

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

ICBC Turkey Bank Anonim Şirketi

**Consolidated Interim Financial Statements
As at and For Six-Month Period Ended
30 June 2016**

With Auditors' Review Report Thereon

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

4 August 2016

*This report includes "Auditors' Review Report"
comprising 2 pages and; "Consolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 79 pages.*



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

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

Introduction

We have reviewed the consolidated balance sheet of ICBC Turkey Bank A.Ş. (the "Bank") and its consolidated subsidiary (together the "Group") as at 30 June 2016 and the related consolidated income statement, consolidated statement of income and expenses recognized under equity and consolidated statement of changes in shareholders' equity and consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by the aforementioned legislations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information does not give a true view of the financial position of the Group as at 30 June 2016 and of the results of its operations and its cash flows for the six-month period then ended in all aspects in accordance with the BRSA Accounting and Reporting Legislation.

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2015 and as at and for the six-month period ended 30 June 2015 were audited and reviewed by another auditor who expressed an unmodified opinion and an unmodified conclusion on 29 February 2016 and 7 August 2015, respectively.

Report on other legal and regulatory requirements

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

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


Orhan Akova
Partner, SMMM



4 August 2016
Istanbul, Turkey

Additional paragraph for convenience translation to English:

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

ICBC TURKEY BANK A. Ş.
SIX-MONTH CONSOLIDATED FINANCIAL REPORT AS OF 30 JUNE 2016

Address of the Bank's

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

The six-month consolidated financial report prepared in accordance with the “Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof” as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections.

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

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

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

Xu Keen	Wang Ying	Gao Xiangyang	Chen Yubao	He Yafeng
Chairman of Board of Directors and Audit Committee	Member of Board of Directors and Audit Committee	Chief Executive Officer and Member of Board of Directors	Assistant General Manager Responsible for Financial Reporting	Unit Manager

Contact information for questions on this financial report:

Name-Surname : He Yafeng
Tel No : 0212 335 54 94
Fax No : 0212 328 13 23

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ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

SECTION ONE GENERAL INFORMATION

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

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

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

The capital of the Parent Bank is TL 420,000 as at 30 June 2016 and is fully paid. The Parent Bank was controlled by GSD Group until 21 May 2015. As at 29 April 2014, GSD Holding A.Ş., the major shareholder of the Parent Bank, has come to conclusion to sell 75.50% shares of the Parent Bank to Industrial and Commercial Bank of China (ICBC) and with respect to the sale transaction, it was declared to be approved by China Banking Regulatory Commission (CBRC) on 20 March 2015, and in Turkey, it was approved by Competition Authority in accordance with decision dated 20 August 2014 and numbered 14-29/593-259 and Banking Regulation and Supervision Agency (BRSA), in accordance with decision dated 2 April 2015 and numbered 6262.

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

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

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

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

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

Title	Name	Job Description	Education
Chairman of the Board of Directors and Audit Committee:	Xu Keen	Chairman of the Board of Directors and Audit Committee	Graduate
Member of Audit Committee:	Wang Ying	Independent Member of the Board of Directors and Audit Committee	Graduate
Members of the Board of Directors:	Zheng Jianfeng	Member of the Board of Directors	Graduate
	Wang Qiang	Member of the Board of Directors	Graduate
	Mehmet Hilmi Güler	Independent Member of Board Of Directors	Graduate
General Manager:	Gao Xiangyang	Chief Executive Officer and Member of the Board of Directors	Graduate
Head of the Board of Inspectors:	Başak Kaya	President of Inspectors’ Group	Under-Graduate
Assistant General Managers:	Chen Yubao (*)	Financial Control Group	Graduate
	D.Halit Döver	International Relations Group	Graduate
	Bozok Evrenosoğlu	Loans Group	Under-Graduate
	Hüseyin H. İmece	Treasury and Investors Relations Group	Under-Graduate
	Başbuğ Y. Samancıoğlu	Corporate and Commercial Banking Group	Under-Graduate

(*)According to Board of Directors’ Decision numbered 1385/01 dated 15 July 2016, Deputy of General Manager Chen Yubao is appointed as Assistant General Manager responsible for Financial Control Group, due to resignation of Gülden Akdemir as of 11 July 2016.

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

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

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

As at 30 June 2016, the Parent Bank has 44 branches close to industrial zones of Turkey and a representative office in Berlin, Germany. The Parent Bank has 825 employees as at 30 June 2016 (As at 31 December 2015 number of branches was 44, number of employees was 841).

The Parent Bank and its subsidiary, ICBC Turkey Yatırım Menkul Değerler A.Ş. have been consolidated. As at 30 June 2016, ICBC Portföy Yönetimi A.Ş. has been consolidated in ICBC Yatırım by full consolidation method. "ICBC Yatırım", the consolidated subsidiary of the Parent Bank, represents ICBC Portföy and ICBC Yatırım as a whole. The Parent Bank and its subsidiary are referred to as “the Group” as a whole.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

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

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

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

None.

VII. Other information

Bank’s Official Title	: ICBC Turkey Bank A.Ş.
Reporting Period	: 1 January – 30 June 2016
Address of Bank’s Headquarters	: Maslak Mah. Dereboyu/2 Caddesi No:13 34398 Sarıyer - İstanbul
Telephone number	: (0212) 335 53 35
Fax number	: (0212) 328 13 28
Bank’s Internet Address	: www.icbc.com.tr
Reporting Currency	: Thousands of Turkish Lira

SECTION TWO

Consolidated Financial Statements

- I. Consolidated balance sheet (consolidated statement of financial position)
- II. Consolidated statement of off-balance sheet items
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ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 30 JUNE 2016
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated)

ASSETS		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
			Reviewed			Audited		
			CURRENT PERIOD			PRIOR PERIOD		
			30/06/2016			31/12/2015		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.1)	44,894	901,807	946,701	37,466	908,073	945,539
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	7,266	5,943	13,209	20	210	230
2.1	Trading Securities		7,266	5,943	13,209	20	210	230
2.1.1	Public Sector Debt Securities		-	-	-	-	-	-
2.1.2	Share Certificates		801	-	801	18	-	18
2.1.3	Positive Value of Trading Derivatives		9	5,943	5,952	2	210	212
2.1.4	Other Securities		6,456	-	6,456	-	-	-
2.2	Financial Assets Designated at Fair Value		-	-	-	-	-	-
2.2.1	Public Sector Debt Securities		-	-	-	-	-	-
2.2.2	Share Certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other Securities		-	-	-	-	-	-
III.	BANKS	(5.1.3)	2,314	503,191	505,505	10,208	290,187	300,395
IV.	INTERBANK MONEY MARKET		5,929	-	5,929	77,031	-	77,031
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Money Market Placements		5,929	-	5,929	77,031	-	77,031
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	(5.1.4)	171,326	793,681	965,007	269,936	816,518	1,086,454
5.1	Share Certificates		160	1,966	2,126	160	-	160
5.2	Public Sector Debt Securities		171,166	289,265	460,431	269,776	284,231	554,007
5.3	Other Securities		-	502,450	502,450	-	532,287	532,287
VI.	LOANS	(5.1.5)	2,158,866	2,289,445	4,448,311	2,327,587	1,823,033	4,150,620
6.1	Loans		2,117,372	2,289,445	4,406,817	2,281,702	1,823,033	4,104,735
6.1.1	Loans Utilized to the Bank's Risk Group		30	1,057,096	1,057,126	36	1,071,806	1,071,842
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Others		2,117,342	1,232,349	3,349,691	2,281,666	751,227	3,032,893
6.2	Loans under Follow-Up		142,176	-	142,176	180,591	-	180,591
6.3	Specific Provisions (-)		100,682	-	100,682	134,706	-	134,706
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	INVESTMENT SECURITIES HELD TO MATURITY (Net)	(5.1.6)	-	74,771	74,771	-	-	-
8.1	Public Sector Debt Securities		-	-	-	-	-	-
8.2	Other Securities		-	74,771	74,771	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	-	-	-	-	-	-
9.1	Equity Method Associates		-	-	-	-	-	-
9.2	Unconsolidated Associates		-	-	-	-	-	-
9.2.1	Financial Associates		-	-	-	-	-	-
9.2.2	Non-Financial Associates		-	-	-	-	-	-
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	-	-	-	-	-	-
10.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI.	JOINT VENTURES (Net)	(5.1.9)	-	-	-	-	-	-
11.1	Equity Method Joint Ventures		-	-	-	-	-	-
11.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
XII.	LEASE RECEIVABLES (Net)	(5.1.10)	-	-	-	-	-	-
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operational Lease Receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	HEDGING DERIVATIVES	(5.1.11)	-	-	-	-	-	-
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		-	-	-	-	-	-
13.3	Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)		26,020	-	26,020	26,687	-	26,687
XV.	INTANGIBLE ASSETS (Net)		1,921	-	1,921	1,496	-	1,496
15.1	Goodwill		-	-	-	-	-	-
15.2	Others		1,921	-	1,921	1,496	-	1,496
XVI.	INVESTMENT PROPERTY (Net)	(5.1.12)	-	-	-	-	-	-
XVII.	TAX ASSETS	(5.1.13)	774	-	774	7,033	-	7,033
17.1	Current Tax Assets		-	-	-	-	-	-
17.2	Deferred Tax Assets		774	-	774	7,033	-	7,033
XVIII.	ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)	(5.1.14)	-	-	-	-	-	-
18.1	Held For Sale		-	-	-	-	-	-
18.2	Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(5.1.15)	61,270	2,001	63,271	63,772	10,965	74,737
	TOTAL ASSETS		2,480,580	4,570,839	7,051,419	2,821,236	3,848,986	6,670,222

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 30 JUNE 2016
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated)

