

*(Convenience Translation of Consolidated Interim Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note I in Section Three)*

## **ICBC Turkey Bank Anonim Şirketi**

**Consolidated Interim Financial Statements  
As at and For Nine-Month Period Ended  
30 September 2018**

**With Auditors' Review Report Thereon**

*(Convenience Translation of Consolidated Interim Financial Statements  
and Related Disclosures and Footnotes Originally Issued in Turkish)*

25 October 2018

*This report includes "Auditors' Review Report"  
comprising 2 pages and; "Consolidated Financial  
Statements and Related Disclosures and Footnotes"  
comprising 96 pages.*



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Convenience Translation of the Auditors' Review Report Originally Prepared and  
Issued in Turkish to English (See Note I in Section Three)

#### REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL INFORMATION

To the Board of Directors of ICBC Turkey Bank Anonim Şirketi;

##### *Introduction*

We have reviewed the consolidated balance sheet of ICBC Turkey Bank A.Ş. (the "Bank") and its consolidated subsidiary (together the "Group") as at 30 September 2018 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information 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 Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by the aforementioned legislations. 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 Standard on Review Engagements (SRE) 2410, "Limited 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 performed in accordance with the 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 financial information does not present fairly the financial position of the Group as at 30 September 2018 and of the results of its operations and its cash flows for the nine-month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

### *Report on other legal and regulatory requirements*

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section VII, is not consistent with the consolidated financial statements and disclosures in all material respects.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of KPMG International Cooperative



Orhan Akova, SMMM  
Partner

25 October 2018  
Istanbul, Turkey

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

The accounting principles summarized in Note 1 to Section 3, may differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.



**ICBC TURKEY BANK A. Ş.**  
**NINE-MONTH CONSOLIDATED FINANCIAL REPORT AS AT 30 SEPTEMBER 2018**

**Address of the Bank's**

Headquarters : Maslak Mah. Dereboyu/2 Caddesi No:13 34398 Sarıyer - İstanbul  
Telephone Number : (0212) 335 53 35  
Fax Number : (0212) 328 13 28  
Website of the Bank : www.icbc.com.tr  
E-mail : info@icbc.com.tr

The nine-month consolidated financial report prepared in accordance with the "Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and 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
- DISCLOSURES ON APPLIED ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION OF THE CONSOLIDATED GROUP AND RISK MANAGEMENT
- DISCLOSURES AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS
- AUDITOR'S REVIEW REPORT
- INTERIM ACTIVITY REPORT

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

The nine-month consolidated financial statements and related disclosures and footnotes that were subject to independent 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.

**GAO XIANGYANG**

Chairman of  
Board of Directors

**WANG YING**

Member of Board  
of Directors and  
Audit Committee

**CHEN YUBAO**

General Manager (On  
Behalf Of), Member  
of Board of  
Directors, Deputy  
General Manager  
Responsible for  
Financial Control  
Group

**LIU FEIGUO**

Chairman of Audit  
Committee, Member  
Of Board of Directors

**HE YAFENG**

Unit Manager

Contact information for questions on this financial report:

Name-Surname : He Yafeng  
Tel No : 0212 335 52 18  
Fax No : 0212 328 13 23



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## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

(Amounts expressed in thousands of Turkish Lira ("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 24 September 1985, 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 29 April 1986 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 30 September 2018 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 22 May 2015 for approving the resignation of members of Board of Directors and selecting new members on 28 April 2015 in the Public Disclosure Platform (KAP). 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 A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

Title	Name	Job Description	Education
Chairman of the Board of Directors :	Gao Xiangyang <sup>(1)</sup>	Chairman of the Board of Directors	Graduate
Member of the Board of Directors and Audit Committee:	Wang Ying	Independent Member of the Board of Directors and Audit Committee	Graduate
Member of the Board of Directors:	Chen Yubao <sup>(2)</sup>	General Manager (On Behalf of) and Member of the Board of Directors	Graduate
	Jinhong Li <sup>(4)</sup>	Deputy General Manager and Member of the Board of Directors	Graduate
	Zheng Jianfeng	Member of the Board of Directors	Graduate
	Liu Peiguo <sup>(3)</sup>	Chairman of the Audit Committee and Member of the Board of Directors	Graduate
	Mehmet Hilmi Güler	Independent Member of Board Of Directors	Graduate
Deputy General Managers:	Chen Yubao <sup>(2)</sup>	Financial Control Group	Graduate
	Jinhong Li <sup>(4)</sup>	Operations and Legal Consultancy Group	Graduate
Assistant General Managers <sup>(5)</sup> :	Hüseyin H. İmece	Treasury and Investors Relations Group	Under-Graduate
	Bozok Evrenosoğlu	Loans Group	Under-Graduate
	D Halit Döner	International Relations Group	Graduate
	Kadir Karakurum	Retail Banking Group	Graduate
Head of the Board of Inspectors:	Celal Efe Şeran	President of Inspectors' Group	Under-Graduate

<sup>(1)</sup> The Chairman of the Board of Directors Xu Keen has resigned from the membership of the board on 24 July 2018. At the same date, Gao Xiangyang has been assigned as a Chairman of the Board of Directors.

<sup>(2)</sup> Due to the appointment of Mr. Gao Xiangyang, who has been General Manager and member of Board of Directors, as the Chairman of Board of Directors, Mr. Chen Yubao has been appointed as Deputy General Manager until the appointment of the new general manager.

<sup>(3)</sup> Since the Chairman of the Board of Directors Xu Keen has resigned from the Chairman of the Audit Committee on 24 July 2018, at the same date Liu Peiguo has been appointed as the Chairman of the Audit Committee.

<sup>(4)</sup> Jinhong Li has been appointed as the Deputy General Manager, Assistant General Manager Responsible for Operations and Legal Consultancy Group on 25 July 2018.

<sup>(5)</sup> As of 12 October 2018, Başbuğ Yavuz Samancıoğlu, Assistant General Manager in charge of Corporate and Commercial Banking Group, resigned from his position.

These people mentioned above do not own any share of the Parent Bank.

#### IV. Type of services provided and the areas of operations of the Parent Bank

The operations of the Parent Bank consist of corporate and commercial 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., Vakıf Emeklilik A.Ş., Fiba Emeklilik ve Hayat A.Ş., HDI Sigorta A.Ş. and Axa Sigorta A.Ş.

As at 30 September 2018, the Parent Bank has 44 branches close to industrial zones of Turkey. The Parent Bank has 792 employees as at 30 September 2018 (As at 31 December 2017 number of branches was 44, number of employees was 810).

The Parent Bank and its subsidiary, ICBC Turkey Yatırım Menkul Değerler A.Ş. have been consolidated. As at 30 September 2018, 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.

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

**V. 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.

**VI. 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.

**VII. Other information**

Bank's Official Title : ICBC Turkey Bank A.Ş. (Formerly named as Tekstil Bankası A.Ş.)  
Reporting Period : 1 January – 30 September 2018  
Address of Bank's Headquarters : Maslak Mah. Dereboyu/2 Caddesi No:13 34398 Sarıyer - İstanbul  
Telephone number : (0212) 335 53 35  
Fax number : (0212) 328 13 28  
Bank's Internet Address : www.icbc.com.tr  
Reporting Currency : Thousands of Turkish Lira



## **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 A.Ş. AND ITS SUBSIDIARY**
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**
**AS AT 30 SEPTEMBER 2018**

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

ASSETS	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA		
		Reviewed CURRENT PERIOD <sup>(1)</sup>		
		30/09/2018		
		TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>2,040,742</b>	<b>3,939,836</b>	<b>5,980,578</b>
1.1.Cash and cash equivalents		474,097	1,680,705	2,154,802
1.1.1 Cash and balances with Central Bank of Turkey	(5.1.1)	265,068	1,159,136	1,424,204
1.1.2 Banks	(5.1.3)	1,305	521,569	522,874
1.1.3 Receivables from Money Markets		207,724	-	207,724
1.2.Financial assets at fair value through profit or loss		10,390	-	10,390
1.2.1 Public debt securities		-	-	-
1.2.2 Equity instruments		1,903	-	1,903
1.2.3 Other financial assets		8,487	-	8,487
1.3.Financial assets at fair value through other comprehensive income	(5.1.4)	992,714	1,754,394	2,747,108
1.3.1 Public debt securities		992,714	598,394	1,591,108
1.3.2 Equity instruments		-	8,219	8,219
1.3.3 Other financial assets		-	1,147,781	1,147,781
1.4.Financial assets measured at amortized cost	(5.1.6)	510,590	511,923	1,022,513
1.4.1 Public sector debt securities		510,590	156,602	667,192
1.4.2 Other financial assets		-	355,321	355,321
1.5.Derivative financial assets	(5.1.2)	55,400	529	55,929
1.5.1 Derivative financial assets at fair value through profit or loss		55,400	529	55,929
1.5.2 Derivative financial assets at fair value through other comprehensive income		-	-	-
1.6.Non-performing financial assets		160	-	160
1.7.Allowance for expected credit losses (-)		2,609	7,715	10,324
<b>II. LOANS (Net)</b>	(5.1.5)	<b>3,226,690</b>	<b>6,016,722</b>	<b>9,243,412</b>
2.1.Loans		3,234,392	6,104,087	9,338,479
2.1.1 Loans measured at amortized cost		3,234,392	6,104,087	9,338,479
2.1.2 Loans at fair value through profit or loss		-	-	-
2.1.3 Loans at fair value through other comprehensive income		-	-	-
2.2.Receivables from leasing transactions		-	-	-
2.2.1 Financial lease receivables		-	-	-
2.2.2 Operational lease receivables		-	-	-
2.2.3 Unearned income (-)		-	-	-
2.3.Factoring receivables		-	-	-
2.3.1 Factoring receivables measured at amortized cost		-	-	-
2.3.2 Factoring receivables at fair value through profit or loss		-	-	-
2.3.3 Factoring receivables at fair value through other comprehensive income		-	-	-
2.4.Non-performing loans		111,262	-	111,262
2.5.Allowance for expected credit losses (-)		118,964	87,365	206,329
2.5.1 12-Month expected credit losses (Stage 1)		12,307	28,785	41,092
2.5.2 Significant increase in credit risk (Stage 2)		13,343	58,580	71,923
2.5.3 Credit Impaired (Stage 3/ Specific Provisions)		93,314	-	93,314
<b>III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCOUNTED OPERATIONS" (Net)</b>	(5.1.14)	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held from discontinued operations		-	-	-
3.2 Related to discontinued operations		-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>	(5.1.8)	<b>-</b>	<b>-</b>	<b>-</b>
4.1.Investments in associates (Net)		-	-	-
4.1.1 Associates accounted by using equity method		-	-	-
4.1.2 Non-consolidated associates		-	-	-
4.2.Investments in subsidiaries (Net)		-	-	-
4.2.1 Non-consolidated financial subsidiaries		-	-	-
4.2.2 Non-consolidated non-financial subsidiaries		-	-	-
4.3. Joint Ventures (Net)		-	-	-
4.3.1 Joint ventures accounted by using equity method		-	-	-
4.3.2 Non-consolidated joint ventures		-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>		<b>34,223</b>	<b>-</b>	<b>34,223</b>
<b>VI. INTANGIBLE ASSETS AND GOODWILL (Net)</b>		<b>5,347</b>	<b>-</b>	<b>5,347</b>
6.1 Goodwill		-	-	-
6.2 Other		5,347	-	5,347
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(5.1.12)	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>7</b>	<b>-</b>	<b>7</b>
<b>IX. DEFERRED TAX ASSET</b>	(5.1.13)	<b>43,904</b>	<b>-</b>	<b>43,904</b>
<b>X. OTHER ASSETS</b>	(5.1.15)	<b>51,808</b>	<b>30,741</b>	<b>82,549</b>
<b>TOTAL ASSETS</b>		<b>5,402,721</b>	<b>9,987,299</b>	<b>15,390,020</b>

<sup>(1)</sup> The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS AT 30 SEPTEMBER 2018**

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

ASSETS		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA		
			Audited PRIOR PERIOD <sup>(1)</sup> 31/12/2017		
			TL	FC	TOTAL
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(5 I 1)	103,390	1,247,081	1,350,471
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5 I 2)	30,549	691	31,240
2.1	Trading Securities		30,549	691	31,240
2.1.1	Public Sector Debt Securities		-	-	-
2.1.2	Share Certificates		28	-	28
2.1.3	Positive Value of Trading Derivatives		-	691	691
2.1.4	Other Securities		30,521	-	30,521
2.2	Financial Assets Designated at Fair Value		-	-	-
2.2.1	Public Sector Debt Securities		-	-	-
2.2.2	Share Certificates		-	-	-
2.2.3	Loans		-	-	-
2.2.4	Other Securities		-	-	-
III.	BANKS	(5 I 3)	285	1,604,682	1,604,967
IV.	INTERBANK MONEY MARKET		9,600	-	9,600
4.1	Interbank Money Market Placements		-	-	-
4.2	Istanbul Stock Exchange Money Market Placements		9,600	-	9,600
4.3	Receivables from Reverse Repurchase Agreements		-	-	-
V.	INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	(5 I 4)	907,478	1,081,532	1,989,010
5.1	Share Certificates		160	3,947	4,107
5.2	Public Sector Debt Securities		907,318	369,973	1,277,291
5.3	Other Securities		-	707,612	707,612
VI.	LOANS	(5 I 5)	3,731,017	3,949,804	7,680,821
6.1	Loans		3,706,641	3,949,804	7,656,445
6.1.1	Loans Utilized to the Bank's Risk Group		82	548,335	548,417
6.1.2	Public Sector Debt Securities		-	-	-
6.1.3	Others		3,706,559	3,401,469	7,108,028
6.2	Loans Under Follow-Up		96,523	-	96,523
6.3	Specific Provisions (-)		72,147	-	72,147
VII.	FACTORING RECEIVABLES		-	-	-
VIII.	INVESTMENT SECURITIES HELD-TO-MATURITY (Net)	(5 I 6)	205,029	288,384	493,413
8.1	Public Sector Debt Securities		205,029	92,143	297,172
8.2	Other Securities		-	196,241	196,241
IX.	INVESTMENTS IN ASSOCIATES (Net)	(5 I 7)	-	-	-
9.1	Equity Method Associates		-	-	-
9.2	Unconsolidated Associates		-	-	-
9.2.1	Financial Associates		-	-	-
9.2.2	Non-Financial Associates		-	-	-
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(5 I 8)	-	-	-
10.1	Unconsolidated Financial Subsidiaries		-	-	-
10.2	Unconsolidated Non-Financial Subsidiaries		-	-	-
XI.	JOINT VENTURES (Net)	(5 I 9)	-	-	-
11.1	Equity Method Joint Ventures		-	-	-
11.2	Unconsolidated Joint Ventures		-	-	-
11.2.1	Financial Joint Ventures		-	-	-
11.2.2	Non-Financial Joint Ventures		-	-	-
XII.	LEASE RECEIVABLES (Net)	(5 I 10)	-	-	-
12.1	Financial Lease Receivables		-	-	-
12.2	Operational Lease Receivables		-	-	-
12.3	Others		-	-	-
12.4	Unearned Income (-)		-	-	-
XIII.	HEDGING DERIVATIVES	(5 I 11)	-	-	-
13.1	Fair Value Hedge		-	-	-
13.2	Cash Flow Hedge		-	-	-
13.3	Hedging of a Net Investment in Foreign Subsidiaries		-	-	-
XIV.	TANGIBLE ASSETS (Net)		36,765	-	36,765
XV.	INTANGIBLE ASSETS (Net)		5,194	-	5,194
15.1	Goodwill		-	-	-
15.2	Others		5,194	-	5,194
XVI.	INVESTMENT PROPERTY (Net)	(5 I 12)	-	-	-
XVII.	TAX ASSETS	(5 I 13)	10,619	-	10,619
17.1	Current Tax Assets		-	-	-
17.2	Deferred Tax Assets		10,619	-	10,619
XVIII.	ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)	(5 I 14)	-	-	-
18.1	Held For Sale		-	-	-
18.2	Discontinued Operations		-	-	-
XIX.	OTHER ASSETS	(5 I 15)	77,360	26,100	103,460
TOTAL ASSETS			5,117,286	8,198,274	13,315,560

<sup>(1)</sup> The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**
**AS AT 30 SEPTEMBER 2018**

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

EQUITY AND LIABILITIES	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA		
		Reviewed CURRENT PERIOD <sup>(1)</sup> 30/09/2018		
		TL	FC	Total
<b>I. DEPOSITS</b>	(5 II 1)	1,864,241	4,502,443	6,366,684
<b>II. LOANS RECEIVED</b>	(5 II 3)	1,555,329	5,331,737	6,887,066
<b>III. MONEY MARKET FUNDS</b>		184,152	275,083	459,235
<b>IV. MARKETABLE SECURITIES (Net)</b>		-	-	-
4 1 Bills		-	-	-
4 2 Asset backed securities		-	-	-
4 3 Bonds		-	-	-
<b>V. FUNDS</b>		-	-	-
5 1 Borrower funds		-	-	-
5 2 Other		-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(5 II 2)	719	3,637	4,356
7 1 Derivative financial liabilities at fair value through profit or loss		719	3,637	4,356
7 2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-
<b>VIII. FACTORING PAYABLES</b>		-	-	-
<b>IX. LEASE PAYABLES</b>	(5 II 5)	-	-	-
9 1 Financial lease payables		-	-	-
9 2 Operating lease payables		-	-	-
9 3 Other		-	-	-
9 4 Deferred financial lease expenses (-)		-	-	-
<b>X. PROVISIONS</b>	(5 II 7)	38,937	4,337	43,274
10 1 Provision for restructuring		-	-	-
10 2 Reserves for employee benefits		15,943	-	15,943
10 3 Insurance technical reserves (Net)		-	-	-
10 4 Other provisions		22,994	4,337	27,331
<b>XI. CURRENT TAX LIABILITIES</b>	(5 II 8)	34,390	-	34,390
<b>XII. DEFERRED TAX LIABILITIES</b>		-	-	-
<b>XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)</b>	(5 II 9)	-	-	-
13 1 Held for sale		-	-	-
13 2 Related to discontinued operations		-	-	-
<b>XIV. SUBORDINATED DEBT</b>		-	-	-
14 1 Loans		-	-	-
14 2 Other debt instruments		-	-	-
<b>XV. OTHER LIABILITIES</b>	(5 II 4)	121,534	350,537	472,071
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5 II 11)	1,200,386	(77,442)	1,122,944
16 1 Paid-in capital		860,000	-	860,000
16 2 Capital reserves		(495)	-	(495)
16 2 1 Equity share premiums		(587)	-	(587)
16 2 2 Share cancellation profits		-	-	-
16 2 3 Other capital reserves		92	-	92
16 3 Other accumulated comprehensive income or loss that will not be reclassified in profit or loss		(24,630)	(77,442)	(102,072)
16 4 Other accumulated comprehensive income or loss that will be reclassified in profit or loss		-	-	-
16 5 Profit reserves		246,680	-	246,680
16 5 1 Legal reserves		14,737	-	14,737
16 5 2 Statutory reserves		-	-	-
16 5 3 Extraordinary reserves		174,577	-	174,577
16 5 4 Other profit reserves		57,366	-	57,366
16 6 Profit or loss		118,831	-	118,831
16 6 1 Prior years' profits or losses		47,268	-	47,268
16 6 2 Current period net profit or loss		71,563	-	71,563
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,999,688</b>	<b>10,390,332</b>	<b>15,390,020</b>

<sup>(1)</sup> The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

**KPMG**
**BAĞIMSIZ DENETİM ve  
SERBEST MÜHÜR  
MALİ MÜŞAVİRLİK A.Ş.**

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS AT 30 SEPTEMBER 2018**

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

LIABILITIES AND EQUITY		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA		
			Audited <sup>(1)</sup>		
			PRIOR PERIOD 31/12/2017		
			TL	FC	TOTAL
<b>I. DEPOSITS</b>		(5 II 1)	1,501,051	1,844,050	3,345,101
1 1 Deposits of the Bank's Risk Group			70,045	841	70,886
1 2 Other			1,431,006	1,843,209	3,274,215
<b>II. NEGATIVE VALUE OF TRADING DERIVATIVES</b>		(5 II 2)	13,857	415	14,272
<b>III. FUNDS BORROWED</b>		(5 II 3)	6,614	6,981,424	6,988,038
<b>IV. DUE TO MONEY MARKETS</b>			1,149,966	-	1,149,966
4 1 Interbank Money Market			637,677	-	637,677
4 2 Istanbul Stock Exchange			-	-	-
4 3 Obligations Under Repurchase Agreements			512,289	-	512,289
<b>V. SECURITIES ISSUED (Net)</b>			-	-	-
5 1 Bills			-	-	-
5 2 Asset Backed Securities			-	-	-
5 3 Bonds			-	-	-
<b>VI. FUNDS</b>			-	-	-
6 1 Bank Borrowers' Funds			-	-	-
6 2 Other			-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>			30,088	390,640	420,728
<b>VIII. OTHER EXTERNAL RESOURCES</b>		(5 II 4)	77,431	37,117	114,548
<b>IX. FACTORING PAYABLES</b>			-	-	-
<b>X. LEASE PAYABLES (Net)</b>		(5 II 5)	-	-	-
10 1 Financial Lease Payables			-	-	-
10 2 Operational Lease Payables			-	-	-
10 3 Other			-	-	-
10 4 Deferred Financial Leasing Expenses ( - )			-	-	-
<b>XI. HEDGING PURPOSE DERIVATIVES</b>		(5 II 6)	-	-	-
11 1 Fair Value Hedge			-	-	-
11 2 Cash Flow Hedge			-	-	-
11 3 Foreign of a Net Investment in Foreign Subsidiaries			-	-	-
<b>XII. PROVISIONS</b>		(5 II 7)	141,123	-	141,123
12 1 General Provisions			104,344	-	104,344
12 2 Restructuring Provisions			-	-	-
12 3 Reserve for Employee Benefits			15,977	-	15,977
12 4 Insurance Technical Provisions (Net)			-	-	-
12 5 Other Provisions			20,802	-	20,802
<b>XIII. TAX LIABILITY</b>		(5 II 8)	29,490	-	29,490
13 1 Current Tax Liability			29,490	-	29,490
13 2 Deferred Tax Liability			-	-	-
<b>XIV. PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		(5 II 9)	-	-	-
14 1 Held For Sale			-	-	-
14 2 Discontinued Operations			-	-	-
<b>XV. SUBORDINATED LOANS</b>		(5 II 10)	-	-	-
<b>XVI. SHAREHOLDERS' EQUITY</b>		(5 II 11)	1,110,127	2,167	1,112,294
16 1 Paid-in Capital			860,000	-	860,000
16 2 Supplementary Capital			3,478	2,167	5,645
16 2 1 Share Premium			(587)	-	(587)
16 2 2 Valuation Differences of Securities			-	-	-
16 2 3 Marketable Securities Valuation Differences			(7,763)	2,167	(5,596)
16 2 4 Revaluation Fund on Tangible Assets			11,646	-	11,646
16 2 5 Revaluation Fund on Intangible Assets			-	-	-
16 2 6 Revaluation Fund on Investment Property			-	-	-
16 2 7 Capital Bonus of Associates, Subsidiaries and Joint Ventures			-	-	-
16 2 8 Hedging Funds (Effective Portion)			-	-	-
16 2 9 Revaluation Differences on Assets Held for Sale and Discontinued Operations			-	-	-
16 2 10 Other Supplementary Capital			182	-	182
16 3 Profit Reserves			201,682	-	201,682
16 3 1 Legal Reserves			11,937	-	11,937
16 3 2 Status Reserves			-	-	-
16 3 3 Extraordinary Reserves			132,379	-	132,379
16 3 4 Other Profit Reserves			57,366	-	57,366
16 4 Profit or Loss			44,967	-	44,967
16 4 1 Prior Periods' Profit or Loss			(3,316)	-	(3,316)
16 4 2 Current Period Profit or Loss			48,283	-	48,283
<b>TOTAL LIABILITIES AND EQUITY</b>			4,059,747	9,255,813	13,315,560

