
ICBC TURKEY BANK A.Ş.

ANNUAL REPORT

FOR THE YEAR OF 2017

CONTACT INFORMATION OF THE BANK

ICBC Turkey Bank Anonim Şirketi (ICBC Turkey) conducts operations as a foreign-capitalized deposit bank in Turkey. The contact information of our branches can be reached on our website under the subheadings of the “Branches”, “ATMs” under the heading of the “Contact Us”.

| | | |
|--|---|--|
| Period of the Report | : | 01.01.2017 - 31.12.2017 |
| Trade Name of the Bank | : | ICBC Turkey Bank A.Ş. |
| Currency of the Report | : | Unless indicated otherwise, all of the amounts are indicated in thousand TL. |
| Trade Registry Number of the Bank | : | 224058 – İstanbul Chamber of Commerce |
| Head Office Address | : | Maslak Mah. Dereboyu/2 Cad. No:13 34398 Sarıyer - İstanbul |
| Head Office Phone No. | : | 0212 335 53 35 |
| Head Office Fax No. | : | 0212 328 13 28 |
| Internet Site Address | : | www.icbc.com.tr |
| Electronic Mail | : | info@icbc.com.tr |

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Annual Report Compliance Opinion



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CONVENIENCE TRANSLATION INTO ENGLISH OF THE INDEPENDENT AUDITOR'S REPORT RELATED TO ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Board of Directors of ICBC Turkey Bank A.Ş.

1) Opinion

We have audited the accompanying annual report of ICBC Turkey Bank A.Ş. ("the Bank") and its consolidated subsidiaries (together will be referred as "the Group") for the period between 1 January 2017 and 31 December 2017.

In our opinion, the consolidated and unconsolidated financial information included in the annual report and the analysis of the Board of Directors about the consolidated and unconsolidated financial position of the Bank are consistent, in all material respects, with the audited complete set of consolidated and unconsolidated financial statements and information obtained during the audit and provides a fair presentation.

2) Basis for Opinion

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette Numbered 29314 dated 2 April 2015 by BRSA and the Standards on Auditing which is a component of the Turkish Auditing Standards ("TAS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Annual Report section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Auditor's Opinion on Complete Set of Consolidated and Unconsolidated Financial Statements

We have expressed unmodified opinions on the complete sets of consolidated and unconsolidated financial statements of the Group for the period between 1 January 2017 and 31 December 2017 on 28 February 2018.

4) Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code Numbered 6102 ("TCC") and Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by the Bank ("Regulation") published in the Official Gazette dated 1 November 2006 and Numbered 26333, the Bank's management is responsible for the following regarding the annual report:

a) The Bank's management prepares its annual report within the first three months following the reporting date of statement of financial position and submits it to the general meeting.

b) The Bank's management prepares its annual report in such a way that it presents accurately, completely, directly, true and fairly the flow of annual operations and consolidated and unconsolidated financial position of the Bank. In this report, the financial position of the Bank is assessed in accordance with the Bank's consolidated and unconsolidated financial statements. The annual report shall also clearly state the details about the Bank's development and risks that might be encountered. The assessment of the board of directors on these matters is included in the report.

c) The annual report also includes:

- Significant events after the reporting period,
- The Bank's research and development activities.
- Employee benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, cash and cash facilities, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the related regulations issued by the Ministry of Customs and Trade and related institutions.

5) Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the consolidated and unconsolidated financial information included in the annual report and analysis of the Board of Directors in relation to the consolidated and unconsolidated financial position of the Bank are consistent with the audited consolidated and unconsolidated financial statements of the Bank and the information obtained during the audit and give a true and fair view and form a report that include this opinion in accordance with the TCC and the Regulation.



We conducted our audit in accordance with the BRSA Auditing Regulation and Standards on Auditing issued by POA. Those standards are required that compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the consolidated and unconsolidated financial information included in the annual report and analysis of the Board of Directors for the consolidated and unconsolidated financial position of the Bank are consistent with the consolidated and unconsolidated financial statements and the information obtained during the audit and provides a fair presentation.

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


Orhan Akova, SMMMM
Partner

28 February 2018
İstanbul, Turkey

Responsibility Statement of Annual Report



ICBC TURKEY BANK ANONİM ŞİRKETİ STATEMENT REGARDING ANNUAL REPORT FOR YEAR 2017

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

Annual Report for year 2017 of ICBC Turkey Bank A.Ş., has been prepared in accordance with the "Regulation on the Procedures and Principles for Preparation and Publishing of Annual Report by Banks" published in the Official Gazette no.26333 dated 1 November 2006 by Banking Regulation and Supervision Agency, and enclosed herewith.


XU KEEN
Chairman of Board of Directors
and Audit Committee


WANG YING
Member of Board of Directors
and Audit Committee


GAO XIANGYANG
Chief Executive Officer and
Member of Board of Directors


CHEN YUBAO
Deputy General Manager
Accounting and Financial
Control Group


YAFENG HE
Department Head of
Financial Control and Reporting
Department



Agenda of the Ordinary General Assembly Meeting Dated March 30th 2018

1. Opening and formation of the Presidential Board,
2. Granting authorization to the Presidential Board for signing the meeting minutes,
3. Reading and discussing summary of the Board of Directors' Activity Report and the Independent Auditors' Report for the year 2017,
4. Reading, discussing and approving the financial statements of the year 2017,
5. Release of the Members of the Board of Directors,
6. Discussing the Board of Director's proposal on the distribution of profit for the year 2017,
7. Discussing and approving the Profit Distribution Policy for the year of 2018,
8. Electing members of the Board of Directors and determining their terms of office,
9. Determining the remunerations to be paid to the Members of the Board of Directors,
10. Electing the Independent Auditor pursuant to the Article 399 of the Turkish Commercial Code,
11. Providing information on donations made in the year 2017,
12. Setting an upper limit for donations to be made in 2018, within the framework of the Banking Laws and Regulations and the regulations of the Capital Markets Board,
13. Giving information regarding the remuneration policy,
14. Giving information regarding the issues that fall within the scope of the principle no.1.3.6 among the CMB Corporate Governance Principles,
15. Giving permission to the Members of the Board of Directors, according to articles 395 and 396 of the Turkish Commercial Code, provided that the provisions of the Banking Law 5411 are reserved.

Historical Development of the Bank

ICBC Turkey Bank A.Ş. (formerly named as Tekstil Bankası A.Ş.) was incorporated as a privately owned bank and authorized to accept deposits, on April 29th1986 and started its operations on October 13th1986.

Shares of the Bank have started publicly traded and listed on Borsa İstanbul (İstanbul Stock Exchange - BIST) as of May 23rd1990.

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 at the BIST.

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

The Bank belonged to GSD Group until May 21st 2015. With its resolution dated April 2nd 2015 and numbered 6262, the Banking Regulation and Supervision Agency (the BRSA) authorized the transfer of 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), domiciled at the People's Republic of China. On April 28th 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 May 22nd 2015 to resolve on the approval of the existing board of directors and reappoint the new ones to substitute them. May 22nd 2015 was determined to be 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 of May 22nd 2015, the Bank was included in the group of 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 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 August 14th 2015, as a result of which the shares of the Bank held by ICBC increased from 75.50% to 92.82%.

By the capital increase made in 2017, share capital of the Bank, which used to be 420 million TL, has been increased by an amount of 440 million TL in cash, to 860 million TL. As a result of the capital increase, shares hold by the major shareholder ICBC in the share capital of the Bank, has increased from 92.82% to 92.84%.

ICBC has been incorporated in the People's Republic of China in 1984 and it provides a broad range of financial products and services to its customers. By cross markets, an international and integrated business model has been formed. Shares of ICBC have been listed on Hong Kong Stock Exchange and Shanghai Stock Exchange concurrently, in October 2006. Following the years of international development, as of the end of 2016, operations of ICBC have expanded six continents, covering 42 countries and regions. By its widespread global coverage network, ICBC offers comprehensive financial products and services to 5.784 thousand corporate customers and 530 million individual customers through its distribution channels consisting of 412 overseas institutions, 29.385 self-service banking services and 100.083 ATMs, and its e-banking network

composed of internet and telephone banking services constituting the diversified, international information based operation structure and the self-service banking services. It is audited by, and is subject to the regulations of, the China Banking Regulatory Commission (CBRC), the banking authority in the People’s Republic of China.

As of the date of 30 September 2017, according to the International Financial Reporting Standards (“IFRS”) data, the share of its total consolidated assets among the assets size of Industrial and Commercial Bank of China Limited, is 0.085%. (Source: most recent Activity Report of ICBC for the Year 2017)

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

Our Bank conducts its operations through its Head Office located in İstanbul 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 out of the banking services, are provided by Tekstil Yatırım Menkul Değerler A.Ş., 99.998% of which is owned by the Bank. By the resolution taken in the extraordinary general assembly meeting of the Company held on the date of 30.05.2016, its trade name has been changed to “ICBC Turkey Yatırım Menkul Değerler A.Ş.”, and its enterprise name has been changed to “ICBC TURKEY YATIRIM” briefly.

By the resolution taken at the extraordinary general assembly meeting, held on the date of 08.09.2017, of ICBC Turkey Yatırım Menkul Değerler A.Ş., which is an affiliate of our bank and 99.998% of the share capital of which is held by our Bank; it has been decided to increase its share capital. In this context, it has been resolved by the Board of Directors of our Bank, to exercise our pre-emption right for an amount of 39,999,200.-TL, arising from the portion of the share capital increased in cash, and to pay the amount of pre-emption right within the period set by said affiliated company. Within the framework of said resolution, said amount pre-emption right amount was paid to ICBC Turkey Yatırım Menkul Değerler A.Ş. on the date of 04.10.2017. new share capital of the company has been registered as 76,000,000.-TL on the date of 09.10.2017.

Tekstil Portföy Yönetimi A.Ş., 100% of the share capital of which is held by ICBC Turkey Yatırım A.Ş., has been incorporated on the date of 21 April 2015 and by the resolution taken at the extraordinary general assembly meeting held on 05 November 2015, its trade name has been changed as “ICBC Turkey Portföy Yönetimi A.Ş.”. Main field of activities of the company is to establish and manage investment funds.

Vision, Mission and Strategic Targets

ICBC Turkey’s vision, mission and strategic targets are determined as follows and announced to the public through the Bank’s website and annual reports.

Our Vision:

Within the context of the international banking conception, to become a bank that is innovative, open to developments, expeditious and meticulous in its services and the most favoured by its customers with its conservative risk management approach.

Our Mission:

To generate tailor-made solutions to our customers' for their current and future needs, to establish long-lasting relations through our high-quality service approach based on knowledge and creativity, to contribute to our country's economy by creating social and economic values, to continuously generate added value for our customers, employees and shareholders.

Our Strategic Targets:

- In light of the political movements in the nearby geography and the global financial fluctuations, achieve a deliberate and sustainable growth by protecting the Bank's steady balance sheet and strong capital structure and identifying the risks correctly,
- Grow in the corporate and commercial segments,
- Sustain the countenance of the growth in the retail banking area through various campaigns,
- Closely monitor the costs and taking savings measures as practicable as possible.

The Bank's budget is approved by the Board of Directors. Realization of the budget is being regularly scrutinized based on the performance criteria.

Changes in the Articles of Association

By the resolution of our Board of Directors decision dated 02 November 2016, it has been decided to amend article 8 of the Bank's Articles of Association for the purpose of increasing the paid-up capital of our Bank from TL 420,000,000 to TL 860,000,000. The necessary approvals were obtained from the Banking Regulation and Supervision Agency on November 15, 2016, the Capital Market Board on November 9, 2016 and the Ministry of Customs and Trade on December 2, 2016 for the text of relevant amendment. In the Extraordinary General Assembly of our Bank held on the date of 09 February 2017, it has been resolved to increase the capital of our Bank from TL 420,000,000 to TL 860,000,000 and in this context, to amend article 8 titled "CAPITAL", of the articles of association of our Bank accordingly. Following the resolutions taken in the Extraordinary General Assembly meeting, required approvals in relation to public offering of the shares to be increased, have been obtained from the CMB on the date of 31.03.2017. Sale process of new shares has been completed as of the date of 02.05.2017. As a result of our application made to the BRSA, it has been approved, as of the date of 13.06.2017, that the transactions relating to increasing the share capital of our Bank from TL 420,000,000 to TL 860,000,000, be consummated according to article 17 of the Banking Law no.5411. Resolutions taken in the Extraordinary General Assembly meeting held on 09.02.2017, have been registered on the date of 29.06.2017 and thereupon, the capital increase process has been completed and article 8 titled "CAPITAL" of our articles of association has been changed.

Share Capital and the Shareholding Structure

ICBC Turkey Bank has increased its share capital, which used to be 420 million TL, to 860 million TL, 440 million TL of which shall be paid in cash. For capital increase, necessary permissions have been taken from the BRSA and the CMB in November 2016 and from the Ministry of Customs and Trade on the date of 02.12.2016. Following the resolutions taken at the Extraordinary General Assembly Meeting of our Bank held on the date of 09 February 2017, with regards to public offering of the shares with a nominal value of 440,000,000-TL, which corresponds to the portion to be increased, on 23.02.2017, necessary applications have been made to the CMB and at the meeting of the CMB dated 31.03.2017 and no.15/463, the prospectus relating to capital increase has been approved. Rights to purchase new shares (pre-emption rights) with regards to capital

increase, have been allowed to be exercised between the dates of 10.04.2017 and 24.04.2017, during a period of 15 days. After it has been allowed to exercise the rights to purchase new shares, remaining shares with a total nominal value of 206,360.89 TL, have been offered for sale at Borsa İstanbul A.Ş. (BİAŞ) Primary Market on the dates of 26.04.2017-27.04.2017. Within the scope of the sale conducted at BİAŞ Primary Market between the dates of 26.04.2017 - 27.04.2017, among the shares that remained after it was allowed to exercise the pre-emption rights, shares with a value of 3.882,000.-TL have been sold and shares with a nominal value of 202.478,89 TL which could not be sold, have been purchased on the date of 02.05.2017, at a price not to be less than average public offering price that occurred at BİAŞ Primary Market, according to the undertaking given by Industrial and Commercial Bank of China Limited (ICBC), the controlling shareholder of our Bank, according to the principles set forth in the prospectus approved at the meeting of the CMB dated 31.03.2017 and no.15/463. Resolutions to amend article 8 titled "SHARE CAPITAL", of the articles of association of our Bank, taken at the Extraordinary General Assembly Meeting held on the date of 09.02.2017, have been registered on the date of 29.06.2017 and the capital increase process has been completed thereby.

As a result of purchase, as undertaken by our controlling shareholder ICBC, of the shares with a nominal value of 202,478.89 TL, by exercising the pre-emption rights which have not been exercised by the shareholders within the scope of capital increase process; shareholding rate of ICBC in the increased share capital, has increased from 92.82% to 92.84% as of the date of 29.06.2017.

Shareholding structure of our Bank as of the dates of 31 December 2016 and 31 December 2017, are specified below.

| Trade Name of the Shareholder - 2016 | Shareholding Amount (TL) | Share (%) |
|--|--------------------------|------------|
| Industrial and Commercial Bank of China Limited*(ICBC) | 389,831,185 | 92.82 |
| Public | 30,168,815 | 7.18 |
| Grand Total | 420,000,000 | 100 |

| Trade Name of the Shareholder - 2017 | Shareholding Amount (TL) | Share (%) |
|--|--------------------------|------------|
| Industrial and Commercial Bank of China Limited*(ICBC) | 798,428,227 | 92.84 |
| Public | 61,571,773 | 7.16 |
| Grand Total | 860,000,000 | 100 |

(* The company named Industrial and Commercial Bank of China Limited, is the legal entity shareholder of the Bank holding qualified shares.

There is no share of our Bank which has been acquired by it within the scope of article 379 of the Turkish Commercial Code no.6102.

Shares Held by the Managers;

According to the share book records regarding the shareholding structure of the Bank, there is no share held by the Members of the Board of Directors and the General Manager and the Assistant General Managers.

The share capital of the Bank amounts to 860.000.000- Turkish Liras. This share capital is divided into 8.600.000.000 shares, each with a nominal value of 10 (ten) Kuruş. Shares of the Bank are trade at Borsa İstanbul A.Ş. (Stock Exchange) and are listed on the Stock Exchange, since the date of 23.05.1990.

Information Regarding Privileged Shares and the Voting Rights of the Shares

According to article 35 of the Articles of Association of our Bank, of the 5 members of the Board of Directors (excluding the General Manager); 3 members shall be elected by the General Assembly among the candidates to be nominated by Group (A) shareholders, provided that 1 of them holds the independent member qualifications specified in the Corporate Governance principles of the Capital Markets Board and 2 members shall be elected by the General Assembly among the candidates to be nominated by Group (B) shareholders, provided that 1 of them holds the independent member qualifications specified in the Corporate Governance principles of the Capital Markets Board.

The table which shows group (A) and (B) shares within the scope of the shareholding structure of our Bank, is given below.

| NAME / TRADE NAME OF THE SHAREHOLDER | NOMINAL SHAREHOLDING GROUP A (TL) | NOMINAL SHAREHOLDING GROUP B (TL) | TOTAL NOMINAL SHARE CAPITAL (TL) | % TOTAL SHARE RATE | % GROUP A SHARES | % GROUP B SHARES |
|---|-----------------------------------|-----------------------------------|----------------------------------|--------------------|------------------|------------------|
| Industrial and Commercial Bank of China Limited (ICBC)* | 540,428,227 | 258,000,000 | 798,428,227 | 92.84 | 89.77 | 100 |
| Other (Public) | 61,571,773 | None | 61,571,773 | 7.16 | 10.23 | None |
| TOTAL | 602,000,000 | 258,000,000 | 860,000,000 | 100 | 100 | 100 |

Upon written demand of the shareholders holding at least one twentieth of the Bank's share capital, indicating the obligatory reasons and the agenda; the Board of Directors shall be obliged to invite the General Assembly for a meeting, or if a General Assembly meeting is already scheduled, to include the articles, they demand to be discussed, in the agenda.

At the Ordinary and Extraordinary General Assembly meetings of our Bank, shareholders or their proxies shall each have one voting right and there shall not be any privilege with regards to votes.

Information Related to the Special Audit and the Public Audit Conducted in the Year 2017

Shareholders of the Bank have not made any demand for a special audit, in 2017.

Audit with regards to obligations, has been conducted by the Republic of Turkey Finance Ministry Financial Crimes Investigation Board (MASAK). No deficiency has been determined in said audit.

In 2017, audit has been made by the Central Bank of the Republic of Turkey and the report prepared as a result of the audit, has been shared with our Bank.

Information Related to the Material Lawsuits Brought Against the Bank During the Year 2017 and Their Potential Outcomes

There is no significant lawsuit file, commenced against our Bank during the year 2017.

Organizational Structure

Organisational structure of the Bank, is annexed as a chart at the end of this report.

Information Regarding the Employees' Social Benefits, Vocational Training and the Corporate Social Responsibility Activities Related to the Bank Operations Creating Other Social and Environmental Consequences

Information regarding social rights of the employees of our Bank, is summarised below. Accordingly;

- Gross wage policy is applied at our Bank and the salaries are paid at the end of each month. Once a year, increase in wages is considered depending on performance and inflation.
- Private health insurance and life insurance coverage is provided for all our employees.
- Meal cards of the company, with which we have an agreement, are given to the Branch staff and our personnel at the Head Office may benefit from our dining hall at our Head Office building.
- There is shuttle bus service for our Head Office.
- Clothing aid is made to the Security Staff and the Support Personnel, twice a year.

Education profile of the employees of our Bank;

| Education Level | Number of Person(s) | % |
|--------------------|---------------------|------------|
| Primary School | 10 | 1.2 |
| Middle School | 4 | 0.5 |
| High School | 96 | 11.9 |
| Two-Year Degree | 57 | 7.0 |
| Undergraduate | 565 | 69.8 |
| Graduate (Masters) | 77 | 9.5 |
| PhD | 1 | 0.1 |
| Grand Total | 810 | 100 |

In all its practices and investments, our Bank pays attention to provide support for social and cultural activities, in the light of the principles of observing social benefit and respect to environment, in addition to the Bank's image, interests and profitability; regards the development of the banking industry and maintaining confidence to the sector; complies with the regulations relating to consumer and public health and contributes to healthy development of the society.

Summary of the Financial Indicators

| Financial Figures (Million TL) | 31.12.2016 | 31.12.2017 | % |
|--------------------------------|------------|------------|------|
| Total Assets | 8,218 | 12,888 | 57% |
| Deposits (*) | 2,929 | 3,288 | 12% |
| Loans (**) | 5,071 | 7,631 | 50% |
| Shareholders' Equity | 595 | 1,094 | 84% |
| Profit | 13.7 | 42.5 | 210% |

| Financial Ratios % | 31.12.2016 | 31.12.2017 | % |
|----------------------------|------------|------------|------|
| Return on Assets | 0.2 | 0.4 | 119% |
| Return on Equity | 2.3 | 5.0 | 118% |
| Capital Adequacy Ratio | 19.8 | 14.4 | -27% |
| Loans/Total Assets | 61.7 | 59.2 | -4% |
| Deposits/Total Assets | 35.6 | 25.5 | -28% |
| Non-Performing Loans Ratio | 2.2 | 1.3 | -44% |

(*) Excluding the Deposits in the Banks.

(**) Including the Non performing loans.



Letter from the Chairman of the Board of Directors

Esteemed Shareholders of our Bank,

Upon implementation of the measures intended to revive the decelerated economic activity in 2016, Turkish economy has achieved a strong growth in 2017. Thanks to the Credit Guarantee Fund mechanism which has been introduced to facilitate the SMEs (small and mid-sized enterprises), which constitute the largest portion of the enterprises in Turkey and provide significant contributions to the production, to have access to financing; economic activity has thrived and the growth in the banking sector, has accelerated. Despite the positive progress in the economy, interest rates have increased due to geopolitical risks and TL has lost value and the volatility in exchange rates has increased. Expectation that the global economic activity shall continue its positive progress, as it been in 2017, however, the inflation shall continue to remain below target levels in developed countries; continues to shape capital flows to developing countries. Financial and foreign policy steps by the USA, interim congress elections in the USA, election process to be experienced by some European and developing countries; may bring new shocks or variables for the global economy.

ICBC Turkey has overcome the adverse effects in business environment and has achieved a good performance. Asset size has increased by 57% and there has been a credit growth at the rate of 50%, compared to 2016. Profitability has increased and assets quality has improved constantly. In this context, the rate of credits transferred to follow-up process, has decreased by 1.3% at the end of 2017 and has fallen below the industry average of 3%.

In the complex business environment we experience today, where the exchange rates, interests, credit and liquidity risks are rising; ICBC Turkey place great importance on risk analysis and risk scenarios. Due to the requirement of a stricter risk control, our Bank shall further develop internal audit and risk management. In 2018, ICBC Turkey targets to increase its business volume, profitability per person and per sales point, also by the support of capital increase. ICBC Turkey shall put efforts to increase its ranking among other overseas institutions of ICBC and the increase competitive capacity of the Bank in the local sector.