LIABILITIES AND EQUITY		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
			Reviewed			Audited		
			CURRENT PERIOD 30/06/2016			PRIOR PERIOD 31/12/2015		
			TL	FC	TOTAL	TL	FC	TOTAL
I. DEPOSITS		(5.II.1)	1,252,115	1,030,354	2,282,469	982,512	1,152,037	2,134,549
1.1 Deposits of the Bank's Risk Group			184	4,032	4,216	269	292,164	292,433
1.2 Others			1,251,931	1,026,322	2,278,253	982,243	859,873	1,842,116
II. NEGATIVE VALUE OF TRADING DERIVATIVES		(5.II.2)	1,521	712	2,233	3,662	591	4,253
III. FUNDS BORROWED		(5.II.3)	14,676	3,435,051	3,449,727	22,345	3,133,153	3,155,498
IV. DUE TO MONEY MARKETS			86,480	386,380	472,860	108,043	410,774	518,817
4.1 Interbank Money Market			-	-	-	-	-	-
4.2 Istanbul Stock Exchange			-	-	-	-	-	-
4.3 Obligations under Repurchase Agreements			86,480	386,380	472,860	108,043	410,774	518,817
V. SECURITIES ISSUED (Net)			-	-	-	-	-	-
5.1 Bills			-	-	-	-	-	-
5.2 Asset Backed Securities			-	-	-	-	-	-
5.3 Bonds			-	-	-	-	-	-
VI. FUNDS			-	-	-	-	-	-
6.1 Bank Borrowers' Funds			-	-	-	-	-	-
6.2 Others			-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES			71,214	20,023	91,237	70,138	56,495	126,633
VIII. OTHER EXTERNAL RESOURCES		(5.II.4)	55,408	3,494	58,902	60,193	7,535	67,728
IX. FACTORING PAYABLES			-	-	-	-	-	-
X. LEASE PAYABLES (Net)		(5.II.5)	-	-	-	-	-	-
10.1 Financial Lease Payables			-	-	-	-	-	-
10.2 Operational Lease Payables			-	-	-	-	-	-
10.3 Others			-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses (-)			-	-	-	-	-	-
XI. HEDGING PURPOSE DERIVATIVES		(5.II.6)	-	-	-	-	-	-
11.1 Fair Value Hedge			-	-	-	-	-	-
11.2 Cash Flow Hedge			-	-	-	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries			-	-	-	-	-	-
XII. PROVISIONS		(5.II.7)	63,394	-	63,394	55,017	-	55,017
12.1 General Provisions			36,506	-	36,506	30,530	-	30,530
12.2 Restructuring Provisions			-	-	-	-	-	-
12.3 Reserve for Employee Benefits			13,090	-	13,090	11,869	-	11,869
12.4 Insurance Technical Provisions (Net)			-	-	-	-	-	-
12.5 Other Provisions			13,798	-	13,798	12,618	-	12,618
XIII. TAX LIABILITIES		(5.II.8)	9,719	-	9,719	10,533	-	10,533
13.1 Current Tax Liability			9,719	-	9,719	10,533	-	10,533
13.2 Deferred Tax Liability			-	-	-	-	-	-
XIV. PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS		(5.II.9)	-	-	-	-	-	-
14.1 Held For Sale			-	-	-	-	-	-
14.2 Discontinued Operations			-	-	-	-	-	-
XV. SUBORDINATED LOANS		(5.II.10)	-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY		(5.II.11)	610,622	10,256	620,878	607,512	(10,318)	597,194
16.1 Paid-In Capital			420,000	-	420,000	420,000	-	420,000
16.2 Supplementary Capital			9,470	10,256	19,726	8,239	(10,318)	(2,079)
16.2.1 Share Premium			(814)	-	(814)	(814)	-	(814)
16.2.2 Share Cancellation Profits			-	-	-	-	-	-
16.2.3 Valuation Differences of Securities			1,285	10,256	11,541	54	(10,318)	(10,264)
16.2.4 Revaluation Fund on Tangible Assets			8,694	-	8,694	8,694	-	8,694
16.2.5 Revaluation Fund on Intangible Assets			-	-	-	-	-	-
16.2.6 Revaluation Fund on Investment Property			-	-	-	-	-	-
16.2.7 Capital Bonus of Associates, Subsidiaries and Joint Ventures			-	-	-	-	-	-
16.2.8 Hedging Funds (Effective Portion)			-	-	-	-	-	-
16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations			-	-	-	-	-	-
16.2.10 Other Supplementary Capital			305	-	305	305	-	305
16.3 Profit Reserves			196,630	-	196,630	192,815	-	192,815
16.3.1 Legal Reserves			11,669	-	11,669	11,496	-	11,496
16.3.2 Status Reserves			-	-	-	-	-	-
16.3.3 Extraordinary Reserves			127,595	-	127,595	123,953	-	123,953
16.3.4 Other Profit Reserves			57,366	-	57,366	57,366	-	57,366
16.4 Profit or Loss			(15,478)	-	(15,478)	(13,542)	-	(13,542)
16.4.1 Prior Periods' Profit or Loss			(17,357)	-	(17,357)	-	-	-
16.4.2 Current Period Profit or Loss			1,879	-	1,879	(13,542)	-	(13,542)
16.5 Minority Shares			-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY			2,165,149	4,886,270	7,051,419	1,919,955	4,750,267	6,670,222

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS STATEMENT AS AT 30 JUNE 2016

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

	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		Reviewed			Audited		
		CURRENT PERIOD 30/06/2016			PRIOR PERIOD 31/12/2015		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)		543,450	1,432,615	1,976,065	1,206,712	1,358,078	2,564,790
I. GUARANTEES	(5.IV.1)	212,730	617,541	830,271	286,766	444,568	731,334
1.1 Letters of Guarantee		212,730	443,206	655,936	286,766	335,175	621,941
1.1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		212,730	443,206	655,936	286,766	335,175	621,941
1.2 Bank Acceptances		-	177	177	-	203	203
1.2.1 Import Letter of Acceptance		-	177	177	-	203	203
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	90,691	90,691	-	84,697	84,697
1.3.1 Documentary Letters of Credit		-	43,846	43,846	-	26,800	26,800
1.3.2 Other Letters of Credit		-	46,845	46,845	-	57,897	57,897
1.4 Prefinancing Given As Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Related Guarantees		-	-	-	-	-	-
1.8 Other Collaterals		-	83,467	83,467	-	24,493	24,493
1.9 Other Sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.IV.1)	212,099	36,552	248,651	242,454	20,407	262,861
2.1 Irrevocable Commitments		212,099	36,552	248,651	242,454	20,407	262,861
2.1.1 Asset Purchase and Sale Commitments		1,186	36,552	37,738	19,825	20,407	40,232
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		27,678	-	27,678	36,149	-	36,149
2.1.5 Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		79,396	-	79,396	82,072	-	82,072
2.1.8 Tax and Fund Obligations from Export Commitments		5	-	5	-	-	-
2.1.9 Commitments for Credit Card Limits		79,397	-	79,397	81,792	-	81,792
2.1.10 Commitments for Promotional Operations Re-Credit Cards and Banking Services		247	-	247	252	-	252
2.1.11 Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.12 Payables for "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		24,190	-	24,190	22,359	-	22,359
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		118,621	778,522	897,143	677,492	893,103	1,570,595
3.1 Hedging Purpose Derivatives		-	-	-	-	-	-
3.1.1 Fair Value Hedge		-	-	-	-	-	-
3.1.2 Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
3.2 Trading Purpose Derivatives		118,621	778,522	897,143	677,492	893,103	1,570,595
3.2.1 Forward Foreign Currency Purchases/Sales		805	1,612	2,417	1,275	1,271	2,546
3.2.1.1 Forward Foreign Currency Purchases		805	387	1,192	1,275	-	1,275
3.2.1.2 Forward Foreign Currency Sales		-	1,225	1,225	-	1,271	1,271
3.2.2 Currency and Interest Rate Swaps		117,586	776,910	894,496	675,549	842,413	1,517,962
3.2.2.1 Currency Swaps-Purchases		-	449,013	449,013	-	780,082	780,082
3.2.2.2 Currency Swaps-Sales		117,586	327,897	445,483	675,549	62,331	737,880
3.2.2.3 Interest Rate Swaps-Purchases		-	-	-	-	-	-
3.2.2.4 Interest Rate Swaps-Sales		-	-	-	-	-	-
3.2.3 Currency, Interest Rate and Security Options		-	-	-	-	-	-
3.2.3.1 Currency Options-Purchases		-	-	-	-	-	-
3.2.3.2 Currency Options-Sales		-	-	-	-	-	-
3.2.3.3 Interest Rate Options-Purchases		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sales		-	-	-	-	-	-
3.2.3.5 Securities Options-Purchases		-	-	-	-	-	-
3.2.3.6 Securities Options-Sales		-	-	-	-	-	-
3.2.4 Currency Futures		-	-	-	-	-	-
3.2.4.1 Currency Futures-Purchases		-	-	-	-	-	-
3.2.4.2 Currency Futures-Sales		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Purchases		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sales		-	-	-	-	-	-
3.2.6 Others		230	-	230	668	49,419	50,087
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		4,183,095	1,310,669	5,493,764	3,466,667	587,479	4,054,146
IV. ITEMS HELD IN CUSTODY		847,551	299,742	1,147,293	861,433	29,637	891,070
4.1 Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2 Securities Held in Custody		765,157	9,707	774,864	780,214	10,108	790,322
4.3 Checks Received for Collection		50,205	5,512	55,717	63,896	10,896	74,792
4.4 Commercial Notes Received for Collection		7,306	4,489	11,795	10,344	5,466	15,810
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items under Custody		20,894	277,877	298,771	235	8	243
4.8 Custodians		3,989	2,157	6,146	6,744	3,159	9,903
V. PLEDGED ITEMS		3,335,224	1,010,927	4,346,151	2,604,914	557,842	3,162,756
5.1 Securities		39,121	-	39,121	51,121	-	51,121
5.2 Guarantee Notes		1,646	2,267	3,913	2,848	2,409	5,257
5.3 Commodities		112,432	161,114	273,546	125,182	146,874	272,056
5.4 Warrants		667	-	667	501	-	501
5.5 Immovables		2,378,429	640,781	3,019,210	1,767,505	384,602	2,152,107
5.6 Other Pledged Items		802,929	206,765	1,009,694	657,757	23,957	681,714
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		320	-	320	320	-	320
TOTAL OFF BALANCE SHEET ITEMS (A+B)		4,726,545	2,743,284	7,469,829	4,673,379	1,945,557	6,618,936

