 Parent 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 31 March 2023”.

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 31 March 2023 is given below:

Donation Institution (full amount)	Amount (TL)
Earthquake Donation	1,000
Türkiye Bankalar Birliği	64
Türk Eğitim Vakfı	6
Total	1,070

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 interim period ended at 31 March 2023 are published under the “Financial Information” heading in the “Investor Relations” section of the Bank’s website addressed www.icbc.com.tr.