Sincerely yours,

XU KEEN

Chairman of the Board of Directors





Letter from the General Manager

Esteemed shareholders of our Bank,

In 2017, Turkey has encountered many problems such as the decrease in the value of Turkish Lira, increase in the rate of receivables transferred to follow-up process. These problems have caused a meltdown in the profits and equity capital of the banking sector. However, we can still mention Turkey as a rising value among the developing countries and in a rising trend with regards to economy.

As ICBC Turkey, we are the first Chinese bank operating in Turkey and we are proud to be here. After capital injection amount of TL 440 million was completed in the middle of 2017, our total capital reached TL 860 million and consolidated capital adequacy ratio was 13.9% until the end of year. We believe that the management of the Bank by ICBC, shall have positive repercussions for the sector. According to our strategy, it is among our targets to support the local customers and their projects, 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 2017, with healthy and rapid growth for all lines of business. Our success in 2017, may be considered from five different aspects:

Growth: After the acquisition process is completed, we have quickly grown both at local market and international market. At the end of the year, as ICBC Turkey, our consolidated asset size has reached 13.3 billion TL, which means a 60% increase compared to the end of 2016. This in total corresponds to a consolidated assets growth in the amount of 5 billion TL. When we consider it in terms of USD, consolidated assets size has reached to 3.3 billion USD, by a 45% increase in USD terms, compared to the end of 2016. On consolidated basis, the credits have reached to 7.6 billion TL, by a 50% increase compared to the end of 2016. Consolidated securities of the Bank have increased by 44% compared to the end of 2016 and have reached the amount of 2.5 billion TL.

Asset quality: After the acquisition process is completed, internal working principles of the Bank relating to credit management have been considered in order to bring order to the asset quality. Due to priority given to risk management and asset quality, the ratio credits in follow-up process, which used to be 2.2% at the beginning of the year, has fallen down to 1.2% level, by a decrease of 44%.

Profitability: Consolidated operating income of ICBC Turkey in 2017, amounts to 405 million TL. After tax and credit provisions, our Bank is in profit. Our Bank started to increase its profitability more beginning from December 2016 and has gained profits in the amount of approximately 48.3 million TL, on consolidated basis. This profitability has been provided both by commission income and the rapid growth in our assets. Especially the consolidated commission revenues has increased by 199%, compared to the end of 2016.

Management and Strategy: To ensure that ICBC culture can be felt in every area, 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. As ICBC Turkey, we have implemented the strategies applied within the scope of our ICBC Group. These are in particular, to be a local and marketing oriented bank, to act as a bridge between Asia and Europe for our customers and correspondent banks and to benefit from the global network, strength and advantages of ICBC Group.

Renovation: As ICBC Turkey, with regards 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. As the first Chinese bank in Turkey, we have searched for developing businesses in terms of RMB (Chinese Yuan). We, as ICBC Turkey Bank, shall put every effort to develop RMB transactions in the local market.

In 2018, it shall be one of our main tasks to offer our customers with a broader range of products, to provide service in higher quality. To achieve this, we shall benefit from the global network, information technology, knowledge of ICBC Group. It shall be our primary target to create value for the local economy, our clients and our shareholders. In this regard, our valuable staff shall have a great share.

Sincerely yours,

GAO XIANGYANG

General Manager

Outlook of the Year 2017 and the Expectations from the Year 2018

Following 2016, during which surprise results were faced in the referendum regarding the Britain's decision to exit EU and the elections in the USA and volatility remained significantly high; 2017 has been a positive year for global economy and the markets. Economic activity has speeded up at global scale and in the developed countries, inflation remained below expected levels and this has caused the central banks to take their steps regarding monetary tightening just slowly and gradually and to continue with monetary policies in supporting manner. During the year, FED, Central Bank of the USA, in parallel with the projections announced by it in December 2016, has increased interest 3 times. Within the scope of normalisation in monetary policy, in the last quarter of 2017, it has started balance sheet downsizing operations. In parallel with the rapid recovery expected in the Euro Zone, European Central Bank (ECB) have made decreases in its asset purchase program. Although the expectations that normalisation projected in monetary policy may occur more swiftly, caused volatility at the markets of emerging countries especially from time to time; since the developments in monetary policy have been carried out openly and explicitly and the global liquidity remained at high level, capital flow to markets of emerging countries has continued. In parallel with the recovery in commodity prices, economic growth rates in the commodity producer countries have turned to positive. US Dollar has lost value against currencies of developed countries and the currencies of emerging markets have gained value against US Dollar in average.

Measures taken by related authorities due to slowdown in the growth rate of the Turkish economy in 2016; have resulted in positive consequences in 2017. Turkish economy has achieved a growth at the rate of 7.4% in the first 9 months of the year, compared to the same period in previous year. Raw industrial production index, which has increased 8% in November and December, compared to the previous year, points at a strong growth of economic activity, continued in the last quarter of the year. Despite positive course of economic activity, increasing geopolitical risks have caused Turkish Lira to continue losing value against US Dollars and Euro.

Decrease in the value of Turkish Lira, food and energy prices that remained high during the year, have caused inflation to increase to double digit levels during the year. Due to the loss incurred in the value of Turkish Lira and sudden increase in inflation at the beginning of 2017, Central Bank of the Republic of Turkey (CBRT) has tightened its monetary policy. Beginning from January 2017, actual policy interest rate and the Central Bank of the Republic of Turkey has increased said rate gradually from 10% to the 12.25% level, in the period between January-April. By the positive impact of tightening steps and global financial conditions, Turkish Lira has entered a process of gaining value. However, after September, a decrease in the value of TL has been encountered again and the inflation started to increase and as a result, the CBRT has increased LLW lending rate to 12.75% in December. By the effect of decrease in the value of TL, annual inflation rate which used to be 8.5% at the end of 2016, has increased to 11.9% at the end of 2017.

Measures taken by the government to revive economic activity, have caused a slight increase in the balance of the budget. However, financial indicators remained at a level consistent with international criteria.

In the first half of the year, increase in exports has realised higher than the increase in imports and therefore, external demand has contributed significantly for growth and the foreign trade balance has followed a horizontal path. And, by the impact of recovery in tourism income, a recovery has been observed in the balance of current accounts. However, in the second half of the year, also due to the increasing domestic demand and energy prices, there has been significant rise in imports and an increase has been observed both in foreign trade and the current accounts. On the finance side, direct investments have decreased and financing has been provided by portfolio investments and reserves.

Explanations Regarding the Bank's Number of Personnel and Branches, Service Types Provided by the Bank and Its Area of Activity and the Assessment of its Position in the Sector based on These Criteria

The Bank's areas of operations consists of corporate banking, fund management transactions (foreign currency, money markets and securities transactions), international banking services, individual banking and the credit card transactions. The Bank, along with abovementioned banking services, also conducts insurance services operations by being an agency for and on behalf of Sompo Japan Sigorta A.Ş., Vakıf Emeklilik A.Ş., Fiba Emeklilik ve Hayat A.Ş., HDI Sigorta A.Ş. and Axa Sigorta A.Ş.

As of December 31st of 2017, the Bank has 44 branches primarily located nearby the industrial zones of Turkey. Furthermore, the number of the employees of the Bank is 810 (As of December 31st 2016, number of the branches and employees were 44 and 809, respectively).

When we consider the position of our Bank in the sector:

- Assets size of our Bank increased by 56.8% whereas total size of the sector increased by 19.3%,
- Credits of our Bank increased by 51.1% whereas the total credits in the sector increased by 21.1%,
- Deposits at our Bank (including the banks deposits) decreased by 0.7% whereas the total deposits of the sector increased by 16.9%,
- Securities of our Bank increased by 44% whereas the total securities of the sector increased by 14.2%,
- Placements of our Bank increased by 697.7% whereas the total placements of the sector increased by 16.1%,
- Non-cash credits of our Bank increased by 28.7% whereas the total non-cash credits of the sector increased by 19.2%.

| Million TL | 31.12.2016 | | 31.12.2017 | | Change Ratios | |
|--|--------------|------------------|---------------|------------------|---------------|--------------|
| | ICBC Turkey | Sector | ICBC Turkey | Sector | ICBC Turkey | Sector |
| Cash and Cash Equivalents and the CBRT | 1,159 | 124,238 | 1,350 | 138,866 | 16.6% | 11.8% |
| Placements with the Banks and Receivables from the Money Markets | 152 | 75,310 | 1,214 | 87,405 | 697.7% | 16.1% |
| Securities Portfolio | 1,723 | 351,224 | 2,482 | 401,256 | 44.0% | 14.2% |
| Loans | 5,035 | 1,751,697 | 7,606 | 2,121,328 | 51.1% | 21.1% |
| Loans (Including Non-performing Loans) | 5,071 | 1,765,096 | 7,631 | 2,134,607 | 50.5% | 20.9% |
| Non-performing Loans (Gross) | 115 | 57,880 | 96 | 63,645 | -16.2% | 10.0% |
| Special Provision for the Non-performing Loans | 79 | 44,481 | 72 | 50,365 | -8.9% | 13.2% |
| Total of Deposits and Funds | 3,383 | 1,541,287 | 3,359 | 1,801,509 | -0.7% | 16.9% |
| Non-cash Loans | 1,390 | 552,272 | 1,789 | 658,386 | 28.7% | 19.2% |
| Total Assets | 8,218 | 2,730,943 | 12,888 | 3,257,819 | 56.8% | 19.3% |

Note: The data are taken from daily reports dated 15.02.2018, of the BRSA.

While the active credits to assets ratio and deposits to liabilities ratios realized in the sector were 65% and 55%, respectively, the Bank's credits to assets ratio and deposits to liabilities ratios were

59% and 26%, respectively. The main reason for the deposits to be at such a low level is the fact that majority of its financing is provided through ICBC Group.

| Million TL | 31.12.2016 | | 31.12.2017 | | Change Ratios | |
|----------------------------------|-------------|--------|-------------|--------|---------------|--------|
| | ICBC Turkey | Sector | ICBC Turkey | Sector | ICBC Turkey | Sector |
| Total Loans/Total Assets | 61% | 64% | 59% | 65% | -3.7% | 1.5% |
| Total Deposits/Total Liabilities | 41% | 56% | 26% | 55% | -36.7% | -2.0% |
| Securities/Total Assets | 21% | 13% | 19% | 12% | -8,2% | -4.2% |
| Non-performing Loans Ratio | 2% | 3% | 1% | 3% | -44.0% | -8.9% |
| Liquid Assets/Total Assets | 16% | 7% | 20% | 7% | 24.7% | -4.9% |
| Non-cash Loans/Total Cash Loans | 27% | 31% | 23% | 31% | -14.5% | -1.4% |

Assessment of the Bank's Activities in the Year 2017

Corporate and Commercial Banking

ICBC Turkey Bank A.Ş. (ICBC Turkey) continues to meet all banking demands of its customers in corporate and commercial banking business segments, by its motto "Of Course We Can".

It offers the wide range of products and services of its major shareholder Industrial and Commercial Bank of China Limited (ICBC), to domestic and foreign companies and facilitates access to financing by its customized services.

Extensive service network and experience in international trade, of ICBC, the largest bank of China and the world, makes it easier for ICBC Turkey to have access to global sources. ICBC Turkey creates for its customers the opportunity to have access to financing at international level and at the same time, by its global network sources, it provides services actively for Chinese Yuan (RMB) transactions.

ICBC Turkey has adopted an efficient risk management approach consistent with global economic conditions, in the Corporate and Commercial Business segments and additionally, it has closely followed the market and the customers and has continued to provide support according to the needs of the customers.

It is among priorities of ICBC Turkey to provide support for long term investments by project finance and to contribute to the development of the country's economy and thanks to the synergy created by global support and power of ICBC, it has the sources and experience required to provide financing for investment projects to be realised in the country. In this context, ICBC Turkey has increased its support for domestic market in Corporate and Commercial Banking business segments, at the rate of 50% compared to the end of 2016 and has continued its financing support, by the cooperation established with international financial institutions like EBRD and the World Bank.

In the Corporate and Commercial Banking business segments, ICBC Turkey, in addition to classical corporate banking products, plays a role in projects regarding financing of energy, infrastructure and transportation, immovable property, public-private partnership projects and acquisition projects.

ICBC Turkey, especially by the synergy provided by the "One Belt One Road" initiative, targets to provide support for financing of investments in Turkey and surrounding countries and to grow t

hereby. By the domestic and international syndication participated by it and the energy investments, mainly in renewable energy, in the financing of which it plays a role, and the public-private partnership projects, ICBC Turkey continues its corporate and project finance support.

In addition to the corporate solution provided, also by its Cash Management products, we provide intermediation for the cash flow transactions of our customers through collections made by electronic and classical methods and through the payment systems, and the products/services such as “Direct Debit System”, “Collective EFT/Remittance”, Continuous Cheque printing Program”, “Electronic Settlement - Accounting Integration”, “Electronic Cheque”, “Corporate Internet Banking” our clients are provided with the opportunity to make their banking transactions without problem and in reliable manner. In addition to existing products, our new product launched in 2017, named “Corporate Internet Branch Collective EFT and Remittance” system, significantly facilitates transactions of our customers.

ICBC Turkey, by its capability to have access to international sources, innovative products and services, its experience in corporate banking and competitive advantage; continues to establish long term cooperation with all domestic and international clients that are in need of corporate and commercial banking products.

Retail Banking

In 2017, an increase in both volume and income has been achieved in retail products such as deposits, individual credits, cards and insurance.

In this context;

- In individual credits, we have continued to grow in housing loans in 2017. Growth achieved in housing loans, has also provided significant contribution for the growth in total individual credits. Especially, by our housing loan campaign we have carried out with the name “My New Home Credit” based on a competitive interest rate we have applied throughout the whole year, an increased at the rate of 48% has been achieved in housing loans. A new product named “My New Car Product” has been launched in 2017. Furthermore, for consumer credits, during the year, various consumer credit campaigns have been organised under the names of “Feast Credit” and “New Year Credit” and the credit sales have been increased thereby. By the campaigns carried out and sale of new products, increase in total individual credits has realised as 32%.
- In deposit products; with a target of gaining deposits extensively in 2017, by our competitive rates and strategy, there have been increases at the rate of 10% in TL time deposits and 22% in FX time deposits, compared to 2016. In this increase, our campaign named “Gaining New Time Deposit Customers” has also played a significant role.
- A significant increase has also been achieved in demand deposit product in 2017 and in this increase, there has been a significant contribution of the housing loans made available. Accordingly, there have been increases at the rate of 54% in TL demand deposits and 37% in FX demand deposits, compared to 2016.
- On the Card Payment Systems side,
 - In 2017, New Generation Payment Recording Device Application – Cash Register POS software, agreement, business development and procedure revision have been completed. In parallel with the legal regulations in Turkey, at our Bank; we, as ICBC

- Turkey, have also started to offer the product New Generation Payment Recording Device, known at the market as the Cash Register POS, to our customers.
- For VISA and MASTERCARD, two separate Contactless POS projects have been prepared and their certification process has been completed in 2017 and they have been put into service.
- In 2017, number of our debit cards has increased by 29% compared to the previous year and has reached 24,193 totally.
- In insurance products, rapid increase in both total premium and total commission production has continued. In 2017, especially by the acceleration achieved in housing loans, an increase at the rate of 54% has been achieved in the total commission income produced in life insurances. By offering more alternative services for the needs of our customers, an increase at the rate of 38% has been achieved in the total commission income in individual insurances.
- Development through channels out of branches, has continued in 2017 as well. Number of credit applications made through the web site of our Bank at the address of “icbc.com.tr”, constituted four percent of the credits made available in 2017. According to demands received from our customers, time and demand deposit account closing function has also been added to our internet branch. For renovation of ICBC Turkey Mobile Branch application, a comprehensive project has been started and it is planned to put new application, into service in 2018. For the purpose of promoting our products and services in best manner, sharing up-to-date news and training our employees; digital screens, content of which is administered centrally, have been installed at our branches. Pilot application has been started at 5 branches and it is planned to expand it.

For our customers to be able to reach banking services uninterruptedly, we have continued to provide services on 7 days/24 hours basis, through ICBC Turkey Internet and Mobile Branch, totally 49 ATMs, 47 of which provide money depositing service as well, and 444 00 50 ICBC Turkey Call Centre.

Treasury and Investor Relations

Treasury

In 2017, ICBC Turkey maintained its deliberate approach towards the fluctuations in the markets and targeted to sustain its steady balance sheet and strong capital structure through its dynamic balance sheet management strategy. Within this context, while sustainability of optimum liquidity level policy was the first priority of the Bank’s Treasury and widening its deposit base on the funding side was aimed at. Money market operations, swap transactions, repo and derivative transactions were conducted in the management of short and long term liquidity denominated in Turkish Lira and foreign currency.

ICBC Turkey has continued its marketing activities by taking the risks in the global markets into account and highlighting the products geared towards risk minimization. Customer visits were conducted and thereby changing of risk factor, volatility and market trends have been addressed. Special importance was attached to the internal systems of the Bank for the Treasury products and the operational efficiency; and increase in the quality of its services and customer satisfaction through systemic developments were aimed at. By broad range of services in terms of Chinese Yuan, contribution has been provided for Turkish-Chinese foreign trade transactions.

Economic Research and Investor Relations

In 2017, Department of Economic Research and Investor Relations has closely monitored the changing dynamics and the risk factors in the global economy and analyzed their impact on Turkish economy and updated its expectations regarding the macroeconomic indicators and financial markets accordingly. Department shared such developments and its prudential predictions with the related departments and the executive management of the Bank and created macro information flow needed for the micro decisions to be taken. Department concurrently analyzed and scrutinized the developments in the banking sector and continue to relay the developments related to the Bank's strategies and operations in this environment to the investors and analysts.

International Relations Group

International Relations Group continued to provide special products and services geared towards the Bank's customers' foreign trade needs in order to satisfy all of their needs related to the foreign trade with a rapid, meticulous and competitive approach by keeping the customer satisfaction above everything else within the framework of the Bank's slogan "Of Course We Do" and utilizing the Bank's strong corresponding bank network established based on long term and reciprocal confidence principles and consisting of approximately 500 banks spread all around a wide geography consisting of 76 countries as well as ICBC's wide global branch network spread over 44 countries.

International Relations Group, becoming much stronger with the international experience and financial strength of ICBC Group, continued its strategy to present different solution proposals for the Bank's customers' needs with a wide range of products including risk sharing programmes in order to capture the opportunities within the scope of internationalizing RMB, obtain a larger share of the foreign trade being conducted between Turkey and China that have been gradually increasing over the years, be able to manage the changing commercial needs of and the relationships with the Bank's customers in the most correct way and present the most suitable solution for their financial needs.

Besides just meeting the needs of its customers relating to foreign trade, the International Relations Group has achieved a diversification in its range of banking products and by the syndication participations and the Bilateral Loan transactions, for which it provided intermediation, it has realised pioneering achievements in the Turkish Banking Sector.

On 19 February 2018, Fitch Ratings, an international rating agency, has confirmed the Bank's national long term credit rating as "AAA (tur)", long term credit rating denominated in foreign currency as "BBB-" and long term credit rating denominated in Turkish Liras as "BBB-" and asserted the Bank's outlook as "Stable".

In accordance with the vision and mission it adopted in the recent years, in 2018, the International Relations Group targets to continue healthily and sustainably widening and increasing the already wide product range and the service quality that the Bank provides to its customers as well as the Bank's share in Turkey's foreign trade and creating added value for the Bank's customers by producing innovating solutions.

Cross Border Finance Group

Cross Border Finance Group started its operation on July 1st, 2015 at the ICBC Turkey Bank A.Ş. Head Office. Since its inception, it has led various projects and has successfully financed reputable companies that need big-scale financing.

Main responsibilities of Cross Border Finance Group are; to conduct all types of banking transactions for the companies with Chinese origin or the companies incorporated with Chinese-Turkish partnerships operating in Turkey, provide financial support to companies that have investment in Turkey and neighbouring countries, coordinate with ICBC China and the other

subsidiaries abroad and branches of ICBC Bank and the other national and international banks in order to provide such support.

In 2017, Cross Border Finance Group has provided financing for some of the energy and construction projects to be realised in Turkey and intensely maintains its efforts to provide financing for large scale energy and other types of projects planned to be realised in the near future, and by the transactions completed by it, has provided a significant contribution for the revenues of ICBC Turkey Bank A.Ş. in 2017. In addition to this, many companies with Chinese origin or the companies incorporated with Chinese-Turkish partnerships have opened bank accounts with the Bank's several branches and conducted their banking transactions through these branches with customer satisfaction.

For 2018, the Cross Border Finance Group has undertaken a part of the Bank's profit target in line with ICBC Turkey Bank's growth and profitability targets and in this context, the followings are the main topics planned to be carried out in order to realize the targets in this context;

- to make many customer visits to gain new customers and thereby, to continue fortifying direct marketing activities,
- to evaluate in details existing projects and the new projects to be started and in order to bring the process to a conclusion rapidly, to strengthen communication network between ICBC Turkey Bank A.Ş. and ICBC Headquarters and other overseas subsidiaries and branches of ICBC and with other domestic and foreign banks, and to conduct negotiations thereby,
- to carry out financing of large-scale Projects guaranteed by Sinosure.

Activities to be carried out and projects to be completed by the Cross Border Finance Group in 2018, shall contribute to the growth of ICBC Turkey Bank A.Ş.

Capital Markets

ICBC Turkey Yatırım Menkul Değerler A.Ş. has followed a deliberate policy in 2017, as it did in previous years and increased the number of its customers and portfolio size through regular customer visits. As a result of these activities, there has been an increase in the number of customers with deposits/assets at the Bank. Relating to the activities in 2017;

- Equities transaction volume has realised as 16.45 billion TL,
- Our market share at BIST (İstanbul Stock Exchange) has realised as 0.56%,
- Intermediation has been provided for payment of dividend to the shareholders of the company named Yeni Gimat,
- Share of internet transactions in the companies commission revenues, has realised as 31.88%,
- Equity market Transaction Volume Ranking has been realised as 34th among 60 intermediary institutions,
- Our equity capital has realised as 94.7 million TL,
- Credit net interest income has realised as 7.87 million TL,
- Equities commission income has realised as 8.75 million TL,
- VIOP (Derivatives Market) commission income has realised as 1.98 million TL.

Financial structure and capital adequacy ratio of the company are respectively examined and audited by an external audit firm two times a year.

Information Technologies

In 2017, in line with the Bank's strategies, Information Technologies Department continued its works and infrastructural investments by considering the targets of IT Strategy plan related to;

- Providing an acceptable end-to-end IT experience for stakeholders
- Ensuring productivity during procurement of IT services
- Increasing mobility
- Focusing on development of Business and Management practices and developing/purchasing banking applications consistent with the Bank's business and information needs
- Ensuring efficient and effective access to corporate data and common functionality and thereby, contributing to fulfilment of the Bank's mission
- Enhancing the Bank's capability to be protected against cyber security incidents and to confront said incidents successfully
- Providing a balance between security, operability and stakeholder experience
- Developing and maintaining security consciousness in order to determine responsibilities of the IT sources and to integrate security in the IT solutions and daily operations
- Increasing operability, visibility and innovation in the corporate security architecture of Tekstilbank and thereby, ensuring corporate security management at sufficient level
- Creating architectural targets capable to meet future missions
- Establishing and development partnership with ICBC Headquarters in order to purchase, develop IT components and to improve their maintenance processes
- Acquiring innovative technologies for the stakeholder to work jointly on missions and enhancing the opportunities of participation
- Developing IT staff to reach desired competence level, providing career opportunities and meeting their training needs
- Designing and developing governance methods for source management, IT project/demand management and performance management
- Developing communication with stakeholders relating to services provided by IT and by observing related targets, continuing its activities and infrastructure investments.