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED INCOME STATEMENT
FOR THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

INCOME AND EXPENSE ITEMS		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA			
			Reviewed CURRENT PERIOD (01/01/2016 - 30/06/2016)	Reviewed PRIOR PERIOD (01/01/2015 - 30/06/2015)	Reviewed CURRENT PERIOD (01/04/2016 - 30/06/2016)	Reviewed PRIOR PERIOD (01/04/2015 - 30/06/2015)
I. INTEREST INCOME	(5.III.1)		219,836	144,652	105,549	70,602
1.1 Interest from Loans			185,255	133,711	89,203	64,381
1.2 Interest from Reserve Deposits			3,417	655	1,710	510
1.3 Interest from Banks			851	755	463	525
1.4 Interest from Money Market Transactions			899	2,113	493	463
1.5 Interest from Securities Portfolio			29,151	6,698	13,551	4,214
1.5.1 Trading Securities			-	10	-	5
1.5.2 Financial Assets at Fair Value Through Profit or Loss			-	-	-	-
1.5.3 Available for Sale Securities			28,093	6,688	12,792	4,209
1.5.4 Held to Maturity Securities			1,058	-	759	-
1.6 Interest from Financial Leases			-	-	-	-
1.7 Other Interest Income			263	720	129	509
II. INTEREST EXPENSE	(5.III.2)		105,054	77,148	54,755	38,304
2.1 Interest on Deposits			68,901	71,151	35,342	35,605
2.2 Interest on Funds Borrowed			29,129	3,209	16,240	1,416
2.3 Interest on Money Market Transactions			6,959	2,714	3,156	1,282
2.4 Interest on Securities Issued			-	-	-	-
2.5 Other Interest Expense			65	74	17	1
III. NET INTEREST INCOME (I - II)			114,782	67,504	50,794	32,298
IV. NET FEE AND COMMISSION INCOME			6,455	6,319	3,450	3,245
4.1 Fees and Commissions Received			9,085	8,701	4,671	4,483
4.1.1 Non-Cash Loans			2,881	3,251	1,431	1,528
4.1.2 Other			6,204	5,450	3,240	2,955
4.2 Fees and Commissions Paid			2,630	2,382	1,221	1,238
4.2.1 Non-Cash Loans			168	155	94	78
4.2.2 Other			2,462	2,227	1,127	1,160
V. DIVIDEND INCOME			25	6	25	6
VI. TRADING INCOME/LOSS (Net)	(5.III.3)		(18,521)	(2,994)	(3,801)	1,187
6.1 Profit / Loss on Capital Market Transactions			4,412	3,744	2,711	1,973
6.2 Derivative Instruments Gain / Loss			(35,985)	(3,662)	6,005	2,929
6.3 Foreign Exchange Gain / Loss			13,052	(3,076)	(12,517)	(3,715)
VII. OTHER OPERATING INCOME	(5.III.4)		15,712	6,983	13,330	2,466
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)			118,453	77,818	63,798	39,202
IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)	(5.III.5)		20,643	25,179	9,711	14,862
X. OTHER OPERATING EXPENSES (-)	(5.III.6)		92,675	78,611	46,765	44,209
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)			5,135	(25,972)	7,322	(19,869)
XII. SURPLUS WRITTEN AS GAIN AFTER MERGER			-	-	-	-
XIII. PROFIT / LOSS FROM EQUITY METHOD INVESTMENTS			-	-	-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION			-	-	-	-
XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(5.III.7)		5,135	(25,972)	7,322	(19,869)
XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.III.8)		(3,256)	3,731	(1,856)	2,444
16.1 Current Tax Provision			(2,223)	(666)	(506)	204
16.2 Deferred Tax Provision			(1,033)	4,397	(1,350)	2,240
XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(5.III.9)		1,879	(22,241)	5,466	(17,425)
XVIII. PROFIT FROM DISCONTINUED OPERATIONS			-	-	-	-
18.1 Assets Held for Sale			-	-	-	-
18.2 Profit on Sale of Associates, Subsidiaries and Joint Ventures			-	-	-	-
18.3 Others			-	-	-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)			-	-	-	-
19.1 Assets Held for Sale			-	-	-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures			-	-	-	-
19.3 Others			-	-	-	-
XX. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)	(5.III.7)		-	-	-	-
XXI. TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)	(5.III.8)		-	-	-	-
21.1 Current Tax Provision			-	-	-	-
21.2 Deferred Tax Provision			-	-	-	-
XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	(5.III.9)		-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(5.III.10)		1,879	(22,241)	5,466	(17,425)
23.1 Group's Profit / Loss			1,879	(22,241)	5,466	(17,425)
23.2 Minority Shares			-	-	-	-
Earnings / Losses per Share (Full TL)			0.0004	(0.0053)	0.0013	(0.0041)

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED STATEMENT OF INCOME AND EXPENSES RECOGNIZED UNDER EQUITY
FOR THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

INCOME/EXPENSE ITEMS RECOGNIZED IN EQUITY		THOUSANDS OF TURKISH LIRA			
		Reviewed CURRENT PERIOD (01/01/2016 - 30/06/2016)	Reviewed PRIOR PERIOD (01/01/2015 - 30/06/2015)	Reviewed CURRENT PERIOD (01/04/2016 - 30/06/2016)	Reviewed PRIOR PERIOD (01/04/2015 - 30/06/2015)
I.	ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS	27,257	(52)	10,748	388
II.	REVALUATION ON TANGIBLE ASSETS	-	-	-	-
III.	REVALUATION ON INTANGIBLE ASSETS	-	-	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES	-	-	-	-
V.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion)	-	-	-	-
VI.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion)	-	-	-	-
VII.	EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS	-	-	-	-
VIII.	OTHER PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY PER TURKISH ACCOUNTING STANDARDS	-	-	-	-
IX.	DEFERRED AND CURRENT TAXES ON VALUATION DIFFERENCES	(5,452)	10	(2,150)	(78)
X.	NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)	21,805	(42)	8,598	310
XI.	CURRENT PERIOD PROFIT/LOSS	1,879	(22,241)	5,466	(17,425)
11.1	Net Change in Fair Value of Securities (Transfer to Profit & Loss)	(1,101)	(318)	(1,029)	(138)
11.2	Ineffective Portion of Profit/Loss Related to Derivatives Used in Cash Flow Hedges	-	-	-	-
11.3	Ineffective Portion of Profit/Loss Related to Derivatives Used in Hedge of a Net Investment in Foreign Subsidiaries	-	-	-	-
11.4	Others	2,980	(21,923)	6,495	(17,287)
XII.	TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X±XI)	23,684	(22,283)	14,064	(17,115)

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

		THOUSANDS OF TURKISH LIRA																	
		Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves ⁽¹⁾	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Valuation Differences of Securities	Revaluation Fund on Tangible and Intangible Assets	Non-paid up shares from partnerships	Hedge Funds	Revaluation Fund on Assets Held for Sale and Discontinued Operations	Total Equity Attributable to Equity Holders of the Parent	Non-controlling Interests	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																			
PRIOR PERIOD 30/06/2015																			
I.	Balances at the beginning of period - 01/01/2015	420,000	-	(814)	-	10,792	-	111,897	56,799	12,760	-	1,835	6,867	-	-	-	620,136	-	620,136
II.	Corrections according to Turkish Accounting Standard No.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Corrections of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted beginning balance (I + II)	420,000	-	(814)	-	10,792	-	111,897	56,799	12,760	-	1,835	6,867	-	-	-	620,136	-	620,136
Changes in the period																			
IV.	Increase / decrease related to mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Valuation difference of available-for-sale securities	-	-	-	-	-	-	-	-	-	-	(42)	-	-	-	-	(42)	-	(42)
VI.	Hedging transactions (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedging of a net investment in foreign subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation fund on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation fund on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Capital bonus of associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes related to sale of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes related to reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of changes in equities of associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Domestic sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Issuences of share certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Abolition profit of share certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current period net profit / loss	-	-	-	-	-	-	-	-	(22,241)	-	-	-	-	-	-	(22,241)	-	(22,241)
XX.	Profit distribution	-	-	-	-	704	-	12,056	-	(12,760)	-	-	-	-	-	-	-	-	-
20.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transferred to reserves	-	-	-	-	704	-	12,056	-	(12,760)	-	-	-	-	-	-	-	-	-
20.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of period (III+IV+V+.....+XVIII+XIX+XX) - 30/06/2015		420,000	-	(814)	-	11,496	-	123,953	56,799	(22,241)	-	1,793	6,867	-	-	-	597,853	-	597,853

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

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

		THOUSANDS OF TURKISH LIRA																	
		Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves ⁽¹⁾	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Valuation Differences of Securities	Revaluation Fund on Tangible and Intangible Assets	Non-paid up shares from partnerships	Hedge Funds	Revaluation Fund on Assets Held for Sale and Discontinued Operations	Total Equity Attributable to Equity Holders of the Parent	Non-controlling Interests	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																			
CURRENT PERIOD 30/06/2016																			
I.	Balances at the beginning of period - 01/01/2016	420,000	-	(814)	-	11,496	-	123,953	57,671	(13,542)	-	(10,264)	8,694	-	-	-	597,194	-	597,194
	Changes in the period																		
II.	Increase / decrease related to mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation difference of available-for-sale securities	-	-	-	-	-	-	-	-	-	-	21,805	-	-	-	-	21,805	-	21,805
IV.	Hedging transactions (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedging of a net investment in foreign subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation fund on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation fund on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Capital bonus of associates,subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes related to sale of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes related to reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of changes in equities of associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Domestic sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Issuences of share certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Abolition profit of share certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current period net profit / loss	-	-	-	-	-	-	-	-	1,879	-	-	-	-	-	-	1,879	-	1,879
XVIII.	Profit distribution	-	-	-	-	173	-	3,642	-	13,542	(17,357)	-	-	-	-	-	-	-	-
18.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transferred to reserves	-	-	-	-	173	-	3,642	-	(3,815)	-	-	-	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	17,357	(17,357)	-	-	-	-	-	-	-	-
Balances at the end of period (I+II+III+...+XVI+XVII+XVIII) - 30/06/2016		420,000	-	(814)	-	11,669	-	127,595	57,671	1,879	(17,357)	11,541	8,694	-	-	-	620,878	-	620,878