<sup>(1)</sup> The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS**
**AS AT 30 SEPTEMBER 2018**

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

	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA		
		Reviewed		
		CURRENT PERIOD <sup>(1)</sup>		
		30/09/2018		
		TL	FC	TOTAL
<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>664,844</b>	<b>4,038,340</b>	<b>4,703,184</b>
<b>I. GUARANTEES AND WARRANTIES</b>		<b>367,962</b>	<b>2,288,169</b>	<b>2,656,131</b>
1.1 Letters of guarantee	(5 IV 1)	367,962	1,899,770	2,267,732
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		367,962	1,899,770	2,267,732
1.2 Bank acceptances		-	-	-
1.2.1 Import letter of acceptance		-	-	-
1.2.2 Other bank acceptances		-	-	-
1.3 Letters of credit		-	-	-
1.3.1 Documentary letters of credit		-	256,517	256,517
1.3.2 Other letters of credit		-	87,535	87,535
1.4 Prefinancing given as guarantee		-	168,982	168,982
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		-	131,882	131,882
1.9 Other warranties		-	-	-
<b>II. COMMITMENTS</b>	(5 IV 1)	<b>123,155</b>	<b>27,289</b>	<b>150,444</b>
2.1 Irrevocable commitments		123,155	27,289	150,444
2.1.1 Asset purchase and sales commitments		7,204	27,289	34,493
2.1.2 Deposit purchase and sales commitments		-	-	-
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-
2.1.4 Loan granting commitments		29,857	-	29,857
2.1.5 Securities issue brokerage commitments		-	-	-
2.1.6 Commitments for reserve requirements		-	-	-
2.1.7 Commitments for checks payments		8,906	-	8,906
2.1.8 Tax and fund liabilities from export commitments		144	-	144
2.1.9 Commitments for credit card limits		68,508	-	68,508
2.1.10 Receivables from "short" sale commitments on securities		192	-	192
2.1.11 Receivables from short sale commitments on securities		-	-	-
2.1.12 Payables for short sale commitments on securities		-	-	-
2.1.13 Other irrevocable commitments		8,344	-	8,344
2.2 Revocable commitments		-	-	-
2.2.1 Revocable loan granting commitments		-	-	-
2.2.2 Other revocable commitments		-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>173,727</b>	<b>1,722,882</b>	<b>1,896,609</b>
3.1 Hedging purpose derivatives		-	-	-
3.1.1 Fair value hedges		-	-	-
3.1.2 Cash flow hedges		-	-	-
3.1.3 Hedging of a net investment in foreign subsidiaries		-	-	-
3.2 Trading purpose derivatives		173,727	1,722,882	1,896,609
3.2.1 Forward foreign currency purchase and sale		4,237	4,682	8,919
3.2.1.1 Forward foreign currency purchase		4,237	439	4,676
3.2.1.2 Forward foreign currency sale		-	4,243	4,243
3.2.2 Currency and interest rate swaps		169,490	1,718,200	1,887,690
3.2.2.1 Currency swap purchase		60,220	905,051	965,271
3.2.2.2 Currency swap sale		109,270	813,149	922,419
3.2.2.3 Interest rate swap purchase		-	-	-
3.2.2.4 Interest rate swap sale		-	-	-
3.2.3 Currency, interest rate and securities options		-	-	-
3.2.3.1 Currency purchase options		-	-	-
3.2.3.2 Currency sale options		-	-	-
3.2.3.3 Interest rate purchase options		-	-	-
3.2.3.4 Interest rate sale options		-	-	-
3.2.3.5 Securities purchase options		-	-	-
3.2.3.6 Securities sale options		-	-	-
3.2.4 Currency futures		-	-	-
3.2.4.1 Currency purchase futures		-	-	-
3.2.4.2 Currency sale futures		-	-	-
3.2.5 Interest rate futures		-	-	-
3.2.5.1 Interest rate purchase futures		-	-	-
3.2.5.2 Interest rate sale futures		-	-	-
3.2.6 Other		-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>10,167,545</b>	<b>26,866,977</b>	<b>37,034,522</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>5,133,893</b>	<b>5,076,180</b>	<b>10,210,073</b>
4.1 Customers' securities and portfolios held		-	-	-
4.2 Securities held in custody		1,440,651	18,363	1,459,014
4.3 Checks received for collection		59,226	5,695	64,921
4.4 Commercial notes received for collection		10,128	8,633	18,761
4.5 Other assets received for collection		-	-	-
4.6 Securities received for public offering		-	-	-
4.7 Other items under custody		3,614,652	5,037,809	8,652,461
4.8 Custodians		9,236	5,680	14,916
<b>V. PLEDGES RECEIVED</b>		<b>5,033,652</b>	<b>21,790,797</b>	<b>26,824,449</b>
5.1 Marketable securities		17,055	3	17,058
5.2 Guarantee notes		921	61	982
5.3 Commodity		95,619	330,934	426,553
5.4 Warrant		100	-	100
5.5 Immovables		3,818,409	14,544,675	18,363,084
5.6 Other pledged items		1,101,548	6,915,124	8,016,672
5.7 Pledged items-Depository		-	-	-
<b>VI. ACCEPTED GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)</b>		<b>10,832,389</b>	<b>30,905,317</b>	<b>41,737,706</b>

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**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS**
**AS AT 30 SEPTEMBER 2018**

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

	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA		
		Audited PRIOR PERIOD <sup>1)</sup> 31/12/2017		
		TL	FC	TOTAL
<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>1,622,911</b>	<b>3,057,170</b>	<b>4,680,081</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(5 IV 1)	<b>520,682</b>	<b>1,268,501</b>	<b>1,789,183</b>
1.1 Letters of guarantee		520,682	1,155,059	1,675,741
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		520,682	1,155,059	1,675,741
1.2 Bank acceptances		-	-	-
1.2.1 Import letter of acceptance		-	-	-
1.2.2 Other bank acceptances		-	-	-
1.3 Letters of credit		-	68,919	68,919
1.3.1 Documentary letters of credit		-	51,933	51,933
1.3.2 Other letters of credit		-	16,986	16,986
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		-	44,523	44,523
1.9 Other warranties		-	-	-
<b>II. COMMITMENTS</b>	(5 IV 1)	<b>190,237</b>	<b>9,662</b>	<b>199,899</b>
2.1 Irrevocable commitments		190,237	9,662	199,899
2.1.1 Asset purchase and sales commitments		8,697	9,662	18,359
2.1.2 Deposit purchase and sales commitments		-	-	-
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-
2.1.4 Loan granting commitments		29,033	-	29,033
2.1.5 Securities issue brokerage commitments		-	-	-
2.1.6 Commitments for reserve requirements		-	-	-
2.1.7 Commitments for cheque payments		73,028	-	73,028
2.1.8 Tax and fund liabilities from export commitments		5	-	5
2.1.9 Commitments for credit card limits		67,403	-	67,403
2.1.10 Commitments for credit cards and banking services promotions		193	-	193
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		11,878	-	11,878
2.2 Revocable commitments		-	-	-
2.2.1 Revocable loan granting commitments		-	-	-
2.2.2 Other revocable commitments		-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>911,992</b>	<b>1,779,007</b>	<b>2,690,999</b>
3.1 Derivative financial instruments held for hedging		-	-	-
3.1.1 Fair value hedges		-	-	-
3.1.2 Cash flow hedges		-	-	-
3.1.3 Foreign net investment hedges		-	-	-
3.2 Trading transactions		911,992	1,779,007	2,690,999
3.2.1 Forward foreign currency purchase and sale transactions		-	3,350	3,350
3.2.1.1 Forward foreign currency purchase transactions		-	1,675	1,675
3.2.1.2 Forward foreign currency sale transactions		-	1,675	1,675
3.2.2 Currency and interest rate swaps		911,992	1,775,657	2,687,649
3.2.2.1 Currency swap purchase transactions		-	1,335,803	1,335,803
3.2.2.2 Currency swap sale transactions		911,992	439,854	1,351,846
3.2.2.3 Interest rate swap purchase transactions		-	-	-
3.2.2.4 Interest rate swap sale transactions		-	-	-
3.2.3 Currency, interest rate and securities options		-	-	-
3.2.3.1 Currency purchase options		-	-	-
3.2.3.2 Currency sale options		-	-	-
3.2.3.3 Interest rate purchase options		-	-	-
3.2.3.4 Interest rate sale options		-	-	-
3.2.3.5 Securities purchase options		-	-	-
3.2.3.6 Securities sale options		-	-	-
3.2.4 Currency futures		-	-	-
3.2.4.1 Currency purchase futures		-	-	-
3.2.4.2 Currency sale futures		-	-	-
3.2.5 Interest rate futures		-	-	-
3.2.5.1 Interest rate purchase futures		-	-	-
3.2.5.2 Interest rate sale futures		-	-	-
3.2.6 Other		-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>9,180,376</b>	<b>11,321,250</b>	<b>20,501,626</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>4,886,303</b>	<b>1,313,990</b>	<b>6,200,293</b>
4.1 Customer fund and portfolio balances		-	-	-
4.2 Securities held in custody		1,365,063	11,754	1,376,817
4.3 Checks received for collection		44,934	2,266	47,200
4.4 Commercial notes received for collection		6,925	5,979	12,904
4.5 Other assets received for collection		-	-	-
4.6 Securities received for public offering		-	-	-
4.7 Other items under custody		3,464,457	1,290,628	4,755,085
4.8 Custodians		4,924	3,363	8,287
<b>V. PLEDGES RECEIVED</b>		<b>4,294,073</b>	<b>10,007,260</b>	<b>14,301,333</b>
5.1 Marketable securities		16,600	2	16,602
5.2 Guarantee notes		1,367	38	1,405
5.3 Commodity		128,854	956,904	1,085,758
5.4 Warrant		300	-	300
5.5 Innovables		2,972,167	7,256,918	10,229,085
5.6 Other pledged items		1,174,785	1,793,398	2,968,183
5.7 Depositors receiving pledged items		-	-	-
<b>VI. ACCEPTED GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)</b>		<b>10,803,287</b>	<b>14,378,420</b>	<b>25,181,707</b>

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

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

INCOME STATEMENT	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA	
		Reviewed CURRENT PERIOD <sup>(1)</sup> (01/01/2018- 30/09/2018)	Reviewed CURRENT PERIOD <sup>(1)</sup> (01/07/2018 - 30/09/2018)
<b>I. INTEREST INCOME</b>	(5 III 1)	836,653	330,300
1 1 Interest on loans		580,046	224,879
1 2 Interest received from reserve deposits		22,244	9,239
1 3 Interest received from banks		5,333	1,978
1 4 Interest received from money market transactions		10,108	4,543
1 5 Interest received from marketable securities portfolio		217,324	89,226
1 5 1 Financial assets at fair value through profit or loss		-	-
1 5 2 Financial assets at fair value through other comprehensive income		161,858	62,084
1 5 3 Financial assets measured at amortized cost		55,466	27,142
1 6 Finance lease income		-	-
1 7 Other interest income		1,598	435
<b>II. INTEREST EXPENSES (-)</b>	(5 III 2)	514,581	223,619
2 1 Interest on deposits		276,093	118,711
2 2 Interest on funds borrowed		193,725	84,152
2 3 Interest on money market transactions		44,470	20,587
2 4 Interest on securities issued		-	-
2 5 Other interest expenses		293	169
<b>III. NET INTEREST INCOME/EXPENSE (I - II)</b>		322,072	106,681
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		78,338	48,849
4 1 Fees and commissions received		83,479	50,852
4 1 1 Non-cash loans		8,204	2,994
4 1 2 Other		75,275	47,858
4 2 Fees and commissions paid (-)		5,141	2,003
4 2 1 Non-cash loans		61	3
4 2 2 Other		5,080	2,000
<b>V. PERSONNEL EXPENSES (-)</b>	(5 III 6)	129,242	54,771
<b>VI. DIVIDEND INCOME</b>		1	-
<b>VII. TRADING PROFIT/LOSS (Net)</b>	(5 III 3)	(1,520)	23,752
7 1 Profit/(losses) from capital market transactions		8,134	3,287
7 2 Profit/(losses) from derivative financial transactions		232,303	145,762
7 3 Foreign exchange profit/losses		(241,957)	(125,297)
<b>VIII. OTHER OPERATING INCOME</b>	(5 III 4)	73,489	1,147
<b>IX. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		343,138	125,658
<b>X. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	(5 III 5)	160,262	106,506
<b>XI. OTHER OPERATING EXPENSES (-)</b>	(5 III 6)	85,091	24,286
<b>XII. NET OPERATING PROFIT/LOSS (IX-X-XI)</b>		97,785	(5,134)
<b>XIII. SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-
<b>XIV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-
<b>XV. NET MONETARY POSITION GAIN/LOSS</b>		-	-
<b>XVI. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+XIII+XIV+XV)</b>	(5 III 7)	97,785	(5,134)
<b>XVII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (+)</b>	(5 III 8)	(26,222)	2,958
17 1 Current tax provision		(12,846)	7,017
17 2 Expense effect of deferred tax (+)		(13,376)	(4,059)
17 3 Income effect of deferred tax (-)		-	-
<b>XVIII. NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS (XVI+XVII)</b>	(5 III 9)	71,563	(2,176)
<b>XIX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
19 1 Income from assets held for sale		-	-
19 2 Profit from sale of associates, subsidiaries and joint ventures		-	-
19 3 Other income from discontinued operations		-	-
<b>XX. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		-	-
20 1 Expenses on assets held for sale		-	-
20 2 Losses from sale of associates, subsidiaries and joint ventures		-	-
20 3 Other expenses for discontinued operations		-	-
<b>XXI. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (+) (XIX-XX)</b>	(5 III 7)	-	-
<b>XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (+)</b>	(5 III 8)	-	-
22 1 Current tax provision		-	-
22 2 Expense effect of deferred tax (+)		-	-
22 3 Income effect of deferred tax (-)		-	-
<b>XXIII. CURRENT PERIOD NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (XXI+XXII)</b>		-	-
<b>XXIV. CURRENT PERIOD NET PROFIT/(LOSS) (XVIII+XXIII)</b>	(5 III 9)	71,563	(2,176)
24 1 Group's Profit/(Loss)		71,563	(2,176)
24 2 Minority Shares' Profit/(Loss) (-)		-	-
Earnings/(Losses) per share (Full TL)		0.0083	(0.0003)

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**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

INCOME AND EXPENSE ITEMS		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA	
			Reviewed PRIOR PERIOD <sup>(1)</sup> (01/01/2017- 30/09/2017)	Reviewed PRIOR PERIOD <sup>(1)</sup> (01/07/2017 - 30/09/2017)
I.	INTEREST INCOME	(5 III 1)	518,595	174,310
I 1	Interest from Loans		362,204	139,271
I 2	Interest from Reserve Deposits		12,138	4,921
I 3	Interest from Banks		5,187	3,458
I 4	Interest from Money Market Transactions		3,437	1,892
I 5	Interest from Securities Portfolio		135,077	24,534
I 5 1	Trading Securities		-	-
I 5 2	Financial Assets at Fair Value Through Profit or Loss		-	-
I 5 3	Available for Sale Securities		113,215	18,300
I 5 4	Held to Maturity Securities		21,862	6,234
I 6	Interest from Financial Leases		-	-
I 7	Other Interest Income		552	234
II.	INTEREST EXPENSE	(5 III 2)	262,323	99,524
2 1	Interest on Deposits		147,979	57,263
2 2	Interest on Funds Borrowed		81,594	34,147
2 3	Interest on Money Market Transactions		32,676	8,092
2 4	Interest on Securities Issued		-	-
2 5	Other Interest Expense		74	22
III.	NET INTEREST INCOME (I - II)		256,272	74,786
IV.	NET FEE AND COMMISSION INCOME		48,207	19,977
4 1	Fees and Commissions Received		52,160	21,475
4 1 1	Non-Cash Loans		5,662	2,054
4 1 2	Other		46,498	19,421
4 2	Fees and Commissions Paid		3,953	1,498
4 2 1	Non-Cash Loans		117	39
4 2 2	Other		3,836	1,459
V.	DIVIDEND INCOME		8	-
VI.	TRADING INCOME/LOSS (Net)	(5 III 3)	(39,074)	(23,565)
6 1	Profit / (Loss) on Capital Market Transactions		6,915	2,888
6 2	Derivative Instruments Gain / (Loss)		(110,129)	(20,384)
6 3	Foreign Exchange Gain / (Loss)		64,140	(6,069)
VII.	OTHER OPERATING INCOME	(5 III 4)	14,563	4,518
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		279,976	75,716
IX.	IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)	(5 III 5)	33,848	4,673
X.	OTHER OPERATING EXPENSES (-)	(5 III 6)	165,278	56,499
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		80,850	14,544
XII.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XIII.	PROFIT / LOSS FROM EQUITY METHOD INVESTMENTS		-	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(5 III 7)	80,850	14,544
XVI.	TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5 III 8)	(23,036)	(4,445)
16 1	Current Tax Provision		(22,012)	1,633
16 2	Deferred Tax Provision		(1,024)	(6,078)
XVII.	NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(5 III 9)	57,814	10,099
XVIII.	PROFIT FROM DISCONTINUED OPERATIONS		-	-
18 1	Assets Held for Sale		-	-
18 2	Profit on Sale of Associates, Subsidiaries and Joint Ventures		-	-
18 3	Others		-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19 1	Assets Held for Sale		-	-
19 2	Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-
19 3	Others		-	-
XX.	P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)	(5 III 7)	-	-
XXI.	TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)	(5 III 8)	-	-
21 1	Current Tax Provision		-	-
21 2	Deferred Tax Provision		-	-
XXII.	NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	(5 III 9)	-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	(5 III 9)	57,814	10,099
23 1	Group's Profit / Loss		57,814	10,099
23 2	Minority Shares' Profit / Loss (-)		-	-
Earnings / (Loss) per Share (Full TL)			0 0102	0 0018

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**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		THOUSANDS OF TURKISH LIRA	
		Reviewed CURRENT PERIOD <sup>(1)</sup> (01/01/2018- 30/09/2018)	Reviewed CURRENT PERIOD <sup>(1)</sup> (01/07/2018- 30/09/2018)
<b>I.</b>	<b>PROFIT (LOSS)</b>	71,563	(2,176)
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	(108,200)	(42,427)
<b>2.1.</b>	<b>Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss</b>	-	-
2.1.1	Gains/(Losses) on Revaluation of Property, Plant and Equipment	-	-
2.1.2	Gains/(Losses) on Revaluation of Intangible Assets	-	-
2.1.3	Gains/(Losses) on Remeasurements of Defined Benefit Plans	-	-
2.1.4	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	-	-
2.1.5	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	-	-
<b>2.2.</b>	<b>Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	(108,200)	(42,427)
2.2.1	Exchange Differences on Translation	-	-
2.2.2	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	-	-
2.2.3	Income/(Loss) Related with Cash Flow Hedges	-	-
2.2.4	Income/(Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(135,250)	(53,034)
2.2.6	Tax Relating to Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	27,050	10,607
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>(36,637)</b>	<b>(44,603)</b>

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**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

INCOME/EXPENSE ITEMS RECOGNIZED IN EQUITY		THOUSANDS OF TURKISH LIRA	
		Reviewed PRIOR PERIOD <sup>(1)</sup> (01/01/2017 - 30/09/2017)	Reviewed PRIOR PERIOD <sup>(1)</sup> (01/07/2017 - 30/09/2017)
I.	ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS	25,124	1,184
II.	REVALUATION ON TANGIBLE ASSETS	-	-
III.	REVALUATION ON INTANGIBLE ASSETS	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES	-	-
V.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion of fair value changes)	-	-
VI.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion of fair value changes)	-	-
VII.	EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTIONS OF ERRORS	-	-
VIII.	OTHER PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY PER TURKISH ACCOUNTING STANDARDS	223	223
IX.	DEFERRED AND CURRENT TAXES ON VALUATION DIFFERENCES	(5,069)	(281)
X.	NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)	20,278	1,126
XI.	CURRENT PERIOD PROFIT/LOSS	57,814	10,099
11.1	Net Change in Fair Value of Securities (Transfer to Profit or Loss)	(2)	-
11.2	Ineffective Portion of Profit / Loss Related to Derivatives in Cash Flow Hedges	-	-
11.3	Ineffective Portion of Profit / Loss Related to Derivatives Used in Hedge of Net Investment in Foreign Subsidiaries	-	-
11.4	Other	57,816	10,099
XII.	TOTAL RECOGNIZED INCOME OR EXPENSE FOR THE PERIOD (X±XI)	78,092	11,225

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**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

Current period (*)	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss		Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		Profit Reserves	Prior Period Net Income (loss)	Current Period Net Income (loss)	Total Shareholders' Equity Without Minority Share		Minority Interest	Total Shareholders' Equity
					1	2	3	4	5	6					
I. Balances at Beginning of Period	860,000	(587)	-	182	11,646	-	-	-	(5,596)	-	48,283	1,112,294	-	-	1,112,294
II. Adjustments in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	47,764	-	-	47,764
2.1 Effect of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	47,764	-	-	47,764
III. New Balance (I+II)	860,000	(587)	-	182	11,646	-	-	-	(5,596)	-	48,283	1,160,058	-	-	1,160,058
IV. Total Comprehensive Income	-	-	-	(78)	-	-	-	-	(108,122)	-	-	(108,200)	-	-	(108,200)
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase through Internal resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital/ inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/(Decrease) through Others Changes	-	-	-	(12)	-	-	-	-	-	(496)	71,563	71,086	-	-	71,086
XL Profit Distribution	-	-	-	-	-	-	-	-	-	31	(48,283)	-	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	44,967	-	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	44,967	-	-	44,967
11.3 Others	-	-	-	-	-	-	-	-	-	3,316	(48,283)	(44,967)	-	-	(44,967)
<b>Balances at end of the period (III+IV+.....+X+XI) (30/09/2018)</b>	<b>860,000</b>	<b>(587)</b>	<b>-</b>	<b>92</b>	<b>11,646</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(113,718)</b>	<b>246,680</b>	<b>71,563</b>	<b>1,122,944</b>	<b>-</b>	<b>-</b>	<b>1,122,944</b>

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1. Tangible/ intangible assets revaluation reserves
2. Actuarial gains/(losses) on remeasurement of defined benefit plans
3. Other (other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss and other accumulated amounts of other comprehensive income that will not be reclassified to profit or loss)
4. Exchange differences on translation
5. Accumulated gains / (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income
6. Other (Accumulated gains / (losses) and 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 A.Ş. AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

	REVIEWED THOUSANDS OF TURKISH LIRA																		
	Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellation	Share Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves <sup>(1)</sup>	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Valuation Differences of Securities	Revaluation Fund on Tangible and Intangible Assets	Non-paid up shares from partnerships	Hedge Funds	Revaluation Fund on Assets Held for Sale and Discontinued Operations	Total Equity Attributable to Holders of the Parent	Minority Interests	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																			
30/09/2017																			
I. Balances at the beginning of period - 01/01/2017	420,000	-	(814)	-	-	11,669	-	127,271	57,918	18,749	(17,357)	(20,572)	10,143	-	-	-	607,007	-	607,007
II. Changes in the period																			
III. Increase / decrease related to mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Valuation difference of available-for-sale securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Hedging transactions (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Gain from hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedging on a net investment in foreign subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation of land on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation fund on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital bonus of associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes related to sale of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes related to reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of changes in equities of associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase	440,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	440,000	-	440,000
12.1 Cash	440,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	440,000	-	440,000
12.2 Domestic sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Issuances of share certificates	-	-	227	-	-	-	-	-	-	-	-	-	-	-	-	-	227	-	227
XIV. Abolition profit of share certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	210	-	-	-	-	-	-	-	210	-	210
XVI. Others	-	-	-	-	-	-	-	-	-	57,814	-	-	-	-	-	-	57,814	-	57,814
XVII. Current period net profit / loss	-	-	-	-	-	-	-	-	-	(18,749)	13,170	-	-	-	-	-	(203)	-	(203)
XVIII. Profit distribution	-	-	-	-	-	268	-	5,108	-	-	-	-	-	-	-	-	-	-	-
18.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transferred to reserves	-	-	-	-	-	268	-	5,108	-	(5,376)	-	-	-	-	-	-	-	-	-
18.3 Others	-	-	-	-	-	-	-	-	-	(13,173)	13,170	-	-	-	-	-	(203)	-	(203)
Balances at the end of period (I+II+III+...+XVI+XVII+XVIII)	860,000	-	(587)	-	-	11,937	-	132,379	58,128	57,814	(4,187)	(483)	10,143	-	-	-	1,125,144	-	1,125,144

(\*) The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

(1) The amounts presented under "Other Reserves" column consist of "Other Supplementary Capital" and "Other Profit Reserves" amounts presented on the balance sheet.