Human Resources

Recruitment and Personal Development

As of the date of 31.12.2017, the number of the personnel is 810 and 381 employees work at our Branches and 429 employees work at our Head Office. Number of the branches as of 2017 year-end is 44. 2017 seniority average is 7.16 years and the average age of the Bank's personnel is 37. 86.4% of our personnel are university graduates; of which 0.1% hold doctorate degree, 9.50% hold graduate degree, 69.8% hold undergraduate degree and 7% hold associate two years degree.

The Bank's Training Process

The Bank's 2017 training process consisted of the training programs provided by the Bank's internal instructors, conferences and seminars held by the Banks Association of Turkey (BAT), training programs organized by several training institutions and online trainings.

In parallel with these, e-learning trainings in 12 different topics were provided with a participation of 3,219 participants. In-house and external training were provided in 131 different topics with totally 2,432 participations/472 different participants, respectively.

Information Regarding the Subsidiaries and the Affiliates

| Company | Affiliates | Field of Activities | Share % |
|----------------|--|--|---------|
| Finance Sector | ICBC Turkey Yatırım Menkul Değerler A.Ş. | Stock Exchange Intermediation Services | 99.998 |

ICBC Turkey Yatırım which is a subsidiary of ICBC Turkey Bank A.Ş was incorporated in 1996 in İstanbul. Its paid up capital amounts to 76.000.000.-TL and at the Extraordinary General Assembly meeting held on the date of 08.09.2017 regarding capital increase, the share capital has been increased from 25.000.000-TL to 76.000.000-TL and it has been registered with İstanbul Trade Registry Directorate on the date of 09.10.2017. The Company conducts capital market transactions within the scope of the provisions of the Capital Markets Law and the related legislation.

ICBC Turkey Yatırım acts as an intermediary in providing capital markets products and offers alternatives in investment funds with different risk and return categories and portfolio management services. It creates financing solutions for its corporate customers by issuance of private sector bonds and commercial papers and prepares the ground for the investors and the corporations to meet through the IPO operations. ICBC Turkey Yatırım, providing daily and weekly reports and stock analyses for its customers prepared by its experienced research team, helps a wider range of customers via ICBC Turkey branches and 20 investment centres.

ICBC Turkey Yatırım has combined experienced and knowledgeable human resource with dynamic service principle, which has continued its activities as a “Broadly Authorised Brokerage House” since January 1st ,2016, based on the authorization license dated 09.02.2016 and with no G-050 (388), issued by the Capital Markets Board.

Research and Development Practices Related to the New Services and Activities

ICBC Turkey attaches importance to corporate banking, which constitutes majority portion of its operations, as well as retail banking. All types of new products have been developed and offered to the Bank’s customers with the view of customer satisfaction and considering the developments related to the retail banking business in the markets and the economy.

SECTION II

MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

Names and Surnames, Terms of Office, Responsibility Areas, Educational Background and Professional Experience of the Chairman and Members of the Board of Directors, Audit Committee Members, General Manager and the Assistant General Managers and the Officers of the Departments within the Scope of the Internal Systems

Chairman and Members of the Board of Directors

| Name-Surname | Position | Date of Commencement to Work | Educational Status | Banking or Management Experience | Areas of Responsibility | Whether He/She is an Independent Member of the Board of Directors |
|----------------|--|------------------------------|---|----------------------------------|--|---|
| Xu Keen | Chairman of the Board of Directors | 22.05.2015 | Undergraduate Degree Abroad, Graduate Degree Abroad | 24 | Chairman of the Audit Committee, Chairman of the Credit Committee | Independent Member |
| Gao Xiangyang | Member of the Board of Directors-General Manager | 22.05.2015 | Undergraduate Degree Abroad, Graduate Degree Abroad | 19 | Vice Chairman of the Credit Committee | Not an Independent Member |
| Liu Peiguo | Member of the Board of Directors | 02.01.2017 | Undergraduate Degree Abroad, Graduate Degree Abroad | 18 | Member of the Credit Committee | Not an Independent Member |
| Zheng Jianfeng | Member of the Board of Directors | 22.05.2015 | Undergraduate Degree Abroad, Graduate Degree Abroad | 21 | Member of the Corporate Governance Committee, Member of the Remuneration Committee, Alternate Member of the Credit Committee | Not an Independent Member |
| Wang Ying | Independent Member of the Board of Directors | 22.05.2015 | Undergraduate Degree Abroad, Graduate Degree Abroad | 26 | Member of the Audit Committee, Chairman of the Remuneration Committee, Alternate Member of the Credit Committee | Independent Member |

| | | | | | | |
|--------------------|--|------------|---|----|--|--------------------|
| Mehmet Hilmi Güler | Independent Member of the Board of Directors | 26.05.2015 | Undergraduate Degree Abroad, Graduate Degree Abroad | 26 | Chairman of the Corporate Governance Committee | Independent Member |
|--------------------|--|------------|---|----|--|--------------------|

General Manager and Assistant General Managers

| Name-Surname | Position | Date of Commencement to Work | Educational Status | Banking or Management Experience | Areas of Responsibility |
|----------------------|--|------------------------------|---|----------------------------------|--|
| Gao Xiangyang | Member of the Board of Directors-General Manager | 22.05.2015 | Undergraduate Degree Abroad, Graduate Degree Abroad | 19 | Vice Chairman of the Credit Committee |
| Chen Yubao | Deputy General Manager | 22.05.2015 | Undergraduate Degree Abroad, Graduate Degree Abroad | 34 | Financial Affairs Group |
| Hüseyin H.İmece | Assistant General Manager | 02.11.2007 | Domestic Undergraduate Degree - Boğaziçi University, Department of Economics | 28 | Treasury and Investor Relations Group |
| Başbuğ Y.Samancıoğlu | Assistant General Manager | 19.06.2006 | Domestic Undergraduate Degree - Boğaziçi University, Department of Business Administration | 31 | Corporate and Commercial banking Group |
| Bozok Evrenosoğlu | Assistant General Manager | 21.05.2010 | Domestic Undergraduate Degree - Ankara University Department of Economics | 29 | Credits Group |
| D.Halit Döver | Assistant General Manager | 04.01.2005 | Domestic Undergraduate Degree-İstanbul Technical Uni. Mining Engineering Domestic Graduate Degree – İstanbul Technical University | 25 | International Relations Group |
| Kadir Karakurum | Assistant General Manager | 09.01.2017 | Domestic Undergraduate Degree-ODTÜ-Faulty of Architecture Domestic Graduate Degree –ODTÜ-Social Sciences Institute Department | 17 | Retail Banking Group |

Managers of the Units within the Scope of the Internal Systems

| Name-Surname | Position | Date of Commencement to Work | Educational Status | Banking or Management Experience | Areas of Responsibility |
|--------------------|---|------------------------------|---|----------------------------------|---------------------------------|
| Celal Efe Şeran(*) | Chairman of the Board of Inspections | 01.12.2017 | Domestic Undergraduate Degree | 17 | Board of Inspections |
| Gürdoğan Yurtsever | Head of Internal Control Centre and Compliance Department | 01.09.2003 | Domestic Undergraduate Degree, Graduate Degree Abroad | 22 | Internal Control and Compliance |
| Berrin Gencal | Head of Risk Management Department | 01.02.2009 | Domestic Undergraduate Degree | 22 | Risk Management |

(*)Başak Kaya, Chairman of the Board of Inspections, has left her job at our Bank on the date of 11.10.2017 and in place of her, by the resolution of the Board of Directors dated 01.12.2017, Celal Efe Şeran, who used to serve as the Head of Individual Credits Allocation Department at the Head Office, has been appointed.

Duties of the Board of Directors Outside of the Bank

Duties of Members of the Board of Directors, conducted by them out of the Bank (as of 31 December 2017) are specified below.

| Name Surname | Positions Assumed at the Bank at the Last 5 Years | Positions Held out of the Bank in the Final Situation (Segregated as Within the Group, Out of the Group) |
|---------------|--|---|
| Xu Keen | Chairman of the Board of Directors, Chairman of the Audit Committee, Chairman of the Credit Committee | He holds no other position out of the Bank. |
| Gao Xiangyang | Member of the Board of Directors, General Manager, Vice Chairman of the Credit Committee | Intra-Group: Chairman of the Board of Directors at ICBC Turkey Yatırım Menkul Değerler A.Ş., an affiliate of the Bank |
| Liu Peiguo | Member of the Board of Directors, Member of the Credit Committee, Coordinator of the General Secretariat Group | Intra-Group: Member of the Board of Directors at ICBC Turkey Yatırım Menkul Değerler A.Ş., an affiliate of the Bank |

| | | |
|--------------------|--|---|
| Zheng Jianfeng | Member of the Board of Directors, Member of the Corporate Governance Committee, Member of the Remuneration Committee, Alternate Member of the Credit Committee | Intra-Group: Industrial and Commercial Bank of China Ltd.(ICBC) Head Office – Corporate Strategy and Investor Relations Department Senior Specialist, ICBC Mexico Ltd. Non-Executive Member of the Board of Directors, ICBC Standard Bank Public Ltd. Non-Executive Member of the Board of Directors, ICBC (Thai) Public Ltd. Non-Executive Member of the Board of Directors, ICBC-AXA Assurance Co. Ltd. Non-Executive Member of the Board of Directors, ICBC Credit Suisse Asset Management Co. Ltd. Non-Executive Supervisor |
| Wang Ying | Independent Member of the Board of Directors, Member of the Audit Committee, Chairman of the Remuneration Committee, Alternate Member of the Credit Committee | Intra-Group: Industrial and Commercial Bank of China Ltd.(ICBC) Corporate Strategy and Investor Relations Department-Specialist, ICBC-AXA Assurance Co. Ltd. Non-Executive Member of the Board of Directors, ICBC Credit Suisse Asset Management Co. Ltd. Non-Executive Member of the Board of Directors, ZAO Industrial and Commercial Bank of China Ltd. (Moscow) Non-Executive Member of the Board of Directors, ICBC (Europe)S.A. Non-Executive Member of the Board of Directors, |
| Mehmet Hilmi Güler | Independent Member of the Board of Directors, Chairman of the Corporate Governance Committee | Out of the Group: Lecturer at Bahçeşehir University, Turkcell İletişim Hizmetleri A.Ş. Independent Member of the Board of Directors, Superonline İletişim Hizmetleri A.Ş. Chairman of the Board of Directors, Turkcell Enerji Çözümleri ve Elektrik Satış Ticaret A.Ş. Independent Member of the Board of Directors, |

Profiles of the Chairman and Members of the Board of Directors, Audit Committee Members, General Manager and the Assistant General Managers and the Managers of the Units within the Scope of the Internal Systems

Board of Directors



Xu Keen – Chairman of the Board of Directors

Mr. Xu Keen graduated from the China Henan University Policy Undergraduate Program in 1986, from the Remnin University International Policy Graduate Program in 1988 and he had Bank Management training at Canada Alberta University in 2001. Between 1988-1993, he served as a lecturer at Remnin University International Policy Department. In 1993, Mr. Xu Keen has started

to work at Industrial and Commercial Bank of China Limited (ICBC) and he worked, respectively, as Chief Director at the Head Office Human Resources Department, Chief Director in charge of Examining and Approving retail Credits at the Headquarters Special banking Department Risk Management Section, Assistant General Manager in charge of Managing Private Credits at the Head Office Private Banking Department, between the years 2011-2015, he served as General Manager of ICBC Karachi Branch. On the date of 22.05.2015, Mr. Xu Keen has been elected as the Member of the Board of Directors of ICBC Turkey and he continues to serve as the Chairman of the Board of Directors, Chairman of the Audit Committee and the Chairman of the Credit Committee.



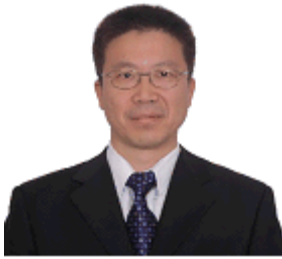
Gao Xiangyang - Member of the Board of Directors - General Manager

Mr. Gao Xiangyang graduated from Beijing University International Finance Undergraduate Program in 1997 and from Beijing University Business Administration Graduate Program (MBA) in 2004. Mr. Gao Xiangyang has started to work at Industrial and Commercial Bank of China Limited (ICBC) in 1997 and he work, respectively, as a Clerk at the Headquarters Banking Transactions Department between July 1997 - September 1997, Senior Manager at the Headquarters Human Resources Department between July 1997 - October 2001, Senior Manager at Luwan District Branch and Fuxing Road Sub-Branch (Shanghai) between August 2000 - May 2001, Senior Manager at the Headquarters International Trade Department between October 2001 - August 2008, Chairman at Ningde City Branch between August 2010 - February 2014, Vice Chairman at ICBC Fujian Branch between December 2011 - May 2015. Mr. Gao Xiangyang has been appointed as the General Manager of ICBC Turkey on the date of 22.05.2015 and at the same time, he serves as a Member of the Board of Directors and the Vice Chairman of the Credit Committee. Furthermore, he has been appointed as a Member of the Board of Directors at ICBC Turkey Yatırım Menkul Değerler A.Ş., an affiliate of ICBC Turkey, on the date of 22.05.2015 and he serves as the Chairman of the Board of Directors of ICBC Yatırım.



Liu Peiguo - Member of the Board of Directors

Liu Peiguo graduated from Shandong Fiscal and Economics University Investment Management Undergraduate Program in 1996 and from Beijing Technology University Business Administration Graduate Program in 2005. Mr. Liu Peiguo has started to work at Industrial and Commercial Bank of China Limited (ICBC) in 1998 and he worked, respectively, as an officer, assistant director and director at the Assets Risk Management Monitoring and Audit Department, Head of the Risk Management Department, Vice Chairman of the Risk Reporting Department, Head of Operational Risk Quantification Department. He came to Turkey in 2014 as a member of the ICBC Turkey Bank A.Ş. (former trade name Tekstil Bankası A.Ş.) Project Team and in 2015, he has continued his job as the Coordinator of the ICBC Turkey Bank A.Ş. General Secretariat Group. AS of the date of 02 January 2017, Mr. Liu Peiguo has been elected as the Member of the Board of Directors of ICBC Turkey and at the same time, he continues to serve as a Member of the Credit Committee; and as of March 2017, he has been appointed as an executive member. Furthermore, he has been appointed as a Member of the Board of Directors at ICBC Turkey Yatırım Menkul Değerler A.Ş., an affiliate of ICBC Turkey, on the date of 22.05.2015. and he continues to serve at that position.



Zheng Jianfeng - Member of the Board of Directors

Mr. Zheng Jianfeng graduated from Tianjin University Industrial Business Administration Undergraduate Program in 1988, from Tianjin University Industrial Business Administration Graduate Program in 1991 and from England York University Finance Graduate Program in 2006. He worked, respectively, as the Vice Chairman of the Operations Evaluation and Market and Industry Analysis Department Unit at the State Development Bank Headquarters between 1998-2000, as the Vice Chairman of the Bank of China Agricultural Department Audit Board Unit at the Basic State Council State Financial Institutions Audit Boards (Under the Central Financial Business Committee) between 2000-2002. Mr. Zheng Jianfeng has started to work as Industrial and Commercial Bank of China Limited (ICBC) in 2002 and he worked, respectively, as Unit Chief at the Headquarters Audit Board, Audit Board Surveillance Commissar, Vice Chairman of the Audit Board. Since 2014, he works as a specialist at the Strategic Management and Investor Relations Department at ICBC Headquarters and he continues to serve as non-executive member of the board of directors and non-executive supervisor at some ICBC Group companies. Mr. Zheng Jianfeng has been elected as the Member of the Board of Directors on the date of 22.05.2015 and at the same time, he serves as a Member of the Corporate Governance Committee and a Member of the Remuneration Committee.



Wang Ying - Independent Member of the Board of Directors

Ms. Wang graduated from Liaoning University in 1986, she graduated from Shanxi Finance Institute in 1989 and received a Master's degree in Economics. Ms. Wang joined ICBC in 2000, She served in several positions including Deputy Chief of division of International Business Department, Chief of division of Audit and Supervision Bureau, Internal Audit Bureau, Manager of Audit Department of ICBC Sydney Branch. She was appointed as Specialist of the Strategic Management and Investor Relations Department ICBC Head Quarters. Ms. Wang has served as an Independent Member of the Board of Directors of ICBC Turkey on May 22nd 2015, presently she also serves as a Member of the Audit Committee and the President of the Remuneration Committee.



Mehmet Hilmi Güler – Independent Member of the Board of Directors

He obtained his undergraduate degree, graduate degree and PhD from Middle East Technical University School of Metallurgy Engineering in 1972, in 1975 and in 1985, respectively. He worked as General Coordinator and Member of the Board of Directors of Çamsan A.Ş. between 1992 and 1994, as a Consultant to the İstanbul Metropolitan Municipality and General Manager Chairman of the Board of Directors of İstanbul Gaz Dağıtım Sanayi ve Ticaret A.Ş. between 1994 and 1996. He was elected and served as Member of Parliament, representing the Province of Ordu between 2002 and 2011 and Ministry of Energy and Natural Resources between 2002 and 2009. M. Hilmi Güler has been working as a faculty Member at Bahçeşehir University and serving as Member of the Board of Directors of Dizayn Teknik Boru ve Elemanları Sanayi ve Ticaret A.Ş. Mr. Güler has been an Independent Member of the Board of Directors of Turkcell İletişim Hizmetleri A.Ş. since 2013. Mehmet Hilmi Güler was appointed as an Independent Member of the Board of Directors and also the President of the Corporate Governance Committee of ICBC Turkey on May 22nd 2015.

Assistant General Managers

Chen Yubao

Deputy General Manager (Financial Affairs)

He graduated from School of Central Party, Foreign Related Economics Program in 1997, from Xinjiang University, Graduate School of Political Economy Program in 2000 and New Zealand University Graduate School of Business Administration (EMBA) in 2005. Chen Yubao, having started working for Industrial and Commercial Bank of China Limited (ICBC) in 1998, assumed the following positions in order of chronology: Vice President of Xinjiang Yili Branch (he concurrently worked as President of Xinjiang Yining Branch), Assistant General Manager of the Xinjiang Branch Company Areas of Operations Department , General Manager of Xinjiang Branch International Business Department , General Manager of Xinjiang Branch Company Areas of Operations and International Business Department , President of the Xinjiang Changji Branch, Branch Officer and General Manager of Almaty Branch. He was appointed as Assistant General Manager of ICBC Turkey and Member of the Board of Directors of ICBC Yatırım Menkul Değerler A.Ş., a subsidiary of ICBC Turkey, on May 22nd ,2015. From January 2016 he was leading the Cross-Border Finance Group as an Assistant General Manager, starting from July 2016 he continues his position as an Assistant General Manager in Accounting and Financial Control Group. At the same time, since 01.03.2016, he continues to serve as the Deputy General Manager and also a member of the Board of Directors of ICBC Yatırım Menkul Değerler A.Ş., subsidiary of ICBC Turkey.

Hüseyin H.İmece

Assistant General Manager (Treasury and Investor Relations)

Mr. Hüseyin İmece, having graduated from Bosphorus University School of Economics, started his career in a private bank in 1990. He assumed different positions in the Treasury Department of the same bank. He joined ICBC Turkey in November 2007 and has been the Assistant General Manager Responsible for the Treasury and Investor Relations Group.

Başbuğ Y. Samancıoğlu

Assistant General Manager (Corporate and Commercial Banking)

Mr. Samancıoğlu graduated from Bosphorus University School of Economics and Administration Department of Business Administration in 1986. He worked as branch manager and head of several departments in the headquarters of several banks. He joined ICBC Turkey in June 2006 and has been the Assistant General Manager Responsible for the Corporate and Commercial Banking Group.

Bozok Evrenosoğlu

Assistant General Manager (Credits)

Mr. Evrenosoğlu graduated from Ankara University School of Political Sciences Department of Economics in 1983. Mr. Bozok Evrenosoğlu started his career in the Board of Auditors of a private bank in 1985 and joined ICBC Turkey as Assistant Manager of ICBC Turkey İzmir Branch in January 1990. Subsequently, he worked as a Branch Manager in several banks and rejoined ICBC Turkey as the Branch Manager of ICBC Turkey İzmir Branch in 2004. In March 2005, he was promoted from his position of Branch Manager of the ICBC Turkey İzmir Branch to the Assistant General Manager Responsible for the Loans position, effective as of May 2010.

D. Halit Döver

Assistant General Manager (International Relations)

Mr. Halit Döver, graduated from Istanbul Technical University School of Mining in 1988 and obtained his graduate degree in the same university. Between 1990 and 1992, he worked as a certified engineer in different companies abroad and started his banking career as Manager and Director of the Services in the Correspondent Relations and International Marketing Department of a private bank in 1993. He started working for ICBC Turkey as the Head of the International Relations Department in 2000 and was appointed as the Assistant General Manager Responsible for the International Relations Group in January 2005. He concurrently continues to serve as Consumer Relations Coordination Officer, a position he assumed since July 30th 2015.

Kadir Karakurum

Assistant General Manager (Retail Banking)

Mr. Kadir Karakurum graduated from the Middle East Technical University Faculty of Architecture in 1993 and he had his graduate degree at the same university, Faculty of Economics and Business Administration, Business Administration Department. Between 1992 – 2012, he served at various positions at the private sector companies and banks and in February 2014, he started to work at ICBC Turkey as the Head of Individual Sales and Marketing Department and as of 09 January 2017, he has been appointed as the Assistant General Manager in charge of Retail Banking.

Managers of the Units within the scope of Internal Systems

Celal Efe Şeran

Chairman of the Board of Inspections

Mr. Celal Efe Şeran graduated from İstanbul University Department of Economics in 2002 and started his banking career as a Customer Services Officer at HSBC Bank A.Ş. in 2000 and he worked, respectively, as Inspector at Fortisbank A.Ş. in 2004 and the Manager of Risk Management Department at TEB Cetelem in 2011. As of February 2015, he has started to work at ICBC Turkey Bank A.Ş. as the Head Of Individual Credits Allocation Department and since 01.12.2017, he continues to serve as the Chairman of the Board of Inspections at ICBC Turkey Bank A.Ş. Mr. Celal Efe Şeran holds CIA (Certified Internal Auditor), CFE (Certified Fraud Examiner), the CMB Level 3 and Corporate Governance Rating certificates and has an experience of approximately 15 years in the fields of Internal Audit, Risk Management, Credits and Customer Services.