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

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

		THOUSANDS OF TURKISH LIRA	
		Reviewed CURRENT PERIOD (01/01/2016 - 30/06/2016)	Reviewed PRIOR PERIOD (01/01/2015 - 30/06/2015)
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit before Changes in Operating Assets and Liabilities	28,745	37,844
1.1.1	Interest Received	199,496	167,634
1.1.2	Interest Paid	(85,697)	(77,998)
1.1.3	Dividend Received	25	6
1.1.4	Fees And Commissions Received	9,879	5,823
1.1.5	Other Income	(12,447)	1,473
1.1.6	Collections from Non-performing Loans	10,497	15,340
1.1.7	Payments to Personnel and Service Suppliers	(53,876)	(47,712)
1.1.8	Taxes Paid	(8,429)	(3,594)
1.1.9	Other	(30,703)	(23,128)
1.2	Changes in Operating Assets and Liabilities	(1,806)	238,739
1.2.1	Net (Increase) Decrease in Trading Securities	(7,249)	1,778
1.2.2	Net (Increase) Decrease in Financial Assets Designated at FV	-	-
1.2.3	Net (Increase) Decrease in Banks	(39,912)	26,288
1.2.4	Net (Increase) Decrease in Loans	(297,253)	(398,320)
1.2.5	Net (Increase) Decrease in Other Assets	12,883	2,133
1.2.6	Net Increase (Decrease) in Bank Deposits	232	(78,524)
1.2.7	Net Increase (Decrease) in Other Deposits	145,783	(29,927)
1.2.8	Net Increase (Decrease) in Funds Borrowed	230,820	700,351
1.2.9	Net Increase (Decrease) in Due Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	(47,110)	14,960
I.	Net Cash Provided by / (Used in) Banking Operations	26,939	276,583
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided by / (Used in) Investing Activities	71,305	(386,517)
2.1	Cash Paid for Purchase of Investments, Associates and Subsidiaries	-	-
2.2	Cash Obtained From Sale of Investments, Associates And Subsidiaries	-	-
2.3	Fixed Assets Purchases	(1,330)	(398)
2.4	Fixed Assets Sales	2	4
2.5	Cash Paid for Purchase of Investments Available for Sale	(81,323)	(506,395)
2.6	Cash Obtained From Sale of Investments Available for Sale	228,326	120,295
2.7	Cash Paid for Purchase of Investment Securities	(73,713)	-
2.8	Cash Obtained from Sale of Investment Securities	-	-
2.9	Other	(657)	(23)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided by / (Used in) Financing Activities	-	-
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Capital Increase	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	-	-
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(3,478)	7,616
V.	Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV)	94,766	(102,318)
VI.	Cash and Cash Equivalents at the Beginning of Period	712,690	386,179
VII.	Cash and Cash Equivalents at the End of Period (V+VI)	807,456	283,861

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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

SECTION THREE ACCOUNTING POLICIES

I. Basis of presentation

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

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

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

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

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

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

The amendments of TAS and TFRS which have entered into force as of 1 January 2016 have no material impact on the Group’s accounting policies, financial position and performance. The amendments of TAS and TFRS, except TFRS 9 Financial Instruments, which have been published as of reporting date but have not been effective, have no impact on the accounting policies, financial condition and performance of the Group. The Group will assess the potential impact of TFRS 9 Financial Instruments which will become effective on 1 January 2018.

Additional paragraph for convenience translation to English

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

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

Accounting policies and valuation principles used in the preparation of financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied for the year ended 31 December 2015. Those accounting policies and valuation principles are explained in Notes II to XXVII below.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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

II. Strategy for the use of financial instruments and the foreign currency operations

Strategy for the use of financial instruments:

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

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

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

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

Transactions denominated in foreign currencies:

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

As at 30 June 2016, rates used for converting foreign exchange transactions to Turkish Lira and presenting them in financial statements are as follows; USD: TL 2.8936, Euro: TL 3.2044, GBP: TL 3.8690, JPY: TL 0.0281.

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

III. Presentation of information regarding consolidated subsidiaries and associates

The Parent Bank has no consolidated associate.

On 21 April 2015 Tekstil Portföy Yönetimi A.Ş. was established with TL 2,000,000 –full amount- capital from ICBC Yatırım. On 23 November 2015, the trade name of the company has been changed and registered as ICBC Turkey Portföy Yönetimi A.Ş. (ICBC Portföy). ICBC Portföy is a subsidiary of ICBC Yatırım with 100% partnership and an indirect subsidiary of the Parent Bank. As at 30 June 2016, ICBC Portföy has been consolidated in ICBC Yatırım by full consolidation method. "ICBC Yatırım", the consolidated subsidiary of the Parent Bank, represents ICBC Portföy and ICBC Yatırım as a whole.

ICBC Yatırım which is financial subsidiary of the Parent Bank is consolidated in the accompanying consolidated financial statements by using “Full Consolidation” method as at 30 June 2016 and 31 December 2015.

The Parent Bank and its consolidated subsidiary are named as “the Group”.

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

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

The financial statements which have been used in the consolidation are prepared as at 30 June 2016 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in same circumstances. There is no obstacle on the transfer of shareholders’ equity between the Parent Bank and its subsidiary or on the reimbursement of liabilities.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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

IV. Forward transactions, options and derivative instruments

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

Derivatives are classified as held for trading in accordance with TAS 39 “Financial Instruments: Recognition and Measurement”. The Parent Bank does not have any embedded derivatives.

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

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

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

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

V. Interest income and expense

Interest is recognized using the effective interest method (the effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability) defined in TAS 39. Interest income and expense computed by using internal rate of return are recognized on an accrual basis. In accordance with the related legislation, the Parent Bank ceases to accrue interest income on loans that become non-performing. Interest accrual does not start until such loans become performing and are classified as performing loans or until collection.

VI. Fees and commissions

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

VII. Financial assets

The Group categorizes its financial assets as “Fair value through profit/loss”, “Available for sale”, “Loans and receivables” or “Held to maturity”. Sale and purchase transactions of the financial assets mentioned above are recognized and derecognized at the “Settlement dates”. The appropriate classification of financial assets of the Group is determined at the time of purchase by the Parent Bank’s management, taking into consideration the purpose of the investment.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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

VII. Financial assets (continued)

a. Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss consist of “trading securities” and “financial assets designated at fair value”. The Group does not have any financial assets classified as “financial assets designated at fair value”.

Trading securities are financial assets acquired for generating a profit from short term fluctuations in price or in similar elements or which are part of a portfolio used for generating profit in the short term regardless of their reason of acquisition.

Trading securities are recognized and derecognized on settlement date basis when purchased and disposed of. Trading securities are initially recognized at fair value and also evaluated at fair value subsequent to initial recognition. Gains and losses arising from evaluation of such assets are recognized in the income statement. Interest earned from trading securities is reported under interest income. Any profit or loss resulting from the disposal of those assets before their maturity dates is recognized within “Profit/loss on capital market transactions” account in the income statement.

b. Investment securities available-for-sale:

Available-for-sale assets are financial assets other than financial assets at fair value through profit or loss, loans and advances to banks and customers, or financial assets held to maturity.

Purchase and sale transactions of available-for-sale securities are recorded on settlement date. Such financial assets are measured at their fair values subsequently following the initial recognition. Unrecognized gain/losses derived from the difference between their fair value and the discounted values are recorded in “Valuation Differences of Securities” under the shareholders’ equity. In case of sales, the realized gain/losses are recognized directly in the income statement.

The real coupon rates for government bonds indexed to consumer price index are fixed throughout maturities. As per the statements made by the Turkish Treasury on the dates of issuance, such securities are valued taking into account the difference between the reference inflation index at the issue date and the reference inflation index at the balance sheet date to reflect the effects of inflation.

c. Loans and receivables:

Loans and receivables arise when the Parent Bank provides money, goods or services directly to a debtor. Such assets are initially recognized at cost and are carried at amortized cost using the effective interest method. Duties paid, transaction expenditures and other similar expenses on assets received against such risks are not considered as a part of transaction cost and are recorded as expense.

Based on the regular reviews of the loan portfolio by the Parent Bank management, loans that are identified as being impaired are transferred to “loans under follow-up” accounts. Thereby, specific and general allowances are made against the carrying amount of these loans in accordance with the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” published on the Official Gazette no.26333 dated 1 November 2006. Provisions are deducted from the income of the current year. When collections are made on loans that have been provided for, they are credited to the income statement accounts “Provision for Loan Losses or Other Receivables” if the provision was made in the current year, otherwise such collections are credited to “Other Operating Income” account with respect to allowances made in the prior years. Uncollectible receivables are written-off after all the legal procedures are finalized. The Bank’s general policy for write-off of loans and receivables under follow-up is to write off such loans and receivables that are proven to be uncollectible by obtaining required documentation, also considering Tax Procedural Law’s verdicts.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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

VII. Financial assets (continued)

d. Investment securities held-to-maturity:

Held-to-maturity securities are financial assets with fixed maturities and pre-determined payment schedules that the Parent Bank has the intent and ability to hold until maturity, excluding loans and receivables. Investment securities held-to-maturity are initially recognized at cost. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Interest earned on held-to-maturity securities are recognized as interest income in the consolidated income statement.

VIII. Impairment of financial assets

Financial asset or a group of financial assets is audited at each balance sheet date to determine whether there is an objective indicator of impairment. If any such indicator exists, the Group estimates the amount of impairment.