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

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**
**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

		THOUSANDS OF TURKISH LIRA
		Reviewed CURRENT PERIOD <sup>(1)</sup> (01/01/2018 - 30/09/2018)
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>	
<b>1.1</b>	<b>Operating Profit before Changes in Operating Assets and Liabilities</b>	<b>(360,200)</b>
1.1.1	Interest Received	657,082
1.1.2	Interest Paid	(471,400)
1.1.3	Dividend Received	1
1.1.4	Fees And Commissions Received	80,668
1.1.5	Other Income	66,115
1.1.6	Collections from Previously Written Off Loans and Other Receivables	6,404
1.1.7	Cash Payments to Personnel and Service Suppliers	(129,151)
1.1.8	Taxes Paid	(54,938)
1.1.9	Other	(514,981)
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities</b>	<b>1,250,247</b>
1.2.1	Net (Increase)/ Decrease in Financial Assets Measured at FV Through Profit/Loss	40,319
1.2.2	Net (Increase)/Decrease in Due From Banks	692,620
1.2.3	Net (Increase)/Decrease in Loans	(1,610,747)
1.2.4	Net (Increase)/Decrease in Other Assets	3,270
1.2.5	Net Increase/(Decrease) in Bank Deposits	223,781
1.2.6	Net Increase/(Decrease) in Other Deposits	2,780,195
1.2.7	Net Increase/(Decrease) in Financial Liabilities Measured at FV Through Profit/Loss	-
1.2.8	Net Increase/(Decrease) in Funds Borrowed	(817,277)
1.2.9	Net Increase/(Decrease) in Matured Payables	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	(61,914)
<b>I.</b>	<b>Net Cash Provided from Banking Operations</b>	<b>890,047</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<b>II.</b>	<b>Net Cash Provided from Investing Activities</b>	<b>(1,258,232)</b>
2.1	Cash Paid for Purchase of Associates and Subsidiaries, Joint Ventures	-
2.2	Cash Obtained From Sale of Associates and Subsidiaries, Joint Ventures	-
2.3	Cash Paid for the Purchase of Tangible and Intangible Assets	(2,776)
2.4	Cash Obtained From the Sale of Tangible and Intangible Assets	421,880
2.5	Cash Paid for the Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(494,026)
2.6	Cash Obtained From the Sale of Financial Assets at Fair Value Through Other Comprehensive Income	-
2.7	Cash Paid for the Purchase of Financial Assets Measured at Amortized Cost	(495,425)
2.8	Cash Obtained From the Sale of Financial Assets Measured at Amortized Cost	-
2.9	Other	(687,885)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
<b>III.</b>	<b>Net Cash Flows from Financing Activities</b>	<b>-</b>
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-
3.2	Cash Outflow From Funds Borrowed and Securities Issued	-
3.3	Equity Instruments Issued	-
3.4	Dividends Paid	-
3.5	Payments for Finance Leases	-
3.6	Other	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>246,846</b>
<b>V.</b>	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>(121,339)</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of Period</b>	<b>1,968,369</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of Period (V+VI)</b>	<b>1,847,030</b>

<sup>(1)</sup> The prior period financial statements and related disclosures are not re-stated as permitted by TFRS 9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**
**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

		THOUSANDS OF TURKISH LIRA
		Reviewed PRIOR PERIOD <sup>(1)</sup> (01/01/2017 - 30/09/2017)
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>	
<b>1.1</b>	<b>Operating Profit before Changes in Operating Assets and Liabilities</b>	<b>(9,333)</b>
1.1.1	Interest Received	413,870
1.1.2	Interest Paid	(242,365)
1.1.3	Dividend Received	8
1.1.4	Fees And Commissions Received	65,688
1.1.5	Other Income	(67,186)
1.1.6	Collections from Non-performing Loans	11,629
1.1.7	Payments to Personnel and Service Suppliers	(93,279)
1.1.8	Taxes Paid	(35,314)
1.1.9	Other	(62,384)
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities</b>	<b>852,529</b>
1.2.1	Net (Increase)/ Decrease in Financial Assets Measured at FV Through Profit/Loss	3,428
1.2.2	Net (Increase)/Decrease in Banks	-
1.2.3	Net (Increase)/Decrease in Loans	(209,489)
1.2.4	Net (Increase)/Decrease in Other Assets	(1,679,008)
1.2.5	Net (Increase)/Decrease in Bank Deposits	(24,684)
1.2.6	Net Increase/(Decrease) in Other Deposits	(347,025)
1.2.7	Net Increase/(Decrease) in Financial Liabilities Measured at FV Through Profit/Loss	639,091
1.2.8	Net Increase/(Decrease) in Funds Borrowed	2,318,992
1.2.9	Net Increase/(Decrease) in Due Payables	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	151,224
<b>I.</b>	<b>Net Cash Provided by / (Used in) Banking Operations</b>	<b>843,196</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<b>II.</b>	<b>Net Cash Provided from Investing Activities</b>	<b>(477,841)</b>
2.1	Cash Paid for Purchase of Investments, Associates and Subsidiaries (Joint Ventures)	-
2.2	Cash Obtained From Sale of Investments, Associates and Subsidiaries (Joint Ventures)	-
2.3	Fixed Assets Purchases	(1,335)
2.4	Fixed Assets Sales	125
2.5	Cash Paid for Purchase of Investments Available for Sale	(493,803)
2.6	Cash Obtained From Sale of Investments Available for Sale	194,290
2.7	Cash Paid for Purchase of Investment Securities	(176,288)
2.8	Cash Obtained from Sale of Investment Securities	-
2.9	Other	(830)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
<b>III.</b>	<b>Net Cash Provided by / (Used in) Financing Activities</b>	<b>440,227</b>
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-
3.3	Capital Increase	440,000
3.4	Dividends Paid	-
3.5	Payments for Finance Leases	-
3.6	Other	227
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>7,283</b>
<b>V.</b>	<b>Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>812,865</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of Period</b>	<b>721,925</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of Period (V+VI)</b>	<b>1,534,790</b>

<sup>(1)</sup> The prior period financial statements and related disclosures are not re-stated as permitted by TFRS 9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

**SECTION THREE  
ACCOUNTING POLICIES**

**I. Explanations on Basis of Presentation**

**Preparation of the consolidated financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks:**

The consolidated financial statements have been prepared in accordance with the "Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks" published in the Official Gazette no.26333 dated 1 November 2006 with regard to Banking Law No. 5411, and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations (all "Turkish Accounting Standards" or "TAS") put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA").

The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof", published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

Financial statements have been prepared in TL, under the historical cost convention except for financial assets at fair value through profit or loss, available-for-sale assets and negative value of trading derivatives carried at fair value and revalued buildings.

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

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

The amendments of TAS and TFRS which have entered into force as at 1 January 2018, except than IFRS 9 Financial Instruments, have no impact on the accounting policies, financial position and performance of the Group. It is not expected that the amendments to TAS and TFRS which are published but not yet effective as of the date of issuance of the financial statements will have a significant effect on the Bank's accounting policies, financial position and performance.

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

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Accounting policies and valuation principles used in the preparation of the consolidated financial statements are determined in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS"). In accordance with the transition rules of TFRS 9, the prior period financial statements and notes are not restated. Accounting policies and valuation principles used for the year 2018 and 2017 periods are separately presented in the notes and the accounting policies for the year 2017 are included in Section Three note XXVIII. Impacts of transition to TFRS 9 and its adoption is disclosed in Section Three Note XXVII.



## **ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

#### **II. Explanations on Strategy for the Use of Financial Instruments and the Foreign Currency Transactions**

##### **Strategy for the use of financial instruments:**

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

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

In order to avoid currency risk, the Parent Bank aims to balance foreign currency assets and liabilities through currency swaps. Currency risk, interest rate risk and liquidity risk are monitored and measured instantly by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Asset-liability management and value at risk models, stress tests and scenario analysis 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:**

Monetary assets and liabilities denominated in foreign currencies are translated by using currency exchange rates on the balance sheet date. The resulting exchange differences are recorded in the income statement as "Foreign Exchange Gain/Loss".

As at 30 September 2018, rates used for converting foreign exchange transactions to Turkish Lira and presenting them in financial statements are as follows (TL Full); USD: TL 6.0752, Euro: TL 7.1130, GBP: TL 7.9631, JPY: TL 0.0538.

There is no goodwill related to the Parent Bank's foreign operations.

#### **III. Explanations on Consolidated Subsidiaries and Associates**

The Parent Bank has no consolidated associate.

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 September 2018, 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 as at 30 September 2018 and 31 December 2017.

The Parent Bank and its consolidated subsidiary are named as "The Group".

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

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

The financial statements, which have been used in the consolidation are prepared as at 30 September 2018 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 A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

#### IV. Explanations on Derivative Financial Assets

The derivative transactions of the Group mainly consist of foreign currency swaps, foreign currency options and forward contracts. Spot currency buying-selling transactions and currency swaps with two days value date of the Group are classified under assets purchase and sale commitments.

Derivative instruments are classified as "Derivative Financial Assets Designated at Fair Value through Profit or Loss" in accordance with TFRS 9. The Parent Bank does not have any embedded derivatives.

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 Designated at Fair Value through Profit or Loss" under the "Derivative Financial Assets" or "Derivative Financial Liabilities Designated at Fair Value through Profit or 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 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 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.

#### V. Explanations on Interest Income and Expense

Interest is recognized using the effective interest method (the effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability) defined in TFRS 9. Interest income and expense computed by using internal rate of return are recognized on an accrual basis. In accordance with the related legislation, the Parent Bank ceases to accrue interest income on loans that become non-performing. Interest accrual does not start until such loans become performing and are classified as performing loans or until collection.

#### VI. Explanations on Fees and Commissions Income and Expense

Fee and commission income and expenses are accounted on accrual or cash basis relatively, depending on the nature of the transaction. Upfront commissions from cash and non-cash loans are allocated to related periods. Upfront fees from loans are discounted with effective interest rate method and allocated to related period's income.

#### VII. Explanations on Financial Assets

The Group recognizes its financial assets as "Fair Value Through Profit or Loss", "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 or Loss", transaction costs are added to fair value or deducted from fair value.

The Group categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost" based on the matters below:



## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

#### VII. Explanations on Financial Assets (Continued)

- 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 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 or Loss:

An asset is measured as financial assets at fair value through profit or loss for which fair values could not be measured at amortized cost or fair value through other comprehensive income. Financial assets valued at fair value through profit or loss are valued at their fair values and 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.

Interests calculated and/or earned by using the effective interest method during holding of financial assets measured at fair value through other comprehensive income are recorded primarily in interest income. In case of sale of such financial assets available-for-sale before maturity date, the difference between the sales income calculated as difference between the cost in accordance with the Uniform Chart of Accounts and the sale price and the recognized interest income is transferred to "trading income/losses".

##### 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 rate method. Interest income on financial assets measured at amortized cost is recorded as interest income in the income statement.

##### d. 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 items. All the loans of the Bank are recorded under the "Measured at Amortized Cost" account.

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

#### VIII. Explanations on Impairment of Financial Assets

##### Recognition of Expected Credit Losses

The Bank 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 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.

There is no provision for impairment of equity instruments.

In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under IFRS 9.

The Bank 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.

As of the date of initial recognition, 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 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 or its maturity date.

**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 matters are recognizing the risk of default occurring over the remaining life of the financial instrument that credit risk has increased significantly since initial recognition is performed at each reporting period.

**Stage 3:** When one or more events that negatively affect future estimated cash flows of a financial asset occur, the related financial asset has met with credit-impairment. For these assets, expected lifetime loss of credit is recorded.

##### Review of the Bank's Business Model

The 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;
- 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 bank management are determined.

## **ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

#### **VIII. Explanations on Impairment of Financial Assets (continued)**

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

The 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 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 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 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 Bank consider:

- Contingent events that would change the amount and timing of cash flows
- Leverage features
- Prepayment and extension terms
- Terms that limit the Bank's claim to cash flows from specified assets i.e. non-recourse asset arrangements
- Features that modify consideration for the time value of money (i.e. periodic reset of interest rates).

#### **IX. Explanations on Offsetting Financial Instruments**

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

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

#### **X. Explanations on Sale and Repurchase Agreements and Transactions Related to The Lending of Securities**

Securities sold under repurchase agreements ("repo") are classified as "FVTPL", "FVOCI" 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 classified separately under liability accounts and the related interest expenses are accounted on an accrual basis based on the difference between selling and repurchase prices using effective interest rate method.

Securities purchased under resale agreements ("reverse repo") are classified under "Receivables from Reverse Repurchase Agreements". An income accrual using the effective interest rate method is accounted for the positive difference between the purchase and resale prices earned during the period. The Parent Bank does not have any securities related to the lending.

#### **XI. Explanations on Assets Held for Sale and Discontinued Operations and Liabilities Related with These Assets**

Assets held for sale consist of assets that have high sales probability, have been planned to be sold, and an active program has been started to complete the plan and determine the buyers. Asset should be marketed the price compatible with fair value. Furthermore, the sales, starting from the day of classifications as held for sale, should be expected to be completed at within a year and the necessary activities should demonstrate that the possibility of having significant change in the plan or the cancellation of the plan is low.

The Group does not have any assets held for sale.

The Group does not have any discontinued operations.

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

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#### XII. Explanations on Goodwill and Other Intangible Assets

There is no goodwill in the accompanying consolidated financial statements as at 30 September 2018 and 31 December 2017.

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. Useful life of an asset is estimated by assessment of the expected life span of the asset and technical and technological wear outs of the asset. The amortization rates used approximate the useful lives of the assets.

#### XIII. 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
Furniture, office machinery and vehicles	3 – 50 years
Leasehold improvements	The shorter of the economic life of lease term

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end.

In cases where the expected future benefits of the assets are less than their net realizable value, the book values of such assets are reduced to their net realizable values and impairment losses are recorded as expense.

Gain and losses sourcing from disposal of plant, property and equipment 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 revaluation model for the buildings as permitted by TAS 16 "Property, Plant and Equipment". For this purpose, fair values of the buildings are determined by a third party appraiser, which is commissioned by BRSA and Capital Markets Board. The fair value surplus is recognized in "Revaluation Fund on Tangible Assets" within the equity items. As at 30 September 2018, revaluation surplus on tangible assets amounts to TL 12,259 (31 December 2017: TL 12,259).

#### XIV. Explanations on Leasing Activities

Assets acquired by financial leasing are recorded by considering the lower of the fair value of the leased asset and the present value of leasing payments. Tangible assets acquired by way of financial leasing are recognized in tangible assets and depreciated in line with tangible assets group they relate to. In cases where leased assets are impaired or the expected future benefits of the assets are less than their book values, the book values of such leased assets are reduced to their net realizable values. The obligations under financial leases arising from the lease contracts are presented under "Financial Lease Payables" account in the balance sheet. Interest expense and currency exchange rate differences related to leasing activities are recognized in the income statement. The Group does not enter into financial lease transactions by acting as the "lessor".

In operating leases, the rent payments are charged to the statement of profit or loss on an accrual basis.



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#### XV. Explanations on Provisions and Contingent Liabilities

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

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

#### XVI. 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 Group. 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.

#### XVII. Explanations on Obligations Related to Employee Rights

Obligations concerning employee severance indemnities and vacation pay are accounted for in accordance with the Turkish Accounting Standard 19 ("TAS 19") "Employee Benefits".

In accordance with existing legislation in Turkey, the Group have to make certain lump-sum payments to employees who has completed one year of service and whose employment is terminated due to retirement or reasons other than resignation or misconduct. Provision for employee severance benefits has been accounted for using discounting total provision and reflected to the consolidated financial statements.

#### XVIII. Explanations on Taxation

##### a. Current taxes:

While the corporate tax rate was at the rate of 20% since 1 January 2016, for all companies, such rate has been set as 22% for the tax bases of the years 2018, 2019 and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

This rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and other deductions on accounting income. 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. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

In accordance with the tax legislation, corporate taxes are paid in advance based on the tax base calculated on the quarterly earnings of the companies at the rate of 20%. These payments can be deducted from the annual corporate tax calculated for the whole year earnings. Such taxes paid in advance are deducted from the final corporate tax liability.

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

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

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#### XVIII. Explanations on Taxation (continued)

##### b. Deferred Taxes:

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.

If transactions and other occurrences are accounted at profit or loss; tax effects which are related to these transactions and other occurrences are also accounted at profit or loss. If transactions and other occurrences are directly accounted at equity balances; tax effects which are related to these transactions and other occurrences are also accounted at equity accounts. Tax provision of items that are directly related to equity is offsetted with related equity accounts.

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. Net deferred tax assets or liabilities of the entities in the Group which are calculated individually have not been offset.

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

##### c. Transfer Pricing:

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

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

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

#### XIX. 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 method.

#### XX. Explanations on Issued Stock

There is no issued stock in the current period.

#### XXI. Explanations on Acceptances

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

#### XXII. Explanations on Government Grants

As at 30 September 2018 and 31 December 2017, the Group does not have any government grants.



**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**XXIII. 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.

According to Ordinary General Assembly of the Parent Bank held on 30 March 2018, the Parent Bank has profit for the year 2017 amounting to TL 42,484. The Parent Bank transferred profit for the year 2017 amounting to TL 3,316 to prior year profit/ losses, legal reserve is appropriated out of the statutory profit at the rate of 5% amounting to TL 1,958 and extraordinary reserves with all the remaining amounts of TL 37,210.

**XXIV. 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.

**XXV. 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 three months or less and receivables from reverse repo. The reserve requirements blocked at the CBRT are not recognized as "cash equivalent assets" in the statement of cash flows.

**XXVI. 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 VIII.

**XXVII. Reclassifications**

The table below shows classification and measurement records on 1 January 2018 related to first application of TFRS 9 Financial Instruments Standard.

	31 December 2017	Reclassifications	Remeasurements	1 January 2018
<b>ASSETS</b>				
<b>Financial Assets</b>	<b>2,513,663</b>	<b>17,130</b>	<b>(11,651)</b>	<b>2,519,142</b>
Financial Assets at Fair Value through Profit and Loss	31,240	(691)	-	30,549
Financial Assets at Fair Value through Other Comprehensive Income	-	1,989,010	-	1,989,010
Financial Assets Available for Sale	1,989,010	(1,989,010)	-	-
Financial Assets Measured at Amortized Cost	-	493,413	-	493,413
Investments Held to Maturity	493,413	(493,413)	-	-
Derivative Financial Assets	-	691	-	691
Allowance for Expected Credit Losses (-)	-	17,130	(11,651)	5,479
<b>Loans</b>	<b>72,147</b>	<b>82,928</b>	<b>(39,397)</b>	<b>115,678</b>
Allowance for Expected Credit Losses (-)	-	155,075	(39,397)	115,678
Specific Provisions (-)	72,147	(72,147)	-	-
<b>Deferred Tax Assets</b>	<b>10,619</b>	-	<b>10,058</b>	<b>20,677</b>
<b>Other Assets</b>	<b>84,522</b>	-	<b>(231)</b>	<b>84,291</b>
<b>LIABILITIES</b>				
<b>Derivative financial liabilities</b>	-	<b>14,272</b>	-	<b>14,272</b>
Derivative financial liabilities held for trading	14,272	(14,272)	-	-
<b>Provisions</b>	<b>125,146</b>	<b>(100,057)</b>	<b>(6,543)</b>	<b>18,545</b>
General Provisions	104,344	(104,344)	-	-
Other Provisions	20,802	4,287	(6,543)	18,545
<b>Prior years profit/ losses</b>	<b>44,967</b>	-	<b>47,764</b>	<b>92,731</b>

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### XXVIII. Explanations on Other Matters

The accounting policies applied in the prior period and is not valid for the current period in accordance with application of TFRS 9 standard are presented below:

##### Explanations on Forward Transactions, Options and Derivative Instruments

The derivative transactions of the Group are mainly consist of foreign currency swaps, interest rate swaps, currency forwards, currency futures and currency options. Spot currency buying-selling transactions and currency swaps with two days value date of the Group are classified under assets purchase and sale commitments.

The Bank's derivative instruments are classified as "held-for-trading" according to TAS 39. The Bank does not have any embedded derivatives.

The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts.

"Financial instruments at fair value through profit or loss" are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "financial assets at fair value through profit or loss" in "derivative financial assets held for trading" and if the fair value difference is negative, it is disclosed under "derivative financial liabilities held for trading".

Fair value changes are recorded under "Derivative Financial Transactions Gains/ (Losses)" in the income statement. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

The fair values of the option contracts are calculated as part of option pricing model and unrealized gains and losses are presented in the current period income statement.

Embedded derivatives are separated from the host contract and accounted for as a derivative under TAS 39 if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. When the host contract and embedded derivative are closely related, embedded derivatives are not separated from the host contract and are accounted according to the standard applied to the host contract.

##### Explanations on Financial Assets

The Bank categorizes its financial assets as "Fair Value Through Profit/Loss", "Available-for-sale Financial Assets", "Loan and Receivables" or "Held to Maturity". Sale and purchase transactions of the financial assets mentioned above are recognized and derecognized at the "Settlement dates". The appropriate classification of financial assets of the Group is determined at the time of purchase by Bank's management, taking into consideration the purpose of the investment.

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#### XXVIII. Explanations on Other Matters (Continued)

##### a. Financial Assets at the Fair Value through Profit or Loss:

This category has 2 stages: "trading financial assets" and "financial assets designated at fair value through profit or loss" at initial recognition. The Bank has no financial assets designated at initial recognition

Trading financial assets are financial assets which are either acquired for generating a profit from short-term fluctuations in a portfolio aiming a short-term profit making.

All regular purchases and sales of financial assets are recognized at the settlement date, which is the date that the assets is delivered to/ from the Bank. Trading financial assets are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. Interest earned holding trading financial assets is accounted as interest income and dividends received and included separately in dividend income.

##### b. Financial Assets Available for Sale:

Available-for-sale financial assets consist of financial assets other than "Loans and receivables", "Held-to-maturity", "Financial assets at fair value through profit or loss".