Gürdoğan Yurtsever **Head of Internal Control Centre and Compliance**



Mr. Gürdoğan Yurtsever graduated from Istanbul University School of Political Sciences in 1991 and obtained his graduate degree from the same school in 2002. He started working as an assistant inspector in the Board of Auditors of a bank in 1995. He joined ICBC Turkey as an inspector in 1998. Subsequently, he worked as a manager in the Credit Control Department and Centre of Internal Control. He was appointed as the Head of Centre of Internal Control in 2003. Mr. Gürdoğan Yurtsever has been serving as the Head of Centre of Internal Control and Compliance since 2008 and concurrently as a Compliance Officer as well. Mr. Yurtsever is also Member of the Board of Directors and Vice President of Turkish Internal Audit Institute (TIAE), Chief Editor and Managing Editor of the Internal Audit Journal, and holds Certified Public Accountant (CPA), Independent Auditor (IA), Certified Fraud Monitoring Examiner (CFE) and Certified in Risk Management Assurance (CRMA) permits and certificates. He has also published a number of essays and articles in several journals and newspapers related to topics such as banking, internal control, internal audit, audit committee and compliance and five books, two out of which are published by Banks of Association of Turkey (BAT).

Berrin Gencal **Head of the Risk Management Department**

Berrin Gencal graduated from ITU School of Business Administration Engineering in 1990 and started working in the Treasury Department of ICBC Turkey Bank A.Ş. in 1993. She has been serving as the Head of Risk Management Department since February 2009.

Declarations of Independence by the Members of the Board of Directors

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| <p>Within the scope of the articles of association of ICBC Turkey Bank A.Ş.(formerly named as Tekstil Bank A.Ş.) and the Corporate Governance Principles set out in the Communiqué of Corporate Governance (Serial No.II-17.1) issued by the Capital Markets Board and published on the Official Gazette dated January 3rd 2014 and numbered 28871, I hereby declare that I am a candidate to be an “independent member” of the Boards of Directors of ICBC Turkey Bank A.Ş. and within this context, I further declare that;</p> <p>a) within the last five years, there have been no employment relationship requiring to assume material duties and responsibilities in the capacity of a manager between myself, my spouse and my next of kin and relatives by blood and marriage up to second degree and the Company, partnerships and the shareholders holding the control of or possessing substantial impact on the Company and the legal persons who are substantially controlled by such shareholders, I do not hold, alone or jointly, more than 5% of the share capital or voting rights or privileged shares of the Company nor do I have any material commercial relationship with the Company,</p> <p>b) within the last five years, I have not been a shareholder (more than 5%), an employee or a member of the board of director requiring to assume material duties and responsibilities in the capacity of a manager</p> | <p>Within the scope of the articles of association of ICBC Turkey Bank A.Ş. (formerly named as Tekstil Bank A.Ş.) and the Corporate Governance Principles set out in the Communiqué of Corporate Governance (Serial No.II-17.1) issued by the Capital Markets Board and published on the Official Gazette dated January 3rd 2014 and numbered 28871, I hereby declare that I am a candidate to be an “independent member” of the Boards of Directors of ICBC Turkey Bank A.Ş. and within this context, I further declare that;</p> <p>a) within the last five years, there have been no employment relationship requiring to assume material duties and responsibilities in the capacity of a manager between myself, my spouse and my next of kin and relatives by blood and marriage up to second degree and the Company, partnerships and the shareholders holding the control of or possessing substantial impact on the Company and the legal persons who are substantially controlled by such shareholders, I do not hold, alone or jointly, more than 5% of the share capital or voting rights or privileged shares of the Company nor do I have any material commercial relationship with the Company,</p> <p>b) within the last five years, I have not been a shareholder (more than 5%), an employee or a member of the board of director requiring to assume material duties and responsibilities in the capacity of a manager</p> |
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| | |
|---|--|
| <p>of any company from or to whom the Company purchases or sells services or products in substantial amounts within the framework of the agreements entered into, primarily auditing (including tax audit, legal audit, internal audit), rating of and providing consultancy to the Company during the period in which such services and products were being purchased or sold,</p> <p>c) I possess the vocational education, knowledge and experience necessary to perform the duties I would be assuming as an independent member of the board of directors,</p> <p>d) provided that it is applicable to the legislation I am bound with, I have not and, upon my appointment as an independent member of the board of directors, shall not work for any state institutions and organizations as full time employee, except for being a faculty member,</p> <p>e) I possess strong ethical standards, occupational reputation and experience in order to positively contribute to the activities of the Company, be neutral to any conflicts of interests among the Company and its shareholders and freely decide by considering the rights of the beneficiaries,</p> <p>f) I shall devote enough time to follow the operational activities of the Company and completely fulfil the responsibilities I would be assuming,</p> <p>g) I have been a member of the board of directors of the Company for more than six months within the last ten years,</p> <p>h) I have not been an independent member of the board of directors of the Company or no more than three of the companies that are controlled by the controlling shareholders of the Company and that of no more than total of five publicly trading companies,</p> <p>i) I have not been registered for and on behalf of any legal person who has been appointed as a member of the board of directors.</p> <p>Wang Ying</p> <p>Date of Declaration: December 24th 2014</p>  | <p>of any company from or to whom the Company purchases or sells services or products in substantial amounts within the framework of the agreements entered into, primarily auditing (including tax audit, legal audit, internal audit), rating of and providing consultancy to the Company during the period in which such services and products were being purchased or sold,</p> <p>c) I possess the vocational education, knowledge and experience necessary to perform the duties I would be assuming as an independent member of the board of directors,</p> <p>d) provided that it is applicable to the legislation I am bound with, I have not and, upon my appointment as an independent member of the board of directors, shall not work for any state institutions and organizations as full time employee, except for being a faculty member,</p> <p>e) pursuant to the Income Tax Law (ITL) dated December 31st 1960 and numbered 193, I am deemed to a resident in Turkey,</p> <p>f) I possess strong ethical standards, occupational reputation and experience in order to positively contribute to the activities of the Company, be neutral to any conflicts of interests among the Company and its shareholders and freely decide by considering the rights of the beneficiaries,</p> <p>g) I shall devote enough time to follow the operational activities of the Company and completely fulfil the responsibilities I would be assuming,</p> <p>h) I have been a member of the board of directors of the Company for more than six months within the last ten years,</p> <p>i) I have not been an independent member of the board of directors of the Company or no more than three of the companies that are controlled by the controlling shareholders of the Company and that of no more than total of five publicly trading companies,</p> <p>j) I have not been registered for and on behalf of any legal person who has been appointed as a member of the board of directors.</p> <p>Mehmet Hilmi Güler</p> <p>Date of Declaration: December 25th 2014</p>  |
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Financial Rights Provided to the Members of the Board of Directors and the Senior Executives

Corporate Governance Principles stated in the Section II of this Report, are provided in the article 5.6 of the Compliance Report.

Information Regarding the Committees Established Within the Body of the Board of Directors

Several committees have been formed in order to help the Board of Director in performing their duties under their responsibility more efficiently and these committees are given special responsibilities in certain areas. In accordance with resolution taken at the Extraordinary General Assembly meeting held on May 22nd 2015, Members of the Board of Directors, Audit Committee, Corporate Governance Committee and Remuneration Committee were changed as a result of the transfer of 75.50% of the Bank's shares to ICBC; additionally, a Credit Committee was formed. Information regarding the committees operating under the Board of Directors is provided below:

Audit Committee

Within the framework of article 24 of the Banking Law numbered 5411 that requires formation of an audit committee, the Board of the Directors of the Bank appointed two non-executive members of the board, who possessed the conditions stated in the prevailing legislation, in order to perform the auditing and monitoring activities, as the members of the "Bank's Audit Committee", on October 30th 2006. The Bank's Board of Inspections, Internal Control Centre and Compliance Department and the Risk Management Department operate under supervision of the Audit Committee. Audit Committee meets four times a year with the units operating under its supervision, by participation of other related departments at the Head Office. Audit Committee informs the Board of Directors regularly in every three months, regarding its activities.

Following are the structure, duties, main activities, which have already been defined, of the Audit Committee and the principles of authorities and responsibilities thereof, all of which are published under the title "Committees" in the section named "Investor Relations" on our website.

Audit Committee continues its operations with the following responsibilities:

- Monitoring the efficiency and sufficiency of the Bank's internal systems, whether these systems and the accounting and reporting systems operate within the framework of the related legislation and the policies of the Bank and the integrity of the information produced,

- Performing the necessary preliminary evaluations regarding election of the independent audit firms, rating companies and the institutions providing appraisal and support services and regularly monitoring the activities of these institutions that are assigned by the Board of Directors,
- Ensuring that the internal audit functions of the partnerships that are included in the consolidation conducted co-ordinately within the scope of the related legislation,
- Submitting reports and providing opinions and proposals to the Board of Directors regarding the internal systems and the operations, activities of the departments and the related policies and regulations falling under the scope of these systems,
- Evaluating the information and the reports regarding the activities provided by the departments falling under the scope of these systems and the independent audit firms,
- Preparing the financial reports of the Bank in compliance with the related legislations, regulations and the standards,
- Requesting information, documents or reports from all of the departments of the Bank, contracted institutions providing support services and independent audit firms, if necessary and receiving consultancy services from person who are specialized in their fields of activity, provided that this is subject to the approval of the Board of Directors,
- Fulfilling their responsibilities given by the prevailing legislations and the duties assigned to them by the Board of Directors within this framework,
- Notifying or reporting the results of its activities and the measures need to be taken in order for the Bank's activities to be conducted sustainably and safely within the framework of the related legislation and the policies of the Bank and its findings, opinions and proposals related to the other issues which it deems material.

Features of the members of the Audit Committee, are shown on the following table.

| Member | Duty at the Committee | Definition of the Member |
|---------------|------------------------------|--|
| Xu Keen | Chairman | Independent Member of the Board of Directors (*) |
| Wang Ying | Member | Independent Member of the Board of Directors |

(*)Members of the audit committee of banks are considered as independent members within the scope of "Corporate Governance Communiqué" no. II-17.1, issued by the Capital Markets Board.

The above-mentioned Board Members have been appointed as Committee Members by the Board resolution dated 22/05/2015. Declarations stating the qualifications of the Members of the Audit Committee of the Bank within the scope of the Article 24 of the Banking Law no.5411 and the Regulation on Internal Systems, issued by the Banking Regulation and Supervision Agency, are as follows:

TO THE BANKING REGULATION AND SUPERVISION AGENCY

1. Within the last two years prior to my being appointed as the member of the audit committee, I declare that neither myself nor my spouse or my children;
 - a) have been a shareholder or employee of any institution providing independent audit, rating, appraisal or support services to ICBC Turkey Bank A.Ş. (formerly named as Tekstil Bankası A.Ş.) or any of its partnerships that are included in the consolidation,

- b) have participated in the independent audit, rating or appraisal processes of the bank or any of its partnerships included in the consolidation,
 - c) have been a shareholder or employee of any institutions providing consultancy and support services to ICBC Turkey Bank A.Ş. or any of its partnerships that are included in the consolidation nor have provided such services thereto,
 - d) hold any qualified shares of ICBC Turkey Bank A.Ş. or any of its partnerships that are included in the consolidation,
2. is the spouse or next of kin and relative by blood and marriage up to second degree (including this degree) of the majority shareholder or the general manager of ICBC Turkey Bank A.Ş., have served in any of the banks' audit committee for more than nine years regularly or in intervals, have received any income, whether as fee or anything similar under any name whatsoever, from ICBC Turkey Bank A.Ş. or any of its partnerships that are included in the consolidation based on their profitability, except for the payments made all of the employees in accordance with provisions of their articles of association or general assembly resolutions,
 3. neither my spouse nor my children has been a general manager, assistant general manager or in an equivalent position of ICBC Turkey Bank A.Ş. or any of its partnerships that are included in the consolidation,
 4. have directly managed any the executive units of ICBC Turkey Bank A.Ş. within the last two years,
 5. have worked in any units of ICBC Turkey Bank A.Ş. or any of its partnerships that are included in the consolidation, except for the internal audit, internal control, risk management, financial control and accounting units.



Xu Keen
President of the Audit Committee
Date of Declaration: March 13th 2015



Wang Ying
Member of the Audit Committee
Date of Declaration: March 13th 2015

Credit Committee

By the resolution of the Bank's Board of Directors dated 22.05.2015 and with number 1324/01, it has been resolved to form a Credit Committee consisting of three persons, namely two members of the Board of Directors and the general Manager of our Bank, in order to perform the duties relating to credits to be assigned by the Board of Directors, within the scope of the Banking Law no.5411 and the Regulation on Banks Credit Transactions which has been published in the Official Gazette dated 01.11.2006 and issue no.26333 and has come to effect accordingly. Duties of the Credit Committee are; to take credit decision within the scope of its powers and to take the decisions relating to other works designated by the Board of Directors. Credit Committee conducts its activities within the framework of the procedures and principles set forth in the Credit Committee and Credit and Investment Examination Committee Operating Rules, which have been adopted by the resolution of the Board of Directors of the Bank dated 22.05.2015 and number 1324/06. Credit Committee generally convenes once a week. Features of the members of the Credit Committee, are shown in the following table.

| Member | Duty at the Committee | Definition of the Member |
|----------------|------------------------------|--|
| Xu Keen | Chairman | Chairman of the Board of Directors |
| Gao Xiangyang | Vice Chairman | Member of the Board of Directors- General Manager |
| Liu Peiguo(*) | Member | Member of the Board of Directors |
| Zheng Jianfeng | Alternate Member | Member of the Board of Directors |
| Wang Ying | Alternate Member | Independent Member of the Board of Directors |

(*) Upon the resignation of the Board of Directors and Credit Committee Member Mr. WANG QIANG; our Board of Directors, by its resolution dated 30.12.2016, has decided to appoint Mr. LIU PEIGUO, who was the Coordinator of the General Secretariat Group, as the Board and Credit Committee Member, as of 02/01/2017, and said appointment has been approved by the resolution taken at the general assembly meeting held on the date of 09/02/2017. By the resolution dated 09.03.2017, of the Board of Directors of our Bank, LIU PEIGUO, who used to be a member of the Board of Directors, has been appointed as an Executive Member.

Corporate Governance Committee

By the resolution of the Bank's Board of Directors dated 04.02.2005 and number 758/1, the "Corporate Governance Committee" has been formed in order to monitor the compliance with the corporate governance principles, to conduct improvement activities in this regard and to submit proposals to the Board of Directors, to coordinate activities of the Shareholder Relationships and the Secretariat of the Board of Directors. Within the scope of the Article 4.5.1 of the "Communiqué on the Determination and Application of the Corporate Governance Principles" Serial:IV No:56 issued by the Capital Markets Board, entered into force and effect at a later time; the Corporate Governance Committee has been additionally authorized by the Bank's Board of Directors' resolution dated 20.03.2012 and number 1165/01, to perform functions as a "Nomination Committee" as well. Main duties and powers of the Corporate Governance Committee, are; to monitoring whether the Bank complies with the corporate governance principles, to conduct improvement activities in this regard and to present proposals to the Board of Directors; if the corporate governance principles are not implemented, shall determine the reason thereof and the conflicts of interest that occur due to failure to implement them and to ensure formation of necessary policies for this purpose. It shall evaluate the proposals for independent membership of the board of directors, including also the management and shareholders, taking into consideration whether a candidate bears independency criteria and shall explain its evaluation in this regard in a report and shall present it for approval of the board of directors. In order to comply with article 11 of the Corporate Governance Communiqué no.II-17.1, published in the Official Gazette dated 03.01.2014 and has come into effect accordingly, by the resolution of the Board of Directors of the Bank dated 30.06.2014 and no.1276/01, Manager of the Shareholder Relations and the Board of Directors Secretariat Unit has been appointed as a member of the Corporate Governance Committee. The committee convenes whenever required by the business of the Bank, not be less than once a year. Features of the members of the Corporate Governance Committee, are shown in the following table.

| Member | Duty at the Committee | Definition of the Member |
|------------------------|-----------------------|--|
| Mehmet Hilmi Güler | Chairman | Independent Member of the Board of Directors |
| Zheng Jianfeng | Member | Member of the Board of Directors |
| Eda Atamer Coşkunsu(*) | Member | Manager of the Shareholder Relations and the Board of Directors Secretariat Unit |

* Ms. Eda Atamer Coşkunsu left her job at the Shareholders Relations and Board of Directors Secretariat, on the date of 21.01.2018 and Ms. Şeyma İneyet Uygur has been appointed to that position, as of the date of 06.02.2018.

Remuneration Committee

Pursuant to the “Regulation on Corporate Governance Principles of Banks” of the Banking Resolution and Supervision Agency and by the resolution of the Bank’s Board of Directors dated July 11th 2011, a “Remuneration Committee” has been formed in order to monitor and supervise the remuneration practices on behalf of the Board of Directors. The Committee shall evaluate the remuneration policy and implementations thereof within the framework of the risk management and prepare and submit a report regarding its recommendations in relation thereto, to the Board of Directors, on an annual basis. Features of the members of the Remuneration Committee, are shown in the following table.

| Member | Duty at the Committee | Definition of the Member |
|----------------|-----------------------|--|
| Wang Ying | Chairman | Independent Member of the Board of Directors |
| Zheng Jianfeng | Member | Member of the Board of Directors |

Other Committees

Assets and Liabilities Committee (ALCO)

Assets and Liabilities Committee is the committee where the volume and cost/return of the balance sheet items of the Bank, economic developments affecting these items are evaluated; strategies regarding the management of the balance sheet are determined and the topics related to the ways to increase the Bank’s performance are discussed. This Committee convenes once every two weeks under the chairmanship of the General Manager. General Manager, Assistant General Managers and the Heads of all Departments in charge of banking transactions shall participate in the meeting.

Information Regarding the Attendance by the Board of Directors and the Committee Members to the Related Meetings During the Accounting Period

Timing, place and method of the Board of Directors Meeting shall be subject to the provisions of the Turkish Commercial Code and the Bank's Articles of Association. Board of Directors shall convene as frequently as the businesses of the Bank necessitates. Participating in the meetings in person or through electronic environment is possible. Board of Directors is called for meeting by the Chairman of the Board of Director and in his/her absence by the Vice President of the Board of Directors. Each Board Member may request in writing from the Chairman of the Board that the Board of Directors be convened. Board of Directors consists of 6 members, including the general manager. Calling procedure of the Board of Directors Meeting is subject to provisions of the Turkish Commercial Code and the Bank's Article of Associations. The quorum for the Board of Directors meeting is the presence of majority of the members. Resolutions of the Board of Directors may be passed by the votes of the majority of the members present in person at the meeting as well as, pursuant to article 40 of the Articles of Association of our Bank and paragraph 4 of article 390 of the Turkish Commercial Code with number 6102, with the method by which a written proposal of one of the members is approved in writing by the other members.

The Board of Directors convened with all of the members being present in person, 4 times and passed 28 resolutions in 2017. Pursuant to article 40 of the Articles of Association of our Bank and the paragraph 4 of article 390 of the Turkish Commercial Code, by the proposal of Xu Keen, the Chairman of the Board of Directors has taken 358 resolutions.

In 2017, the Audit Committee convened with the members being present in person, 4 times and passed 32 resolutions; passed 20 resolutions by circulation. In 2017, the Credit Committee convened 26 times to examine the credit files within the scope of its powers and passed 313 resolutions.

In 2017, the Corporate Governance Committee convened for 1 time and passed 2 decision; and the Remuneration Committee convened 8 times and passed 12 decisions.

Pursuant to the resolution passed at the Extraordinary General Assembly meeting held on May 22nd 2015, the Board of Directors, who were assigned to the aforementioned committees, have been appointed to be in duty until the ordinary general assembly to be held in order to review the 2017 accounts.

Explanations Regarding the Administrative Sanctions Applied to the Bank and Its Board of Directors

The BRSA charged the Bank with 8 administrative fines in 2017 as a result of the various inspections it conducted during the previous years; the Ministry of Customs and Trade has imposed 1 administrative fine arising from an audit conducted in the previous term.

SSI (Social Security Institution) has imposed 45 administrative fines, based on inspections conducted in previous years.

TBB (Banks Association of Turkey) Risk Centre has notified 1 administrative fine. Deficiencies specified in the reported have been started to be remedied rapidly.

Summary of the Board of Directors Annual Report

In 2017, the Bank's asset size has increased from 8.2 billion TL to 12.9 billion TL, an increase of 57% in 2017. Credits have reached to 7.6 billion TL at the end of the year, a 50% increase compared to the end of 2016. Securities of the Bank increased by 44% compared to the end of 2016 and reached to 2.5 billion TL.

ICBC Turkey's operating income for 2017 have been increased to 372.8 million TL. The Bank realized a profit after the provisions for taxes and loans were deducted. Our Bank has gradually increased its profitability starting as of June 2016. At the end of 2017, profits in the amount of approximately 42.5 million TL have been gained. This profitability has been provided both by the Bank's commission income as well as the rapid increase of the assets in size. Primarily, commission income has increased by 199% compared to that of 2016 year-end.

Based on the ICBC Turkey's unconsolidated financial statements as of the end of 2017, prepared in accordance with the regulations of the Banking Regulation and Supervision Agency;

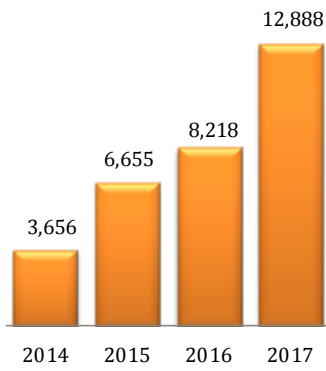
- Asset size has reached to 12.9 billion TL,
- Total cash loans were in the amount of 7.6 billion TL and constituted 59% of the Bank's balance sheet,
- Consumer loans (excluding credit cards) constituted 11% of the total cash loans and has increased by 32% compared to that of the previous year,
- Total customer deposits increased by 12% compared to that of 2016 and realized at 3.3 billion TL and constituted 26% of the Bank's total liabilities,
- Shareholders' Equity increased by 84% compared to that of the previous year-end,
- Net profit for the period in 2017 was 42.5 million TL,
- Return on assets and return on equity are 0.4% and 5.6%, respectively,
- Capital adequacy ratio has been realized as 14.4% (2016: 19.8%)

On the other hand, we have closely monitored the activities of the Audit Committee, Corporate Governance Committee and Remuneration Committee during the year and observed that the committees have worked efficiently.