Impairment loss incurs if, and only if, there is an objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) (“loss event(s)”) incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

If there is an objective evidence that certain loans will not be collected, for such loans; the Parent Bank provides specific and general allowances for loan and other receivables classified in accordance with the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” published on the Official Gazette no.26333 dated 1 November 2006. The allowances are recorded in the income statement of the related period.

As at 30 June 2016, since the consumer loans of the Parent Bank do not exceed the ratios mentioned in the regulation published in the Official Gazette no. 27968 dated 18 June 2011 and in the Official Gazette no. 28789 (repeated) dated 8 October 2013 amending the “The Amendment to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” additional general loan loss provision has not been calculated.

IX. Offsetting financial instruments

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

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

X. Sale and repurchase agreements and transactions related to the lending of securities

Securities sold under repurchase agreements (“repo”) are classified as “trading”, “available for sale” or “held to maturity” based on the Parent Bank management’s intention and measured with the same valuation principles of the portfolio above. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis based on the difference between selling and repurchase prices using effective interest rate method.

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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

XI. Assets held for sale and discontinued operations

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

The Group does not have any assets held for sale.

The Group does not have any discontinued operations.

XII. Goodwill and other intangible assets

There is no goodwill in the accompanying consolidated financial statements as at 30 June 2016 and 31 December 2015.

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

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

Intangible assets are amortized on a straight-line basis based on their estimated useful lives. Useful life of an asset is estimated by assessment of the expected life span of the asset and technical and technological wear outs of the asset. The amortization rates used approximate the useful lives of the assets.

XIII. Tangible assets

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

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

Buildings	50 years
Furniture and vehicles	3 – 50 years
Leasehold improvements	The shorter of the economic life of lease term

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

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

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

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

The Parent Bank applies revaluation model for the buildings as permitted by TAS 16 “Property, Plant and Equipment”. For this purpose, fair values of the buildings are determined by a third party appraiser, which is commissioned by BRSA and Capital Markets Board. The fair value surplus is recognized in “Revaluation Fund on Tangible Assets” within the equity items. As at 30 June 2016, revaluation surplus on tangible assets amounts to TL 9,151 (31 December 2015: TL 9,151).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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XIV. Leasing activities

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

In operating leases, the rent payments are charged to the income statement on an accrual basis.

XV. Provisions and contingencies

Provisions, other than specific and general provisions for loans and other receivables, and contingent liabilities are provided for in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

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

XVI. Contingent assets

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

XVII. Obligations concerning employee rights

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

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

XVIII. Taxation

a. Current taxes:

In Turkey, the corporate tax rate is 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives in Turkey are not subject to withholding tax. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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

XVIII. Taxation (continued)

a. Current taxes:

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

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

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

b. Deferred taxes:

In accordance with TAS 12 “Income Taxes”, the Group accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are based on tax rates that have been enacted at the balance sheet date.

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

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

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

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

c. Transfer pricing:

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

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

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

XIX. Additional explanations on borrowings

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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

XX. Issued stock

There is no issued stock in the current period.

XXI. Acceptances

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

XXII. Government grants

As at 30 June 2016 and 31 December 2015, the Group does not have any government grants.

XXIII. Reserves and profit distribution

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

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

XXIV. Related parties

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

XXV. Cash and cash equivalents

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

XXVI. Segment reporting

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

XXVII. Reclassifications

In order to achieve convenient presentation of financial statements as at 30 June 2016, a reclassification has been made on the consolidated income statement for the period ended 30 June 2015. Such reclassification includes the presentation of required reserve interest income amounting to TL 655 under “Interest from Reserve Deposits”, which had been shown in “Interest from Banks”.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016**

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

SECTION FOUR

CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations on Consolidated Equity

a. Information about Consolidated Total Capital

	Amount	Amounts related to treatment before 1/1/2014 (*)
Common Equity Tier 1 capital		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	420,000	
Share issue premiums	(814)	
Reserves	179,273	
Gains recognized in equity as per TAS	20,540	
Profit	1,879	
Current period profit	1,879	
Prior period profit	-	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	620,878	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	
Improvement costs for operating leasing	4,872	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1,153	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions -	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities -	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	

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

I. Explanations on Consolidated Equity (continued)

a. Information about Consolidated Total Capital (continued)

	Amount	Amounts related to treatment before 1/1/2014 (*)
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
of which: mortgage servicing rights	-	-
of which: deferred tax assets arising from temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier I Capital	6,025	
Total Common Equity Tier I Capital	614,853	
ADDITIONAL TIER 1 CAPITAL		
Preferred stock not included in common equity and the related share premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial	-	-
Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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

I. Explanations on Consolidated Equity (continued)

a. Information about Consolidated Total Capital (continued)

	Amount	Amounts related to treatment before 1/1/2014 (*)
Transition from the Core Capital to Continue to deduce Components		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	768	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	614,085	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	36,506	
Tier II Capital Before Deductions	36,506	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	36,506	
Total Capital (The sum of Tier I Capital and Tier II Capital)	650,591	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	205	
Other items to be defined by the BRSA	190	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	
The Sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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

I. Explanations on Consolidated Equity (continued)

a. Information about Consolidated Total Capital (continued)

	Amount	Amounts related to treatment before 1/1/2014 (*)
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
TOTAL CAPITAL		
Total capital	650,196	
Total risk weighted items	4,819,726	
CAPITAL ADEQUACY RATIOS (**)		
Consolidated Core Capital Adequacy Ratio (%)	12.76	
Consolidated Tier 1 Capital Adequacy Ratio (%)	12.74	
Consolidated Capital Adequacy Standard Ratio (%)	13.49	
BUFFERS		
Total buffer requirement	0.632	
Capital conservation buffer requirement (%)	0.625	
Bank specific countercyclical buffer requirement (%)	0.007	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	8.26	
Amounts below the thresholds for deduction (before risk weighting)		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Mortgage servicing rights (net of related tax liability)	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	36,506	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	36,506	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4	-	
(to be implemented between January 1, 2018 and January 1, 2022)	-	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

(**) The Parent Bank considers the loan provided to ICBC Group at an amount of TL 1,057,096, as cash reserve as of 30 June 2016 in accordance with the Account Pledge Contract dated 25 June 2015 concluded with its shareholder ICBC and does not consider the aforementioned loan as an item which shall be deducted from the capital adequacy ratio calculation.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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

I. Explanations on Consolidated Equity (continued)

a. Information about Consolidated Total Capital (continued)

Total capital has been calculated in accordance with the "Regulations regarding to changes on Regulation on Equity of Banks" effective from date 31 March 2016, the information given in the prior period has been calculated pursuant to former regulation.

	31 December 2015
COMMON EQUITY	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	420,000
Share premium	(814)
Share cancellation profits	-
Reserves	179,273
Gains reflected in equity in accordance with TAS	8,999
Profit	-
Current Period Profit	-
Prior Years' Profit	-
Provisions for Possible Risks	-
Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit	-
Minority Shares	-
Common Equity Before Deductions	607,458
Deductions from Common Equity	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	10,264
Leasehold improvements (-)	5,737
Goodwill or other intangible assets and deferred tax liability related to these items (-)	598
Net deferred tax asset/liability (-)	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law (-)	-
Direct and indirect investments of the Bank in its own Common Equity (-)	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity (-)	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity (-)	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital (-)	-
Excess amount arising from mortgage servicing rights (-)	-
Excess amount arising from deferred tax assets based on temporary differences (-)	-
Other items to be defined by the BRSA (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
Total Deductions From Common Equity	16,599
Total Common Equity	590,859
ADDITIONAL TIER I CAPITAL	
Capital amount and related premiums corresponding to preference shares that are not included in common equity	-
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014)	-
Debt instruments and premiums deemed suitable by the BRSA (issued before 1.1.2014)	-
Third parties' shares in the Additional Tier I Capital	-
Additional Tier I Capital before Deductions	-
Deductions from Additional Tier I Capital	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital (-)	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Other items to be defined by the BRSA (-)	-
Deductions to be made from Additional Tier I Capital in the case that adequate Tier II Capital is not available (-)	-
Total Deductions From Additional Tier I Capital	-
Total Additional Tier I Capital	-

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

I. Explanations on Consolidated Equity (continued)

a. Information about Consolidated Total Capital (continued)

Deductions from Tier I Capital

Portion of goodwill and other intangible assets and the related deferred tax liabilities which not deducted from the Common Equity as per the 1st clause of Provisional Article 2 of the Regulation on the Equity of Banks (-)	898
Portion of net deferred tax assets/liabilities which is not deducted from the common equity pursuant to Paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	-

Total Tier I Capital **589,961**

TIER II CAPITAL

Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014)	-
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained before 1.1.2014)	-
Sources pledged to the Bank by shareholders to be used in capital increases of the Bank	-
General Loan Loss Provisions	30,530
Third parties' shares in the Tier II Capital	-

Tier II Capital Before Deductions **30,530**

Deductions From Tier II Capital

Direct and indirect investments of the Bank in its own Tier II Capital (-)	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Other items to be defined by the BRSA (-)	-

Total Deductions from Tier II Capital **-**

Total Tier II Capital **30,530**

CAPITAL BEFORE DEDUCTIONS **620,491**

Loans granted contrary to the 50th and 51th Article of the Law (-)

Net book value of amounts exceeding the limit mentioned in the 1st Paragraph of Article 57 of the Law and assets acquired against overdue receivables which could not be disposed of even though five years have passed since their acquisition date (-)	197
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Loans granted to banks and financial institutions, including those established abroad, and to bank's qualified shareowners or investments made to debt instruments issued by them (-) (**)	-
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Deductions as per the Article 20, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-
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Other items to be defined by the BRSA (-) (*)

Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-
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Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-
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Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
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TOTAL CAPITAL **577,159**

Amounts below the Excess Limits as per the Deduction Principles

Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-
Amounts arising from the net long positions of investments made in Tier I Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-
Amounts arising from mortgage servicing rights	-
Amounts arising from deferred tax assets based on temporary differences	-

(*)It includes the amount deducted from capital at an amount of TL 42,918 sourcing from exceeding the determined maximum ratio two times in one year in scope of article 5 "Incompatibility with Rational Limits" of Regulation on Measurement and Evaluation of Interest Rate Sourcing From Banking Accounts through Standard Shock Method" published in Official Gazette dated 23 August 2011 and numbered 28034.