Available-for-sale financial assets are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, available-for-sale financial assets are remeasured at fair value. Interest income arising from available-for-sale calculated with effective interest rate method and dividend income from equity securities are reflected to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of securities classified as available-for-sale are recognized in the account of "Marketable Securities Valuation Differences" under shareholders' equity, unless these assets are impaired, collected, sold, or disposed of. When these securities are collected or disposed of, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

The real coupon of State Treasuries Indexed to Consumer Prices in available for sale financial assets remains constant throughout the maturity. In addition to the effects of inflation changes; According to the announcements made by the Undersecretariat of Treasury of the Republic of Turkey Prime Ministry Undersecretariat at the issue date, the reference inflation index at the issue date and the reference inflation index at the balance sheet date are evaluated.

##### c. Loans and Receivables:

Loans and receivables are carried initially by adding acquisition cost at which reflect for value to transaction cost and subsequently recognized at the discounted value calculated using the "effective interest rate method". The expenses incurred the assets received as collateral are not considered as transactions costs and are recognized in the expense accounts.

The Bank classifies its loans and receivables to related groups and calculates specific or general provisions in accordance with the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" published in the Official Gazette dated 1 November 2006, no.26333 and by considering other regulations and explanations announced by BRSA.

Specific provisions are accounted under "Provision for Loan Losses and Other Receivables" in the income statement and recorded as expense in the related year. If a receivable is collected which is provisioned in the same year, it is deducted from the "Provision for Loan Losses and Other Receivables". If there is a subsequent collection from a receivable which has already been provisioned in previous years, the recovery amount is classified under "Other Operating Income". Uncollectible receivables are written-off after all the legal procedures are finalized.

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**XXVIII. Explanations on Other Matters (Continued)**

**d. Held-to-maturity Financial Assets:**

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to held-to-maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, those that the entity designates as available-for-sale; and those that meet the definition of loans and receivables. Held-to-maturity financial assets are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from held-to-maturity financial assets is accounted in income statement.

**Explanations on Impairment of Financial Assets**

At each reporting date, the Bank assesses whether there is objective evidence that a financial asset or a group of financial assets has been impaired. In the event that there is an indication of the type of indication, the Bank determines the amount of the impairment.

A financial asset or a group of financial assets is recognized only when it is probable that one or more than one event has occurred after the initial recognition of the asset ("loss/ deficit event") and the related financial asset or group of assets has been reliably estimated if there is objective evidence of impairment as a result of the effect on future cash flows, impairment and impairment is recognized.

In the event that there is evidence that the credited loans will not be collected, the special and general provisions required for the related loans classified in the framework of the "Regulation on the Procedures and Principles for the Determination of the Qualifications of Banks and the Other Receivables in Banks" published in the Official Gazette No. 26333 dated 1 November 2006 provisions are set aside and the provisions are transferred to the related period profit or loss accounts.

As of 31 December 2017; customer loans of the Bank are issued in the Official Gazette dated 18 June 2011 and numbered 27968 and in the Official Gazette dated 8 October 2013 and numbered 28789 (Doubled) "Determination of the Qualifications of Credits and Other Receivables in Banks and as the "Regulation on the Amendment of the Regulation on the Procedures and Principles for the Reserves to be Paid" is below the rates stated, no additional general loan provision has been calculated.

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**SECTION FOUR****INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND  
RISK MANAGEMENT****I. Explanations on Consolidated Equity****Information about consolidated total capital**

<b>Current Period</b>	<b>Amount</b>	<b>Amounts related to treatment before 1/1/2014 <sup>(1)</sup></b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	
Share issue premiums	(587)	
Reserves	246,680	
Gains recognized in equity as per TAS	92	
Profit	118,831	
Current period profit	71,563	
Prior period profit/loss	47,268	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>1,225,016</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1 <sup>st</sup> clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	102,072	
Improvement costs for operating leasing	1,229	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,208	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	367	
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 Common Equity 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 Common Equity of the Bank	-	



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**I. Explanations on Consolidated Equity (Continued)****Information about consolidated total capital (Continued)**

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity 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 common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on from temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>106,876</b>	
<b>Total Common Equity Tier I Capital</b>	<b>1,118,140</b>	
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred stock not included in common equity and the related share premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital	-	
Direct and indirect investments of the Bank in its own Additional Tier I 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	-	

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**I. Explanations on Consolidated Equity (Continued)****Information about consolidated total capital (Continued)**

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning Provisional 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 (-)	2,139	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	245	
<b>Total Deductions From Additional Tier I Capital</b>	-	
<b>Total Additional Tier I Capital</b>	2,384	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	1,115,756	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (1 <sup>st</sup> clause of Article 8 of the Regulation on the Equity of Banks)	123,339	
<b>Tier II Capital Before Deductions</b>	123,339	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	-	
<b>Total Tier II Capital</b>	123,339	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	1,239,095	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA	221	
<b>Regulatory Adjustments which will be deducted from Total Capital during the transition period</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

### I. Explanations on Consolidated Equity (Continued)

#### Information about consolidated total capital (Continued)

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
<b>TOTAL CAPITAL</b>		
Total capital (The Sum of Tier I Capital and Tier II) <sup>(3)</sup>	1,274,896	
Total risk weighted amounts <sup>(4)</sup>	8,596,309	
<b>CAPITAL ADEQUACY RATIOS <sup>(2)</sup></b>		
Consolidated Core Capital Adequacy Ratio (%)	13.40	
Consolidated Tier 1 Capital Adequacy Ratio (%)	13.40	
Consolidated Capital Adequacy Standard Ratio (%)	14.83	
<b>BUFFERS</b>		
Total buffer requirement	8.74	
Capital conservation buffer requirement (%)	1.87	
Bank specific countercyclical buffer requirement (%)	6.87	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	-	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6 % of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Temporary Article 4</b>		
<b>(to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

<sup>(1)</sup> Amounts in this column represent the amounts of items that are subject to transition provisions in accordance with the temporary articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

<sup>(2)</sup> The Parent Bank considers the loan provided to ICBC Group at an amount of TL 7,477, as cash reserve as at 30 September 2018 in accordance with the Account Pledge Contract dated 25 June 2015 concluded with its shareholder ICBC and does not consider the aforementioned loan as an item which shall be deducted from the capital adequacy ratio calculation.

<sup>(3)</sup> In the article 10513 dated 12 August 2018, the amount of shareholders' equity used in the capital adequacy ratio for the consideration of the revaluation differences in the equity calculation used in capital adequacy is TL 1,274,896.

<sup>(4)</sup> 13 August 2018 dated and 10578 numbered article 252 business days of the Central Bank's foreign currency purchase in the preparation of the 30 September 2018 financial statements of banks with simple arithmetic average of the rate higher than the exchange rates at which they based on the exchange rate only "Regulation on Banks' Capital Adequacy" in accordance with the credit risk of the principal amount and the calculated total risk weighted amount is TL 8,596,309.

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**I. Explanations on Consolidated Equity (Continued)****Information about consolidated total capital (Continued)**

Prior Period	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	
Share issue premiums	(587)	
Reserves	201,682	
Gains recognized in equity as per TAS	11,828	
Profit	44,967	
Current period profit	48,283	
Prior period profit	(3,316)	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>1,117,890</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1 <sup>st</sup> clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	5,596	
Improvement costs for operating leasing	2,242	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,116	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	328	
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 Common Equity 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 Common Equity of the Bank	-	

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**I. Explanations on Consolidated Equity (Continued)****Information about consolidated total capital (Continued)**

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity 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 common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>11,282</b>	
<b>Total Common Equity Tier I Capital</b>	<b>1,106,608</b>	
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred stock not included in common equity and the related share premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital	-	
Direct and indirect investments of the Bank in its own Additional Tier I 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	-	



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### I. Explanations on Consolidated Equity (Continued)

#### Information about consolidated total capital (Continued)

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	2,078	
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 (-)	218	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	<b>2,296</b>	
<b>Total Additional Tier I Capital</b>	<b>-</b>	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1,104,312</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	104,344	
<b>Tier II Capital Before Deductions</b>	<b>104,344</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	
<b>Total Tier II Capital</b>	<b>104,344</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>1,208,656</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA	96	
<b>Regulatory adjustments which will be deducted from Total Capital during the transition period</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

### I. Explanations on Consolidated Equity (Continued)

#### Information about consolidated total capital (Continued)

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be 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	-	
<b>TOTAL CAPITAL</b>		
Total capital (The Sum of Tier I Capital and Tier II Capital)	1,208,656	
Total risk weighted amounts	8,692,643	
<b>CAPITAL ADEQUACY RATIOS <sup>(2)</sup></b>		
Consolidated Core Capital Adequacy Ratio (%)	12.72	
Consolidated Tier I Capital Adequacy Ratio (%)	12.70	
Consolidated Capital Adequacy Standard Ratio (%)	13.90	
<b>BUFFERS</b>		
Total buffer requirement	3.89	
Capital conservation buffer requirement (%)	1.25	
Bank specific countercyclical buffer requirement (%)	2.64	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets		
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthoustantwentyfive limitation)	104,344	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	104,344	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6 % of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

<sup>(1)</sup> Amounts in this column represent the amounts of items that are subject to transition provisions in accordance with the temporary articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

<sup>(2)</sup> The Parent Bank considers the loan provided to Industrial and Commercial Bank of China (ICBC) at an amount of TL 548,335, as cash reserve as at 31 December 2017 in accordance with the Account Pledge Contract dated 25 June 2015 concluded with its shareholder ICBC and does not consider the aforementioned loan as an item which shall be deducted from the capital.

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**I. Explanations on Consolidated Equity (Continued)****Information on the issues subject to temporary implementation in capital calculation:**

None.

**Information on the debt instruments those will be included in capital calculation:**

None.

**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.

**II. Explanations and Footnotes 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 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 days prior to that date (TL full):

	21.09.2018	24.09.2018	25.09.2018	26.09.2018	27.09.2018	28.09.2018
USD	6.2718	6.2671	6.2287	6.1240	6.1242	6.0752
GBP	8.2689	8.2610	8.1565	8.0360	8.0470	7.9631
EURO	7.3437	7.3794	7.3234	7.2057	7.2007	7.1130
JPY	0.0558	0.0555	0.0552	0.0541	0.0541	0.0538

The basic arithmetical average of the Parent Bank's foreign exchange bid rates for the last thirty days ending 30 September 2018 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	6.3577
GBP	8.2775
EURO	7.4147
JPY	0.0567

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

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### II. Explanations and Footnotes on Consolidated Foreign Currency Exchange Rate Risk (Continued)

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

30 September 2018	EURO	USD	OTHER FC	TOTAL
<b>Assets</b>				
Cash (cash in vault, effectives, money in transit, checks purchased) and balances with the CBRT <sup>(1)</sup>	13,790	1,144,590	756	1,159,136
Banks	314,912	197,922	8,735	521,569
Financial assets at fair value through profit or loss	-	-	-	-
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	8,257	1,746,137	-	1,754,394
Loans <sup>(3)</sup>	1,681,034	4,791,715	25	6,472,774
Investment in associates, subsidiaries and joint ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	-	511,923	-	511,923
Hedging Derivative Financial Assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	20,918	9,634	189	30,741
<b>Total assets <sup>(2) (3) (7)</sup></b>	<b>2,038,911</b>	<b>8,401,921</b>	<b>9,705</b>	<b>10,450,537</b>
<b>Liabilities</b>				
Interbank deposits	29,875	152,802	4,329	187,006
Foreign currency deposits	956,491	3,306,426	52,520	4,315,437
Funds provided from Money Market	-	275,083	-	275,083
Funds provided from other financial institutions	-	5,331,737	-	5,331,737
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities held for hedging	-	-	-	-
Other liabilities <sup>(2) (6)</sup>	292,660	56,792	1,085	350,537
<b>Total liabilities <sup>(2) (6)</sup></b>	<b>1,279,026</b>	<b>9,122,840</b>	<b>57,934</b>	<b>10,459,800</b>
<b>Net On Balance Sheet Position</b>	<b>759,885</b>	<b>(720,919)</b>	<b>(48,229)</b>	<b>(9,263)</b>
<b>Net Off Balance Sheet Position</b>	<b>(715,247)</b>	<b>751,419</b>	<b>48,947</b>	<b>85,119</b>
Financial Derivative Assets <sup>(5)</sup>	7,202	857,806	52,637	917,645
Financial Derivative Liabilities <sup>(5)</sup>	722,449	106,387	3,690	832,526
<b>Non-cash Loans <sup>(4)</sup></b>	<b>743,784</b>	<b>1,540,167</b>	<b>4,218</b>	<b>2,288,169</b>
<b>31 December 2017</b>				
<b>Total Assets <sup>(1) (2) (3)</sup></b>	<b>1,812,314</b>	<b>6,543,883</b>	<b>9,532</b>	<b>8,365,729</b>
<b>Total Liabilities <sup>(2) (6)</sup></b>	<b>1,382,708</b>	<b>7,856,124</b>	<b>14,399</b>	<b>9,253,231</b>
<b>Net On Balance Sheet Position</b>	<b>429,606</b>	<b>(1,312,241)</b>	<b>(4,868)</b>	<b>(887,503)</b>
<b>Net Off Balance Sheet Position</b>	<b>(428,329)</b>	<b>1,325,368</b>	<b>4,996</b>	<b>902,035</b>
Financial Derivative Assets <sup>(5)</sup>	2,671	1,333,147	9,534	1,345,352
Financial Derivative Liabilities <sup>(5)</sup>	431,000	7,779	4,538	443,317
<b>Non-cash Loans <sup>(4)</sup></b>	<b>309,883</b>	<b>936,601</b>	<b>22,017</b>	<b>1,268,501</b>

- (1) As at 30 September 2018 and 31 December 2017, the Group does not have precious metals balance in the Central Bank accounts.
- (2) As at 30 September 2018, accrual differences of derivative transactions presented in "Financial Assets At Fair Value Through Profit or Loss" and "Negative Value of Trading Derivatives" amounting to TL 529 and TL 3,637 respectively, (31 December 2017: TL 691 and TL 415) are not included in the table.
- (3) As at 30 September 2018, "Loans" balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 368,687 (31 December 2017: TL 168,146).
- (4) Has no effect on net off balance sheet position.
- (5) As at 30 September 2018, value dated FX buying and FX selling transactions amounting to TL 12,155 and TL 15,134 respectively, presented under "Asset Purchase and Sale Commitments" of off-balance sheet items are included (31 December 2017: TL 7,874 and TL 1,788). As at 30 September 2018 and 31 December 2017, the Group does not have precious metals balance in the Central Bank accounts.
- (6) "Valuation Differences of Securities" amounting to TL (77,442) (31 December 2017: TL 2,167) classified under Equity as at 30 September 2018 is not included.
- (7) As at 30 September 2018, assets TL 95,080 (31 December 2017 – None) included "Allowance for Expected Credit Losses".
- (8) As at 30 September 2018, liabilities TL 4,337 (31 December 2017 – None) included "Other Provisions".

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**II. Explanations and Footnotes on Consolidated Foreign Currency Exchange Rate Risk (Continued)**

The table below demonstrates prospective increase and decrease in equity and profit/loss as at 30 September 2018 and 31 December 2017 (excluding tax effect) on condition that 10% revaluation/devaluation of the foreign currencies below against TL. This analysis has been prepared assuming that other variables, particularly interest rates, remain constant.

30 September 2018				
Change in foreign currency rate	Statement of Profit or Loss		Equity <sup>(1)</sup>	
	10% increase	10% decrease	10% increase	10% decrease
USD	3,050	(3,050)	3,050	(3,050)
EURO	4,464	(4,464)	4,464	(4,464)
Other FC	72	(72)	72	(72)
	<b>7,586</b>	<b>(7,586)</b>	<b>7,586</b>	<b>(7,586)</b>

<sup>(1)</sup> Equity effect includes income statement effect in the table.

31 December 2017				
Change in foreign currency rate	Statement of Profit or Loss		Equity <sup>(1)</sup>	
	10% increase	10% decrease	10% increase	10% decrease
USD	1,096	(1,096)	1,313	(1,313)
EURO	128	(128)	128	(128)
Other FC	26	(26)	26	(26)
	<b>1,250</b>	<b>(1,250)</b>	<b>1,467</b>	<b>(1,467)</b>

<sup>(1)</sup> Equity effect includes income statement effect in the table.

**III. Explanations and Footnotes 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.

Interest rate risk is a key component of the Parent Bank's market risk and asset and 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.



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**III. Explanations and Footnotes on Consolidated Interest Rate Risk (Continued)**

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

	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non- Interest Bearing <sup>(1)</sup>	Total
<b>30 September 2018</b>							
<b>Assets</b>							
Cash (cash in vault, effectives, money in transit, checks purchased) and balances with the CBRT	-	1,368,904	-	-	-	55,300	1,424,204
Banks	498,123	-	-	-	-	24,751	522,874
Financial assets at fair value through profit or loss	197	342	55,390	-	-	10,390	66,319
Money market placements	207,724	-	-	-	-	-	207,724
Financial assets at fair value through other comprehensive income	88,904	170,723	1,209,720	1,137,331	132,211	8,219	2,747,108
Loans	266,444	3,162,678	2,899,860	1,646,728	1,267,702	-	9,243,412
Financial assets measured at amortized cost	-	1,012	326,449	471,623	223,429	-	1,022,513
Other assets	176	-	-	-	-	155,690	155,866
<b>Total assets</b>	<b>1,061,568</b>	<b>4,703,659</b>	<b>4,491,419</b>	<b>3,255,682</b>	<b>1,623,342</b>	<b>254,350</b>	<b>15,390,020</b>
<b>Liabilities</b>							
Bank Deposits	152,801	-	-	-	-	143,142	295,943
Other Deposits	5,104,998	519,334	53,412	37	-	392,960	6,070,741
Interbank Money Market Borrowings	459,235	-	-	-	-	-	459,235
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	673	512	2,612,596	2,750,586	1,522,699	-	6,887,066
Other Liabilities	347,946	29	131	-	-	1,328,929	1,677,035
<b>Total Liabilities</b>	<b>6,065,653</b>	<b>519,875</b>	<b>2,666,139</b>	<b>2,750,623</b>	<b>1,522,699</b>	<b>1,865,031</b>	<b>15,390,020</b>
<b>Balance Sheet Long Position</b>	-	4,183,784	1,825,280	505,059	100,643	-	6,614,766
<b>Balance Sheet Short Position</b>	(5,004,085)	-	-	-	-	(1,610,681)	(6,614,766)
<b>Off Balance Sheet Long Position</b>	-	-	-	-	-	-	-
<b>Off Balance Sheet Short Position</b>	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(5,004,085)</b>	<b>4,183,784</b>	<b>1,825,280</b>	<b>505,059</b>	<b>100,643</b>	<b>(1,610,681)</b>	<b>-</b>

<sup>(1)</sup> Tangible and intangible assets amounting to TL 39,570, tax assets amounting to TL 43,911, expected loan loss provisions amounting to TL (10,324), non performing financial assets amounting to TL 160 and other assets amounting to TL 82,373 are presented within other assets as non-interest bearing; provisions amounting to TL 43,274, tax liability amounting to TL 34,390, other liabilities amounting to TL 128,321 and equity amounting to TL 1,122,944 are presented within other liabilities as non-interest bearing.

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**III. Explanations and Footnotes on Consolidated Interest Rate Risk (Continued)**
**Interest Sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates) (continued):**

	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non- Interest Bearing <sup>(1)</sup>	Total
<b>31 December 2017</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Checks Purchased) and Balances with the CBRT	-	1,313,816	-	-	-	36,655	1,350,471
Banks	465,685	-	-	-	-	1,139,282	1,604,967
Financial Assets at Fair Value Through Profit or Loss	353	338	-	-	-	30,549	31,240
Interbank Money Market Placements	9,600	-	-	-	-	-	9,600
Av.-for-Sale Financial Assets	288,602	414,570	188,188	1,007,410	86,133	4,107	1,989,010
Loans	654,017	2,688,453	1,416,517	1,697,177	1,200,281	24,376	7,680,821
Held-to-Mat. Investments	1	104,216	-	276,459	112,737	-	493,413
Other Assets	129	-	-	-	-	155,909	156,038
<b>Total Assets</b>	<b>1,418,387</b>	<b>4,521,393</b>	<b>1,604,705</b>	<b>2,981,046</b>	<b>1,399,151</b>	<b>1,390,878</b>	<b>13,315,560</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	71,241	71,241
Other Deposits	2,321,060	460,729	26,940	-	-	465,131	3,273,860
Interbank Money Market Borrowings	1,149,966	-	-	-	-	-	1,149,966
Miscellaneous Payables	-	-	-	-	-	420,728	420,728
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	1,352,676	767,306	2,569,486	1,336,229	962,341	-	6,988,038
Other Liabilities	14,272	-	-	-	-	1,397,455	1,411,727
<b>Total Liabilities</b>	<b>4,837,974</b>	<b>1,228,035</b>	<b>2,596,426</b>	<b>1,336,229</b>	<b>962,341</b>	<b>2,354,555</b>	<b>13,315,560</b>
Balance Sheet Long Position	-	3,293,358	-	1,644,817	436,810	-	5,374,985
Balance Sheet Short Position	(3,419,587)	-	(991,721)	-	-	(963,677)	(5,374,985)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(3,419,587)</b>	<b>3,293,358</b>	<b>(991,721)</b>	<b>1,644,817</b>	<b>436,810</b>	<b>(963,677)</b>	<b>-</b>

<sup>(1)</sup> Tangible and intangible assets amounting to TL 41,959, tax assets amounting to TL 10,619 and other assets amounting to TL 103,460 are presented within other assets as non-interest bearing; provisions amounting to TL 141,123, tax liability amounting to TL 29,490, other liabilities amounting to TL 114,548 and equity amounting to TL 1,112,294 are presented within other liabilities in non-interest bearing column.

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**III. Explanations and Footnotes on Consolidated Interest Rate Risk (Continued)**

**Interest rates applied to monetary financial instruments:**

	EURO %	USD %	JPY %	TL %
<b>30 September 2018 <sup>(1)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Checks Purchased) and Balances with the CBRT	-	1.50	-	6.21
Banks	0.01	2.28	-	27.08
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	22.06
Financial Assets at Fair Value Through Other Comprehensive Income	-	4.50	-	24.49
Loans	3.31	4.86	6.04	16.74
Financial Assets Measured at Amortized Cost	-	-	-	14.01
<b>Liabilities</b>				
Bank Deposits	-	3.94	-	-
Other Deposits	2.48	3.78	-	25.34
Interbank Money Market Borrowings	-	3.39	-	27.00
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	3.11	-	6.83

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

	EURO %	USD %	JPY %	TL %
<b>31 December 2017 <sup>(1)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Checks Purchased) and Balances with the CBRT	-	1.30	-	3.94
Banks	-	2.73	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	4.45	-	13.69
Loans	3.45	4.14	6.04	14.39
Held-to-Maturity Investments	-	5.59	-	2.67
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	1.72	3.45	-	14.81
Interbank Money Market Borrowings	-	-	-	13.57
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0.07	2.52	-	6.74

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

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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#### IV. Explanations and Footnotes 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 (ALC) 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. ALC 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 ALC 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 ALC 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 YP and estimated liquidity requirement is calculated. The action plans are prepared and the liquidity position is evaluated through warnings applied to assets and liabilities of the Parent Bank to determine stresses which can occur on the liquidity position of the Parent Bank. The Parent Bank makes scenario analysis taking delays and non-payment in credit payments, deposit withdrawn, and non-liquidation of securities into consideration as stress cases. It is detailed in emergency liquidity management process and Liquidity Emergency Funding Plan. This plan determines the gradation of resources which shall be used for responsibilities, communication channels, funding sources and urgent requirements.