Sincerely yours,
Board of Directors

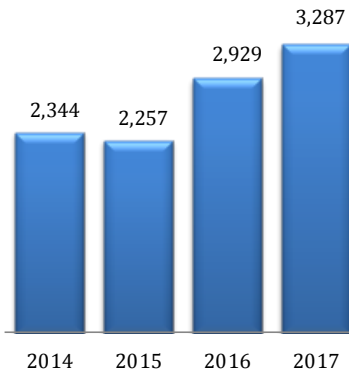
Asset size

(million TL)



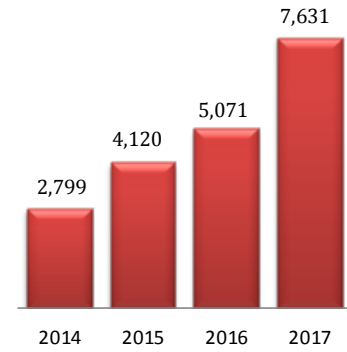
Deposit

(million TL)



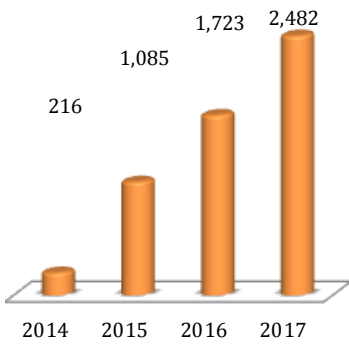
Cash Loans

(million TL)



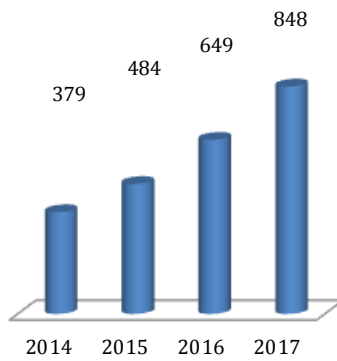
Marketable Securities

(million TL)



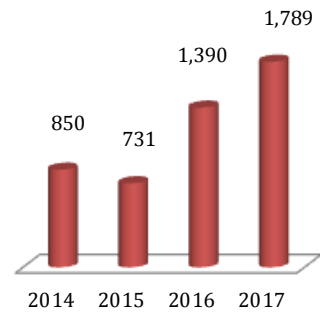
Retail Loans

(million TL)

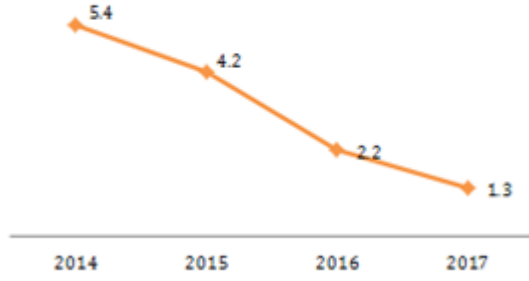


Non-cash Loans

(million TL)

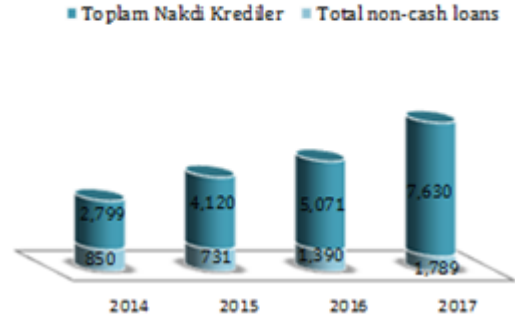


NPL Ratio



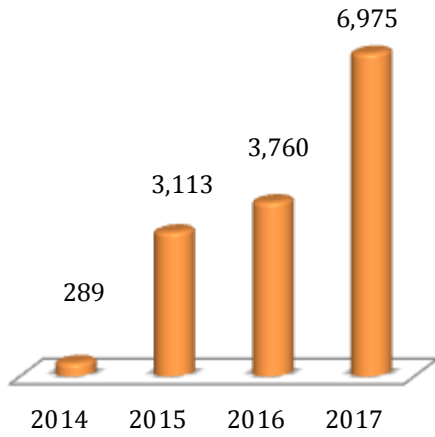
Cash and Non-cash distribution

(million TL)



Borrowings from foreign banks

(million TL)



Human Resources Practices

Job Applications – Recruitment Practices

Job Applications

The Bank accepts job applications through websites of the recruitment companies. The Bank has entered into agreements with two private companies in finding candidates via their websites, one of which has a link ICBC Turkey's website. Received applications are assessed according to their conformity to open positions in the Bank.

Recruitment Practices

Open positions are determined at our Bank; considering the norm staff, current business volume, organizational chart, changes in personnel structure and future plans are considered. For the open positions, the Bank prefers to meet the need first from the Bank's organization. For hiring staff externally, as a result of interviews made by the Human Resources and the Manager of related department and the researches regarding references, proposal is made to a candidate who is considered convenient. After the personnel complete required documents, they are actually allowed to start performing their job.

Promotion Practices

Following the evaluations made within the scope of promotion rules set by our Bank, persons who are considered eligible shall be entitled to promotion.

Profile of the Bank's Human Resources

As of 31.12.2017, total number of the employees is 810, 381 out of which work at the branches and 429 at the Head Office. Number of the branches as of 2017 year-end is 44. 2017 seniority average is 7.16 years and the average age of the Bank's personnel is 37. 86.4% of the Bank's personnel have university diplomas whose breakdown is as follows: PhD degrees at 0.1%, graduate degrees at 9.50%, undergraduate degrees at 69.8%, 7% associate (two years) degree.

Training Practices

In 2017, our training process consisted of the training programs provided by the Bank's internal instructors, conferences and seminars held by the Banks Association of Turkey (BAT), training programs organized by several training institutions and online trainings.

On this basis, e-learning trainings in 12 different topics were provided with a participation of 3,219 participants. In-house and external training were provided in 131 different topics with 2,432 participations / 472 different participants, respectively.

Remuneration Committee and Practices Implemented in the year of 2017

By the resolution of the Board of Directors dated 30/03/2012, the "Remuneration Committee" has been set up for following and auditing the remuneration applications on behalf of the Board of Directors. By the resolution of the Board of Directors dated 22/05/2015, Zheng Jianfeng and Wang Ying who have not had any executive duty at the Bank, have been appointed as the members of the "Remuneration Committee". Wang Ying has been elected as the chairman of the committee.

Remuneration Committee has carried out its activities during the term between the dates of 01/01/2017-31/12/2017, in accordance with the Bank's corporate governance principles.

Human Resources Policy

Human Resources Policy of our Bank is published on our website under the heading of “Policies” and in the Corporate Governance Principles Compliance Report. This policy has entered into force pursuant to the Board of Directors’ resolution.

Job descriptions, authorizations and responsibilities of the Bank’s personnel have been determined based on each title and position. General human resources policies, being implemented in order for the Bank to perform in the best way possible, are based on the principles summarized below and published on the Bank’s intranet environment as well as its website.

The Bank’s human resources policy is to determine and increase the salaries based on the efficiency and happiness of its employees in accordance with the Bank’s targets and strategies and by using the performance assessment system, career planning, training and similar human resources sources. With this understanding, the Bank intends to create a work environment suitable for its employees to unravel their energies and creativity and present their competencies.

We believe that it shall achieve our goals with a personnel structure in which the employees attach importance to a future with a prominent bank, know that their career development shall come with the disciplinary and intense training and they value human relationships. ICBC Turkey Bank has adopted a principle as to work with highly motivated and loyal employees through effective and people-oriented human resources implementations. The Bank knows that its position in the industry and its corporate identity have been achieved with the contribution of its employees and believes that each employee working with an perspective that everyone has to be the “Leader of His/Her Work”, is essential. Trainings to be provided and the criteria for promotion for anyone starting to work at ICBC Turkey Bank has already been set. All of our employees have knowledge about their career paths. ICBC Turkey Bank provides feedback to its employees regarding their career development through open performance assessment system.

The Bank’s personnel profile containing information regarding the number of the personnel, female/male ratio, average age, average seniority and the training received by the employees is updated by the Bank’s Human Resources Department as of the end of every month and published on the Bank’s website as well as its intranet environment.

Not only vertical promotions are available for the Bank’s personnel, but horizontal career paths also exist. Face to face interviews are made with the personnel each year and thereby, an open performance assessment system is applied. During said process, the Bank’s personnel are evaluated based on their personal development, competencies and targets and the results are shared with them. In accordance with the Bank’s human resources policy, each personnel is treated equally and no one is discriminated. Our Bank has adopted gross salary policy and the salaries are paid at the end of each month. Salary increases are made once a year in April based on performance and inflation.

At our bank, competence and target based performance evaluation system is applied.

Performance based premium system is applied for all employees at our Bank and in addition to competence based individual performance assessments, for the employees working at branches, target realisation is also taken into account and for employees working at the departments and groups, realization of general targets of the Bank is taken into account. Furthermore, in addition to this system, at the initiative of the CEO, “COE Bonus payment” is made to the personnel at the position of manager and below; “Incentive Premium” is paid to the marketing focused groups and branches, in every 3 months based on their target achievements according to the net profit realized at the Bank; “Piece by Piece” premium payment is made to the employees at Branch Individual Banking Sales and Branch Operations unit, every month according to the sales they

make on the basis of each product; "Credits in Follow-up Process Incentive Premium" payment is made to the employees at the Workout Department and the employees at sales unit of related branch, in every 3 months according to NPL and Immovable property sales.

All of the personnel are granted with private health insurance and life insurance; personnel working at the branches of the Bank are given meal cards of the Bank's contractual supplier and the personnel working at the Head Office make use of the cafeteria located in the premises; there are shuttle busses for the personnel of the Head Office and the Security Staff and the Support Personnel of the Bank are semi-annually provided with clothing support. Personnel is given awards on their birthdays and based on 5, 10, 15, 20, 25 and 30 years of seniority, when they complete said service periods.

Recruitment Process

Criteria for recruitment have been determined in writing. In accordance with its human resources planning, the Bank recruits experienced as well as inexperienced people for the open positions. As a result of the assessments made based on the incoming applications through the contracted recruitment websites, candidates passing the examination and interview phases are offered job opportunities. The Bank recruits experienced personnel specialized in their fields based on the qualifications of the position through interviews conducted by the related managers and the Human Resources Department. The Bank requires no exam for recruitment of experienced candidates. For the inexperienced candidates, there is an interview process as well as efficiency in English, general ability exams and a personality test.

MT Program

For training the managers of the future within the body of the bank, MT tests we open in specific periods within the direction of our Bank strategies and sector conditions, contain differences in terms of recruitment process. Among the candidates who apply to the job posting by the Bank published on the contracted recruitment websites, who are graduate of Economics, Business Administration, Law, Finance, Labour Economics, International Affairs, Public Administration, Econometrics, Banking and Finance, English/American language and literature, Management Engineering or Industrial Engineering Departments of the 4-year undergraduate schools of the universities, which provide education in foreign languages, meet the specified age criteria, have good command of English, have completed or postponed his military service for at least 2 years, if a male, are articulate and have strong communication skills and have the ability to think analytically, the candidates who are successful in the exams and passed the collective and individual interviews successfully are assigned to the departments, primarily at Credit Marketing in Branches, Board of Inspections, International Relations, Credits, Treasury and Human Resources, where there is a need.

Training Activities

Renovation and development are indispensable elements of modern banking. The Bank has already acknowledged these elements as basis and incorporated them into the context of learning organization. In this context, training is one of the mostly prioritized matters of the Bank that targets to perfect its employees and the environment to which it provides services within the continuously changing system. ICBC Turkey's training vision is based on long term career planning perspective. Training programs to which the Bank's employees shall participate from the date they start working for the Bank based on their qualifications and abilities, targets have already been defined and are being implemented. Young employees joining to ICBC Turkey are given orientation, on the job and long term development trainings and subsequently continue their duties in the related tracks. Other employees of the Bank complete their managerial and specialty programs based on specified career planning by participating in certain training programs either in Turkey or abroad. The Bank's Training Programs consist of Career Training Programs, Personal Development Programs, Executive Development training programs, MT and Basic Banking

Training. The Bank also provides trainings that are legally mandatory. Such trainings are given by instructors employed by prominent training institutions and instructors of the bank itself.

Information Regarding the Transactions Conducted by the Bank with the Risk Group that the Bank is Involved in

The relationship between the Bank and the risk group to which it belongs includes all types of banking transactions conducted in compliance with the Banking Law and within the framework of the normal bank-customer relationships and based on the market conditions. Explanations regarding such transactions are stated in the footnote VII of the Section Five of the Independent Audit Report, Unconsolidated Financial Statements as of December 31st 2017 and the Related Explanations and Footnotes Prepared to be Disclosed to the Public.

Information regarding the Institutions from which the Bank Receives Support Services

Information regarding the institutions from which the Bank obtains support services and their authorizations and services received are specified below.

- from **“Güzel Sanatlar Çek Basım Limited Şirketi”** - checks printing and coding services,
- from **“FU Gayrimenkul Yatırım Danışmanlık A.Ş.”** - creation of mortgages in favour of the Bank based on power of attorney,
- from **“İpoteka Gayrimenkul Yatırım Danışmanlık A.Ş.”** - creation of mortgages in favour of the Bank based on power of attorney,
- from **“Fineksus Bilişim Çözümleri Ticaret A.Ş.”** - maintenance of Swift Alliance and ODM office services, main connection of the Swift service to the office, sale and service of Paygate products,
- from **“Asseco See Teknoloji A.Ş.”** - technical maintenance and license services for the Call Centre System,
- from **“E-Kart Elektronik Kart Sistemleri Sanayi ve Ticaret A.Ş.”** - card printing (personalization) services,
- from **“Kuryenet Motorlu Kuryecilik ve Dağıtım Hizmetleri A.Ş.”** - distribution of the Bank’s credit and ATM cards,
- from **“Printkom Doküman Baskı ve Bilgi İşlem Hizmetleri Limited Şirketi”** - folding and enveloping of the credit card statements of the Bank,
- from **“Loomis Güvenlik Hizmetleri A.Ş.”** - transportation of cash services,
- from **“Banksoft Bilişim Bilgisayar Hizmetleri Limited Şirketi”** - card payment systems, leasing of software and resource allocation software development services,
- From **“Konut Kredisi Com Tr Danışmanlık A.Ş.”** - credit marketing and sale through alternative channels service.
- From **“Treo Bilgi Teknolojileri Ltd. Şti.”** - outsource staff supply services
- From **“Securitas Güvenlik Hizmetleri A.Ş.”** - security services.

Information Regarding the Transactions Made by the Members of the Board of Directors with the Bank in the name of Themselves or on behalf of another Person within the framework of the Permissions Given by the Board of Directors of the Bank and the Activities within the Scope of Non-Competition

Permissions specified in articles 395 and 396 of the Turkish Commercial Code regarding prohibition of making transaction with the company and non-competition, have been given by the General Assembly to the members of our Board of Directors, provided that the transactions conducted in this context should be out of the scope of those prohibited by the Banking Law no.5411. No situation out of the framework set by related rules and regulations, has been encountered.

Proposal for Profit Distribution for the Year of 2017

In the meeting of the Board of Directors of our Bank held on the date of 28 February 2018; it has been resolved to propose to the General Assembly that, from the amount of 42.483.842,98 TL which constitutes the after tax net balance sheet profit of ICBC Turkey Bank A.Ş. for the year 2017, an amount of 3.315.501,85 TL be set off against previous year losses and based on the remaining amount of 39.168.341,13 TL, legal reserves in the amount of 1.958.417,06 TL, at the rate of 5% be set aside according to article 519/1 of the Turkish Commercial Code and that all of the remaining profit amount of 37.209.924,07 TL be transferred to extraordinary legal reserves and the Board of Directors be authorised with regards to utilisation of the legal reserves.

On the other hand, according to the Profit Distribution Policy of our Bank, a basic profit distribution policy has been adopted, by which the profits are to be retained within the Bank in extraordinary reserves in order to finance its growth and be distributed as shares in capital increases by bonus issue.

ICBC Turkey Bank A.Ş. Profit Distribution Policy

Considering the growth of the Bank in line with its targets within the sector, in light of the investment and financing needs and within the framework of the Banking Law, Turkish Commercial Code and the Capital Markets Law and related legislation and the provisions of its Articles of Association, the Bank adopted a basic dividend policy by which the profits are to be retained within the Bank in extraordinary reserves in order to finance its growth and be distributed as shares in capital increases by bonus issue.

This policy shall be reviewed annually based on the regulations of the Capital Markets Board regarding the dividend distribution and the Bank's liquidity position.

Information Related to the Donations and the Disbursements Made within the Scope of Corporate Social Responsibility Projects in the Year 2017

List of donation(s) made by the Bank to various institutions as of the date of 31 December 2017, is given below:

| Donee Institution (full amount) | Amount (TL) |
|--|---------------|
| Türk Eğitim Vakfı (Turkish Education Foundation) | 22,490 |
| Other | 200 |
| Total | 22,690 |

ICBC Turkey Bank A.Ş.
Corporate Governance Principles Compliance Report
for the Year of 2017

SECTION I- Corporate Governance Principles Compliance Declaration

ICBC Turkey Bank A.Ş. (“ICBC Turkey” or the “Bank”) is subject to provisions relating to Corporate Governance Principles stipulated for banks in the Banking and Capital Markets legislation. In this context, ICBC Turkey, adopted a management style based on caution, stability and trust, continues its efforts on compliance with the Corporate Governance Communiqué (the “Communiqué”) number II-17.1, put into effect by the Capital Markets Board (“CMB”), after being published in the Official Gazette dated 03/01/2014 with number 28871, and is focused on periodic development in this field. In this respect, while complying with principles obligatory within the scope of the Communiqué in effect, the Bank has complied with majority of the non-obligatory principles. Necessary explanations on comprehensive studies conducted within the framework of the Corporate Governance Principles within the body of the Bank and on principles not being complied with at the relevant departments are made.

The Bank is in compliance with compulsory principles among the Corporate Governance Principles taking place in the Corporate Governance Communiqué Annex number II-17.1 put into effect by publishing in the Official Gazette dated 03/01/2014 with number 28871.

According to the announcement in CMB Bulletin dated January 08, 2018 and with number 2018/01, in the grouping determined as a result of the evaluation made by CMB, our Bank has been classified among the Third Group companies. In this regard, exceptions/exemptions in the practice of the Corporate Governance Principles of the companies in the third group, are applicable also for our Bank.

In this context;

It is stated in subparagraph 3 of article 6 of the Communiqué on exceptions, that the number of independent member of the board of directors shall be at the banks’ discretion provided that the number of those members should not be less than three; that the members of the board of directors assigned for the audit committee membership within the organisation of the Board of Directors of banks shall be considered as the independent member of the Board of Directors within the framework of this Communiqué. Besides, it is stated that qualifications determined in the Corporate Governance Principle number 4.3.6. shall not be required for the audit committee members of banks and Principles number 4.3.7. and 4.3.8. on selecting these members shall not be applied. Furthermore, in the same Communiqué; it is stipulated that qualifications determined in the Principle number 4.3.6. shall be required any way for the independent members of the board of directors who shall not take place in the audit committee, and shall be required for only one member in case all of the independent members of the board of directors take place in the audit committee, and that Principles number 4.3.7. and 4.3.8. on selecting these independent members shall be applied. As our Bank is among the third group companies, it is exempt from;

- The Principle number 4.3.7. of Communiqué as “...the Board of Directors prepares the nominee list of the independent member within the framework of the report of the nominating committee and sends to the Capital Markets Board at least 60 days before the general meeting along with the related report of the nominating committee and the decision of the Board of Directors”,
- The Principle number 4.3.8. of Communiqué as “in case independent membership is vacant, the Board of Directors send the nominee list determined within the framework of the report of the nominating committee to the Capital Markets Board within 30 days”.

In this context, within the abovementioned legal framework, all 3 independent members of the board of directors of the Bank bear the qualifications determined in the Corporate Governance Principles of CMB.

Besides, according to the provision in subparagraph 4 of article 11 of the Communiqué, it is found sufficient for the manager of the investor relations department of the partnerships in the third group to have “Level 3 License of the Capital Markets Activities” and any of the “Corporate Governance Grading Specialty License” or only the “Capital Markets Activities Level 2 License”. The Manager of the Unit of the Shareholder Relations and Board of Directors Secretariat Unit performing functions within this scope at our Bank, holds Level 2 License of the Capital Markets Activities.

Within the scope of the Banking and Capitals Market legislation, the Committee in charge of Audit has been established on October 30, 2006, the Corporate Governance Committee has been established on March 30, 2005, and Salary Committee has been established on July 11, 2011. Within the year of 2012, considering the structuring of the Board of Directors and duties our independent members have undertaken in the committees they take part, it is decided the “Nominating Committee” not to be constituted separately and duties of this committee to be performed by the “Corporate Governance Committee”. The Chairmen of these committees are elected among the Independent Members of our Board of Directors.

Although the following principles which are not obligatory among the Corporate Governance Principles but are only advisory, are still not complied with due to the specified reasons, no conflict of interest arising from those not applied matters, has occurred.

- Regarding the principle number 1.5.2., minority rights are not granted to those holding less than one twentieth of the capital, with the Articles of Association of the Bank.
- Regarding the principle number 3.1.2., no written compensation policy is issued for the bank employees. All practices relevant to the Bank’s employees are subject to Labour Law and other relevant legislations, and as contradictory provisions are not set forth in the internal regulations of the Bank, a separate indemnity policy is not issued.
- Regarding the principle number 4.2.8., against the damages the Members of the Board of Directors may cause in the Company during their duties, they are not insured with a value exceeding 25% of the company capital. However, there is a Financial Corporations Manager Liabilities Insurance for the members of the board of directors of our Bank with a lower value and the policy period is between 31/08/2017 – 31/08/2018.
- According to the principle number 4.3.9., no target rate or target time is specified for the female member rate in the Board of Directors and there is 1 female member in the Board of Directors of our Bank.
- According to the principle number 4.4.7., due to the business experiences and sectoral experiences of the Members of the Board of Directors having significant contribution to the Board of Directors, they are not restricted in taking part in duties other than the Bank. While duties of some members continue in in-group companies, some members take office only at our Bank. One independent member of the board of directors is also taking office at out of the group companies. The members allocate sufficient time for the Bank.
- According to the principle number 4.5.5., as the number of our members of the Board of Directors is limited, assignment at the committees is carried out by considering knowledge and experiences of the Members of the Board of Directors, in line with the relevant legislation, and one Member of the Board of Directors may be assigned in more than one committee.

- According to the principle number 4.6.5., salaries paid to and fringe benefits provided for the Members of the Board of Directors and the executives are announced to public through the annual activity report. However, the explanation made is in a way to separate the Board of Directors and the executives, not on person basis.

SECTION II- Shareholders

2.1. Investor Relations Department

The Board of Directors of the Bank has restructured the Board Secretariat Unit performing the duties for complying with the legislation, the Articles of Association and other in-bank regulations in carrying out the relations with the shareholders properly and protecting and using share ownership rights and taking precautions for providing the use of these rights, as the “Investor Relations and Board Secretariat Unit” within the scope of the Corporate Governance Principles the Capital Markets Board has published in July 2003. Then, the Board of Directors of the Bank has changed the name of this unit as the Shareholder Relations and Board Secretariat on 05.11.2007. Currently, although most of the duties stipulated in the 5th item of the 11th article of the Corporate Governance Communiqué number II-17.1 published by CMB are performed by the Shareholder Relations and Board Secretariat Unit depending on the Shareholder Relations and Board Secretariat Group of the Bank, there are some duties being fulfilled by the Financial Control and Reporting Department and Treasury and Investor Relations Group along with this unit. These three departments perform the investor relations activities in coordination within the scope of article 11 of the Communiqué.