(**) The Parent Bank considers the loan provided to Industrial and Commercial Bank of China (ICBC) at an amount of TL 613,594, as cash reserve as of 31 December 2015 in accordance with the Account Pledge Contract dated 25 June 2015 concluded with its shareholder ICBC and does not consider the aforementioned loan as an item which shall be deducted from the capital.

Information on the issues subject to temporary implementation in capital calculation:

None.

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

None.

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

I. Explanations on Consolidated Equity (continued)**Information on the agreement of equity items and balance sheet amounts:**

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

II. Consolidated foreign currency exchange rate risk

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

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

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

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

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

	23/06/16	24/06/2016	27/06/2016	28/06/2016	29/06/16	30/06/16
USD	2.9055	2.8799	2.9266	2.9365	2.9130	2.8936
GBP	4.2564	4.2586	4.0186	3.9007	3.8766	3.8690
EURO	3.2776	3.2728	3.2444	3.2402	3.2262	3.2044
JPY	0.0277	0.0274	0.0285	0.0288	0.0284	0.0281

The basic arithmetical average of the Parent Bank’s foreign exchange bid rates for the last thirty days ending 30 June 2016 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	2.9153
GBP	4.1676
EURO	3.2799
JPY	0.0275

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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II. Consolidated foreign currency exchange rate risk (continued)

Information on consolidated foreign currency exchange rate risk:

30 June 2016	EURO	USD	OTHER FC	TOTAL
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽¹⁾	9,921	891,216	670	901,807
Banks	22,572	477,980	2,639	503,191
Financial Assets at Fair Value Through Profit or Loss ⁽²⁾	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	1,966	791,715	-	793,681
Loans ⁽³⁾	508,247	1,967,906	17,024	2,493,177
Investments in Subsidiaries and Associates	-	-	-	-
Investment Securities Held-to-Maturity	-	74,771	-	74,771
Hedging Purpose Financial Derivatives	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets ⁽²⁾	371	1,614	16	2,001
Total Assets	543,077	4,205,202	20,349	4,768,628
Liabilities				
Bank Deposits	189	-	43	232
Foreign Currency Deposits	218,484	802,836	8,802	1,030,122
Interbank Money Markets	-	386,380	-	386,380
Funds Borrowed from Other Financial Institutions	20,970	3,414,081	-	3,435,051
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	18,096	1,927	-	20,023
Hedging Purpose Financial Derivatives	-	-	-	-
Other Liabilities ^{(2) (6)}	1,333	2,082	79	3,494
Total Liabilities ^{(2) (6)}	259,072	4,607,306	8,924	4,875,302
Net On Balance Sheet Position	284,005	(402,104)	11,425	(106,674)
Net Off Balance Sheet Position	(284,390)	415,485	(10,786)	120,309
Financial Derivatives (Assets) ⁽⁵⁾	9,934	433,302	7,094	450,330
Financial Derivatives (Liabilities) ⁽⁵⁾	294,324	17,817	17,880	330,021
Non-cash Loans ⁽⁴⁾	171,615	443,979	1,947	617,541
31 December 2015				
Total Assets ^{(1) (2) (3)}	347,370	3,674,143	78,374	4,099,887
Total Liabilities ^{(2) (6)}	390,845	4,340,261	28,888	4,759,994
Net On Balance Sheet Position	(43,475)	(666,118)	49,486	(660,107)
Net Off Balance Sheet Position	42,897	654,283	(48,728)	648,452
Financial Derivatives (Assets) ⁽⁵⁾	44,486	727,505	8,990	780,981
Financial Derivatives (Liabilities) ⁽⁵⁾	1,589	73,222	57,718	132,529
Non-cash Loans ⁽⁴⁾	113,687	326,101	4,780	444,568

(1) As at 31 December 2015 precious metals balance in the Central Bank account amounting to TL 49,149 is included in other FC. As at 30 June 2016 the Group does not have precious metals balance in the Central Bank accounts.

(2) As at 30 June 2016, accrual differences of derivative transactions presented in "Financial Assets At Fair Value Through Profit or Loss" and "Negative Value of Trading Derivatives" amounting to TL 5,943 and TL 712 respectively, (31 December 2015: TL 210 and TL 591) are not included in the table.

(3) As at 30 June 2016, "Loans" balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 203,732 (31 December 2015: TL 251,111).

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

(5) As at 30 June 2016, value dated FX buying and FX selling transactions amounting to TL 930 and TL 899 respectively, presented under "Asset Purchase and Sale Commitments" of off-balance sheet items are included (31 December 2015: TL 899 and TL 19,508). As at 31 December 2015 precious metal swap sales amounting to TL 49,419 in "Other" item of Derivatives Financial Instruments section of off-balance sheet items is included in Other FC column.

(6) "Valuation Differences of Securities" amounting to TL 10,256 (31 December 2015: TL (10,318)) classified under Equity as of 30 June 2016 is not included.

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

II. Consolidated foreign currency exchange rate risk (continued)

The table below demonstrates prospective increase and decrease in equity and profit/loss as at 30 June 2016 and 31 December 2015 (excluding tax effect) on condition that 10 percent revaluation/devaluation of the foreign currencies below against TL. This analysis has been prepared assuming that other variables, particularly interest rates, remain constant.

Change in foreign currency rate	30 June 2016				31 December 2015			
	Income Statement		Equity (*)		Income Statement		Equity (*)	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	313	(313)	1,338	(1,338)	(152)	152	(1,184)	1,184
EURO	(39)	39	(39)	39	(58)	58	(58)	58
Other FC	64	(64)	64	(64)	76	(76)	76	(76)
Total, net	338	(338)	1,363	(1,363)	(134)	134	(1,166)	1,166

(*) Equity effect includes income statement effect in the table.

III. Consolidated interest rate risk

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

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

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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III. Consolidated interest rate risk (continued)

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

	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
30 June 2016							
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	911,003	-	-	-	35,698	946,701
Banks	220,471	-	-	-	-	285,034	505,505
Financial Assets at Fair Value Through Profit or Loss	5,371	581	-	-	-	7,257	13,209
Interbank Money Market Placements	5,929	-	-	-	-	-	5,929
Investment Securities Av.-for-Sale	101,965	38,605	28,908	727,386	66,017	2,126	965,007
Loans	622,831	547,288	1,494,339	1,142,178	600,181	41,494	4,448,311
Investment Securities Held-to-Mat.	-	-	-	74,771	-	-	74,771
Other Assets	1	-	-	-	-	91,985	91,986
Total Assets	956,568	1,497,477	1,523,247	1,944,335	666,198	463,594	7,051,419
Liabilities							
Bank Deposits	-	-	-	-	-	269	269
Other Deposits	1,493,651	652,672	15,557	-	-	120,320	2,282,200
Interbank Money Market Borrowings	252,709	-	220,151	-	-	-	472,860
Miscellaneous Payables	-	-	-	-	-	91,237	91,237
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin.Inst.	36,567	1,243,430	1,435,827	3,107	730,796	-	3,449,727
Other Liabilities	2,213	23	-	-	-	752,890	755,126
Total Liabilities	1,785,140	1,896,125	1,671,535	3,107	730,796	964,716	7,051,419
Balance Sheet Long Position	-	-	-	1,941,228	-	-	1,941,228
Balance Sheet Short Position	(828,572)	(398,648)	(148,288)	-	(64,598)	(501,122)	(1,941,228)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	(828,572)	(398,648)	(148,288)	1,941,228	(64,598)	(501,122)	-

(*) Tangible and intangible assets amounting to TL 27,941, tax assets amounting to TL 774 and other assets amounting to TL 63,270 are presented within other assets as non-interest bearing; provisions amounting to TL 63,394, tax liability amounting to TL 9,719 other liabilities amounting to TL 58,899 and equity amounting to TL 620,878 are presented within other liabilities as non-interest bearing.

Interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
30 June 2016 (*)				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	0.49	-	3.52
Banks	-	0.48	-	9.42
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	13.48
Investment Securities Available-for-Sale	-	4.29	-	10.38
Loans	3.57	3.89	5.84	13.96
Investment Securities Held-to-Maturity	-	5.13	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	1.23	2.43	-	12.04
Interbank Money Market Borrowings	-	1.79	-	7.87
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0.18	1.68	-	6.60

(*) Stated at compound interest rates.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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

III. Consolidated interest rate risk (continued)

	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
31 December 2015							
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	860,947	-	-	-	84,592	945,539
Banks	280,212	-	-	-	-	20,183	300,395
Financial Assets at Fair Value Through Profit or Loss	188	24	-	-	-	18	230
Interbank Money Market Placements	77,031	-	-	-	-	-	77,031
Investment Securities Av.-for-Sale	47,904	140,391	79,983	767,968	50,048	160	1,086,454
Loans	792,482	299,516	1,166,537	1,368,486	477,714	45,885	4,150,620
Investment Securities Held-to-Mat.	-	-	-	-	-	-	-
Other Assets	27	-	-	-	-	109,926	109,953
Total Assets	1,197,844	1,300,878	1,246,520	2,136,454	527,762	260,764	6,670,222
Liabilities							
Bank Deposits	-	-	-	-	-	37	37
Other Deposits	1,052,991	606,192	20,390	-	-	454,939	2,134,512
Interbank Money Market Borrowings	368,915	-	149,902	-	-	-	518,817
Miscellaneous Payables	-	-	-	-	-	126,633	126,633
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin.Inst.	348,929	449,209	2,355,669	1,691	-	-	3,155,498
Other Liabilities	4,256	-	-	-	-	730,469	734,725
Total Liabilities	1,775,091	1,055,401	2,525,961	1,691	-	1,312,078	6,670,222
Balance Sheet Long Position	-	245,477	-	2,134,763	527,762	-	2,908,002
Balance Sheet Short Position	(577,247)	-	(1,279,441)	-	-	(1,051,314)	(2,908,002)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	(577,247)	245,477	(1,279,441)	2,134,763	527,762	(1,051,314)	-

(*) Tangible and intangible assets amounting to TL 28,183, tax assets amounting to TL 7,033 and other assets amounting to TL 74,710 are presented within other assets as non-interest bearing; provisions amounting to TL 55,017, tax liability amounting to TL 10,533 other liabilities amounting to TL 67,725 and equity amounting to TL 597,194 are presented within other liabilities as non-interest bearing.

Interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
31 December 2015 (*)				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	0.30	-	5.39
Banks	0.05	0.70	-	13.03
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	15.81
Investment Securities Available-for-Sale	-	4.31	-	10.39
Loans	4.01	3.82	5.79	13.96
Investment Securities Held-to-Maturity	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	1.43	2.03	0.40	12.25
Interbank Money Market Borrowings	-	1.81	-	8.24
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	1.19	1.36	-	6.64

(*) Stated at compound interest rates.

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IV. Consolidated liquidity risk

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

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

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

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

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

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

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

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IV. Consolidated liquidity risk (continued)

Liquidity coverage ratios calculated weekly on bank only basis and monthly on consolidated basis are subject to regulatory reporting starting from 1 January 2015 as per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette no. 28948, dated 21 March 2014. Liquidity coverage ratios should be at least 50% for foreign currency denominated assets and liabilities and 70% for total assets and liabilities for 2016, respectively %40 and %60 for 2015. Monthly consolidated liquidity coverage ratios for the last three months including the reporting period are as follows:

Liquidity Coverage Ratios	FC Liquidity Coverage Ratio (%)	Total Liquidity Coverage Ratio (%)
30 June 2016	475.1	352.1
Average	406.3	229.3

	Min FC (%)	Min Sum (%)	Max FC (%)	Max Sum (%)
Month	May 2016	May 2016	April 2016	June 2016
Ratio (%)	132.0	101.0	611.9	352.1

Current Period – 30 June 2016	Unweighted Amounts(**)		Weighted Amounts(**)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			1,100,054	948,632
CASH OUTFLOWS				
Retail and Small Business Customers Deposits	1,530,708	589,391	136,543	59,025
Stable deposits	334,640	-	16,936	86
Less stable deposits	1,196,068	589,391	119,607	58,939
Unsecured Funding other than Retail and Small Business Customer Deposits	1,084,130	787,379	757,302	630,620
Operational deposits	7,005	-	1,415	-
Non-Operational Funding	524,673	260,020	207,309	103,261
Other Unsecured Funding	552,452	527,359	548,578	527,359
Secured funding			-	-
Other Cash Outflows	430,560	187,086	430,560	187,086
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	430,560	187,086	430,560	187,086
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	80,881	63,552	32,352	25,421
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	114,125	114,125	5,706	5,706
Other irrevocable or conditionally revocable commitments	799,724	390,870	78,563	39,047
TOTAL CASH OUTFLOWS			1,441,026	946,905
CASH INFLOWS				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	509,649	323,148	442,145	310,803
Other contractual cash inflows	430,384	430,384	430,384	430,384
TOTAL CASH INFLOWS	940,033	753,532	872,529	741,187
	Capped Amounts			
TOTAL HIGH LIQUIDITY ASSETS			1,100,054	948,632
TOTAL NET CASH OUTFLOWS(*)			568,497	236,726
Liquidity Coverage Ratio(%)			194%	401%

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

(**) Monthly simple arithmetic average of consolidated liquidity coverage ratios for the first quarter of 2016 is calculated.

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IV. Consolidated liquidity risk (continued)

Prior Period – 31 December 2015	Unweighted Amounts(**)		Weighted Amounts(**)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			1,140,423	904,044
CASH OUTFLOWS				
Retail and Small Business Customers Deposits	1,452,226	604,698	119,996	51,989
Stable deposits	504,528	169,615	25,226	8,481
Less stable deposits	947,698	435,083	94,770	43,508
Unsecured Funding other than Retail and Small Business Customer Deposits	1,511,721	1,178,823	923,023	781,863
Operational deposits	12,819	-	2,666	-
Non-Operational Funding	951,406	659,264	376,651	262,304
Other Unsecured Funding	547,496	519,559	543,706	519,559
Secured funding	-	-	-	-
Other Cash Outflows	664,855	54,481	664,855	54,481
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	664,855	54,481	664,855	54,481
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	44,457	27,781	17,783	11,113
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	88,860	88,860	4,443	4,443
Other irrevocable or conditionally revocable commitments	728,965	232,703	67,683	23,277
TOTAL CASH OUTFLOWS			1,797,783	927,166
CASH INFLOWS				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	703,965	362,072	626,957	352,162
Other contractual cash inflows	660,072	659,366	660,072	659,366
TOTAL CASH INFLOWS	1,364,037	1,021,438	1,287,029	1,011,528
			Capped Amounts	
TOTAL HIGH LIQUIDITY ASSETS			1,140,423	904,044
TOTAL NET CASH OUTFLOWS(*)			510,754	231,792
Liquidity Coverage Ratio(%)			223%	390%

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

(**) Monthly simple arithmetic average of consolidated liquidity coverage ratios for the last quarter of 2015 is calculated.

There is an increase in the liquidity coverage ratio because of the loans provided from abroad by the Bank in current period. The Bank accepts required reserves, deposit and drawing accounts in Central Bank of Republic of Turkey, cash and borrowing instruments issued by Undersecretariat of Treasury as premium quality as liquid assets. Credits, provided from abroad, are the main fund resources while deposit and repo are other resources regarding funding. The opposite parties of repo transactions are the Central Bank of the Republic of Turkey and banks and there is no concentration. A significant part of funds, provided from abroad, is provided by the risk group of the Bank.

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IV. Consolidated liquidity risk (continued)
Presentation of assets and liabilities according to their residual maturities:

30 June 2016	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 5 years and Years over	Undist. ⁽¹⁾	Total
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	297,738	648,963	-	-	-	-	946,701
Banks	285,034	220,471	-	-	-	-	505,505
Financial Assets at Fair Value Through Profit or Loss	7,257	5,364	588	-	-	-	13,209
Interbank Money Market Placements	-	5,929	-	-	-	-	5,929
Investment Securities Available-for-Sale	2,126	53,856	2,203	37,491	798,934	70,397	965,007
Loans	-	267,363	455,298	1,478,735	1,268,049	937,372	4,448,311
Investment Securities Held-to-Maturity	-	-	-	-	74,771	-	74,771
Other Assets	-	48,057	1,305	2,563	11	774	39,276
Total Assets	592,155	1,250,003	459,394	1,518,789	2,141,765	1,008,543	7,051,419
Liabilities							
Bank Deposits	269	-	-	-	-	-	269
Other Deposits	120,320	1,493,651	652,672	15,557	-	-	2,282,200
Funds Borrowed from Other Financial Institutions	-	36,567	1,243,430	1,435,827	3,107	730,796	3,449,727
Interbank Money Markets	-	252,709	-	220,151	-	-	472,860
Marketable Securities Issued	-	-	-	-	-	-	-
Miscellaneous Payables	91,237	-	-	-	-	-	91,237
Other Liabilities	-	67,311	3,543	-	-	684,272	755,126
Total Liabilities	211,826	1,850,238	1,899,645	1,671,535	3,107	730,796	7,051,419
Net Liquidity Gap	380,329	(600,235)	(1,440,251)	(152,746)	2,138,658	277,747	(603,502)
Net off balance sheet position	-	2,933	331	-	-	-	3,264
Derivative financial assets ⁽³⁾	-	411,486	40,225	-	-	-	451,711
Derivative financial liabilities ⁽³⁾	-	408,553	39,894	-	-	-	448,447
Non-cash loans ⁽²⁾	347,414	42,428	60,763	269,372	109,784	510	830,271
31 December 2015							
Total Assets	356,849	1,459,462	462,396	949,974	2,719,060	637,848	6,670,222
Total Liabilities	581,609	1,850,792	1,057,958	2,525,961	1,691	-	6,670,222
Net Liquidity Gap	(224,760)	(391,330)	(595,562)	(1,575,987)	2,717,369	637,848	(567,578)
Net off balance sheet position	-	(7,140)	(695)	-	-	-	(7,835)
Derivative financial assets ⁽³⁾	-	794,396	7,100	-	-	-	801,496
Derivative financial liabilities ⁽³⁾	-	801,536	7,795	-	-	-	809,331
Non-cash loans ⁽²⁾	295,767	57,634	49,315	182,647	137,479	8,492	731,334

⁽¹⁾ Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting to TL 27,941 stationary supplies amounting to TL 566, assets to be disposed of amounting to TL 10,769, loans in follow-up amounting to TL 41,494 and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 63,394 and equity amounting to TL 620,878 are included here.

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

⁽³⁾ As at 30 June 2016, spot foreign currency purchase and sale transactions with value date amounting to TL 1,506 and TL 1,509, respectively, are presented under "Asset Purchase and Sale Commitments" of off-balance sheet items (31 December 2015: TL 20,139 and TL 20,093).

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V. Information regarding consolidated leverage ratio

Consolidated leverage ratio of the Parent Bank calculated based on last 3 months average amounts is 7.55% as of 30 June 2016 (31 December 2015: 7.70%). This ratio is above the minimum ratio. The main reason behind the decrease in current period leverage ratio, compared to the previous year, is the increase in amounts related to credit risk.