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

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**IV. Explanations and Footnotes on Consolidated Liquidity Risk (Continued)**

Liquidity coverage ratios calculated weekly on bank only basis and monthly on consolidated basis are subject to regulatory reporting starting from 1 January 2015 as per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette no. 28948, dated 21 March 2014. Liquidity coverage ratios should be at least 70% for foreign currency denominated assets and liabilities and 90% for total assets and liabilities for 2018. Monthly consolidated liquidity coverage ratios for the first three months including the reporting period are as follows:

<b>Liquidity Coverage Ratios</b>		<b>FC Liquidity Coverage Ratio (%)</b>		<b>Total Liquidity Coverage Ratio (%)</b>
30 September 2018		172.99%		300.42%
Average		173.64%		245.97%
	<b>Min FC (%)</b>	<b>Min Sum (%)</b>	<b>Max FC (%)</b>	<b>Max Sum (%)</b>
Month	11 September 2018	6 September 2018	24 July 2018	24 July 2018
Ratio (%)	90.56%	141.78%	301.29%	362.83%
<b>Current Period – 30 September 2018</b>		<b>Unweighted Amounts <sup>(2)</sup></b>		<b>Weighted Amounts <sup>(2)</sup></b>
		<b>TL+FC</b>	<b>FC</b>	<b>TL+FC</b>
				<b>FC</b>
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets				<b>3,769,406</b>
<b>CASH OUTFLOWS</b>				<b>2,303,095</b>
Retail and Small Business Customers Deposits		2,887,734	1,435,693	243,880
Stable deposits		897,868	216,316	44,893
Less stable deposits		1,989,866	1,219,377	198,987
Unsecured Funding other than Retail and Small Business Customers Deposits		4,117,305	3,769,180	1,949,498
Operational Deposits		12,097	-	2,568
Non-Operational Deposits		3,540,018	3,306,974	1,468,358
Other Unsecured Funding		565,190	462,206	478,572
Secured funding		-	-	-
Other Cash Outflows		797,886	614,518	701,495
Liquidity needs related to derivatives and market valuation changes on derivatives transactions		637,235	495,490	637,235
Debts related to the structured financial products		-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities		160,651	119,028	64,260
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments		311,187	311,187	15,559
Other irrevocable or conditionally revocable commitments		1,857,622	1,408,478	208,066
<b>TOTAL CASH OUTFLOWS</b>				<b>3,118,498</b>
<b>CASH INFLOWS</b>				<b>2,576,930</b>
Secured Lending Transactions		-	-	-
Unsecured Lending Transactions		1,473,868	976,827	1,045,078
Other contractual cash inflows		640,564	636,633	693,632
<b>TOTAL CASH INFLOWS</b>				<b>640,563</b>
				<b>1,685,641</b>
<b>TOTAL HIGH LIQUIDITY ASSETS</b>				<b>3,769,406</b>
<b>TOTAL NET CASH OUTFLOWS <sup>(1)</sup></b>				<b>2,303,095</b>
<b>Liquidity Coverage Ratio (%)</b>				<b>1,432,857</b>
				<b>263.07%</b>
				<b>184.74%</b>

<sup>(1)</sup> The part of total cash inflows which exceeds 75% of total cash outflows is not being taken into account during the calculation of related amounts.

<sup>(2)</sup> Monthly simple arithmetic average of consolidated liquidity coverage ratios for the last three month is calculated.



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**IV. Explanations and Footnotes on Consolidated Liquidity Risk (Continued)**

Prior Period – 31 December 2017	Unweighted Amounts <sup>(2)</sup>		Weighted Amounts <sup>(2)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			2,997,877	2,224,728
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers Deposits	2,030,311	822,259	168,296	74,113
Stable deposits	697,187	162,250	34,983	8,112
Less stable deposits	1,333,124	660,009	133,313	66,001
Unsecured Funding other than Retail and Small Business Customers Deposits	4,776,670	4,116,561	3,593,144	3,272,099
Operational Deposits	12,753	-	2,776	-
Non-Operational Deposits	1,816,768	1,408,575	776,679	564,114
Other Unsecured Funding	2,947,149	2,707,986	2,813,689	2,707,985
Secured funding			-	-
Other Cash Outflows	1,160,991	202,870	1,160,991	202,870
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1,160,991	202,870	1,160,991	202,870
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	86,265	41,504	34,506	16,602
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	89,132	89,132	4,457	4,457
Other irrevocable or conditionally revocable commitments	1,516,148	977,200	162,656	97,733
<b>TOTAL CASH OUTFLOWS</b>			<b>5,124,050</b>	<b>3,667,874</b>
<b>CASH INFLOWS</b>				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	1,792,105	1,340,620	1,638,025	1,284,185
Other contractual cash inflows	1,166,216	1,166,216	1,166,216	1,166,216
<b>TOTAL CASH INFLOWS</b>			<b>2,804,241</b>	<b>2,450,401</b>
			<b>Upper Limit Applied Accounts</b>	
<b>TOTAL HIGH LIQUIDITY ASSETS</b>			<b>2,997,877</b>	<b>2,224,728</b>
<b>TOTAL NET CASH OUTFLOWS <sup>(1)</sup></b>			<b>2,319,809</b>	<b>1,217,473</b>
<b>Liquidity Coverage Ratio (%)</b>			<b>129.23%</b>	<b>182.73%</b>

<sup>(1)</sup> The part of total cash inflows which exceeds 75% of total cash outflows is not being taken into account during the calculation of related amounts.

<sup>(2)</sup> Monthly simple arithmetic average of consolidated liquidity coverage ratios for the last three months of 2017 is calculated.

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. Credits, provided from abroad, are the main fund resources while deposit 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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**IV. Explanations and Footnotes on Consolidated Liquidity Risk (Continued)**
**Presentation of assets and liabilities according to their remaining maturities:**

30 September 2018	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 Years	5 years and over	Undist. <sup>(1)</sup>	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Checks Purchased) and Balances with the CBRT	1,126,066	298,138	-	-	-	-	-	1,424,204
Banks	24,751	213,055	285,068	-	-	-	-	522,874
Financial Assets at Fair Value Through Profit or Loss	10,390	197	342	55,390	-	-	-	66,319
Interbank Money Market Placements	-	207,724	-	-	-	-	-	207,724
Financial Assets at Fair Value Through Other Comprehensive Income	8,219	-	169,120	810,798	1,626,761	132,210	-	2,747,108
Loans	-	204,924	566,479	2,031,302	4,662,542	1,778,165	-	9,243,412
Financial Assets Measured at Amortized Cost	-	-	1,012	210,621	587,452	223,428	-	1,022,513
Other Assets	-	68,258	2,596	2,319	294	43,904	38,495	155,866
<b>Total Assets</b>	<b>1,169,426</b>	<b>992,296</b>	<b>1,024,617</b>	<b>3,110,430</b>	<b>6,877,049</b>	<b>2,177,707</b>	<b>38,495</b>	<b>15,390,020</b>
<b>Liabilities</b>								
Bank Deposits	143,142	152,801	-	-	-	-	-	295,943
Other Deposits	392,960	5,104,998	519,334	53,412	37	-	-	6,070,741
Funds Borrowed from Other Financial Institutions	-	674	512	2,612,595	2,750,586	1,522,699	-	6,887,066
Interbank Money Markets	-	459,235	-	-	-	-	-	459,235
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	22,824	15,791	131	-	-	1,638,289	1,677,035
<b>Total Liabilities</b>	<b>536,102</b>	<b>5,740,532</b>	<b>535,637</b>	<b>2,666,138</b>	<b>2,750,623</b>	<b>1,522,699</b>	<b>1,638,289</b>	<b>15,390,020</b>
<b>Net Liquidity Gap</b>	<b>633,324</b>	<b>(4,748,236)</b>	<b>488,980</b>	<b>444,292</b>	<b>4,126,426</b>	<b>655,008</b>	<b>(1,599,794)</b>	<b>-</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>(3,226)</b>	<b>461</b>	<b>46,073</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,308</b>
Derivative financial assets <sup>(1)</sup>	-	772,830	56,298	158,077	-	-	-	987,205
Derivative financial liabilities <sup>(1)</sup>	-	776,056	55,837	112,004	-	-	-	943,897
<b>Non-cash loans <sup>(2)</sup></b>	<b>912,380</b>	<b>264,281</b>	<b>249,597</b>	<b>611,558</b>	<b>618,315</b>	<b>-</b>	<b>-</b>	<b>2,656,131</b>
<b>31 December 2017</b>								
<b>Total Assets</b>	<b>1,533,651</b>	<b>1,954,805</b>	<b>966,925</b>	<b>1,540,596</b>	<b>5,383,649</b>	<b>1,860,586</b>	<b>75,348</b>	<b>13,315,560</b>
<b>Total Liabilities</b>	<b>957,100</b>	<b>4,965,810</b>	<b>1,244,237</b>	<b>2,596,426</b>	<b>1,336,229</b>	<b>962,341</b>	<b>1,253,417</b>	<b>13,315,560</b>
<b>Net Liquidity Gap</b>	<b>576,551</b>	<b>(3,011,005)</b>	<b>(277,312)</b>	<b>(1,055,830)</b>	<b>4,047,420</b>	<b>898,245</b>	<b>(1,178,069)</b>	<b>-</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>(16,516)</b>	<b>506</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,010)</b>
Derivative financial assets <sup>(1)</sup>	-	1,250,635	96,039	-	-	-	-	1,346,674
Derivative financial liabilities <sup>(1)</sup>	-	1,267,151	95,533	-	-	-	-	1,362,684
<b>Non-cash loans <sup>(2)</sup></b>	<b>643,783</b>	<b>117,396</b>	<b>28,151</b>	<b>596,108</b>	<b>403,206</b>	<b>539</b>	<b>-</b>	<b>1,789,183</b>

(1) Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting to TL 39,570, stationary supplies amounting to TL 800, assets to be disposed of amounting to TL 8,289, expected loan loss provision amounting to TL (10,164) and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 43,274, other liabilities amounting to TL 472,071 and equity amounting to TL 1,122,944 are included here.

(2) The letters of guarantee without a defined maturity date due to their business nature are presented at demand column.

(3) As at 30 September 2018, spot foreign currency purchase and sale transactions with value date amounting to TL 17,258 and TL 17,235, respectively, are presented under "Asset Purchase and Sale Commitments" of off-balance sheet items (31 December 2017: TL 9,196 and TL 9,163).

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**V. Explanations and Footnotes on Consolidated Leverage Ratio**

Consolidated leverage ratio of the Parent Bank calculated based on last 3 months average amounts is 6.00% as at 30 September 2018 (31 December 2017: 7.48%). This ratio is above the minimum ratio.

	<b>Current Period <sup>(1)</sup> 30 September 2018</b>
<b>On-balance sheet assets</b>	
On-balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	15,512,793
(Assets deducted from Tier 1 capital)	227
Total risk amount of on-balance sheet assets	15,512,566
<b>Derivative financial instruments and credit derivatives</b>	
Replacement costs of derivative financial instruments and credit derivatives	-
Potential credit risk amount of derivative financial instruments and credit derivatives	62,235
Total risk amount of derivative financial instruments and credit derivatives	62,235
<b>Financing transactions secured by marketable security or commodity</b>	
Risk amount of financing transactions secured by marketable security or commodity (excluding on-balance sheet)	68,883
Risk amount from intermediary transactions	-
Total risk amount of financing transactions secured by marketable security or commodity	68,883
<b>Off-balance sheet transactions</b>	
Off-balance sheet transactions at gross notional amount	2,777,004
Adjustments for conversions to credit equivalent amounts	-
Total risk amount of off-balance sheet transactions	2,777,004
<b>Capital and total risk</b>	
Tier 1 capital	1,099,145
Total risk amount	18,420,688
<b>Leverage ratio (%)</b>	<b>6.00%</b>

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

	<b>Prior Period <sup>(1)</sup> 31 December 2017</b>
<b>On-balance sheet assets</b>	
On-balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	12,827,171
(Assets deducted in determining Tier 1 capital)	109
Total risk amount of on-balance sheet assets	12,827,062
<b>Derivative financial instruments and credit derivatives</b>	
Replacement costs of derivative financial instruments and credit derivatives	-
Potential credit risk amount of derivative financial instruments and credit derivatives	29,100
Total risk amount of derivative financial instruments and credit derivatives	29,100
<b>Financing transactions secured by marketable security or commodity</b>	
Risk amount of financing transactions secured by marketable security or commodity (excluding on-balance sheet)	14,679
Risk amount from intermediary transactions	-
Total risk amount of financing transactions secured by marketable security or commodity	14,679
<b>Off-balance sheet transactions</b>	
Off-balance sheet transactions at gross notional amount	1,926,558
Adjustments for conversions to credit equivalent amounts	-
Total risk amount of off-balance sheet transactions	1,926,558
<b>Capital and total risk</b>	
Tier 1 capital	1,106,729
Total risk amount	14,797,399
<b>Leverage ratio (%)</b>	<b>7.48%</b>

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

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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#### VI. Explanations and Footnotes on Consolidated Securitization Position Risk

As at 30 September 2018, Group has no securitization position risk generated by banking accounts.

#### VII. Explanations and Footnotes 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 Parent Bank is or will be exposed to due to its facilities.

Risk Management organization constituted to systematically manage the risks the Parent 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 consists of market risk unit and credit and operational risk unit, business continuity is performed by business continuity committee within the framework of Parent Bank Business Continuity Strategy. Risk management committees are market risk committee, credit risk committee, operational risk committee and business continuity committee.

Necessary manners are identified to update, adjust for changing circumstances, implement and manage the policies determined to identify and manage the risks the Parent 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 Parent Bank.

The Parent Bank data and market data are monitored regularly in order to manage the risk. To restrain the risks, certain in-bank limits are determined besides the legal limits. Probable economic changes and risks confronted under tough conditions are taken into consideration.

Reporting units that are responsible for all risks, the frequency and the address of reporting is determined separately in policy documents including each risk management process. Additionally, Risk Management Department regularly reports the risk analysis of the Parent Bank, periodical progress and limit usage of risks and state of chance to Asset-Liability Committee and Audit Committee.

Footnotes and related explanations are given in this section prepared based on "Communiqué About Public Disclosures Regarding to Banks Risk Management" published in Official Gazette No. 29511 at 23 October 2015 and became effective as at 31 March 2016. Based on this communiqué, the tables under the internal rating and internal model must be presented for each 3 month-period are not presented because standard approach is used in calculation of the Parent Bank's capital adequacy.

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**
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**VII. Explanations and Footnotes on Consolidated Risk Management (Continued)**
**1. General Information on Risk Management and Risk Weighted Amount**
**a) Overview of RWA:**

		Risk Weighted Amount	Minimum capital requirement
		Current Period 30 September 2018	Current Period 30 September 2018
1	Credit risk (excluding counterparty credit risk) (CCR)	7,805,672	624,454
2	Standardized approach (SA)	7,805,672	624,454
3	Internal rating-based (IRB) approach	-	-
4	Counterparty credit risk	102,449	8,196
5	Standardized approach for counterparty credit risk (SA-CCR)	102,449	8,196
6	Internal model method (IMM)	-	-
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 (RBA)	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-
16	Market risk	161,688	12,935
17	Standardized approach (SA)	161,688	12,935
18	Internal model approaches (IMM)	-	-
19	Operational risk	526,500	42,120
20	Basic indicator approach	526,500	42,120
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	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>8,596,309</b>	<b>687,705</b>

		Risk Weighted Amount	Minimum capital requirement
		Prior Period 31 December 2017	Prior Period 31 December 2017
1	Credit risk (excluding counterparty credit risk) (CCR)	8,254,044	660,324
2	Standardized approach (SA)	8,254,044	660,324
3	Internal rating-based (IRB) approach	-	-
4	Counterparty credit risk	27,401	2,191
5	Standardized approach for counterparty credit risk (SA-CCR)	27,401	2,191
6	Internal model method (IMM)	-	-
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 (RBA)	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-
16	Market risk	24,738	1,979
17	Standardized approach (SA)	24,738	1,979
18	Internal model approaches (IMM)	-	-
19	Operational risk	386,460	30,917
20	Basic indicator approach	386,460	30,917
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	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>8,692,643</b>	<b>695,411</b>



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**VIII. Explanations and Footnotes on Consolidated 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 is consisted 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. ICBC Turkey Yatırım, subsidiary of Parent Bank, intermediates for capital markets products and provides investment fund and portfolio management services.

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

**Information related to the segments of the Group:**

Segment reporting is prepared according to the 28th article of the BRSA's "Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof", which is published in the Official Gazette no. 26333 dated 1 November 2006.

<b>Interim period ending as at 30 September 2018</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Treasury, Investment Banking and Others</b>	<b>Group's Total Operations</b>
Operating Income	57,204	195,342	90,592	343,138
Net profit of segment	30,976	126,161	(59,352)	97,785
Undistributed costs	-	-	-	-
Operating Profit / (Loss)	30,976	126,161	(59,352)	97,785
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	30,976	126,161	(59,352)	97,785
Tax provision (-)	-	-	26,222	26,222
Profit / (Loss) after tax	30,976	126,161	(85,574)	71,563
Minority Shares	-	-	-	-
<b>Current Period Net Profit/ (Loss)</b>	<b>30,976</b>	<b>126,161</b>	<b>(85,574)</b>	<b>71,563</b>
Segment assets <sup>(1)</sup>	817,814	8,702,815	5,869,391	15,390,020
Associate and subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>817,814</b>	<b>8,702,815</b>	<b>5,869,391</b>	<b>15,390,020</b>
Segment liabilities <sup>(1)</sup>	3,295,727	3,088,009	7,883,340	14,267,076
Equity	-	-	1,122,944	1,122,944
<b>Total Liabilities</b>	<b>3,295,727</b>	<b>3,088,009</b>	<b>9,006,284</b>	<b>15,390,020</b>
<b>Other Segment Items</b>	<b>775</b>	<b>28,506</b>	<b>836,147</b>	<b>865,428</b>
Capital investment	-	-	697,758	697,758
Amortization	490	392	6,526	7,408
Impairment losses <sup>(2)</sup>	285	28,114	131,863	160,262
Other non-cash income-expense	-	-	-	-
Restructuring costs	-	-	-	-

(1) Assets in others column contain tangible assets, intangible assets, assets held for sale, deferred tax assets and assets not distributed. Liabilities in others column contain general provisions, reserve for employee benefits, current tax liabilities and liabilities not distributed.

(2) Includes loss in value of marketable securities, fixed assets, assets to be disposed of and associates and special loan loss amount.

Based on information that is presented in the table above as at 30 September 2018, segments of the Group are distributed based on their asset sizes as percentages in current period as; 57% for corporate banking, 5% for retail banking, 38% for investment banking and others segment. Gross income (operational income) of the Group is distributed between corporate banking, retail banking and investment banking and others segment as 57%, 17%, and 26%, respectively.

Explanations on business segments are prepared on the basis of data obtained from Parent Bank Management Reporting System.

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**VIII. Explanations and Footnotes on Consolidated Segment Reporting (Continued)**

<b>Interim period ending as at 30 September 2017</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Treasury, Investment Banking and Others</b>	<b>Total Operations</b>
Operating Income	57,879	127,724	94,373	279,976
Net profit of segment	19,665	74,845	(13,660)	80,850
Undistributed costs	-	-	-	-
Operating Profit / (Loss)	19,665	74,845	(13,660)	80,850
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	19,665	74,845	(13,660)	80,850
Tax provision (-)	-	-	23,036	23,036
Profit / (Loss) after tax	19,665	74,845	(36,696)	57,814
Minority Shares	-	-	-	-
<b>Net Profit / (Loss)</b>	<b>19,665</b>	<b>74,845</b>	<b>(36,696)</b>	<b>57,814</b>
<b>Other Segment Items</b>	<b>2,372</b>	<b>4,996</b>	<b>33,180</b>	<b>40,548</b>
Capital investment	-	-	2,165	2,165
Amortization	353	284	3,898	4,535
Impairment losses <sup>(2)</sup>	2,019	4,712	27,117	33,848
Other non-cash income-expense	-	-	-	-
Restructuring costs	-	-	-	-
<b>31 December 2017</b>				
Segment assets <sup>(1)</sup>	858,496	6,854,101	5,602,963	13,315,560
Investments in subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>858,496</b>	<b>6,854,101</b>	<b>5,602,963</b>	<b>13,315,560</b>
Segment liabilities <sup>(1)</sup>	2,123,694	1,399,619	8,679,953	12,203,266
Equity	-	-	1,112,294	1,112,294
<b>Total Liabilities</b>	<b>2,123,694</b>	<b>1,399,619</b>	<b>9,792,247</b>	<b>13,315,560</b>

<sup>(1)</sup> Assets in others column contain tangible assets, intangible assets, assets held for sale, deferred tax assets and assets not distributed. Liabilities in others column contain general provisions, reserve for employee benefits, current tax liabilities and liabilities not distributed.

<sup>(2)</sup> Includes loss in value of marketable securities, fixed assets, assets to be disposed of and associates and special loan loss amount.

Based on information that is presented in the table above as at 30 September 2017, segments of the Group are distributed based on their asset sizes as percentages in current period as; 53% for corporate banking, 6% for retail banking, 41% for investment banking and others segment. Gross income (operational income) of the Group is distributed between corporate banking, retail banking and investment banking and others segment as 45%, 21%, and 34%, respectively.

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**SECTION FIVE****EXPLANATIONS AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS****I. Explanations and Footnotes on Consolidated Assets****1. Information related to cash and balances with the CBRT:****a) Cash and balances with the CBRT:**

	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Cash/ Foreign Currency	17,034	38,234
Central Bank of the Republic of Turkey (CBRT) <sup>(1)</sup>	248,034	1,120,902
Other	-	-
<b>Total</b>	<b>265,068</b>	<b>1,159,136</b>

<sup>(1)</sup> As at 30 September 2018, the Parent Bank does not keep precious metals as reserve deposits at CBRT.

	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
Cash	12,798	23,828
Central Bank of the Republic of Turkey (CBRT) <sup>(1)</sup>	90,592	1,223,253
Other	-	-
<b>Total</b>	<b>103,390</b>	<b>1,247,081</b>

<sup>(1)</sup> As at 31 December 2017, the Parent Bank does not keep precious metals as reserve deposits at CBRT.**b) Information related to the account of the CBRT:**

	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposits <sup>(1)</sup>	248,034	822,764
Unrestricted Time Deposits	-	-
Restricted Time Deposits	-	298,138
<b>Total</b>	<b>248,034</b>	<b>1,120,902</b>

<sup>(1)</sup> As at 30 September 2018, the Parent Bank does not keep precious metals as reserve deposits at CBRT.

	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposits <sup>(1)</sup>	90,592	232,495
Unrestricted Time Deposits	-	-
Restricted Time Deposits	-	990,758
<b>Total</b>	<b>90,592</b>	<b>1,223,253</b>

<sup>(1)</sup> As at 31 December 2017, the Parent Bank does not keep precious metals as reserve deposits at CBRT.**c) Explanation on 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 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. The reserve rates for TL liabilities vary between 1.5% and 8% due their maturity profile as at 30 September 2018 (31 December 2017: between 4% and 10.5%); the reserve rates for foreign currency liabilities vary between 4% and 20% (31 December 2017: 4% and 24%).

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**I. Explanations and Footnotes on Consolidated Assets (Continued)****2. Financial assets at fair value through profit or loss (net):**

- a) Financial assets at fair value through profit or loss given as collateral/blocked and subject to repurchase agreements:

As at 30 September 2018 and 31 December 2017, the financial assets at fair value through profit or loss are kept under unrestricted account.