While submitting the financial reports within the scope of the Communiqué on the Principles on Financial Reporting in the Capital Markets number II-14.1 to the Public Disclosure Platform and publishing in the Bank’s corporate internet site is carried out by the Financial Control and Reporting Department; meeting the information requests which are not confidential for the bank or the customer, of the existing and potential investors abroad and rating institutions and the relevant parties in international borrowing, representing the Bank in meetings and teleconferences organized with domestic and abroad intermediaries along with credit rating institutions and making presentations about the Bank to the investors and other relevant institutions abroad and such matters are performed by the Treasury and Investor Relations Group. Investor relations activities other than these are conducted by the Shareholder Relations and Board Secretariat Unit depending on the Shareholder Relations and Board Secretariat Group. Primary activities carried out by the Shareholder Relations and Board Secretariat Unit are as the following:

- Providing the correspondences between the shareholders and the partnership on shares and information and documents to be kept on shares within the scope of legal legislation to be kept properly, securely and livingly,
- In relation with the ordinary and extraordinary general meetings, preparing documents required to be submitted to the shareholders for information and examination and providing general meetings to be held in compliance with the relevant legislation, the Articles of Association and other in-bank regulations,
- Announcing material event disclosures required to be made within the scope of the Capital Markets legislation and the legislation the Bank is obliged to follow, through the public disclosure platform,
- Enabling electronic general meetings to be held in compliance with the applicable legislation, the Articles of Association and internal regulations of the bank, preparing general meeting minutes, performing registration and announcement processes, providing general meeting decisions to be sent to the shareholders and all authorities required by legislation, in time,

- Carrying out capital increase procedures, enabling the exercise of paid and bonus shareholding rights arising from capital increases,
- Fulfilling the functions relating to Information Society Services,
- Ensuring that the content of the sections related to the “Investor Relations” be kept updated on the Bank’s corporate internet site,
- Ensuring that the Board of Directors meetings be held in compliance with the applicable legislation, the Articles of Association and internal regulations of the Bank, preparing general meeting minutes, performing registration and announcement processes, if necessary, and providing them to be sent to the authorities when required by legislation,

Names and communication information of the authorized personnel working at the Shareholder Relations and Board Secretariat Unit are specified below.

| Name-Surname of the Authorized Person | Title- Starting Date of Employment | Telephone | E-mail Address | License |
|--|--|-----------------|-------------------------------------|--|
| Eda ATAMER COŞKUNSU, Attorney at Law (*) | Assistant Manager- 28.04.2014 Member of the Corporate Governance Committee / Unit Manager 22.05.2015 | (0212) 335 5457 | eda.coskunsu@icbc.com.tr | Capital Markets Activities Level 2 License |
| Şükran KADANALIOĞLU | Assistant Manager- 05/08/2002 | (0212) 335 5138 | sukran.kadanalioğlu@icbc.com. tr | None |

* Ms. Eda Atamer Coşkunsu left her job at the Shareholders Relations and Board of Directors Secretariat, on the date of 21.01.2018 and Ms. Şeyma İnayet Uygur has been appointed to that position, as of the date of 06.02.2018.

Within the scope of the Investor Relations activities, 25 written, 75 oral information requests have been delivered to the Shareholder Relations and Board Secretariat Unit by the shareholders/ investors in 2017 and questions not including commercial secrets, are answered by considering principle of equality. Said requests contain information demands relating to capital increase, extraordinary price and quantity fluctuations occurred with regards to the shares of our Bank.

Within the scope of the provisions relating to investor relations set forth in article 11 of the Corporate Governance Communiqué no.II-17.1 (the Communiqué) issued by the CMB, 2016 Annual Report prepared by the Investors Relations and the Board of Directors Secretariat Unit, regarding the activities carried out in 2017 within the scope of the Communiqué, has been examined by the Bank’s Corporate Governance Committee on the date of 21.02.2017 and has been presented to the Board of Directors of the Bank on the same date.

2.2 Exercise of the Shareholders’ Right of Obtaining Information

All questions and information requests led to the Bank by the Shareholders and which do not bear commercial secret property are evaluated within the framework of our Bank’s Information Policy and replied by the Shareholder Relations and Board Secretariat Unit and the Treasury and Investor Relations Group via telephone, e-mail or mail. As explained in section no 3.1.of this report, all kinds of required information and explanations related to the usage of the share ownership rights, are set forth in the Bank’s corporate internet site.

There is no information or explanation in the Bank's corporate internet site which may affect the exercise of the shareholders' rights.

Within the scope of article 19 of the Articles of Association of the Bank, the Board of Directors may invite the General Assembly for an extraordinary meeting and may include to the agenda the matters they wish to discuss upon the justified written requests of the shareholders holding at least one twentieth of the shares.

Although right for requesting private auditor is not arranged as a personal right in the Articles of Association, according to article 438 of the Turkish Commercial Code, each shareholder may demand from the General Assembly to reveal specific evidences by a private audit even if it does not take place in the agenda, if it is necessary for the using the share ownership rights, and if right of information and examining rights are used previously. In 2017, the shareholders did not have such a request. ICBC Turkey is subject to the audit and supervision of the Banking Regulation and Supervision Agency (BRSA) and the regulations of the CMB within the framework of the Banking Law and the activities of the Bank are periodically audited by an Independent Auditor selected at the General Assembly.

2.3 General Assembly Meetings

General Assembly meetings are held within the framework of the Banking Law, the Turkish Commercial Code and the Capital Markets Law.

In 2017, two ordinary and two extraordinary electronic general assembly meetings, which might be attended physically at the registered head office address of the Bank and in electronic environment, were held. An ordinary general meeting was held on 09/02/2017 with a meeting quorum of 92.82% and an ordinary general meeting was held on 30/03/2017 with a meeting quorum of 95.93%. Decisions taken in the general assembly meetings held in 2017, have been duly implemented.

Regulations on general assembly meetings are set forth in the "Articles of Association of ICBC Turkey Bank A.Ş." and the "ICBC Turkey Bank A.Ş. Internal Directive on the Working Principles and Procedures of General Assembly", which are published on the Bank's internet site and open to public.

The Bank makes the invitation to a general assembly meeting at least three weeks before the meeting, excluding the announcement and meeting dates. Calls/invitations and announcements for the General Assembly Meeting are published in the Turkish Trade Registry Gazette, in a newspaper published in İstanbul where the registered address of the Bank is located, at Electronic General Assembly System (EGKS) of Merkezi Kayıt Kuruluşu A.Ş. (Central Registry Agency Joint Stock Company - MKK), on e-YÖNET- Corporate Governance and Investor Relations Portal, on the Public Disclosure Platform (KAP) and on the Bank's corporate internet site. Besides, as from the date of announcement, agenda, a sample of power of attorney, activity report, the Articles of Association of the Bank, financial tables and footnotes, independent audit reports, the old and new versions of the amendments along with the related resolution of the Board of Directors in case there is an amendment in the Articles of Association, in case there is dismissal, change or election of the Members of the Board of Directors among the items of the agenda, reasons for dismissal and change, information on the member and independent member nominees specified in the Corporate Governance Principles, and other documents related to the agenda are available at the General Management of the Bank and on our corporate internet site for the review of the shareholders. Documents related to the agenda items are published in EGMS separately.

According to the provisions of the Articles of Association of the Bank, it is possible to vote by proxy. According to article 28e of our Articles of Association, the shareholders may personally attend the general meetings as well as be represented at these meetings by a proxy they choose among the shareholders or from outside. Provisions of article 29 of the Capital Markets Law are applied in the invitation of the shareholders. General Meeting minutes are always available for the shareholders on our Bank's internet site and at E-Company information portal which is accessible also from our Bank's internet site with the Electronic General Meeting System, within the scope of

the related provisions of the Turkish Commercial Code, and which is specialized for Information public services and the infrastructure of it is provided by the Central Registry Agency.

All shareholders have the right to declare opinions on the subjects related to the agenda and ask questions at the General Assembly Meetings. Proposals given in relation to the agenda are resulted by voting in compliance with the legal procedure.

In 2017, there hasn't been any transaction, regarding which the affirmative votes of the majority of the independent members of the Board of Directors are required in order to take decision or which has been left for decision of the general assembly due to dissenting votes cast by them.

In line with the Bank's policy on donations and aids, which has been approved at the ordinary general assembly meeting of the Bank held on 31/03/2014, information regarding the donations and aids made in 2016 and the fact that there has not been any change in the policy, has been explained within the scope of a separate article on the agenda in the ordinary general assembly meeting held on the date of 30.03.2017.

At the general assembly meeting held on 30/03/2017, the shareholders are informed about the fact that there has been no significant transaction which may cause a conflict of interest between the shareholders holding the management control, the members of the board of directors, managers having administrative responsibility and their spouses and blood relatives and relatives by marriage up to second degree, and the Bank or its subsidiaries.

2.4 Voting Rights and Minority Rights

Capital structure of the Bank, rights associated with the shares and information relating to the shares, are set forth in the Articles of Association of the Bank and in the activity report, and presented to the shareholders' information thereby.

According to article 8 of the Articles of Association of the Bank, share capital of the Bank is divided in group (A) and (B) shares and all of them are registered shares. Also, according to article 35 of the Articles of Association, holders of said group (A) and (B) shares are granted with the privilege to nominate candidates for the Board of Directors. Nominal value of the shares in these groups and the voting rights are equal.

There is no reciprocal shareholding relation in the capital structure of the Bank.

There is no member in the Board of Directors of the Bank elected with minority shares and there is no restriction on exercising the voting rights by the minority in the election of the Board of Directors.

Minority rights are determined as one twentieth of the capital, by article 19 of the Articles of Association of the Bank.

Exercising the minority rights is subject to the Turkish Commercial Code, the Capital Markets Law, and CMB's communiqué and decisions.

2.5 Profit Sharing Right

In the Articles of Association of the Bank, there is no provision which provides for any privilege in participating profit share. Profit distribution is carried out within the framework of the provisions of the Articles of Association. Each shareholder has the right to get profit share over the distributed profit share in his/her shareholding rate.

Proposal of the Board of Directors of our Bank on Profit Distribution is presented to the General Assembly and to the information of the shareholders by the activity report before the General Assembly Meeting every year and decided after being discussed at the general assembly meeting. At the ordinary General Assembly Meeting of the Bank held on the date of 30.03.2017, as proposed by the Board of Directors, it has been resolved not to distribute the after tax net balance sheet profit of the Bank, amounting to 13.700.307,62 TL for the year 2016 and be set off against the losses in previous years.

Profit Distribution Policy of the Bank is approved at the Ordinary General Assembly Meeting held on 30.03.2017. This policy is published in the Bank's corporate internet site and in the activity report as *"Regarding our Bank's target-oriented growth in the sector and under the light of investment and financial needs, within the framework of the Banking Law, the Turkish Commercial Code and the Capital Markets Law and related legal legislation and the provisions of our Articles of Association, a basic profit distribution policy based on saving profits in the extraordinary reserves for the finance of growth by holding profits in the body and distributing as shares in free capital increases from internal sources is adopted. This policy shall be evaluated every year by considering regulations of the Capital Markets Board on profit distribution and liquidity status of our Bank."*

2.6 Transfer of the Shares

There is no provision in the Articles of Association of the Bank restricting the transfer of shares. Transfer of shares is conducted within the framework of the provisions of the Articles of Association of ICBC Turkey Bank and related laws and regulations, including the Banking Law no.5411.

SECTION III – Public Disclosure and Transparency

3.1 Corporate Internet Site and Its Content

The Bank has an internet site at the address of www.icbc.com.tr prepared in Turkish and English regarding the Corporate Governance Principles. In both versions of the Internet site, matters stated in the Corporate Governance Principles are given under the "Investor Relations" section.

In the investor relations section of Turkish internet site (<http://www.icbc.com.tr/portal/yatirimci/anasayfa.html>); there are the Board of Directors and executive information, reports relevant to the Corporate Governance, information about the committees, policies, banking ethical codes, partnership structure, information on privileged shares, partnership structure, the Articles of Association and amendments, annual and interim activity reports and financial tables, independent auditor reports, General Meeting minutes, list of attendants at the meeting, samples of letter of attorney, explanation on capital increasing and circular, special condition explanations, rating information, trade registry information, internal regulation on working procedures and principles of general meeting, the BRSA and investor relations communication information, share information, and in About Us section, there are the history of the Bank, vision, mission and strategic targets of the Bank and other information related to the Bank. Information on the subjects to be discussed within the scope of the agenda of the General Meeting takes place in the Bank's internet site, Electronic General Assembly System (EGAS), in e-YÖNET-Corporate Governance and Investor Relations Portal by a General Meeting Informing Note, and documents related to information in this document (activity report, financial tables, the Board of Directors profit distribution suggestion, profit distribution policy and other documents relevant to the subjects in the agenda) are presented at the General Assembly Meeting.

In 2016, within the scope of the principle number 2.1.4. of the Communiqué, on investor relations internet page in English (<http://www.icbc.com.tr/portal/en/investor-relations/homepage.html>) for the international investors to benefit from it, along with interim and year end activity reports and audit reports being published, special condition explanations and general meeting minutes and the Articles of Association take place in English with the same content as in Turkish.

3.2 Activity Report

The Bank's activity report is prepared in a way to include information in the "Regulations on the Principles and Procedures on Preparing and Publishing the Annual Activity Report by the Banks" published by the Banking Regulation and Supervision Agency and CMB legislation and in the Corporate Governance Principles. In this context, the activity report of the Bank is in compliance with the principles number 2.2.1.and 2.2.2. relevant to the activity report, of the Corporate Governance Communiqué number II-17.1 published by the CMB on 03/01/2014.

SECTION IV – Stakeholders

4.1 Informing the Stakeholders

ICBC Turkey stakeholders are informed regularly on subjects found necessary, special situation explanations made to KAP (Public Disclosure Platform), newspaper ads, annual reports, news in the internet site, explanations and in-Bank announcements. In our Internet site suggestions transmitted to our Bank under the title, “How Can We Help You” and information requested are replied within the framework of legal provisions by directing to the relevant departments.

There are mechanisms established in the body of the Bank for stakeholders to transmit their requests and complaints related to the Bank’s operations and transactions to the Bank’s management. Our consumers can transmit their requests, complaints, suggestions and recommendations related to the management, at any time, through the Bank’s website “Write to Us”, “How can we help you?”, and the Consumer Satisfaction Forms in our branches, or our call centre number “444 00 50”. The Organization and Process Management Unit provides services in the Bank for ensuring customer satisfaction according to consumer relations coordination duties. All kind of requests and complaints related to the Bank’s products and services are solved through related Unit. The employees are informed on products, services and events and about developments relating to the Bank, in necessary cases, through internal communication channels (electronic announcement, website, etc.). Besides, meetings where managers and workers join for evaluating the targets and the strategies of the Bank, are organized in specific periods.

ICBC Turkey Bank A.Ş. Conflicts of Interest Policy, prepared to be guideline for prevention of conflicts of interest that may occur, and for managing the ones that cannot be avoided, at ICBC Turkey bank A.Ş., has been put into effect by the resolution of the Board of Directors dated 23/11/2015, numbered 1343/01. This policy, which is in the nature of a guideline for conflicts of interest that may occur, covers all the employees both at the Head Office and in the branches of the Bank.

Our Bank is subject to the regulations of the Banking Regulation and Supervision Agency (BRSA), Financial Crimes Investigation Board (MASAK), the Competition Authority and the Capital Markets Board (CMB). All transactions of our Bank are audited by the Banks Sworn Auditors in the body of the BRSA. Reports requested by the BRSA, Central Bank of the Republic of Turkey, Finance Ministry, MASAK and CMB are prepared in certain periods and sent accordingly.

4.2 Participation of the Stakeholders to Management

Mechanisms are established for Stakeholders to share their complaints and suggestions on the Bank’s activities and transactions with the Bank Management. Our customers have the opportunity to transmit their requests and complaints and their opinions and suggestions about the management any time from “Write to Us” section in our internet site or from call centre phone number 444 00 50. A “Suggestion System” platform is established in in-Bank intranet environment for all our employees. By the suggestion system, our employees in any level may share all their opinions and suggestions freely and make contribution to the Corporate Governance.

4.3 Human Resources Policy

Our Bank’s Human Resources Policy is published on our internet site under the title “Policies” and in the Corporate Governance Principles Compliance Report. Said policy has been put into effect by the decision of the Board of Directors.

Job descriptions of the Bank Personnel, their authorities and responsibilities are determined on the basis of title and position. General human resources policies applied for the Bank to fulfil its functions in the best way, is based on the principles summarized below and are published in intranet environment and in our internet site where all our employees may access easily.

Our Human Resources Policy increases the efficiencies and satisfaction of the employees within the direction of our Bank's target and strategies by using Human Resources tools as salary, performance evaluation, career planning, training, etc. With this sense, we plan to create a working environment which reveals energies and creativities of our employees and which is proper for displaying their skills.

We believe that we shall achieve our goal by a personnel structure that care their future, aware that their careers shall be formed by disciplined and intensive training processes in a respectful bank and who appreciate human relations. The Bank has adopted the principle of having employees with high motivation, loyal to their organization by an effective and human oriented Human Resources practices. We know that position of our Bank in the sector and our corporate identification are established by the contribution of our employees and believe the importance of everyone working with the sense of being the "Leader of His/Her Work". Training the employees stepping in the Bank shall take in every title and the criteria required for promotion are determined. All our employees have the information about their career path. By open performance evaluation, employees of ICBC Turkey Bank are informed by feedback method about their career developments.

Our personnel profile including number of personnel, women/men ratio, average age, average seniority and educational information of the personnel are updated by the Human Resources Department every month ends and published in our web site and intranet environment.

There are not only vertical but also horizontal career ways as duty change for our employees. "Open Performance Evaluation" is applied, by face to face interviews made with the personnel every year. During this process, our employees are evaluated according to their personal improvements, competencies and targets and the results are shared with them. Due to our Human Resources Policy, no discrimination is made for any reason among our employees, and they're treated equally.

Gross salary policy is applied at our Bank and the salaries are paid at the end of the month. Salary rise is made once a year in April, depending on performance and inflation. All our employees are insured for private health and life insurances, meal tickets are given to our branch personnel from a contracted company, our personnel at the General Office benefit from the dining hall in our general management building, we have transportation service at the General Office, clothing support is made twice a year for Security Personnel and Support Services Personnel. Awards are given to our personnel on their birthdays and according to their seniority, when they complete 5, 10, 15, 20,25 and 30 years of office.

Recruitment Process

Criteria for personnel recruitment are determined in writing. For positions needed within the direction of annual manpower planning, recruitments of experienced and inexperienced staff are carried out. As a result of evaluating the applications made through contracted career sites, proposal is made to the candidates passing the test, interview stages and reference control. Experienced personnel recruitments are performed as a result of interviews with the candidates specialized in their field, according to the qualifications of the duty by relevant managers and HR. We do not have an examination stage for our experienced personnel recruitments. For inexperienced personnel recruitments, English, general skills and personality tests are applied according to the qualifications of the duty, along with the interview process.

MT Program

For training the managers of the future within the body of the bank, MT tests we open is specific periods within the direction of our Bank strategies and sector conditions show differences in terms of recruitment process. Among the candidates, who applies to the job posting by the Bank published on the contracted recruitment websites, who are graduate of Economics, Business Administration, Law, Finance, Labour Economics, International Affairs, Public Administration, Econometrics, Banking and Finance, English/American language and literature, Management Engineering or Industrial Engineering Departments of the 4-year undergraduate schools of the universities, which provide education in foreign languages, meet the specified age criteria, have

good command of English, have completed or postponed his military service for at least 2 years, if a male, are articulate and have strong communication skills and have the ability to think analytically, the candidates who are successful in the exams and passed the collective and individual interviews successfully are assigned to the departments, primarily Credit Marketing in Branches, Board of Auditors, International relations Group, Credits, Treasury and Human Resources, where there is a need.

Training Activities

Innovation and development are essential factors of contemporary banking. Our Bank accepts these factors as the basis and integrated them with the learning organization concept. In this regard, training is among the primary subjects at our Bank aiming to develop its employees and all environment it's rendering service to in the continuously changing system. Training vision of ICBC Turkey Bank is based on long term career planning perspective. The employees shall attend training programs according to their qualifications and skills from the date they start working at the Bank, and targets are determined and put into practice. Our young employees joining the body of ICBC Turkey Bank are taken to inauguration, orientation and long term development training and then, they continue in the tracks related to their duties. Other employees working at our Bank complete their administrative and expert programs by the training they attend at home and abroad in line with the determined career planning. Our training programs include Career Training Programs, Personal Training Programs, Manager Development Training Programs, MT and Basic Banking Training Programs. Our training programs also involve training within the scope of legal obligation. Related training courses are given by the trainers working at exclusive, special training companies and by in-house instructors of the Bank.

4.4 Code of Ethics and Social Responsibility

Ethical Code

Within our sense of Corporate Governance, the "Banking Code of Ethics" published by the Banks Association of Turkey is adopted and applied by our Bank. Ethical Principles which includes the purpose of arranging behaviours and attitudes of our Bank employees at every level and their relations with persons and organizations within and out of the Bank and which the Bank employees have to follow are explained under article 5 titled "Ethical Principles of our Bank" of the Personnel Regulations and are approved and put into effect by the Board of Directors with the decision dated December 9, 2002. These rules are announced to public within the framework of the Bank's "Information Policy" through internet site. All our personnel are informed on ethical principles and requested to apply these principles in their works and they've put their signatures under. By the proposal of the Corporate Governance Committee of our Bank, the "Banking Code of Ethics" published by the Banks Association of Turkey has been updated and published on our internet site.

Social Responsibility

Our Bank pays great attention on supporting social and cultural events in the light of protecting social benefits and principles of respect to environment along with the reputation, benefits and profitability of the bank in all practices and investments, looks after the matters of developing banking sector and maintaining trust in sector, and contributes in health development of society by following arrangements on consumer and public health.

Within the scope of social responsibility; the bank fights against all crimes as extortion, bribery, all kinds of corruption, laundering proceeds of crime and financing of terrorism.

SECTION V – Board of Directors

5.1. Structure and Formation of the Board of Directors

The Bank is managed and represented by the Board of Directors. Members of the Board of Directors and their number are determined at the General Assembly. According to the Articles of

Association of the Bank, the Board of Directors consists of 6 members, including the general manager. Term of office of the members elected for the Board of Directors (other than the General Manager), is maximum three years.

Resumes, duties they perform out of the Bank and independency declarations of the Members of the Board of Directors selected at the extraordinary general assembly meeting of our Bank held on 22/05/2015 to take office until the ordinary general meeting to be held to examine 2017 accounts, and listed below, take place in the section titled "Management and Corporate Governance Practices", in the second section of the annual report.

Members of the Board of Directors;

| Name Surname | Position at the Bank |
|---------------------|--|
| Xu Keen | Chairman of the Board of Directors |
| Gao Xiangyang | Member of the Board of Directors and General Manager |
| Liu Peiguo | Member of the Board of Directors |
| Zheng Jianfeng | Member of the Board of Directors |
| Wang Ying | Independent Member of the Board of Directors |
| Mehmet Hilmi Güler | Independent Member of the Board of Directors |

In the Board of Directors according to article 23 of the Banking Law, the members except Gao Xiangyang, the General Manager who is the natural member of the Board of Directors, are those who are not involved in the administrative structure, do not take part in the daily business flow or the ordinary activities of the bank and do not have executive duties.

Duties of the Chairman of the Board of Directors and the General Manager are not performed by the same person. Attention is paid for the Members of the Board of Directors to allocate the required time for the Bank's operations, and due to the business experiences and sectoral experiences of the Members of the Board of Directors having significant contribution to the Board of Directors, they are not restricted in taking part in duties other than the Bank.

According to the Corporate Governance Communiqué Series no. II-17.1 of CMB and the 35th article of the Articles of Association of the Bank, in relation with the sale of 75.50% shares held by GSD Holding A.Ş., the former major partner of the Bank, in the share capital of our Bank, to Industrial and Commercial Bank of China Limited, and as it is decided to hold a general meeting as of the date of closing of the share sale-purchase transaction carried out within the framework of share sale-purchase agreement signed between these two companies, nominees of the independent members of the Board of Directors (Mehmet Hilmi Güler and Wang Ying) have been evaluated by GSD Holding A.Ş. within the framework of independency criteria stated in the Corporate Governance Principles of CMB with the offer dated 21/01/2015 submitted to the Corporate Governance Committee, to discuss within the scope of the agenda item on the election of the members of the board of directors at the subject general meeting which the closing date and consequently the meeting date are not specified, and resume information of the nominees of the independent members are submitted along with the independency declarations to the Board of Directors. With the decision of the Board of Directors dated 23/01/2015 and with number 1303/07, it is decided to send the independent member nominee list (Nominees for the Independent Members of the Board of Directors Mr. Mehmet Hilmi Güler and Mrs. Wang Ying) along with the Corporate Governance Committee Report dated 23/01/2015 to CMB, to submit for their evaluation. The abovementioned extraordinary general meeting is held as of 22/05/2015, the closing date of share sale-purchase transaction; Mehmet Hilmi Güler and Wang Ying are selected as the independent members of the board of directors at our Bank as of the date of this general meeting, and they continue to hold this position.

According to the regulations of the Capital Markets Board relating to Corporate Governance Principles, for banks, number of independent members of the board of directors is determined as three at minimum. Members of the board of directors appointed as members of the audit committee, are accepted as independent members of the board of directors, according to said

regulations and therefore, Xu Keen, who currently holds the position of chairman of the Audit Committee, is an independent member of the Board of Directors. Xu Keen, appointed for Audit Committee membership within the scope of the organisation of the Board of Directors of the Bank, is accepted directly as an independent member of the Board of Directors according to the 3rd paragraph of article 6 of the Corporate Governance Communiqué no.II-17.1, and therefore, for election of this member, the process specified above has not been applied according to the exemption provisions of the Communiqué.

With regards to the independent members of the Board of Directors, no situation which may prejudice independence, has occurred during the operating period in 2017.

For the purpose of enabling members of the Board of Directors of our Bank within the framework of article 395 titled “Prohibition to Make Transaction with the Company” and article 396 titled “Non-Competition”, of the Turkish Commercial Code; permission has been given at the General Assembly meeting held on the date of 22.05.2015.

For the ratio of female members of the Board of Directors, no ratio and target time has been set yet and in the Board of Directors of our Bank consisting of 6 persons including the General Manager, there is one female member.

5.2 Principles on Activities of the Board of Directors

The Board of Directors shall convene at any time when the Bank business requires. The Board of Directors is invited to the meeting by the Chairman or in his/her absence, by the Vice Chairman. Each of the members has the right to request invitation of the Board of Directors for a meeting and include to the agenda the matters they wish to discuss. The meetings are held within the framework of the agenda distributed to the members by the Chairman beforehand.

For transfer of managerial powers; the Board of Directors of the Bank is authorized to transfer the managerial powers completely or partially to one or more Members of the Board of Directors or to third parties by an internal directive it shall prepare according to the 367th article of the Turkish Commercial Code. In this context, by the resolution dated 16.01.2017, of the Board of Directors of our Bank; according to the principles set forth in articles 367 and 371 of the Turkish Commercial Code and article 44 of our articles of association, the “Board of Directors Internal Directive” has been put into effect. Said internal directive has been registered on the date of 08.03.2017 and has been promulgated in the Turkish Trade Registry Gazette dated 13.03.2017 and issue no.9282.

The Board of Directors is composed of 6 members including the General Manager. The Board of Directors may meet with the majority of the full number of the members. Decisions of the Board of Directors may be taken as a result of the physically attended meeting with the majority of the members present at the meeting as well as by the written approval of the other members upon written proposal of one of the members according to the 4th sub clause of article 390 of the Turkish Commercial Code number 6102. In 2017, decisions are taken unanimously by the Board of Directors. Meeting quorum of the members of the Board of Directors, their attendance status to the meetings are included in the section titled “Management and Corporate Governance Practices”, of the annual report.

Informing and communication activities on the Members of the Board of Directors of the Bank are performed by the Shareholder Relations and Board Secretariat Unit. Minutes of the Board of Directors Meetings and relevant documents are regularly archived by the Shareholder Relations and Board Secretariat Unit.

Members of the Board of Directors have attended the Board of Directors meetings, except for their excuses. Voting rights of the members of the Board of Directors are equal and weighted vote or veto right is not granted to any of the members.

There is manager liabilities insurance for the Members of the Board of Directors of the Bank. Validity period of the policy is between 31/08/2017-31/08/2018.

5.3 Number, Structure and Independence of the Committees Formed within the Scope of the Board of Directors

Within the framework regulations set forth in the Banking Law number 5411 and by the relevant legislation, there is an administrative and organizational organization at our Bank. Assignment in the Committees are made by considering knowledge and experiences of the members of the board of directors and according to the related legislation and one Member of the Board of Directors may be assigned in more than one committee. Committees (other than the Credit Committee) consist of at least two committee members.

Within the body of the Board of Directors; the Audit Committee, Credit Committee, Corporate Governance Committee (the Nominating Committee, at the same time) and the Remuneration Committee perform their duties. The chairmen of the Committees are selected among the independent members. The Committees submit information on their studies and meeting results to the Board of Directors, whenever necessary.

Detailed information on committees constituted within the framework of the Banking legislation and other related legislation are published in section titled "Management and Corporate Governance Practices", of the annual report and on the Bank's internet site.

5.4 Risk Management and Internal Control Mechanism

According to article 29 of the Banking Law number 5411, the banks are obliged to establish and apply a sufficient and effective internal control, risk management and internal audit system including all branches and partnerships subject to consolidation which comply with scope and structure of the activities on monitoring risks they are exposed to and providing their control, and in compatible with the changing conditions. According to this provision, the Presidency of the Board of Auditors, Internal Control Centre and Compliance Department within the scope of the Internal Control Systems at our Bank and the Risk Management Department fulfil their duties within the organization structure of the Bank and under supervision of the Audit Committee. These departments meet quarterly through the Audit Committee, in the manner as set forth in related legislation and report to the Board of Directors.

Explanations regarding general evaluations on operations of the Departments within the scope of Internal Systems within 2017 are included in the third section of the activity report.

5.5 Strategic Targets of the Company

The Board of Directors has determined the vision, mission and strategic targets of the Bank and announced to the public through the internet site and the activity report. Strategic targets are reviewed every year by the Board of Directors. Annual budget of the Bank is approved by the Board of Directors. The Bank performance is reported to the Board of Directors in quarterly terms, in detail within the framework of the annual targets determined in line with the general strategic targets and the development of the budget, the specified performance criteria, in comparison with the targets.

5.6 Financial Rights

According to article 48 of the Articles of Association of the Bank, fees to be paid to the members of the Board of Directors shall be determined and set by the General Assembly. Fees of the members of the Board of Directors are announced to the public through the minutes of general assembly meetings published at KAP (Public Disclosure Platform) and on the web site of the Bank.

The Bank's current Remuneration Policy has been presented for information of the shareholders information, by a separate article on the agenda at the Ordinary General Assembly meeting held on

30/03/2017, and has been published on KAP (Public Disclosure Platform) and on the web site of the Bank.

On the other hand, credits to be used by our Bank to the members of the board of directors are restricted within a specific framework in article 50 of the Banking Law number 5411. The members of the Board of Directors are not allowed to use any credit out of this framework.

According to the principle number 4.6.5 of the “Corporate Governance Principles” set forth in the Corporate Governance Communiqué annex number II-17.1, has been published by the CMB in the Official Gazette dated 03/01/2014 with number 28871 and has come into effect accordingly, salaries given and fringe benefits provided for the members of the Board of Directors and the executives should be announced to public through the activity report. However, the declaration shall be made as the total of the financial rights provided for the members of the board of directors and the assistant general managers, not on person basis. Allowances paid to the members of the Board of Directors and the Assistant General Managers, health/life insurance expenses, travel, accommodations and representing expenses and other various expenses, are summarized below.

| Bin TL | 31.12.2016 | 31.12.2017 |
|---------------------------|-------------------|-------------------|
| Allowances and insurances | 7,960 | 10,608 |
| Other Expenses | 2,277 | 2,759 |
| Total Expenses | 10,237 | 13,367 |

SECTION III - UNCONSOLIDATED FINANCIAL INFORMATION AND THE ASSESSMENTS RELATED TO THE RISK MANAGEMENT

Assessment of Operation of the Internal Control, Internal Audit and the Risk Management Systems by the Audit Committee

Developments in recent years showed once again how an important function is risk management in banking. Risk management, which have always been the main function of banking and implemented most effectively at all times, have started to be implemented more differently and delicately in the recent years compared to the previous years due to more technical applications being implemented, risk sensitivity being further considered and the special attention paid to the matter by the local authorities and the support of the legislation.

At our Bank, the framework of the Risk Management has been determined by the Board of Directors and the Risk Management Department and risk committees consisting of the senior executives of the business lines have been assigned to deal with this issue. Together with the parties responsible for the processes, the Risk Management Department is responsible for establishing the risk policies and procedures, computing, analyzing, monitoring and reporting the risks, within the framework of the principles approved by the Board of Directors.

The Board of Inspections of our Bank has been operating pursuant to the Banking Law numbered 5411 and the Regulation on the Internal Systems of the Banks issued pursuant to the Banking Law. The purpose of the Board is to ensure our Bank’s senior management that the banking operations are being conducted in compliance with the laws and the related legislation and the internal strategies, policies, principles and targets of our Bank and the efficiency and sufficiency of our Bank’s internal control and risk management systems. The Board performs its duties independently and objectively directly under supervision of the Board of Directors.

At our Bank, an Internal Control Centre and Compliance Department directly operating under supervision of the Board of Directors, has been formed in order to design the internal control activities and collaboration. Within the scope of the internal control activities included are the controlling of the operational transactions for the conducting of the activities, communication channels, information technologies and financial reporting and the compliance controls. Regulations as to the requisite of obtaining approvals from the

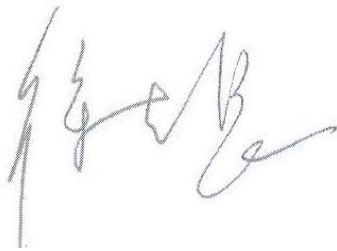
Internal Control Centre and Compliance Department for the new products and transactions and the activities planned to be conducted prior to submitting them to the Board of Directors have been implemented. Within the scope of the legislation on prevention of laundering proceeds of crime and financing of terrorism, a Compliance Program has been initiated in our Bank and the risk management, monitoring and controlling and training activities within the scope of the aforementioned legislation are conducted by the Internal Control Centre and Compliance Department. Our Bank recognizes the importance of the risk management, internal control and inspection functions that are the subject matter of the internal systems and closely monitors the developments in this matter and benefits from the outputs thereof. In this context, assessments and decisions taken at the quarterly Audit Committee meetings made in quarterly periods with the presence of the department heads of the Internal Controls have been submitted to the Board of Directors for their attention and approval.

In the period ahead, as has been so far, our Bank shall continue its decisiveness with regards to the risk oriented approach and closely monitor the internal systems and the implementation results as well as the proposals by the independent auditors and necessary remediation shall be put in place and addressed at the Audit Committee meetings.

Sincerely yours,

Xu Keen
Chairman of the Audit Committee

Wang Ying
Member of the Audit Committee



Information Regarding the 2017 Activities of the Internal Control, Internal Audit and the Risk Management Systems

Board of Inspections

Board of Inspections of the Bank has been operating pursuant to the Banking Law no.5411 and the Regulation on the Internal Systems and Assessment of the Internal Capital Adequacy Processes of the Banks issued pursuant to the Banking Law. The purpose of the Board is to ensure the Bank's senior management that the banking operations are being conducted in compliance with the laws and the related legislation and the internal strategies, policies, principles and targets of the Bank and the efficiency and sufficiency of the Bank's internal control and risk management systems. The Board performs its duties independently and objectively, under supervision of the Board of Directors through the Audit Committee.

As of December 31st 2017, the Board of Inspections consisted of 14 people; 1 Chairman, 1 Vice Chairman, 5 Inspectors, 6 Assistant Inspectors and 1 Platform Assistant.

Branches, Head Office departments, and the Bank's Affiliate(s) and the processes and activities implemented and conducted therein, are included in the annual inspection plan based on periodicity and risk management. The Board of Inspections presents its opinions and recommendations as to the deficiencies and mistakes identified as a result of such inspections, utilization of the Bank's resources more effectively and efficiently and limitation of the risks. As a result of the risk assessments, activities of the Board of Auditors in 2017 have concentrated on the credit risks and operational risks. Among its other responsibilities, the Board of Inspections is also responsible for coordination of all external audits.

Information technologies systems are inspected based on the adaptation of the methods set out in the "Controlling of the Information Technologies Targets (COBIT)", an international standard in this area. In order to enhance these types of inspections, one inspector and two assistant inspectors within the Board of Inspections have been assigned to this task and inspection of the information technologies systems has been an on-going process.

Board of Inspections is authorized to investigate and identify whether the personnel working in the Headquarters' Units, branches and the affiliates of the Bank commit any acts that have been determined as crime and fault in the related legislation. These investigations include determination of the degrees of such crime and recommendation of suitable penalties, identification and elimination remedy works of the losses and deficiencies incurred or threatened to incur. Furthermore, if considered necessary, inspections are conducted on the files of Credits in Legal Follow-up, sent from the Internal Control and Compliance Department.

Inspectors submit their reports containing the findings of their inspections to the Senior Management and the Audit Committee through the Board, as practicable as possible.

For the inspectors to perform their duties with the professional care and attention, all kinds of measures are taken and attention is paid for their professional training activities and personal development.

Internal Control Centre and Compliance Department

An internal control system has been established, in compliance with the BRSA regulations and covering all the activities of the branches, Head Office units and the Bank's affiliates included in the consolidation, in order to protect the Bank's assets, conduct the Bank's activities effectively and efficiently in compliance with the Banking Law and other related legislation, the Bank's internal policies and rules and the general practices of the banking sector, ensure that the accounting and financial reporting systems are secured, integrated and the information is obtained on a timely basis.

The Bank has already established and announced to all of its personnel its strategies and policies regarding the control activities and the measures necessary to maintain the internal control systems effectively within the Bank have been taken by the Board of Directors. In order to achieve the foreseen purpose from the internal control systems, functional segregation of duties have been

identified, responsibilities have been allocated, accounting and financial reporting systems, information technologies and internal communication channels have been established to work effectively, business sustainability plan has been prepared, internal control activities have been determined and the work flow charts indicating the controls over the work processes and business steps have been prepared.

Within the scope of the internal control activities included are the controlling of the operational transactions for conducting of the activities, communication channels, information technologies and financial reporting and the compliance controls. Control of the uninterrupted compliance is conducted by the Internal Control Centre and the Compliance Department. Regulations as to the requisite of obtaining the Internal Control Centre and Compliance Department's opinion for the new products and transactions and the activities planned to be conducted prior to submitting them to the Board of Directors have been implemented. Internal control activities have been designed as an integral part of the Bank's daily operations. Written policies and the implementation procedures of the internal controls have being developed and all of the Bank's personnel have been and are being informed regarding the policies and implementation procedures related to internal control activities developed for their lines of activities.

In the Bank, an Internal Control Centre directly operating under the Board of Directors was formed in 2001 in accordance with the regulations issued by the Banking Regulation and Supervision Agency (the BRSA) in order to design the internal control activities and collaboration and on March 10th 2008, with the integration of the compliance function, the name of such department was changed to Internal Control Centre and Compliance Department. Legislation Unit has also been operating under the department since April 1st 2011. The department performs its responsibilities to the Board of Directors through the Audit Committee.

Internal control systems and activities and how they shall be implemented are designed by the Internal Control Centre and Compliance department in coordination with the senior managers of the related units by taken the characteristics of all of the activities that the Bank conducts into account. Within the scope of the prevention of laundering of crime revenues and financing terrorism legislation, a Compliance Program has been initiated by the Bank and the risk management, monitoring and controlling and training activities within the scope of the aforementioned legislation are conducted by the Internal Control Centre and Compliance department. Legislation Unit operating under the department keeps up with the changing legislation related to Banking and otherwise, notifies and announces the related units and branches as to the changes in the legislation, investigates and answers the legislation related problems encountered in practice.

As of the end of 2017, the Internal Control Centre and Compliance department consisted of 18 people, 1 president, 12 internal control and compliance managers, 4 internal control and compliance specialists and 1 internal assistant. Internal control and compliance personnel perform their duties in the branches where the operations are conducted, in the Headquarters and the affiliates included in the consolidation. There are four units operating under the Internal Control Centre and Compliance department: Head Office Control Unit, Branches Control Unit, Compliance Unit and Legislation Unit. Within the scope of the Branches Control Unit, regional structures have been set up, hence the Branches are subject to on-site control activities frequently within the scope of the control planning.

Internal Control Centre and Compliance department conducts its compliance works as an integral part of its daily routine both at the Headquarters and information systems and the branches periodically, on the spot and on the ground and prepares reports based on the content of the works performed. In the reports prepared, great importance is attached to the development of the internal control system and recommendations to create an internal control culture throughout the Bank. In its activities, areas that may create high risks are concentrated on and preventive control points are created. During 2017 operating period, each internal control employee was given the responsibility of 9 branches in average and within this context, 5 internal control personnel were continuously conducting control activities in the branches; all of the branches were controlled on the ground 3 times in average during the year. Aside from these, among the personnel, who

perform operational duties in certain departments and units at the Head Office and in the branches, some were assigned as control responsible who performed controls within the scope of the pre-prepared control lists and in other matters necessary and reported their findings to the department.

Risk Management

Information Related to the Risk Management Policies Implemented Based on the Risk Types

Risk management activities are conducted by the Audit Committee, that reports directly to the Board of Directors and the Risk Management Department which fulfils its responsibilities against the Board of Directors through said committee and the Risk Management Committee, composed of the senior management and chaired by the General Manager and sub risk management committees chaired by the persons who are responsible for related processes. Risk management sub-committees are; the Market Risk Committee, Credit Risk Committee, Operational Risk Committee.

The Bank has set out the ISEDES management implementation principles, covering all risks on consolidated basis, consistent with the risk appetite, based on adequate and convenient quantification- assessment methods and processes and with a forward looking perspective, as a part of the Bank's internal governance processes and decision making culture.

ISEDES shall be under responsibility of the Risk Management Department and it is planned to be revised in annual periods or more frequently, if needed.

Risk Management Department has conducted 2016 ISEDES activities, based on the consolidated financial statements dated 31 December 2016 and in cooperation with all departments within the framework of the Bank's consolidated business plans. ISEDES report has been reviewed by the Chairmanship of the Board of Inspections and an examination report has been prepared.

Risk Policies reflecting the risk taking approach of the Bank, set out the standards and principles applicable throughout the Bank.

Credit Risk Policy, formed to ensure efficient risk management considering asset quality and risk/income balance, includes also the limits relating to credit risk determined in accordance with the risk tolerance.

In risk management, different ratings models are used for corporate and commercial banking, enterprise banking and individual banking segments and credit cards.

Credit performances of the customers are followed by a system, containing early warning signals. Thereby, necessary actions may be taken automatically.

At ICBC Turkey, operational risk management activities are conducted in compliance with local and international regulations in line with Basel II. Operational Risk Policies, Operational Risk Monitoring Rules and Operational Risk Mitigation Principles which have been prepared in this direction, are in force and effect.

Business continuity activities are conducted by the Operational Risk Committee, according to the Bank's Business Continuity Strategy.

At ICBC Turkey, market risk management activities include quantification, monitoring and reporting the risks encountered due to price, exchange rate, interest fluctuations that occur at financial markets and effects of such risks on liquidity. Market Risk Policy sets out the market risk management framework.

To manage market risk, the Bank benefits from the results obtained by it by Basel II advanced quantification techniques, for setting the limits intended to limit the risk. In this context, advance quantification models are used and risk quantifications and daily limits controls are made and various scenario analysis and stress tests are applied.

Results of calculations and analysis made by the Risk Management Department, are reported to related business units and to the senior management in daily, weekly and monthly periods.

Market Risk Management

Market risk refers to the risk of loss that may be incurred due to fluctuations in the value of positions included in trading accounts of the Bank, in interest rates, equity prices and exchange rates.

At our Bank, for market risk management, quantification methods such as the Value at Risk (VaR), stress test and scenario analysis, duration gap and sensitivity analysis are used.

VaR, as quantification of maximum potential loss that may be sustained in the market value of the trading portfolio in hand, in a certain time period; is calculated on daily basis by Historical Simulation, Variation-Co variation and Monte-Carlo Simulation methods for 99% confidence interval and for one day holding period. VaR calculated by internal models is used for market risk management of trading transactions.

In order to manage the market risk encountered due to the positions carried in trading accounts, efficiently and in consistent with the Bank's risk tolerance; risk limits linked to the ratio of VaR to equity capital, are set out. Compliance with the limits is monitored by the Market Risk Unit and the VaR results are reported regularly.

By the risk quantification method used, estimated earnings/losses are compared with realised values and thereby, retrospective test is applied and the reliability of the model is monitored.

Durability of the share capital against the risks that may occur at the times when fluctuations are at very high level at the market, is measured by stress tests and scenario analysis.

In accordance with existing legal regulations, legal capital requirement for market risk is calculated by using standard method and is reported to the BRSA.

Managing the Interest Rate Risk Arising from the Banking Accounts

Interest Rate Risk Arising from the Banking Accounts refers to the risk incurred by the Bank due to inconsistency in maturity periods in its balance sheet. The risk is managed by the Treasury Department within the framework of the strategies set by the Assets and Liabilities Committee, in accordance with the policy approved by the Board of Directors.

To measure the risk; the duration / gap reports prepared according to the current values calculated by using the market interest rates on cash flows, of all interest-sensitive assets and liabilities in and out of the balance sheet, on the basis of each transaction; are used.

Impact of change in interest rates on the net economic value, is measured by scenario analysis. In the scenario analysis, as a shock scenario, for TL assets-liabilities +5%/-4%, for FX assets-liabilities +2%/-2% interest shock is applied in accordance with legal regulations and they are reported to the BRSA.