- b) Derivative financial assets held for trading at fair value through profit/ loss:

- i. Derivative financial assets at fair value through other comprehensive income

	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Forward transactions	139	-
Swap transactions	55,261	529
Futures transactions	-	-
Options	-	-
Other	-	-
<b>Total</b>	<b>55,400</b>	<b>529</b>

- ii. Trading derivative financial assets

	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
Forward transactions	-	1
Swap transactions	-	690
Futures transactions	-	-
Options	-	-
Other	-	-
<b>Total</b>	<b>-</b>	<b>691</b>

**3. Information on banks:**

	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
<b>Banks</b>		
Domestic	1,305	392,062
Foreign	-	129,507
<b>Total</b>	<b>1,305</b>	<b>521,569</b>

	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
<b>Banks</b>		
Domestic	285	467,446
Foreign	-	1,137,236
<b>Total</b>	<b>285</b>	<b>1,604,682</b>

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**I. Explanations and Footnotes on Consolidated Assets (Continued)****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:**

	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Given as collateral or blocked	94,846	267,058
Subject to repurchase agreements	11,850	250,692
<b>Total</b>	<b>106,696</b>	<b>517,750</b>

As of 30 September 2018, investment securities available-for-sale other than those given as collateral or subject to repurchase agreements amounting to TL 2,122,662 are unrestricted.

	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
Given as collateral or blocked	373,844	326,885
Subject to repurchase agreements	475,844	-
<b>Total</b>	<b>849,688</b>	<b>326,885</b>

As of 31 December 2017, investment securities available-for-sale other than those given as collateral or subject to repurchase agreements amounting to TL 812,437 are unrestricted.

**b) Information on Financial assets at fair value through other comprehensive income:****i. Financial assets at fair value through other comprehensive income:**

	<b>30 September 2018</b>
Debt securities	2,910,413
Listed	1,689,567
Unlisted	1,220,846
Share Certificates	8,219
Listed	-
Unlisted	8,219
Impairment provision (-) / charge (+) <sup>(1)</sup>	171,524
<b>Total</b>	<b>2,747,108</b>

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

**ii. Available-for-sale financial assets:**

	<b>31 December 2017</b>
Debt securities	2,017,003
Listed	1,299,458
Unlisted	717,545
Share Certificates	4,107
Listed	543
Unlisted	3,564
Impairment provision (-) / charge (+) <sup>(1)</sup>	32,100
<b>Total</b>	<b>1,989,010</b>

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



**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**I. Explanations and Footnotes on Consolidated Assets (Continued)**

**5. Information on loans:**

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

<b>30 September 2018</b>		
	<b>Cash</b>	<b>Non-Cash</b>
Direct loans granted to shareholders	-	409,732
Corporate shareholders <sup>(1)</sup>	-	409,732
Real person shareholders	-	-
Indirect loans granted to shareholders <sup>(1)</sup>	7,477	-
Loans granted to employees	2,597	-
<b>Total</b>	<b>10,074</b>	<b>409,732</b>

<sup>(1)</sup> As at 30 September 2018, the Parent Bank considers the loan provided to Industrial and Commercial Bank of China Limited (ICBC) in accordance with the Account Pledge Contract dated on 25 June 2015, amounting of TL 7,477, as cash collateralized loan.

<b>31 December 2017</b>		
	<b>Cash</b>	<b>Non-Cash</b>
Direct loans granted to shareholders	-	166,912
Corporate shareholders <sup>(1)</sup>	-	166,912
Real person shareholders	-	-
Indirect loans granted to shareholders <sup>(1)</sup>	548,335	1,782
Loans granted to employees	2,671	-
<b>Total</b>	<b>551,006</b>	<b>168,694</b>

<sup>(1)</sup> The Parent Bank considers the loan provided to Industrial and Commercial Bank of China Limited (ICBC) in accordance with the Account Pledge Contract dated on 25 June 2015, as at 31 December 2017 an amount of TL 548,335 as cash collateralized loan.

b) Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled:

<b>Loans and Other Receivables Under Close Monitoring</b>				
<b>Cash Loans</b>	<b>Standard Loans (Total)</b>	<b>Loans Not Subject to Restructuring</b>	<b>Restructured Loans</b>	
			<b>Loans with Revised Contract Terms</b>	<b>Refinance</b>
Non-specialized loans	8,959,600	57,472	289,633	31,715
Enterprise loans	-	-	289,623	30,554
Export loans	107,838	15,525	-	-
Import loans	-	-	-	-
Loans given to financial sector	3,393,607	-	-	-
Consumer loans	777,656	10,441	10	28
Credit cards	19,229	198	-	-
Other	4,661,270	31,308	-	1,133
Specialized loans	59	-	-	-
Other receivables	-	-	-	-
<b>Total <sup>(1)</sup></b>	<b>8,959,659</b>	<b>57,472</b>	<b>289,633</b>	<b>31,715</b>

<sup>(1)</sup> The loans and other receivables also include loan receivables of ICBC Yatırım from customers amounting to TL 49,714.

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**I. Explanations and Footnotes on Consolidated Assets (Continued)**

**5. Information on loans (continued):**

<b>Allowances for Expected Credit Losses on Stage 1 and 2</b>	<b>Standard Loans</b>	<b>Loans under close monitoring</b>
12 Month Expected Credit Losses	41,092	-
Significant Increase in Credit Risk	-	71,923
<b>Total</b>	<b>41,092</b>	<b>71,923</b>

**31 December 2017**

**General Provisions**

Provisions for Group I. Loans and Receivables	94,396
<i>In addition to allocation for duration of payment provisions</i>	39
Provisions for Group II. Loans and Receivables	5,957
<i>In addition to allocation for duration of payment provisions</i>	5,209
Provisions for Non-cash Loans	3,760
Other	231

<b>Total</b>	<b>104,344</b>
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**c) Information on changes in the payment schedule and payment terms of loans classified in groups I and II and other receivables:**

<b>Number of Amendments Related to the Extension of the Payment Plan</b>	<b>Standard Loans and Other Receivables</b>	<b>Loans and Other Receivables Under Close Monitoring</b>
Extended by 1 or 2 Times	3,461	320,205
Extended by 3,4 or 5 Times	-	-
Extended by More than 5 Times	-	-

  

<b>The Time Extended via the Amendment on Payment Plan</b>	<b>Standard Loans and Other Receivables</b>	<b>Loans and Other Receivables Under Close Monitoring</b>
Up to 6 Months	234	271,902
6 Months – 1 Year	195	3
1-2 Years	1,194	17,807
2-5 Years	1,174	30,493
5 Years and Over	664	-

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

**I. Explanations and Footnotes on Consolidated Assets (Continued)****5. Information on loans (continued):**

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

	Short Term	Medium or Long Term	Total
<b>Consumer Loans – TL</b>	<b>6,771</b>	<b>775,521</b>	<b>782,292</b>
Mortgage Loans	156	617,485	617,641
Automotive Loans	-	3,846	3,846
Consumer Loans	6,615	154,190	160,805
Other	-	-	-
<b>Consumer Loans – Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards – TL</b>	<b>15,872</b>	<b>-</b>	<b>15,872</b>
With Installment	4,485	-	4,485
Without Installment	11,387	-	11,387
<b>Consumer Credit Cards – FC</b>	<b>529</b>	<b>-</b>	<b>529</b>
With Installment	-	-	-
Without Installment	529	-	529
<b>Personnel Loans – TL</b>	<b>91</b>	<b>1,255</b>	<b>1,346</b>
Mortgage Loans	-	300	300
Automotive Loans	-	-	-
Consumer Loans	91	955	1,046
Other	-	-	-
<b>Personnel Loans – Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>1,185</b>	<b>-</b>	<b>1,185</b>
With Installment	451	-	451
Without Installment	734	-	734
<b>Personnel Credit Cards – FC</b>	<b>66</b>	<b>-</b>	<b>66</b>
With Installment	-	-	-
Without Installment	66	-	66
<b>Credit Deposit Account – TL (Real Person)</b>	<b>4,497</b>	<b>-</b>	<b>4,497</b>
<b>Credit Deposit Account – FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>29,011</b>	<b>776,776</b>	<b>805,787</b>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

**I. Explanations and Footnotes on Consolidated Assets (Continued)**

**5. Information on loans (continued):**

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

	Short Term	Medium or Long Term	Total
<b>Commercial Installment Loans – TL</b>	<b>405</b>	<b>366,902</b>	<b>367,307</b>
Business Residential Loans	-	-	-
Automotive Loans	-	12,539	12,539
Consumer Loans	405	354,363	354,768
Other	-	-	-
<b>Commercial Installment Loans – Indexed to FC</b>	<b>-</b>	<b>63,686</b>	<b>63,686</b>
Business Residential Loans	-	-	-
Automotive Loans	-	22,968	22,968
Consumer Loans	-	40,718	40,718
Other	-	-	-
<b>Commercial Installment Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards – TL</b>	<b>1,679</b>	<b>-</b>	<b>1,679</b>
With Installment	257	-	257
Without Installment	1,422	-	1,422
<b>Corporate Credit Cards – FC</b>	<b>96</b>	<b>-</b>	<b>96</b>
With Installment	-	-	-
Without Installment	96	-	96
<b>Credit Deposit Account – TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Credit Deposit Account – FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2,180</b>	<b>430,588</b>	<b>432,768</b>

**e) Distribution of domestic and foreign loans:**

	30 September 2018
Domestic loans	8,648,714
Foreign loans	689,765
<b>Total</b>	<b>9,338,479</b>
	31 December 2017
Domestic loans	6,893,750
Foreign loans	762,695
<b>Total</b>	<b>7,656,445</b>

**f) Loans granted to subsidiaries and associates: None.**

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

**I. Explanations and Footnotes on Consolidated Assets (Continued)****5. Information on loans (continued):**

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

	<b>30 September 2018</b>
Loans and Other Receivables with Limited Collectibility	26,660
Loans and Other Receivables with Doubtful Collectibility	1,120
Uncollectible Loans and Other Receivables	65,534
<b>Total</b>	<b>93,314</b>

ii. Specific provisions accounted for loans:

	<b>31 December 2017</b>
Loans and Other Receivables with Limited Collectibility	51
Loans and Other Receivables with Doubtful Collectibility	5,091
Uncollectible Loans and Other Receivables	67,005
<b>Total</b>	<b>72,147</b>

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

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

	<b>Group III Loans and other receivables with limited collectibility</b>	<b>Group IV Loans and other receivables with doubtful collectibility</b>	<b>Group V Uncollectible loans and other receivables</b>
<b>Current period</b>			
(Gross amounts before the specific reserves)	37,135	2,571	71,556
Restructured Loans and other receivables	-	-	519
<b>Prior period</b>			
(Gross amounts before the specific reserves)	201	5,638	90,684
Restructured Loans and other receivables	1	15	1,946



**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

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**I. Explanations and Footnotes on Consolidated Assets (Continued)**

**5. Information on loans (continued):**

**h.2) Information on total movements of non-performing loans:**

	<b>Group III Loans and other receivables with limited collectibility</b>	<b>Group IV Loans and other receivables with doubtful collectibility</b>	<b>Group V Uncollectible loans and other receivables</b>
Prior Period End Balance	201	5,638	90,684
Additions (+)	40,153	25	660
Transfers from Other Categories of Non- Performing Loans (+)	-	2,780	5,743
Transfers to Other Categories of Non-Performing Loans (-)	2,780	5,744	-
Collections (-)	439	128	5,837
Write-offs (-)	-	-	19,694
Corporate and Commercial Loans	-	-	19,694
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balances at End of the Period	37,135	2,571	71,556
Specific Provisions (-)	26,660	1,120	65,534
<b>Net Balance on Balance Sheet</b>	<b>10,475</b>	<b>1,451</b>	<b>6,022</b>

**h.3) Information on non-performing loans in foreign currencies: None.**

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

	<b>Group III Loans and other receivables with limited collectibility</b>	<b>Group IV Loans and other receivables with doubtful collectibility</b>	<b>Group V Uncollectible loans and other receivables</b>
<b>Current Period (Net)</b>	<b>10,475</b>	<b>1,451</b>	<b>6,022</b>
Loans Allowed to Real Persons and Corporate Entities (Gross)	37,135	2,571	71,556
Specific provision (-)	26,660	1,120	65,534
Loans Allowed to Real Persons and Corporate Entities (Net)	10,475	1,451	6,022
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>150</b>	<b>547</b>	<b>23,679</b>
Loans Allowed to Real Persons and Corporate Entities (Gross)	201	5,638	90,684
Specific provision (-)	51	5,091	67,005
Loans Allowed to Real Persons and Corporate Entities (Net)	150	547	23,679
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**I. Explanations and Footnotes on Consolidated Assets (Continued)****5. Information on loans (continued):**

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

	<b>Group III Loans with Limited Collectibility</b>	<b>Group IV Loans with Doubtful Collectibility</b>	<b>Group V Uncollectible Loans</b>
<b>Current period (Net)</b>	<b>(22,467)</b>	-	-
Interest accruals and discounts with valuation differences	4,116	-	-
Provision amount (-)	26,583	-	-
<b>Prior period (Net)</b>	-	-	-
Interest accruals and discounts with valuation differences	-	-	-
Provision amount (-)	-	-	-

**6. Information on investment securities held-to-maturity (net):**

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

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

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

i. Financial assets measured at amortized cost:

	<b>30 September 2018</b>
Government Bonds	667,192
Treasury bills	-
Other public sector debt securities	-
<b>Total</b>	<b>667,192</b>

As of 30 September 2018, all of the securities classified as financial assets at amortized cost of the Parent Bank consist of bank bills.

ii. Investments held-to-maturity:

	<b>31 December 2017</b>
Government Bonds	297,172
Treasury bills	-
Other public sector debt securities	-
<b>Total</b>	<b>297,172</b>

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

**I. Explanations and Footnotes on Consolidated Assets (Continued)****6. Information on investment securities held-to-maturity (net) (continued):****c) i. Information on financial assets at amortized cost:**

	<b>30 September 2018</b>
Debt securities	988,838
Listed	-
Unlisted	988,838
Impairment provision (-) <sup>(1)</sup>	33,675
<b>Total</b>	<b>1,022,513</b>

<sup>(1)</sup> Consists of change in interest accruals.**ii. Information on investment securities held-to-maturity:**

	<b>31 December 2017</b>
Debt securities	478,294
Listed	-
Unlisted	478,294
Impairment provision (-) <sup>(1)</sup>	15,119
<b>Total</b>	<b>493,413</b>

<sup>(1)</sup> Consists of change in interest accruals.**d) i. The movement of financial assets at amortized cost:**

	<b>30 September 2018</b>
Beginning balance	493,413
Foreign currency differences on monetary assets	-
Purchases during year	495,425
Disposals through sales and redemptions	-
Impairment provision (-)	33,675
<b>Period end balance</b>	<b>1,022,513</b>

**ii. The movement of financial investment securities held-to-maturity:**

	<b>31 December 2017</b>
Beginning balance	184,587
Foreign currency differences on monetary assets	-
Purchases during year	293,707
Disposals through sales and redemptions	-
Impairment provision (-)	15,119
<b>Period end balance</b>	<b>493,413</b>

**7. Investments in associates (net):**

None.

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

**I. Explanations and Footnotes on Consolidated Assets (Continued)****8. Investments in subsidiaries (net):**

As at 30 September 2018, 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 at 30 September 2018, the Parent Bank has no unconsolidated subsidiary.

- e) Information on consolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage- If different from voting percentage (%)	Banks Risk Group Share Percentage (%)
ICBC Turkey Yatırım Menkul Değerler A.Ş. (ICBC Yatırım) <sup>(1)</sup>	Istanbul/Turkey	99.998	-

<sup>(1)</sup> At the Extraordinary General Assembly Meeting of Tekstil Yatırım Menkul Değerler A.Ş. dated 30 May 2016; it has been decided that the commercial title of the Company is changed to "ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi" shortly as "ICBC Turkey Yatırım".

- f) Information on consolidated subsidiaries according to information above:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / (Loss)	Prior Period Profit / (Loss)	Fair value
467,203	115,137	1,168	11,549	97	21,125	(526)	-

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

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

Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit/ (loss)	Prior period profit / (loss)	Fair Value
3,641	3,442	11	355	-	(133)	(377)	-

- g) Movement of consolidated subsidiaries:

		30 September 2018
Balance at the Beginning of the Period		75,998
Movements during the Period		-
Purchases		-
Bonus Shares Received		-
Dividends from Current Year Profit		-
Sales		-
Revaluation Increase		-
Impairment Provision		-
<b>Balance at the End of the Period</b>		<b>75,998</b>
Capital Commitments		-
Share of Capital Percentage at the end of Period (%)		-

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**I. Explanations and Footnotes on Consolidated Assets (Continued)****8. Investments in subsidiaries (net) (continued):****g) Movement of consolidated subsidiaries (continued):**

	<b>31 December 2017</b>
Balance at the Beginning of the Period	25,000
Movements during the Period	50,998
Purchases	39,998
Bonus Shares Received	11,000
Dividends from Current Year Profit	-
Sales	-
Revaluation Increase	-
Impairment Provision	-
<b>Balance at the End of the Period</b>	<b>75,998</b>

**h) Sectoral distribution of consolidated subsidiaries:**

	<b>30 September 2018</b>
Subsidiaries	-
Banks	-
Insurance Companies	-
Factoring Companies	-
Leasing Companies	-
Finance Companies	-
Other Financial Subsidiaries	75,998
Other Non-Financial Subsidiaries	-
<b>Total</b>	<b>75,998</b>

	<b>31 December 2017</b>
Subsidiaries	-
Banks	-
Insurance Companies	-
Factoring Companies	-
Leasing Companies	-
Finance Companies	-
Other Financial Subsidiaries	75,998
Other Non-Financial Subsidiaries	-
<b>Total</b>	<b>75,998</b>

- i) Listed subsidiaries: None.
- j) Subsidiaries disposed of during the current period: None.
- k) Subsidiaries purchased in the current period: None.



**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

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**I. Explanations and Footnotes on Consolidated Assets (continued)**

**9. Information on joint ventures (net):**

None.

**10. Information on financial lease receivables (net):**

None.

**11. Information on hedging purpose derivatives:**

None.

**12. Information on investment properties (net):**

None.

**13. Information on deferred tax assets:**

a) Amount of deferred tax asset recognized in the balance sheet in respect of each type of deductible temporary differences, unused tax credits:

As at 30 September 2018, the deferred tax asset arising from the deductible temporary differences except for general loan provisions is amounting to TL 43,904 (31 December 2017: TL 10,619). As at 30 September 2018, there is no deferred tax asset arising from financial losses (31 December 2017: None).

In case of book value and taxable value differences of assets are subject of deferred tax relating to equities accounts, deferred tax asset or liability net off with accounts in this group.

b) Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in the balance sheet: None.

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

The Group has no asset held for sale and discontinued operation as at 30 September 2018 and 31 December 2017.

**15. Information on other assets:**

Commodities and immovable properties of the Group obtained with respect to non-performing loans are recognized under movable and immovable assets to be sold off and shown under other assets in the balance sheet. Net total carrying value of the aforementioned assets is TL 8,289 as at 30 September 2018 (31 December 2017: TL 8,415).

Sum of other assets amounting to TL 74,260 (31 December 2017: TL 95,045), which are out of movable and immovable properties to be sold off, do not exceed 10% of the balance sheet total.

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**II. Explanations and Footnotes on Consolidated Liabilities**
**1. Information on deposits:**
**a) Information on maturity profile of deposits:**

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

**a.1) 30 September 2018:**

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6 Months- 1 Year</b>	<b>1 Year and Over</b>	<b>Cumulative Deposits</b>	<b>Total</b>
Saving Deposits	25,804	29,455	1,528,859	14,206	6,192	121	-	1,604,637
Foreign Currency Deposits	334,187	105,393	3,828,379	23,960	18,348	5,170	-	4,315,437
Residents in Turkey	315,579	105,377	3,695,543	20,120	4,641	545	-	4,141,805
Residents Abroad	18,608	16	132,836	3,840	13,707	4,625	-	173,632
Public Sector Deposits	2,540	-	-	-	-	-	-	2,540
Commercial Deposits	27,226	15,204	83,724	11,110	-	-	-	137,264
Other Ins. Deposits	3,203	333	7,240	46	40	1	-	10,863
Precious Metal Deposits	-	-	-	-	-	-	-	-
Interbank Deposits	143,142	152,801	-	-	-	-	-	295,943
CBRT	-	-	-	-	-	-	-	-
Domestic Banks	4,353	152,801	-	-	-	-	-	157,154
Foreign Banks	138,789	-	-	-	-	-	-	138,789
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>536,102</b>	<b>303,186</b>	<b>5,448,202</b>	<b>49,322</b>	<b>24,580</b>	<b>5,292</b>	<b>-</b>	<b>6,366,684</b>

**a.2) 31 December 2017:**

	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6 Months- 1 Year</b>	<b>1 Year and Over</b>	<b>Cumulative Deposits</b>	<b>Total</b>
Saving Deposits	39,614	17,256	1,130,403	12,808	2,820	1	-	1,202,902
Foreign Currency Deposits	338,317	36,587	1,440,900	8,136	12,898	5,951	-	1,842,789
Residents in Turkey	330,767	10,674	1,384,923	5,691	3,701	1,312	-	1,737,068
Residents Abroad	7,550	25,913	55,977	2,445	9,197	4,639	-	105,721
Public Sector Deposits	1,835	-	-	-	-	-	-	1,835
Commercial Deposits	82,239	25,142	87,239	22,206	2	-	-	216,828
Other Ins. Deposits	3,126	38	6,284	10	38	10	-	9,506
Precious Metal Deposits	-	-	-	-	-	-	-	-
Interbank Deposits	71,241	-	-	-	-	-	-	71,241
CBRT	-	-	-	-	-	-	-	-
Domestic Banks	1,065	-	-	-	-	-	-	1,065
Foreign Banks	70,176	-	-	-	-	-	-	70,176
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>536,372</b>	<b>79,023</b>	<b>2,664,826</b>	<b>43,160</b>	<b>15,758</b>	<b>5,962</b>	<b>-</b>	<b>3,345,101</b>

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

### II. Explanations and Footnotes on Consolidated Liabilities (Continued)

#### b) Information on Deposit Insurance:

- b.1) Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit:

Saving Deposits	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
	30 September 2018	30 September 2018
Saving Deposits	732,425	870,654
Foreign Currency Savings Deposits	247,659	1,352,541
Other Saving Deposits	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
<b>Total</b>	<b>980,084</b>	<b>2,223,195</b>

Saving Deposits	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
	31 December 2017	31 December 2017
Saving Deposits	555,417	645,020
Foreign Currency Savings Deposits	184,108	681,930
Other Saving Deposits	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
<b>Total</b>	<b>739,525</b>	<b>1,326,950</b>

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

- b.3) Saving deposits not covered by deposit insurance: The group has saving deposits not covered by deposit insurance amounting to TL 5,038 (31 December 2017: TL 4,504).