Impact of changes in Exchange rates and interests, on the net balance sheet value, is followed regularly by various scenarios and the impact of change on equity capital, is followed closely.

Liquidity Risk Management

Liquidity risk refers to the risk of inability to fulfil, fully and on time, the obligations due to market conditions and inconsistencies in cash flow which may arise from the Bank's balance sheet structure. Liquidity management is conducted by the Treasury Department within the framework of the strategies set by the Assets and Liabilities Committee, in accordance with the policy approved by the Board of Directors.

The Bank monitors the liquidity risk within the framework of the early warning signals and the actions that may be taken, set out in writing in the Principles on Liquidity Management. Various liquidity ratios are calculated within the framework of the Principles on Liquidity Management and their development is followed. Scenario analysis is also used within the scope of liquidity management.

Credit Risk Management

Credit risk means the probability of losses that may occur as a result of partial or whole non-fulfilment of the responsibilities under the credit agreements by the customers who have utilized credits.

The Bank manages its credit risk on a portfolio basis by considering the balance of risk and return and the asset quality of the Bank. As a result of the legal share capital need to be allocated for the credit risk being very high due to the weight of the loans in the balance sheet, credit risk management policies are established in such a way as to minimize the foreseeable risks related to the loans and target to interfere, control and take action on a timely basis in order to ensure that the credit process works effectively.

The Bank has adopted concentration limits – degree, sector, product, collateral, size of the risk, currency, maturity –, all determined internally and approved by the Board of Directors in order to keep the structure and the quality of the credit portfolio at a determined level.

Monitoring of the credit policy limits and the assessments related to the rating models used are performed by the Risk Management Department. Scenario analyses are also used in managing the credit risk and due precautions are taken without delay, for credit quality in compliance with the risk appetite.

Operational Risk Management

Priority of the Bank in terms of the works performed within the scope of the operational risk management, is the compliance with Basel II in every stage. Additionally, importance is attached to the works intended to make the operational risk awareness as part of the corporate culture as well.

Operational risks are classified and monitored in groups as recommended by Basel II. Data regarding losses are collected by the operational risk loss database.

Operational risks are identified through risk control and self-evaluation works which ensure taking actions for material risks.

Business Continuity Management

With regards to business continuity, the Bank has prepared a Business Continuity and Emergency Plan and Instructions for Manual Activities to be Conducted During an Emergency in order to minimize the losses in case the banking activities cannot be conducted during any internal and external emergency situations and in the unexpected circumstances. As the case in every year, related documentation has been revised and requires updates have been made. An Emergency Centre has been established and Instructions for Manual Activities to be Conducted During an Emergency tests as well as the emergency evacuations drills have been conducted at all branches and at the Head Office.

Explanations Regarding the Financial Position, Profitability and Solvency of the Bank

Financial Position

As of the end of 2017, the Bank's total asset size has realized as 12.9 billion TL, by and increase at the rate of 57% compared to that of the previous year. Credits have increased by 50% and constituted 59.2% of the total assets. In 2017, the ratio of credits in follow-up process, to the total cash credits, has realized as 1.3%, which used to be 2.2% as of the end of 2016.

Deposits have decreased by 1% compared to that of the previous year and realized at 3.4 billion TL. The deposits to total liabilities and shareholders' equity ratio was realized at 26%. The Bank's total shareholder equity was 1.1 billion TL as of 2017 year-end. Solo capital adequacy ratio was realized at 14.4%.

| <i>Million TL</i> | 2016 | % | 2017 | % | Amount of the Change | Change% |
|--|--------------|-------------|---------------|-------------|----------------------------|--------------|
| Assets | 8,218 | 100 | 12,888 | 100 | 4,671 | 56.84 |
| Current Assets | 1,311 | 16.0 | 2,564 | 19.9 | 1,253 | 95.6 |
| Cash and Cash Equivalents & Central Bank | 1,159 | 14.1 | 1,350 | 10.5 | 191 | 16.5 |
| Banks and Other Financial Institutions | 152 | 1.8 | 1,214 | 9.4 | 1,062 | 698.7 |
| Placements | 6,795 | 82.7 | 10,112 | 78.5 | 3,318 | 48.8 |
| Financial Placements | 1,724 | 21.0 | 2,482 | 19.3 | 759 | 44.0 |
| Marketable Securities in the Tradebook (*) | 2 | 0.0 | 1 | 0.0 | -1 | -50.0 |
| Securities Available for Sale | 1,537 | 18.7 | 1,988 | 15.4 | 451 | 29.3 |
| Securities held to maturity | 185 | 2.2 | 493 | 3.8 | 309 | 0.0 |
| Commercial Placements | 5,071 | 61.7 | 7,630 | 59.2 | 2,559 | 50.5 |
| Loans in TL | 2,053 | 25.0 | 3,488 | 27.1 | 1,435 | 69.9 |
| Loans in FC | 2,982 | 36.3 | 4,118 | 32.0 | 1,136 | 38.1 |
| Non-Performing Loans | 115 | 1.4 | 96 | 0.7 | -19 | -16.5 |
| Provisions | 79 | 1.0 | 72 | 0.6 | -7 | -8.9 |
| Fixed Assets | 57 | 0.7 | 117 | 0.9 | 60 | 105.3 |
| Subsidiaries and Affiliates | 25 | 0.3 | 76 | 0.6 | 51 | 204.0 |
| Tangible Assets | 29 | 0.4 | 36 | 0.3 | 7 | 24.1 |
| Intangible Assets | 3 | 0.0 | 5 | 0.0 | 2 | 66.7 |
| Other Assets | 55 | 0.7 | 95 | 0.7 | 40 | 72.7 |
| Liabilities | 8,218 | 100 | 12,888 | 100 | 4,670 | 56.83 |
| Deposits (**) | 2,929 | 35.6 | 3,288 | 25.5 | 359 | 12.3 |
| Deposits in TL | 1,686 | 20.5 | 1,434 | 11.1 | -252 | -14.9 |
| Demand Deposits | 82 | 1.0 | 127 | 1.0 | 45 | 54.9 |
| Time Deposits | 1,604 | 19.5 | 1,307 | 10.1 | -297 | -18.5 |
| Deposits in FC | 1,243 | 15.1 | 1,854 | 14.4 | 611 | 49.2 |
| Demand Deposits | 145 | 1.8 | 349 | 2.7 | 204 | 140.7 |
| Time Deposits | 1,098 | 13.4 | 1,505 | 11.7 | 407 | 37.1 |
| Money Markets | 789 | 9.6 | 1,221 | 9.5 | 432 | 54.8 |
| Loans Withdrawn | 3,772 | 45.9 | 6,988 | 54.2 | 3,216 | 85.3 |
| Provisions | 69 | 0.8 | 138 | 1.1 | 69 | 100.0 |
| Other | 63 | 0.8 | 159 | 1.2 | 96 | 152.4 |
| Shareholders' Equity | 595 | 7.2 | 1,094 | 8.5 | 499 | 83.9 |
| Paid in Capital | 420 | 5.1 | 860 | 6.7 | 440 | 104.8 |
| Reserves | 161 | 2.0 | 191 | 1.5 | 30 | 18.6 |
| Profit / Loss | 14 | 0.2 | 42 | 0.3 | 28 | 200.0 |

(*) Derivative financial assets are included.

(**) Banks Deposits are excluded.

Profitability

The Bank's net profit increased compared to that of the previous year and the Bank realized 42.5 million TL in profit. In 2017, the Return on Assets ratio and Return on Equity ratio of the Bank were realized at 0.4% (2016: 0.2%) and 5% (2016: 2.3%), respectively.

Operating income of ICBC Turkey in 2017 is 373 million TL. The Bank realized a profit after the provisions for taxes and loans were deducted. Our Bank has increased its profitability starting from December 2016 and generated 42.5 million TL profit in the last one year period. This profitability arose from the Bank's commission income as well as the increase of the assets in size. Primarily, the Bank's commission income has increased by 199% compared to that of 2016 year-end.

| Income Statement | 2016 | 2017 | Change | Change % |
|--|--------------|--------------|--------------|--------------|
| Interest Income | 459.3 | 737.4 | 278.1 | 60.6 |
| Interest Expense | 246.6 | 385.0 | 138.4 | 56.1 |
| Net Interest Income | 212.6 | 352.3 | 139.7 | 65.7 |
| Net Fees and Commission Income | 19.6 | 58.6 | 39.0 | 198.9 |
| Net Accounting Profit / Loss | -21.6 | -76.1 | -54.5 | 252.3 |
| Other Operating Income | 32.7 | 38.0 | 5.3 | 16.3 |
| Total Operating Income | 243.3 | 372.8 | 129.5 | 53.2 |
| Other Operating Expenses | 178.8 | 207.2 | 28.5 | 15.9 |
| Operating Profit / Loss | 64.6 | 165.6 | 101.0 | 156.5 |
| Provisions for Loans and Other Receivables | 43.8 | 94.0 | 50.2 | 114.8 |
| Profit/Loss Before Tax | 20.8 | 71.6 | 50.8 | 244.3 |
| Provision for Taxes | 7.1 | 29.1 | 22.0 | 310.4 |
| Net Profit/Loss for the Period | 13.7 | 42.5 | 28.8 | 210.1 |

Credit Ratings of the Bank and Related Explanations

Fitch Ratings, an international rating agency, has confirmed ICBC Turkey's outlook as "Stable" on 19 February 2018.

Fitch Ratings, an International Rating Agency

| | |
|--|----------|
| Long term credit rating denominated in foreign currency and in TL | BBB- |
| National long term credit rating | AAA(tur) |
| Short term credit rating denominated in foreign currency and in TL | F3 |
| Support rating | 2 |
| Outlook | Stable |

Financial Information Summary for the a Period of Five Years Including the Report Period

| Thousand TL | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------|-----------|-----------|-----------|-----------|------------|
| Total Assets | 3,849,367 | 3,656,110 | 6,654,517 | 8,217,724 | 12,888,024 |
| Total Deposits (*) | 2,525,572 | 2,343,986 | 2,256,775 | 2,929,000 | 3,287,840 |
| Total Loans | 2,819,681 | 2,798,723 | 4,120,400 | 5,071,404 | 7,630,620 |
| Shareholders' Equity | 600,494 | 616,132 | 589,665 | 594,507 | 1,093,724 |
| Net Profit | 43,813 | 12,516 | -17,016 | 13,700 | 42,484 |

(*) Excluding the Banks Deposits.

Contact Information of the Branches and the Representative Offices

| Branch | Branch Code | Address | Telephone | Facsimile |
|--------------------------------|-------------|--|----------------|----------------|
| Adana Branch | 26 | Cemalpaşa Mah. Atatürk Caddesi Ceyhan Apt No:72/A 01120 Seyhan/Adana | (322) 459 5870 | (322) 459 5875 |
| Ankara Necatibey Branch | 40 | Korkutreis Mahallesi Necatibey Caddesi No 40 / A 06430 Çankaya/Ankara | (312) 232 1760 | (312) 232 1767 |
| Ankara Ostim Branch | 58 | Ostim OSB Mahallesi Uzay Çağı Caddesi No: 82 / A-2 06374 Yenimahalle/Ankara | (312) 386 0450 | (312) 386 0458 |
| Ankara Branch | 2 | Aziziye Mahallesi Cinnah Caddesi No: 100/A 06550 Çankaya/Ankara | (312) 440 6980 | (312) 440 6217 |
| Antakya Branch | 55 | Yavuz Sultan Selim Cad. Haraparası Mah. H.Çuhadaroğlu İş Merkezi No:11/D Antakya | (326) 225 3740 | (326) 225 3748 |
| Antalya Branch | 46 | Şirinyalı Mahallesi İsmet Gökşen Caddesi Hüseyin Akçor 2 Apt. No:40 A/B/C 07160 | (242) 316 4230 | (242) 316 4322 |
| Avcılar Branch | 23 | Merkez Mahallesi E-5 Yanyol (Londra Asfaltı) No:159 A 34310 Avcılar/İstanbul | (212) 593 4270 | (212) 593 4269 |
| Aydın Branch | 42 | Zafer Mahallesi Doğu Gazi Bulvarı No:55/C 09100 Efeler/Aydın | (256) 215 2771 | (256) 214 2984 |
| Bakırköy Branch | 18 | İstanbul Cad. 36/A No: 1 34142 Bakırköy/İstanbul | (212) 660 0160 | (212) 543 3965 |
| Balıkesir Branch | 41 | Eski Kuyumcular Mah. Bankalar Sok. No: 5 Balıkesir | (266) 249 3761 | (266) 249 3768 |
| Bayrampaşa Branch | 14 | Yenidoğan Mah. Abdi İpekçi Cad. No:26 34160 Bayrampaşa/İstanbul | (212) 501 6700 | (212) 544 2292 |
| Beşiktaş Branch | 59 | Cihannuma Mahallesi Barbaros Bulvarı No:85/A D:1-2 34353 Beşiktaş/İstanbul | (212) 236 7307 | (212) 236 7757 |
| Bodrum Branch | 53 | Kıbrıs Şehitleri Cad. Yeniköy Mah. No:102/A,B,1 Bodrum/Muğla | (252) 313 5850 | (252) 313 5643 |
| Bursa Branch | 12 | Ahmetpaşa Mahallesi Fevzi Çakmak Caddesi No:69/B 16050 Osmangazi/Bursa | (224) 250 4100 | (224) 253 1898 |
| Dalyan Branch | 38 | Fenerbahçe Mahallesi Dr. Faruk Ayanoğlu Caddesi Çağdaş Apt No :15/B 34726 Kadıköy/İstanbul | (216) 411 1490 | (216) 411 1489 |
| Denizli Branch | 22 | Saraylar Mahallesi Gazi Mustafa Kemal Bulvarı No:50A Denizli | (258) 242 1204 | (258) 242 1193 |
| E-5 Küçükyalı Branch | 20 | Aydınevler Mahallesi, Kaptan Rıfat Sokak No: 3, 34854 Küçükyalı- Maltepe/İstanbul | (216) 518 0090 | (216) 518 0100 |
| Eskişehir Branch | 27 | Sakarya Cad. No: 22/A 26100 Eskişehir | (222) 221 6721 | (222) 220 4300 |
| Etiler Branch | 9 | Nispetiye Cad. Yeni Çarşı Durağı No: 61 34337 Etiler Beşiktaş/İstanbul | (212) 257 7604 | (212) 287 6389 |

| | | | | |
|---|-----|---|----------------|----------------|
| Güneşli Branch | 32 | Evren Mahallesi Koçman Caddesi No:54/B 34212 Bağcılar/İstanbul | (212) 630 8052 | (212) 630 8059 |
| İkitelli Branch | 47 | İkitelli Organize Sanayi Bölgesi Mah. Bağcılar-Güngören Metro AVM, B Blok Sokak, Dış Kapı No: 1/B, İç Kapı No: 11 34490 Başakşehir/İstanbul | (212) 458 9898 | (212) 458 9868 |
| İskenderun Branch | 54 | Çay Mah. 5 Temmuz Cad. 5 Temmuz Apt. No:11/A İskenderun | (326) 614 0888 | (326) 614 0861 |
| İstanbul Free Industrial and Trade Zone Branch | 801 | İstanbul Endüstri ve Ticaret Serbest Bölgesi Hakkı Matraş Cad. No:18 Tuzla 34957 İstanbul | (216) 394 2619 | (216) 394 2620 |
| İzmir Bornova Branch | 36 | Sakarya Cad. Manavkuyu Mah. No:72 Bayraklı/İzmir | (232) 342 8912 | (232) 342 8915 |
| İzmir Bostanlı Branch | 34 | Bostanlı Mahallesi Cengiz Topel Caddesi No:36 B 35590 Karşıyaka/İzmir | (232) 330 9800 | (232) 330 0099 |
| İzmir Branch | 3 | Akdeniz Mahallesi Cumhuriyet Bulvarı No:116 35210 Konak/İzmir | (232) 489 4051 | (232) 489 5293 |
| Kadıköy Branch | 8 | Feneryolu Mahallesi Bağdat Caddesi No: 61 34724 Kadıköy/İstanbul | (216) 418 0113 | (216) 349 4332 |
| Kayseri Branch | 29 | Cumhuriyet Mahallesi Millet Caddesi No:33 D 38040 Melikgazi/Kayseri | (352) 221 1242 | (352) 221 1265 |
| Konya Branch | 31 | Büyük Sinan Mah. Ankara Cad. No: 124 42050 Karatay/Konya | (332) 238 5729 | (332) 238 5720 |
| Kozyatağı Branch | 62 | Sahrayıcedit Mah. Atatürk Cad. No: 32/1 Kadıköy/İstanbul | (216) 363 1725 | (216) 411 3894 |
| Levent Branch | 33 | Levent Mahallesi Levent Caddesi No:4 34330 Beşiktaş/İstanbul | (212) 284 0804 | (212) 284 0760 |
| Maltepe Branch | 37 | Bağlarbaşı Mahallesi Bağdat Caddesi .No 382 / B 34844 Maltepe/İstanbul | (216) 383 3560 | (216) 371 4398 |
| Merkez (Main) Branch | 25 | Maslak Mah. Dereboyu / 2 Caddesi No:13 34398 Sarıyer / İSTANBUL | (212) 335 5335 | (212) 285 9200 |
| Mersin Branch | 56 | Çankaya Mah. İsmet İnönü Bulvarı No:112/B Canatan İş Merkezi P.K. 33070 Mersin | (324) 237 8284 | (324) 237 7655 |
| Merter Branch | 7 | M.Nesih Özmen Mah. Merter Tekstil Merkezi Fatih Cad. No:31 Merter Güngören/İstanbul | (212) 637 4131 | (212) 637 3171 |
| Moda Branch | 15 | Moda Caddesi No:180A Caferağa Mahallesi 34710 Kadıköy/İstanbul | (216) 349 8185 | (216) 348 2545 |
| Pangaltı Branch | 48 | Halaskargazi Cad. Badur İşhanı No: 20A Pangaltı Şişli/İstanbul | (212) 343 9750 | (212) 343 9756 |
| Samsun Branch | 52 | Kale Mahallesi İstiklal Caddesi No:21/19 İlkadım/Samsun | (362) 435 0242 | (362) 435 5103 |
| Taksim Branch | 73 | Abdülhakhamit Caddesi No: 25 Beyoğlu/İstanbul | (212) 250 6151 | (212) 250 6120 |

| | | | | |
|----------------------------|----|--|----------------|----------------|
| Tekstil Kent Branch | 35 | Oruç Reis Mahallesi Tekstil Kent Caddesi No:10-T İş Hanı Blok No:11 34235 Esenler/İstanbul | (212) 438 0444 | (212) 438 0880 |
| Teşvikiye Branch | 21 | Hüsrev Gerede Cad. No:92/A 34365 Teşvikiye Şişli / İstanbul | (212) 259 1763 | (212) 259 1389 |
| Trabzon Branch | 66 | Kahramanmaraş Cad. No:31 Trabzon | (462) 326 5191 | (462) 326 5197 |
| Uşak Branch | 43 | İslicce Mahallesi İsmetpaşa Caddesi No:43 / A 64100 Uşak | (276) 227 7490 | (276) 227 7493 |
| Ümraniye Branch | 10 | Atatürk Mahallesi Alemdağ Caddesi No:48 A 34764 Ümraniye/İstanbul | (216) 316 7072 | (216) 344 0357 |

Other Issues – Explanations Regarding the Post Balance Sheet Events

Detailed explanations of the matters occurred after the balance sheet date, are given in the footnote no. VIII of section five of the “Unconsolidated Financial Statements to be Disclosed to Public for the accounting term ended as of 31.12.2017, the Explanations and Footnotes Related Thereto and the Independent Audit Report”.

Independent Auditors’ Report

Unconsolidated Year-end Financial Report Prepared as of December 31st 2017

Unconsolidated Financial Statements of ICBC Turkey for the accounting term ended as of 31.12.2017, the Explanations and Footnotes Related Thereto and the Independent Audit Report are published under the “Financial Information” heading in the “Investor Relations” section of the Bank’s website addressed www.icbc.com.tr.

SECTION IV - CONSOLIDATED FINANCIAL INFORMATION

Consolidated Financial Information Summary and the Financial Ratios for a Period of Five Years Including the Report Period

| Thousand TL | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------|-----------|-----------|-----------|-----------|------------|
| Total Assets | 3,854,254 | 3,664,377 | 6,670,222 | 8,308,619 | 13,315,560 |
| Total Deposits | 2,521,794 | 2,342,233 | 2,134,512 | 2,850,077 | 3,273,860 |
| Total Loans | 2,832,164 | 2,812,918 | 4,150,620 | 5,098,106 | 7,680,821 |
| Shareholders’ Equity | 604,308 | 620,136 | 597,194 | 607,007 | 1,112,294 |
| Net Profit | 45,316 | 12,760 | -13,542 | 18,749 | 48,283 |

| Financial Figures (Million TL) | 31/12/2016 | 31/12/2017 | % |
|--------------------------------|------------|------------|------|
| Total Assets | 8,309 | 13,316 | 60% |
| Deposits (*) | 2,850 | 3,274 | 15% |
| Loans | 5,098 | 7,681 | 51% |
| Shareholders’ Equity | 607 | 1,112 | 83% |
| Profit | 18.7 | 48.3 | 158% |

(*) Excluding Deposits in the Banks

| Financial Ratios % | 31/12/2016 | 31/12/2017 | % |
|----------------------------|-------------------|-------------------|----------|
| Return on Assets | 0.3 | 0.4 | 78% |
| Return on Equity | 3.1 | 5.6 | 80% |
| Capital Adequacy Ratio | 19.5 | 13.9 | -29% |
| Loans/Total Assets | 61.4 | 57.7 | -6% |
| Deposits/Total Assets (*) | 34.3 | 24.6 | -28% |
| Non-Performing Loans Ratio | 2.2 | 1.2 | -44% |

(*) Excluding Deposits in the Banks

Information Relating to the Consolidated Subsidiaries

| Trade Name | Address (City / Country) | Parent Company Bank's Shareholding Percentage - If Different, Its Voting Ratio (%) | Shareholding Percentage of the Bank's Risk Group |
|--|---------------------------------|---|---|
| ICBC Turkey Yatırım Menkul Değerler A.Ş. | İstanbul/Turkey | 99.998 | 100 |

Information relating to the affiliates in the order specified above (as of December 31st 2017):

| Total Assets | Shareholders' Equity | Total Fixed Assets | Interest Income | Securities Income | Profit/Loss for the Period | Previous Years Profits/Losses | Fair Value |
|---------------------|-----------------------------|---------------------------|------------------------|--------------------------|-----------------------------------|--------------------------------------|-------------------|
| 517.548 | 94.570 | 1.427 | 15.910 | 11.901 | 16.799 | - | - |

Independent Auditors' Report

Consolidated Year-end Financial Report Prepared as of December 31st 2017

Consolidated Financial Statements of ICBC Turkey for the accounting term ended as of 31.12.2017, Explanations and Footnotes Related Thereto and the Independent Audit Report are published under the heading "Financial Information" "Investor Relations" section of the Bank's website at the address of www.icbc.com.tr.