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

	30 September 2018
Deposits and Other Accounts at Foreign Branches	-
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children in their care	-
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children in their care	5,038
Deposits and Other Accounts defined in Crimes Mentioned in 282 <sup>nd</sup> Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey	-
	31 December 2017
Deposits and Other Accounts at Foreign Branches	-
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children in their care	-
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children in their care	4,504
Deposits and Other Accounts defined in Crimes Mentioned in 282 <sup>nd</sup> Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey	-

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**II. Explanations and Footnotes on Consolidated Liabilities (Continued)****2. Information on derivative financial liabilities held for trading:****i. Table of derivative financial liabilities:**

	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Forward Transactions	3	-
Swap Transactions	716	3,637
Future Transactions	-	-
Options	-	-
Other	-	-
<b>Total</b>	<b>719</b>	<b>3,637</b>

**ii. Negative differences table for derivative financial liabilities held for trading:**

	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
Forward Transactions	-	1
Swap Transactions	13,857	414
Future Transactions	-	-
Options	-	-
Other	-	-
<b>Total</b>	<b>13,857</b>	<b>415</b>

**3. Information on funds borrowed:****a) Information on banks and other financial institutions:**

	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Central Bank of the Republic of Turkey	-	-
Domestic Banks and Institutions	3,212	-
Foreign Banks, Institutions and Funds	1,552,117	5,331,737
<b>Total</b>	<b>1,555,329</b>	<b>5,331,737</b>

	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
Central Bank of the Republic of Turkey	-	-
Domestic Banks and Institutions	6,614	6,810
Foreign Banks, Institutions and Funds	-	6,974,614
<b>Total</b>	<b>6,614</b>	<b>6,981,424</b>

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**II. Explanations and Footnotes on Consolidated Liabilities (Continued)****3. Information on funds borrowed (continued):****b) Contractual maturities of funds borrowed:**

	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Short-Term	1,555,329	1,058,452
Medium and Long-Term	-	4,273,285
<b>Total</b>	<b>1,555,329</b>	<b>5,331,737</b>

	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
Short-Term	6,614	4,682,854
Medium and Long-Term	-	2,298,570
<b>Total</b>	<b>6,614</b>	<b>6,981,424</b>

- c) Additional information on concentrations of the 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 like export financing, money market, post-finance funding and are provided from different institutions.

**4. Information on other external resources:**

Other external resources are amounting to TL 472,071 (31 December 2017: TL 114,548) and do not exceed 10% of total liabilities excluding the off-balance sheet items.

**5. Obligations under financial leases:**

Lease rent payments are determined according to related asset's cost, market interest rates and lease term. The Parent Bank does not have significant obligations regarding financial lease agreements.

As at 30 September 2018 and 31 December 2017, the Group does not have financial lease liabilities.

As at 30 September 2018 and 31 December 2017, the Group does not have any obligations from operational lease agreements.

**6. Information on liabilities arising from hedging purpose derivatives:**

None.



**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**II. Explanations and Footnotes on Consolidated Liabilities (Continued)****7. Information on provisions:****a) Information on reserve for employee rights:**

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

The indemnity payable is one month's salary for each year of service and as of 30 September 2018, this amount is restricted with TL-full 5,434.42 (31 December 2017: TL-full 4,732.48). 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.

	30 September 2018
Discount Ratio (%)	4.67
Expected Salary/ETI Liability Ceiling Increase Rate (%)	7.00
Rate for the Probability of Retirement (%)	93.00

  

	31 December 2017
Discount Ratio (%)	2.78
Expected Salary/ETI Liability Ceiling Increase Rate (%)	8.00
Rate for the Probability of Retirement (%)	93.00

The basic assumption, which is to be paid severance pay for each year of service, or an estimated salary increase cap will increase in the rate of inflation each year. The discount rate is shows the expected real rate after adjusting for the effects of inflation.

Movement of employment termination benefits liability is as below:

	30 September 2018
Balance at prior period end	10,735
Current year provisions	1,627
Paid in current period	(1,670)
<b>Balance at the end of the period</b>	<b>10,692</b>

  

	31 December 2017
Balance at prior period end	8,743
Current year provisions	4,465
Paid in current period	(2,473)
<b>Balance at the end of the period</b>	<b>10,735</b>

As at 30 September 2018, the Group has vacation pay liability amounting TL 5,251 (31 December 2017: TL 5,242).

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**II. Explanations and Footnotes on Consolidated Liabilities (Continued)****7. Information on provisions (continued):****b) Information on provisions related to foreign currency differences of foreign currency indexed loans:**

As at 30 September 2018, there is no foreign exchange differences on foreign currency indexed loans (31 December 2017: TL 343) are netted with loans on the asset side.

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

As at 30 September 2018, the Group has provision amounting to TL 7,571 (31 December 2017: TL 10,423) for non-cash loans and irrevocable commitments that are not indemnified and not converted into cash amounting to TL 3,687 (31 December 2017: TL 6,092).

**d) Information on other provisions:**

d.1) Information on provision for possible risks: None.

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

As at 30 September 2018, the Parent Bank has provision for credit card service promotions amounting TL 89 (31 December 2017: TL 94).

d.3) Information on other provisions:

As at 30 September 2018, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 10,992 (31 December 2017: TL 9,546).

As at 30 September 2018, there is provision for personnel bonus amounting TL 6,753 (31 December 2017: TL 5,070). As at 30 September 2018, there is provision for non-cash loans is amounting to TL 5,810.

**8. Information on tax liabilities:**

a) Current tax liability: As at 30 September 2018, corporate taxes payable of the Group after deductions of prepaid taxes is TL 10,564 (31 December 2017: TL 13,791).

**b) Information on taxes payable:**

	<b>30 September 2018</b>
Corporate taxes payable	10,564
Taxation on securities	7,366
Property Tax	247
Booking and Insurance Transaction Tax (BITT)	3,089
Foreign Exchange Transaction Tax	-
Value added tax payable	126
Other	6,601
<b>Total</b>	<b>27,993</b>

	<b>31 December 2017</b>
Corporate taxes payable	13,791
Taxation on securities	3,479
Property Tax	236
Booking and Insurance Transaction Tax (BITT)	3,019
Foreign Exchange Transaction Tax	-
Value added tax payable	216
Other	4,954
<b>Total</b>	<b>25,695</b>

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**II. Explanations and Footnotes on Consolidated Liabilities (Continued)****8. Information on tax liabilities (continued):****c) Information on premiums payable:**

	<b>30 September 2018</b>
Social security premiums- employee	2,767
Social security premiums- employer	3,108
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	174
Unemployment insurance- employer	348
Other	-
<b>Total</b>	<b>6,397</b>

	<b>31 December 2017</b>
Social security premiums- employee	1,630
Social security premiums- employer	1,819
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	115
Unemployment insurance- employer	231
Other	-
<b>Total</b>	<b>3,795</b>

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

Deferred tax assets and liabilities of each consolidated entity calculated individually are netted at each individual financial statement. Net deferred tax assets and liabilities of consolidated entities are not netted off with each other during consolidation process.

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

None.

**10. Information on subordinated loans:**

None.

**11. Information on shareholders' equity:****a) Paid in capital:**

	<b>30 September 2018</b>
Common Stock	860,000
Preferred Stock	-
	<b>31 December 2017</b>
Common Stock	860,000
Preferred Stock	-

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

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**II. Explanations and Footnotes on Consolidated Liabilities (Continued)****11. Information on shareholders' equity (continued)**

- 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: None.
- d) Information on share capital increases from revaluation funds: None.
- e) Capital commitments for current financial year and following period: None.
- f) Prior period indicators of the Parent Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators: None.
- g) Information on the privileges given to stocks representing the capital: The 70% of share capital of the Parent Bank consist of Type A shares and the 30% of the remaining consist of Type B shares. Three out of five members of the Board of Directors are appointed by Type A shareholders and the remaining two are appointed by Type B shareholders. There is no other privilege appointed.
- h) Information on marketable securities value increase fund:

	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
From investment in associates, subsidiaries and joint ventures	-	-
Revaluation difference	(24,630)	(77,442)
Foreign exchange difference	-	-
<b>Total</b>	<b>(24,630)</b>	<b>(77,442)</b>

	<b>31 December 2017</b>	
	<b>TL</b>	<b>FC</b>
From investment in associates, subsidiaries and joint ventures	-	-
Revaluation difference	(7,763)	2,167
Foreign exchange difference	-	-
<b>Total</b>	<b>(7,763)</b>	<b>2,167</b>

Information on portion of marketable securities valuation reserve related to foreign currency securities:

Portion of marketable securities valuation reserve related to foreign marketable securities is presented as difference between fair values of the government bonds classified as financial assets at fair value through other comprehensive income and values, discounted according to the effective interest rate (internal rate of return) method.

i) Information on the Parent Bank's 2017 profit distribution:

According to Ordinary General Assembly of the Parent Bank as at 30 March 2018, the Parent Bank has profit for the year 2017 amounting to TL 42,484. The Parent Bank transferred profit for the year 2017 amounting to TL 3,316 to prior year profit/ losses, legal reserve is appropriated out of the statutory profit at the rate of 5% amounting to TL 1,958 and extraordinary reserves with all the remaining amounts of TL 37,210.

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**III. Explanations and Footnotes on Consolidated Income Statement (Continued)****1. Information on interest income:****a) Information on interest income received from loans:**

	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Interest income received from loans <sup>(1)</sup>		
Short Term Loans	157,979	5,373
Medium and Long Term Loans	230,454	180,668
Interest on Loans Under Follow-Up	5,572	-
Premiums received from resource Utilization Support Fund	-	-
<b>Total</b>	<b>394,005</b>	<b>186,041</b>

<sup>(1)</sup> Also includes fees and commissions from cash loans.

	<b>30 September 2017</b>	
	<b>TL</b>	<b>FC</b>
Interest income received from loans <sup>(1)</sup>		
Short Term Loans	126,778	2,981
Medium and Long Term Loans	132,426	97,947
Loans Under Follow-Up	2,072	-
Premiums received from resource Utilization Support Fund	-	-
<b>Total</b>	<b>261,276</b>	<b>100,928</b>

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

	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
From Domestic Banks	694	3,423
From Foreign Banks	-	1,216
From Headquarters and Branches Abroad	-	-
<b>Total</b>	<b>694</b>	<b>4,639</b>

  

	<b>30 September 2017</b>	
	<b>TL</b>	<b>FC</b>
From Domestic Banks	35	4,783
From Foreign Banks	1	368
From Headquarters and Branches Abroad	-	-
<b>Total</b>	<b>36</b>	<b>5,151</b>



**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**III. Explanations and Footnotes on Consolidated Income Statement (Continued)****1. Information on interest income (continued):****c) Information on interest income received from securities portfolio:**

	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Financial Assets at Fair Value Through Profit Or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	118,875	42,983
Financial Assets Measured at Amortized Cost	39,099	16,367
<b>Total</b>	<b>157,974</b>	<b>59,350</b>

	<b>30 September 2017</b>	
	<b>TL</b>	<b>FC</b>
Trading Securities	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Investment Securities Available-for-Sale	79,241	33,974
Investment Securities Held-to-Maturity	9,742	12,120
<b>Total</b>	<b>88,983</b>	<b>46,094</b>

**d) Information on interest income received from associates and subsidiaries: None.****2. Information on interest expense:****a) Information on interest expense related to funds borrowed:**

	<b>30 September 2018</b>	
	<b>TL</b>	<b>FC</b>
Banks <sup>(1)</sup>	52,289	141,436
Central Bank of the Republic of Turkey	-	-
Domestic Banks	173	96
Foreign Banks	52,116	141,340
Headquarters and Branches Abroad	-	-
Other Institutions	-	-
<b>Total</b>	<b>52,289</b>	<b>141,436</b>

<sup>(1)</sup> Also includes fees and commission expenses related with funds borrowed.

	<b>30 September 2017</b>	
	<b>TL</b>	<b>FC</b>
Banks <sup>(1)</sup>	501	81,093
Central Bank of the Republic of Turkey	-	-
Domestic Banks	474	84
Foreign Banks	27	81,009
Headquarters and Branches Abroad	-	-
Other Institutions	-	-
<b>Total</b>	<b>501</b>	<b>81,093</b>

<sup>(1)</sup> Also includes fees and commission expenses related with funds borrowed.

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**III. Explanations and Footnotes on Consolidated Income Statement (Continued)**

b) Information on interest expense paid to associates and subsidiaries: None.

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

d) Maturity structure of the interest expense on deposits:

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

30 September 2018		Time Deposits						
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	Total
TL								
Bank Deposits	-	2	-	-	-	-	-	2
Saving Deposits	-	2,796	152,424	3,497	311	1	-	159,029
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	4,695	25,247	59	-	-	-	30,001
Other Deposits	-	14	1,051	3	3	-	-	1,071
<b>Total</b>	-	<b>7,507</b>	<b>178,722</b>	<b>3,559</b>	<b>314</b>	<b>1</b>	-	<b>190,103</b>
FC								
Foreign Currency Deposits	-	530	82,989	1,240	153	98	-	85,010
Bank Deposits	-	980	-	-	-	-	-	980
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>1,510</b>	<b>82,989</b>	<b>1,240</b>	<b>153</b>	<b>98</b>	-	<b>85,990</b>
<b>Grand Total</b>	-	<b>9,017</b>	<b>261,711</b>	<b>4,799</b>	<b>467</b>	<b>99</b>	-	<b>276,093</b>

30 September 2017				Time Deposits				
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	Total
TL								
Bank Deposits	-	57	-	-	-	-	-	57
Saving Deposits	-	926	91,247	44	73	4	-	92,294
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	2,990	27,668	1	-	1	-	30,660
Other Deposits	-	4	814	2	4	-	-	824
Total	-	3,977	119,729	47	77	5	-	123,835
FC								
Foreign Currency Deposits	-	82	23,789	94	115	58	-	24,138
Bank Deposits	-	6	-	-	-	-	-	6
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	88	23,789	94	115	58	-	24,144
Grand Total	-	4,065	143,518	141	192	63	-	147,979

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**III. Explanations and Footnotes on Consolidated Income Statement (Continued)****3. Information on trading profit / loss (net):**

	30 September 2018
<b>Profit</b>	<b>1,191,369</b>
Capital Market Gains	8,134
Derivative Gains	605,306
Foreign Exchange Gains	577,929
<b>Loss (-)</b>	<b>1,192,889</b>
Capital Market Losses	-
Derivative Losses	373,003
Foreign Exchange Losses	819,886

Net profit related to derivative transactions resulting from foreign currency rate changes is amounting to TL 325,930.

	30 September 2017
<b>Profit</b>	<b>307,946</b>
Capital Market Gains	6,921
Derivative Gains	89,088
Foreign Exchange Gains	211,937
<b>Loss (-)</b>	<b>347,020</b>
Capital Market Losses	6
Derivative Losses	199,217
Foreign Exchange Losses	147,797

Net loss related to derivative transactions resulting from foreign currency rate changes is amounting to TL 61,157.

**4. Information on other operating income:**

	30 September 2018
Collection of Prior Year Provisions	25,089
Income on Project Appraisal	12,862
Reverse of Prior Year Expenses	5,277
Income from Real Estate Properties to be Sold off	1,186
Other Income	29,075
<b>Total</b>	<b>73,489</b>

	30 September 2017
Collection of Prior Year Provisions	6,829
Income on Project Appraisal	2,992
Other Income	4,742
<b>Total</b>	<b>14,563</b>

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**III. Explanations and Footnotes on Consolidated Income Statement (Continued)****5. Impairment on loans and other receivables:****i. Allowance for expected credit losses:**

	<b>30 September 2018</b>
Allowance for expected credit losses	118,327
12-Month expected credit losses (Stage 1)	3,804
Significant increase in credit risk (Stage 2)	67,697
Credit-Impaired (Stage 3)	46,826
Impairment provisions for financial assets	15,401
Financial assets at fair value through profit or loss	6
Financial assets at fair value through other comprehensive income	15,395
Impairment provisions related to investments in associates, subsidiaries and joint ventures	-
Investments in associates	-
Subsidiaries	-
Joint ventures	-
Other <sup>(1)</sup>	26,534
<b>Total</b>	<b>160,262</b>

**ii. Provision for impairment of loans and other receivables:**

	<b>30 September 2017</b>
Specific Provisions on Loans and Other Receivables	6,733
Loans and Receivables in Group III	101
Loans and Receivables in Group IV	1,417
Loans and Receivables in Group V	5,215
General Provision Expenses	20,064
Provision for Possible Risks	-
Impairment Losses on Securities:	2,321
Financial assets at fair value through profit or loss	-
Financial assets Available-for-Sale	2,321
Other Impairment Losses:	2,100
Associates	-
Subsidiaries	-
Joint Ventures	-
Investment Securities Held-to-Maturity	2,100
Other <sup>(1)</sup>	2,630
<b>Total</b>	<b>33,848</b>

<sup>(1)</sup> Consists of provision for lawsuits filed against the Group and other provision expense.

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**III. Explanations and Footnotes on Consolidated Income Statement (Continued)****6. Information on other operational expenses:**

	<b>30 September 2018</b>
Personnel Expenses <sup>(2)</sup>	129,242
Reserve for Employee Termination Benefits	167
Reserve for Bank's Social Aid Fund Deficit	-
Impairment Expenses of Tangible Assets	-
Depreciation Expenses of Tangible Assets	5,318
Impairment Expenses of Intangible Assets	-
Impairment Expenses of Goodwill	-
Amortization Expenses of Intangible Assets	1,758
Impairment Expenses of Investments in Associates	-
Impairment Expenses of Assets Held for resale	-
Depreciation Expenses of Assets Held for resale	332
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-
Other Operating Expenses	50,599
Operational Leasing expenses	20,852
Repair and Maintenance expenses	6,500
Advertising Expenses	554
Other Expenses	22,693
Loss on Sale of Assets	-
Other <sup>(1)</sup>	26,917
<b>Total</b>	<b>214,333</b>

(1) Other line mainly includes taxes paid other than corporate income tax, customs and duties paid and SDIF premium expense.

(2) "Personnel Expenses", which are not included in "Other Operating Expenses" in the statement of profit or loss, are included in this table.

	<b>30 September 2017</b>
Personnel Expenses	93,458
Reserve for Employee Termination Benefits	2,143
Reserve for Bank's Social Aid Fund Deficit	-
Impairment Expenses of Tangible Assets	-
Depreciation Expenses of Tangible Assets	3,673
Impairment Expenses of Intangible Assets	-
Impairment Expenses of Goodwill	-
Amortization Expenses of Intangible Assets	818
Impairment Expenses of Investments in Associates	-
Impairment Expenses of Assets Held for resale	-
Depreciation Expenses of Assets Held for resale	44
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-
Other Operating Expenses	44,747
Operational Leasing Expenses	18,715
Repair and Maintenance Expenses	4,903
Advertising Expenses	200
Other Expenses	20,929
Loss on Sale of Assets	1
Other <sup>(1)</sup>	20,394
<b>Total</b>	<b>165,278</b>

(1) Other line mainly includes taxes paid other than corporate income tax, customs and duties paid and SDIF premium expense.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**III. Explanations and Footnotes on Consolidated Income Statement (Continued)**

**7. Explanations on profit / loss before tax of continued and discontinued operations:**

Profit before taxes for continued operations is TL 97,785 (30 September 2017: TL 80,850 profit before tax). Profit before taxes consists of net interest income amounting to TL 322,072 (30 September 2017: TL 256,272), net fees and commission income amounting to TL 78,338 (30 September 2017: TL 48,207) and other operating expenses amounting to TL 85,091 (30 September 2017: TL 71,820).

**8. Explanations on tax provision of continued and discontinued operations:**

**a) Information on current tax income or expense and deferred tax income or expense:**

Current tax expenses belonging to period ending on 30 September 2018 is TL 12,846 (2017: TL 22,012).

There is a deferred tax expense on 30 September 2018 amounting to TL 13,376 (2017 - TL 1,024 deferred tax expense).

**b) Information on deferred tax charge arising from origination or reversal of temporary differences:**

For the period ended 30 September 2018, the deferred tax expense arising from the origination of temporary differences amounts TL 13,376 (30 September 2017: TL 1,024 deferred tax expense).

Additionally, for the period ended 30 September 2018, the current tax effect amounting to TL 8,871 and deferred tax effect amounting to TL 18,179, on an aggregate TL 27,050 tax effect (2017: total TL 1,362 current and TL (6,431) is deferred tax effect total TL (5,069)) which are related to transactions recognized under equity is accounted under equity accounts).

**c) Information on deferred tax income or expense reflected on the statement of profit or loss resulting from temporary differences, financial losses and tax deductions and exemptions:**

For the period ended 30 September 2018, the deferred tax expense arising from the origination of temporary differences amounts TL 13,376 (2017: 1,024 deferred tax expense). There is no deferred tax income from financial loss in period ending on 30 September 2018 (2017: None).

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

Net profit from continued operations is TL 71,563 (30 September 2017: TL 57,814 net profit).

**10. Explanations 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.**

**11. Explanations on the components of other items in the income statement exceeding 10% of the group total, or at least 20% of the sub-accounts belonging to this group:**

In the consolidated income statement; 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 of mainly income received and expenses paid to customers and third parties regarding banking activities.

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**IV. Explanations and Footnotes on Consolidated Off-Balance Sheet Items****1. Disclosures on other contingent liabilities:****a) Type and amount of irrevocable commitments:**

	<b>30 September 2018</b>
Forward deposit purchase and sale commitments	34,493
Commitment for use guaranteed credit allocation	29,857
Credit cards limit commitments	68,508
Payment commitments for checks	8,906
Credit card commitments given with applications for promotion	192
Tax and fund obligations arising from export commitments	144
Other irrevocable commitments	8,344
<b>Total</b>	<b>150,444</b>

	<b>31 December 2017</b>
Forward deposit purchase and sale commitments	18,359
Commitment for use guaranteed credit allocation	29,033
Credit cards limit commitments	67,403
Payment commitments for checks	73,028
Credit card commitments given with applications for promotion	193
Tax and fund obligations arising from export commitments	5
Other irrevocable commitments	11,878
<b>Total</b>	<b>199,899</b>

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

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

	<b>30 September 2018</b>
Letter of guarantee	2,267,732
Bank acceptance loans	-
Letter of credits	256,517
Other guarantees	131,882
<b>Total</b>	<b>2,656,131</b>

	<b>31 December 2017</b>
Letter of guarantee	1,675,741
Bank acceptance loans	-
Letter of credits	68,919
Other guarantees	44,523
<b>Total</b>	<b>1,789,183</b>

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

**IV. Explanations and Footnotes on Consolidated Off-Balance Sheet Items (Continued)****1. Disclosures on other contingent liabilities (continued):****c) Total amount of non-cash loans:**

	<b>30 September 2018</b>
Non-Cash Loans Given for Cash Loan Risks	286,361
With Original Maturity of 1 Year or Less	206,361
With Original Maturity of More Than 1 Year	80,000
Other Non-Cash Loans	2,369,770
<b>Total</b>	<b>2,656,131</b>

	<b>31 December 2017</b>
Non-Cash Loans Given for Cash Loan Risks	138,877
With Original Maturity of 1 Year or Less	78,354
With Original Maturity of More Than 1 Year	60,523
Other Non-Cash Loans	1,650,306
<b>Total</b>	<b>1,789,183</b>

**2. Disclosures on fiduciary services rendered on behalf of third parties:**

The Group performs purchase-sale transactions on behalf of its customers and provides custody, management and consultancy services.

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

### V. Explanations and Footnotes 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) Current Period:

Parent Bank's Risk Group <sup>(1)</sup>	Associates and Subsidiaries		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	-	-	548,329	168,694	88	-
Balance at the End of the Period	5	-	7,490	409,732	13	-
Interest and Commission Income Received	-	-	4,114	-	-	-

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

The Parent Bank has TL 8,553 placements in its risk group banks as at 30 September 2018 (31 December 2017: TL 5,951). Also the Parent Bank has TL 105 irrevocable commitment in its risk group as at 30 September 2018 (31 December 2017: TL 122).

##### b) Prior Period:

Parent Bank's Risk Group <sup>(1)</sup>	Associates and Subsidiaries		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	-	-	1,079,137	117,068	55	-
Balance at the End of the Period	-	-	548,329	168,694	88	-
Interest and Commission Income Received	-	-	35,028	-	-	-

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

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

Current Period Parent Bank's Risk Group <sup>(1)</sup>	Associates and Subsidiaries (Joint Ventures)	Bank's Direct and Indirect Shareholders	Other Components in Risk Group
Balance at the beginning of the Period	-	70,367	519
Balance at the End of the Period	6,042	109,220	865
Interest on Deposits	-	-	17

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

Prior Period Parent Bank's Risk Group <sup>(1)</sup>	Associates and Subsidiaries (Joint Ventures)	Bank's Direct and Indirect Shareholders	Other Components in Risk Group
Balance at the beginning of the Period	-	450,896	1,321
Balance at the End of the Period	-	70,367	519
Interest on Deposits	-	-	31

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

The Parent Bank has borrowed loans from the Parent Bank's Risk Group amounting TL 6,579,622 as at 30 September 2018 (31 December 2017: TL 4,461,325).

d) Information on forward transactions and option agreements and similar other agreements related with the Parent Bank's risk group 30 September 2018: None (31 December 2017: None).

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**V. Explanations and Footnotes on the Parent Bank's Risk Group (Continued)**

**2. Information on the Parent Bank's transactions with the risk group:**

- a) 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 Group's transactions with its risk group, pricing policy and other matters are determined and applied at market conditions. As at 30 September 2018, proportion of cash loans to risk group in total cash loans is 0.1% (31 December 2017: 7.1%) and proportion of deposits from its risk group in total deposits is 2.5% (31 December 2017: 2.1%). Proportion of borrowings from its risk group in total funds borrowed is 95.5% (31 December 2017: 63.8%).

In the current period, benefits provided to the Group's key management amount to TL 14,413 (2017: TL 11,057).

**VI. Information and footnotes on subsequent events**

As of 12 October 2018, Başbuğ Yavuz Samancıoğlu, Assistant General Manager in charge of Corporate and Commercial Banking Group, resigned from his position.



**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**SECTION SIX**

**Explanations on the Auditors' Review Report**

**I. Explanations on the auditors' review report**

The consolidated financial statements of the Parent Bank and its subsidiary as at and for the nine-month period ended 30 September 2018 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member of KPMG International Cooperative, a Swiss entity) and the Auditors' Review Report dated 25 October 2018 is presented in the introduction of this report.

**II. Information and footnotes prepared by the independent auditors**

None.

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**SECTION SEVEN**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT**

**I. Statement of Responsibility Prepared Pursuant to Article 9 of the Communiqué no. II-14.1 of The Capital Markets Board**

The consolidated financial statements and consolidated annual report of our Bank "ICBC Turkey Bank A.Ş." as at 30 September 2018 are examined by us.

Within the frame of information held by us in our fields of duty and responsibility in the entity, the consolidated interim financial statements and consolidated board of directors' report do not contain any untrue statement on material events or any deficiency which may make them misleading as at the date of statement.

Within the frame of information held by us in our fields of duty and responsibility in the entity, the consolidated interim financial statements – together with those covered by consolidation – fairly reflect the truth relating to assets, liabilities, financial statements, profits and losses of the entity, and the consolidated board of directors' report fairly reflects the progress and performance of business and – together with those covered by consolidation, if any – the financial situation of the entity, together with material risks and uncertainties exposed by the entity.

Best Regards,

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GAO XIANGYANG  
Chairman of the Board of Directors

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WANG YING  
Member of the Board of Directors and  
Audit Committee

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CHEN YUBAO  
General Manager (On Behalf of), Member of Board  
of Directors and Deputy General Manager  
Responsible for Financial Control Group

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LIU PEIGUO  
Chairman of the Audit Committee and  
Member of the Board of Directors

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

#### II. General Information

##### 1. Summarized Information About ICBC Turkey Bank A.Ş.

ICBC Turkey Bank A.Ş. (formerly named as Tekstil Bankası A.Ş.) was incorporated as a privately owned bank and authorized to accept money deposits on 29 April 1986 and started its operations on 13 October 1986. Shares of the Bank have started publicly trading in the Borsa Istanbul (BIST) as at 23 May 1990.

The Bank has grown until 2006 based on the banking strategy predominantly focusing on commercial and corporate banking. In 2006, the Bank restructured its retail banking organization and since then has started providing services in this area as well. The Bank has continued to meet the needs of its customers with boutique banking concept by closely following the developments in the banking sector, including the commercial-corporate banking, retail banking and the investment banking areas.

GSD Holding A.Ş. acquired 75.5% of the Tekstil Bankası A.Ş.'s shares and became the majority shareholder in 2007; and the remaining shares at 24.5% continued to publicly trade in the BIST.

In 2008, the Bank's share capital was increased from TL 300 million to TL 420 million, a total TL 120 million increase, TL 60 million out of this incremental share capital was obtained from the internal sources and the remaining TL 60 million was paid in cash.

With the capital increase dated 29 June 2017, the paid-in capital of the Bank has been increased from TL 420 million to TL 860 million by increasing TL 440 million in cash.

The Bank belonged to GSD Group until 21 May 2015. With its resolution dated 2 April 2015 and numbered 6262, the Banking Regulation and Supervision Agency (the BRSA) authorized the transfer all of the shares owned by GSD Holding A.Ş. corresponding to 75.5% of the Tekstil Bankası A.Ş.'s shares to Industrial Commercial Bank of China Limited (ICBC), residing at the People's Republic of China. On 28 April 2015, the Bank made an announcement in the "Public Disclosure Platform" related to the transfer transaction and calling for an Extraordinary General Assembly to be held on 22 May 2015 to resolve on the approval of the existing board of directors and reappoint the new ones to substitute them. 22 May 2015 was determined to the date on which the shares were to be transferred in accordance with the share purchase and sale agreement and the share transfer was realized on the same date. As at 22 May 2015, the Bank became one of the foreign banks incorporated in Turkey.

Pursuant to the Article 11, related to the mandatory bid offer transactions, of the Communiqué on Mandatory Bid Offers issued by the capital Markets Board with the Serial Number II. 26.1, ICBC became obligated to make a share purchase proposal to purchase the remaining shares belonging to the other shareholders as a result of its purchase of the shares owned by GSD Holding A.Ş. representing 75.5% of the share capital of Tekstil Bankası A.Ş.. In this context, ICBC, the majority shareholder of the Bank, made a mandatory bid offer pursuant to the "Communiqué on Mandatory Bid Offers" with Serial II, No.26.1, which expired on 14 August 2015 as a result of which the shares of the Bank held by ICBC increased from 75.50% to 92.82%. As a result of the capital increase in 2017, the shareholding ratio of ICBC in the bank increased from 92.82% to 92.84%.

ICBC was established in 1984 in the People's Republic of China. It offers clients a wide range of financial products and services. ICBC has established an international and integrated business model in cross-markets. ICBC's shares were simultaneously listed on both on the Hong Kong Stock Exchange and the Shanghai Stock Exchange in October 2006. After the years of international development, by the first interim of 2018, ICBC operations spread to six continents covering 42 countries and regions. With a widespread global coverage network, ICBC has established an extensive network of national and international organizations and correspondent banks around the world and an e-banking network consisting of a wide range of internet and telephone banking services and self-service banking centers, 5,784 thousand corporate clients and 530 million personal customers provide comprehensive financial products and services. The banking authority in the People's Republic of China is supervised and regulated by the China Banking Regulatory Commission (CBRC).

The corporate name of the Bank has been changed from "Tekstil Bankası A.Ş." to "ICBC Turkey Bank A.Ş." pursuant to the general assembly resolution taken on 5 November 2015 and this matter was registered with the trade registry on 13 November 2015 and published in the Turkish Trade Registry Gazette dated 19 November 2015 and numbered 8950.

The Bank conducts its operations through its Headquarters located in Istanbul and 44 branches nationwide. Aside from its branches, the Bank also provides banking services through its online retail and corporate branches. On the other hand, capital markets and investment banking services are provided by ICBC Turkey Yatırım Menkul Değerler A.Ş., of which 99.9% is owned by the Bank.

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

#### II. General Information (continued)

At the Extraordinary General Assembly Meeting of Tekstil Yatırım Menkul Değerler A.Ş. dated 30 May 2016; it has been decided that the commercial title of the Company is changed to "ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi" shortly as "ICBC Turkey Yatırım".

Tekstil Portföy Yönetimi A.Ş., wholly owned subsidiary of ICBC Turkey Yatırım Menkul Değerler A.Ş., was incorporated on 21 April 2015 and changed its corporate name to ICBC Turkey Portföy Yönetimi A.Ş. pursuant to the Extraordinary General Assembly Resolution taken on 5 November 2015. Main line of business of the Company is to establish and manage investment funds.

#### Capital and Shareholder Structure

Following is the shareholder structure of the Bank as at 30 September 2018;

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

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

**Shares Owned by the Officers;** 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.

#### 2. Amendments in Articles of Association During the Period

As at the reporting period, there has been no change in articles of association.

#### 3. Chairman and the Member of the Board of Directors

Name and Surname	Position and Areas of Responsibility
Gao Xiangyang <sup>(1)</sup>	Chairman of the Board of Directors, Chairman of Credit Committee
Chen Yubao <sup>(2)</sup>	General Manager (On Behalf of), Member of the Board of Directors, Deputy General Manager Responsible for Financial Control Group, Vice President of the Credit Committee
Liu Peiguo <sup>(3)</sup>	Chairman of the Audit Committee, Member of the Board of Directors and Member of Credit Committee
Jinhong Li <sup>(4)</sup>	Deputy General Manager, Assistant General Manager Responsible for Operations and Legal Consultancy Group
Zheng Jianfeng	Member of the Board of Directors, Member of the Corporate Governance Committee, Member of the Remuneration Committee, Substitute Member of the Credit Committee
Wang Ying	Independent Member of Board of Directors, Member of the Audit Committee, Chairman of the Remuneration Committee and Substitute Member of the Credit Committee
Mehmet Hilmi Güler	Independent Member of Board of Directors, Chairman of the Corporate Governance Committee

<sup>(1)</sup> The Chairman of the Board of Directors Xu Keen has resigned from the membership of the board on 24 July 2018. At the same date, Gao Xiangyang has been assigned as a Chairman of the Board of Directors.

<sup>(2)</sup> Due to the appointment of Mr. Gao Xiangyang, who has been General Manager and member of Board of Directors, as the Chairman of Board of Directors, Mr. Chen Yubao has been appointed as Deputy General Manager until the appointment of the new general manager.

<sup>(3)</sup> Since the Chairman of the Board of Directors Xu Keen has resigned from the Chairman of the Audit Committee on 24 July 2018, at the same date Liu Peiguo has been appointed as the Chairman of the Audit Committee.

<sup>(4)</sup> Jinhong Li has been appointed as the Deputy General Manager, Assistant General Manager Responsible for Operations and Legal Consultancy Group on 25 July 2018.

<sup>(5)</sup> As of 12 October 2018, Başbuğ Yavuz Samancıoğlu, Assistant General Manager in charge of Corporate and Commercial Banking Group, resigned from his position.

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**II. General Information (continued)****4. General Manager and Assistant General Managers**

Name and Surname	Position and Areas of Responsibility
Chen Yubao <sup>(1)</sup>	General Manager (On Behalf of) - Assistant General Manager - Financial Affairs Group
Jinhong Li <sup>(2)</sup>	Deputy General Manager - Assistant General Manager - Operations and Legal Consultancy Group
Hüseyin H.İmece	Assistant General Manager -Treasury and Investor Relations Group
Bozok Evrenosoğlu	Assistant General Manager -Loans Group
D.Halit Döver	Assistant General Manager -International Relations
Kadir Karakurum	Assistant General Manager -Retail Banking Group

<sup>(1)</sup> Due to the appointment of Mr. Gao Xiangyang, who has been General Manager and member of Board of Directors, as the Chairman of Board of Directors, Mr. Chen Yubao has been appointed as Deputy General Manager until the appointment of the new general manager.

<sup>(2)</sup> Jinhong Li has been appointed as the Deputy General Manager, Assistant General Manager Responsible for Operations and Legal Consultancy Group on 25 July 2018.

**5. Information Regarding the Subsidiaries and Affiliates**

Company	Affiliates	Main Area of Business Activity	Percentage %
Financial 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 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 21 branches.

**III. Financial Information and Evaluations****1. Consolidated Financial Figures:**

Financial Figures (TL Million)	30 September 2018	31 December 2017	%
Total Assets	15,390	13,316	16%
Deposits	6,367	3,274	94%
Loans	9,338	7,681	22%
Shareholders' Equity	1,123	1,112	1%
Profit / (Loss)	71.6	48.3	48%

Financial Ratios %	30 September 2018	31 December 2017	%
Return on Assets	0.7	0.4	49%
Return on Equity	8.5	5.6	52%
Capital Adequacy Ratio	14.8	13.9	7%
Loans/ Total Assets	60.7	57.7	5%
Deposits/ Total Assets <sup>(1)</sup>	41.4	24.6	68%
NPL Ratio	1.2	1.2	-5%

**Five Years Summary Financial Information (consolidated):**

TL Thousand	30 September 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014
Total Assets	15,390,020	13,315,560	8,308,619	6,670,222	3,664,377
Total Deposits <sup>(1)</sup>	6,070,741	3,273,860	2,850,077	2,134,512	2,342,233
Total Loans	9,338,479	7,680,821	5,098,106	4,150,620	2,812,918
Shareholders' Equity	1,122,944	1,112,294	607,007	597,194	620,136
Profit/ (Loss)	71,563	48,283	18,749	(13,542)	12,760

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



## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

#### III. Financial Information and Evaluations (continued)

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

In the first 3 quarters of 2018, the World economy continued to grow. While the US economy has achieved the highest growth rates in recent years with the continued support of the monetary policy and the positive impact of the tax cuts in the fiscal policy, the positive economic outlook in the Eurozone also continued. Although the volatility in financial markets has increased since the beginning of the year, developing countries continued to contribute to global growth, too. Conservative trade policies, which increased in the third quarter, and the increasing political uncertainties in the Eurozone began to pose downside risks in developed economies. Explanations from the central banks of developed countries, especially the Federal Reserve (Fed) and the European Central Bank (ECB), will continue to tighten their monetary policies, and expectations that the global liquidity will decrease pose a downside risk especially for developing countries' economies. After a rapid growth in Turkey's economy in 2017 and first half of 2018; as a result of increasing internal and external fragilities, volatility has increased at third quarter of the year in the financial markets. Upsurge of inflation and current account deficit negatively affected the performance and economic outlook of the Turkish financial assets. Policy makers were prioritized the improvement of increasing fragilities via forecasting the mid-term growth rate below the potential of Turkey economy. In the New Economic Plan, it was stated that the fiscal discipline constituting an important anchor for the Turkish economy would be sustained and that it would focus on structural reforms in order to increase durability in the long term.

In line with the ICBC Group targets, ICBC Turkey successfully implemented the globalization strategy "connecting Europe to Asia by creating the basis for local regions and influencing the surrounding regions". In line with this strategy, our bank continued to support the real sector and projects in Turkey, which is located in the center of connection ways of the world. ICBC Turkey's managerial development and internal control practices continued to strengthen and the Bank's core business activities continued to grow in a positive direction. As at end of September, ICBC Turkey's total consolidated assets have exceeded TL 15.4 billion and consolidated profit after tax reached 71.6 billion, consolidated NPL ratio is 1.2% and it is below the sector average. At the same time, ICBC Turkey has continued to successfully increase its marketing activities for prestigious corporate customers and large projects.

ICBC Turkey attaches great importance to risk analysis and risk scenarios in an operating environment where exchange rate, interest rate, credit and liquidity risks and uncertainties are increasing. Under higher risk control requirements, our bank will further improve internal audit and risk management. By means of our prudent approach, it is aimed that the required support will be provided for the projects which will be highly contribute to Turkey's economy. ICBC Turkey wants to improve the business volume, income per capita and income per each branch in 2018 with the support of the capital increase. ICBC Turkey will endeavor to increase the ranking of ICBC among other overseas units and to increase the competitiveness of the bank in the local sector.

Sincerely yours,

GAO XIANGYANG

Chairman of the Board of Directors

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

#### III. Financial Information and Evaluations (continued)

##### 3. Letter from the General Manager

Esteemed shareholders of our Bank,

We are delighted to report to you on the Bank's operating results for the third quarter of 2018. In the first nine months, consolidated operating income of ICBC Turkey achieved 97.8 million TL. After tax and credit provisions, our Bank's consolidated net profit achieved 71.6 million TL, representing the high profitability continuing after the rapid growth in 2017. Profitability is the final result and comprehensive reflection of operation and management, and its improvement mainly comes from four aspects.

First, the effect of transformational innovation. Due to credit pricing, we have stated to implement the working principles of our ICBC Group, at our local market and thereby, we have developed the credit pricing management level and updated the credit structure. The optimization of credit structure has provided a stable income for the Bank, minimizing the risk level.

Second, the effect of quality improvement. After the acquisition process is completed, internal working principles of the Bank related to credit management have been reconsidered to bring order to the asset quality. Due to priority given to risk management and asset quality, the ratio of non-performing loans fell to 1.18%, which is 1.68% lower than banking sector average level.

Third, the effect of business development. After the acquisition process is completed, we have quickly grown both at local market and international market. As at September end 2018, as ICBC Turkey; our consolidated asset size has reached 15.4 billion TL, which is equivalent to 2.5 billion USD. On consolidated basis, the credits have reached to 9.3 billion TL, which is equivalent to 1.5 billion USD. Consolidated securities of the Bank have increased by 50% compared to the end of 2017 and have reached the amount of 3.8 billion TL.

Fourth, the effect of management and strategy. To ensure that ICBC culture can be felt in all the areas, an intense work schedule has been launched by our local organization. In order to achieve healthy growth of our Bank and a smooth cultural transition and integration, we have put our maximum efforts. At the point we have reached, we can indicate that we have covered long distances and completed the integration successfully. According to our strategy, it is among our targets to support the local customers and their projects, to strengthen business relationships with the neighboring countries by enlarging the Turkish market, bridge Asia and Europe through our customers, strengthen our regional services and expand our marketing activities within the context of "Belt and Road Initiatives" and "Intermediate Corridor Plan". In this context, we have completed 2018 Q3, with healthy and rapid growth for all lines of business.

2018 is the year of challenge, as well as inspiration and hope. ICBC Turkey shall forever maintain the original commitment and craftsmanship to continuously offer our customers with a broader range of products, to provide service in higher quality. ICBC Turkey shall uphold the "fighter + doer" spirit, to create value for the local economy, for our investors, customers and also valuable staff.

Sincerely yours,

CHEN YUBAO

General Manager (On Behalf of)

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**III. Financial Information and Evaluations (continued)****4. Evaluation of the Bank's Position in the Sector:**

Based on the comparison of the Bank's position in sector with data in "Monthly Sector Report" (as at December 2017 and August 2018) announced by Banking Regulation and Supervision Agency (BRSA);

- Cash and Balances with CBRT increased in the sector by 93.3%, at bank increased by 5.5%.
- Securities increased in the sector by 21.8%, at bank increased by 51.8%.
- Loans increased in the sector by 27.4%, at bank increased by 22.1%.
- NPLs (gross) increased in the sector by 24.9 %, at bank increased by 15.3%.
- Total deposits of the sector increased by 23.6% and total deposits of bank increased by 90.9% (included bank deposits)
- Total non-cash loans of the sector increased by 45.4%, bank's total non-cash loans increased by 48.5%.

TL Million	30 September 2018		31 December 2017		Change %	
	ICBC Turkey	Sector <sup>(1)</sup>	ICBC Turkey	Sector	ICBC Turkey	Sector
Cash and Balances with CBRT	1,424	268,375	1,350	138,866	5.5%	93.3%
Placement to Banks	383	221,173	1,214	87,405	-68.4%	153.0%
Securities Portfolio	3,767	488,771	2,482	401,256	51.8%	21.8%
Loans	9,291	2,702,555	7,606	2,121,328	22.1%	27.4%
Loans (including NPL)	9,195	2,724,935	7,631	2,134,607	20.5%	27.7%
NPL (Gross)	111	79,492	96	63,645	15.3%	24.9%
Provisions for NPLs	206	57,112	72	50,365	186.4%	13.4%
Total Deposits and Funds	6,411	2,225,998	3,359	1,801,509	90.9%	23.6%
Non-cash Loans	2,656	956,157	1,789	658,386	48.5%	45.4%
<b>Total Assets</b>	<b>15,045</b>	<b>4,489,557</b>	<b>12,888</b>	<b>3,257,842</b>	<b>16.7%</b>	<b>37.8%</b>

<sup>(1)</sup> Data were obtained from the BRSA's August 2018 Monthly Sector Report, published on 01 October 2018.

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**III. Financial Information and Evaluations (continued)****4. Evaluation of the Bank's Position in the Sector (continued):**

Comparison of Sector	30 September 2018		31 December 2017		Change %	
	ICBC Turkey	Sector <sup>(1)</sup>	ICBC Turkey	Sector <sup>(1)</sup>	ICBC Turkey	Sector <sup>(1)</sup>
Total Loans/Total Assets	62%	60%	59%	65%	4.6%	-7.6%
Total Deposits/Total Liabilities	43%	50%	26%	55%	63.5%	-10.3%
Securities/ Total Assets	25%	11%	19%	12%	30.0%	-11.6%
NPL Ratio	1%	3%	1%	3%	-5.5%	-1.9%
Liquid Values/ Total Assets	12%	11%	20%	7%	-39.6%	57.0%
Non-cash Loans/ Total Cash Loans	29%	35%	23%	31%	23.2%	13.9%

<sup>(1)</sup> Evaluations are given on non-consolidated basis.**5. Explanations on The Bank's Financial Position, Profitability and Solvency:**

According to Bank's consolidated financial statements as at September 2018 prepared in accordance with the regulations of Banking Regulation and Supervision Agency;

- Consolidated total assets reached about TL 15.4 billion.
- Total consolidated loans reached about TL 9.3 billion and its share in balance sheet is 61%.
- Total consolidated deposits are realized as TL 6.4 billion.
- Consolidated deposits' share (excluded bank deposits) in consolidated total balance sheet is 41.4%.
- Consolidated net profit of the first nine-month of 2018 is realized as TL 71.6 million.
- Consolidated return on assets were 0.4% at the end of 2017, this period it increased to 0.7%. At the same time, consolidated return on equity increased to 8.5% whereas it was 5.6% at the end of 2017.
- Consolidated capital adequacy ratio is realized as 14.8%.

**6. Explanations on Bank's Credit Ratings**

International credit rating agency Fitch Ratings, as of 1 October 2018, announced that ICBC Turkey Bank A.Ş.'s long term foreign currency credit note decreased to BB- from BB. Long term local currency credit note decreased to BB from BB+ and appearance as "Negative". Fitch Ratings affirmed ICBC Turkey Bank A.Ş.'s short-term foreign currency and TL denominated credit ratings as "B" and support rating "3". Short term foreign currency and local currency credit notes decreased to AA (tur) from AAA (tur) and appearance as "Stable".

**IV. Information on Transactions of Bank with Risk Group**

Bank's relations with risk group covers all kind of banking transactions in accordance with Banking Law, within the framework of normal bank-customer relationship and market conditions. Detailed explanations in these transactions are at 5<sup>th</sup> part and V. footnote of "Consolidated Financial Statements to Be Announced to Public and Related Explanations and Footnotes with Auditors' Review Report as at 30 September 2018".

**V. Information on Risk Management Policies Applied According to Risk Types**

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

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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

**VI. Information on the Donations at the End of the Period**

The information below is related to the donations as at 30 September 2018:

<b>Institutions (full-TL)</b>	<b>Amount (TL)</b>
Türk Eğitim Vakfı	800
Çağdaş Yaşamı Destekleme Derneği	150
<b>Total</b>	<b>950</b>

**VII. Consolidated Auditors' Review Report**

ICBC Turkey's all material disclosures to BIST, Consolidated Financial Statements, Explanations and Footnotes Related Thereon and the Auditors' Review Report for the nine-month period ended at 30 September 2018 are published under the "Financial Information" heading in the "Investor Relations" section of the Bank's website addressed [www.icbc.com.tr](http://www.icbc.com.tr).