	Current Period (*) 30 June 2016	Prior Period (*) 31 December 2015
On-Balance sheet exposures		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	6,837,253	6,507,126
(Assets amounts deducted in deteröing Tier 1 capital)	399	(15,940)
Total on-Balance sheet exposures	6,836,854	6,491,186
Derivative financial instruments and credit derivatives		
Replacements cost of derivative financial instruments and credit derivatives	-	-
Potential credit risk of derivative financial instruments and credit derivatives	7,522	11,693
Total derivative financial instruments and credit derivatives exposure	7,522	11,693
Securities financial instruments and credit derivatives		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	53,655	47,001
Agent transaction exposure	-	-
Total securities financing transactions exposures	53,655	47,001
Off-balance sheet items		
Off-balance sheet exposure at gross notional amount	1,118,634	940,280
(Adjustments for conversions to credit equivalent amounts)	-	-
Total risk of off-balance sheet items	1,118,634	940,280
Capital and total exposure		
Tier 1 capital	604,947	576,862
Total exposures	8,016,665	7,490,160
Leverage ratio (%)	7.55%	7.70%

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

VI. Information related to consolidated securitization position risk

As of 30 June 2016, Group has no securitization position risk generated by banking accounts (31 December 2015: None).

VII. Information related to consolidated risk management

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

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

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

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

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VII. Information related to consolidated risk management (continued)

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

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

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

1. General Information on Risk Management and Risk Weighted Amount

a) Overview of RWA:

	Risk Weighted Amount		Minimum capital requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	4,357,798	4,073,258	348,624
2 Standardised approach (SA)	4,357,798	4,073,258	348,624
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	88,968	78,727	7,117
Standardised approach for counterparty credit risk (SA-CCR)	88,968	78,727	7,117
6 Internal model method (IMM)	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
Investments made in collective investment companies – look-through approach	-	-	-
8 Investments made in collective investment companies – mandate-based approach	-	-	-
9 Investments made in collective investment companies - %1250 weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	43,613	22,363	3,489
17 Standardised approach (SA)	43,613	22,363	3,489
18 Internal model approaches (IMM)	-	-	-
19 Operational risk	329,347	314,453	26,348
20 Basic Indicator Approach	329,347	314,453	26,348
21 Standart Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	4,819,726	4,488,801	385,578

2. Credit Risk Explanations

a) Credit quality of the assets

Gross carrying amounts of (according to TAS)				
	Defaulted exposures	Non-defaulted exposures	Provisions/Impairments	Net amounts
1 Loans	142,176	4,406,817	131,284	4,417,709
2 Debt Securities	-	1,037,652	4,037	1,033,615
3 Off- balance sheet exposures	13,839	1,065,118	8,966	1,069,991
4 Total	156,015	6,509,587	144,287	6,521,315

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VII. Information related to consolidated risk management (continued)
b) Changes in stock of defaulted loans and debt securities

		30 June 2016
1	Defaulted loans and debt securities at the end of the previous reporting period	180,591
2	Loans and debt securities that have defaulted since the last reporting period	17,168
3	Returned to non-defaulted receivables	-
4	Amounts written off	45,433
5	Other changes	(10,150)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	142,176

c) Credit risk mitigation techniques- overview

		Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives of which secured amount
1	Loans	3,290,805	1,126,904	1,126,904	12,560	12,560	-	-
	Debt Securities	1,033,615	-	-	-	-	-	-
3	Total	4,324,420	1,126,904	1,126,904	12,560	12,560	-	-
4	Of which Defaulted	142,176	-	-	-	-	-	-

d) Standardised approach – Credit risk exposure and Credit Risk Mitigation (CRM) effects

Current Period – 30 June 2016	Exposures before credit conversion factor and CRM		Exposures post-credit conversion factor and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Asset classes						
Exposures to central governments or central banks	1,487,710	-	1,407,168	-	602,675	13.60%
Exposures to regional governments or local authorities	-	1	-	-	-	0.00%
Exposures to public sector entities	160	73,457	160	36,727	36,887	0.80%
Exposures to multilateral development banks	-	-	-	-	-	0.00%
Exposures to international organisations	-	-	-	-	-	0.00%
Exposures to institutions	2,309,990	148,739	1,917,749	94,000	886,152	19.90%
Exposures to corporates	2,601,825	769,400	2,531,976	360,390	2,220,899	49.90%
Retail exposures	202,500	45,950	192,098	11,302	152,853	3.40%
Exposures secured by residential property	382,728	1,016	382,557	211	133,969	3.00%
Exposures secured by commercial real estate	470,691	12,346	468,742	5,068	289,215	6.50%
Past-due loans	41,494	-	40,239	-	39,437	0.90%
Higher-risk categories by the Agency Board	-	-	-	-	-	0.00%
Exposures in the form of covered bonds	-	-	-	-	-	0.00%
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	0.00%
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	0.00%
Other assets	120,577	-	120,094	-	84,481	2.00%
Investment in equities	-	-	-	-	-	0.00%
Total	7,617,675	1,050,909	7,060,783	507,698	4,446,568	100.00%

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VII. Information related to consolidated risk management (continued)

e) Standardised Approach – Exposures by asset classes and risk weights

Current Period- 30 June 2016	0%	10%	20%	50%(*)	75%	100%	150%	200%	Other risk weights	Total risk (after CCF and CRM)
Asset classes/ Risk weight										
Exposures to central governments or central banks	237,492	-	-	1,205,350	-	-	-	-	-	1,442,842
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Exposures to public sector entities	-	-	-	-	-	36,887	-	-	-	36,887
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
Exposures to international organisations	-	-	-	-	-	-	-	-	-	-
Exposures to institutions	48	-	8,391	1,612,283	-	475,446	-	-	-	2,096,168
Exposures to corporates	-	-	85,575	401,958	-	2,404,834	-	-	-	2,892,367
Retail exposures	-	-	-	4	203,395	-	-	-	-	203,399
Exposures secured by residential property	-	-	-	-	-	-	-	-	382,768	382,768
Exposures secured by commercial real estate	-	-	-	369,194	-	104,617	-	-	-	473,811
Past-due loans	-	-	-	4,219	-	35,914	106	-	-	40,239
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Investments in equities	-	-	-	-	-	-	-	-	-	-
Total	237,540	-	93,966	3,593,008	203,395	3,057,698	106	-	382,768	7,568,481

(*)Secured by real estate.

3. Counterparty Credit Risk (CCR) Explanations

a) Analysis of counterparty credit risk exposure by approach

Current Period - 30 June 2016	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure at default	Exposure at default post CRM	RWA
1 Standardised Approach (for derivatives)	3,715	4,517	-	1.4	10,462	10,462
2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	-	-
4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)	-	-	-	-	551,444	78,307
5 VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit	-	-	-	-	551,444	78,307
6 Total	-	-	-	-	-	88,769

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VII. Information related to consolidated risk management (continued)
b) Credit valuation adjustment (CVA) capital charge

	Current Period - 30 June 2016	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge		
1	(i) Value at Risk (VaR) component (including the 3×multiplier)	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-
3	All portfolios subject to the Standardised CVA capital charge	10,462	101
4	Total subject to the CVA capital charge	10,462	101

c) Standardised approach of CCR exposures by regulatory portfolio and risk weights

Current Period - 30 June 2016 Risk Weights / Risk Classes	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure(*)
Claims from central governments and central banks	473,035	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non commercial entity	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	-	-	-	204	-	88,667	-	-	88,769
Corporates	-	-	-	-	-	-	-	-	-
Retail portfolios	-	-	-	-	-	-	-	-	-
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	473,035	-	-	204	-	88,667	-	-	88,769

(*)Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques

d) Composition of collateral for CCR exposure

Related table is not presented due to not having derivative collaterals.

e) Credit derivatives exposures

Related table is not presented due to not having credit derivatives.

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VII. Information related to consolidated risk management (continued)

f) Exposures to central counterparties (CCP)

Current Period - 30 June 2016		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		98
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which		
3	(i) OTC Derivatives	4,876	98
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	6,586	-
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

4. Securitization Explanations

Related table is not presented due to not having securitization transactions.

5. Market Risk Explanations

a) Standardised approach

		RWA
1	Outright products	
1	Interest rate risk (general and specific)	1,988
2	Stock risk (general and specific)	27,425
3	Foreign exchange risk	14,200
4	Commodity risk	-
5	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
9	Total	43,613

VIII. Consolidated segment reporting

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

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

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VIII. Consolidated segment reporting (continued)

Treasury department is consisted of Balance Sheet Management and Sales units. The Balance Sheet Management unit follows up the Parent Bank's cash flows, liquidity management, marketable securities portfolio and transfer pricing activities. Sales unit is responsible for marketing all types of bills and bonds, foreign exchange transactions and derivative products including forwards and options to its customers. ICBC Turkey Yatırım, subsidiary of Parent Bank, intermediates for capital markets products and provides investment fund and portfolio management services.

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

Information related to the segments of the Group:

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

30 June 2016	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group's Total Operations
Operating Income	33,320	40,769	44,364	118,453
Operating profit of segment	13,155	(5,723)	(2,297)	5,135
Costs not distributed	-	-	-	-
Operating profit	13,155	(5,723)	(2,297)	5,135
Income from subsidiaries	-	-	-	-
Profit before tax	13,155	(5,723)	(2,297)	5,135
Tax provision (-)	-	-	3,256	3,256
Profit after tax	13,155	(5,723)	(5,553)	1,879
Non-controlling rights	-	-	-	-
Net Profit/ (Loss)	13,155	(5,723)	(5,553)	1,879
Segment assets (*)	663,277	3,852,993	2,535,149	7,051,419
Investments in subsidiaries	-	-	-	-
Total Assets	663,277	3,852,993	2,535,149	7,051,419
Segment liabilities (*)	1,587,133	767,131	4,076,277	6,430,541
Equity	-	-	620,878	620,878
Total Liabilities	1,587,133	767,131	4,697,155	7,051,419
Other Segment Items	2,436	11,426	11,024	24,886
Capital expenditure	-	-	1,987	1,987
Depreciation and amortization	133	214	1,909	2,256
Impairment losses (**)	2,303	11,212	7,128	20,643
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 55% for corporate banking, 9% for retail banking, 36% for investment banking and others segment. Gross income (operational income) of the Group is 30 June 2016 distributed between corporate banking, retail banking and investment banking and others segment as 34%, 28%, and 38%, respectively.

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

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VIII. Consolidated segment reporting (continued)

	Retail Banking	Corporate Banking	Investment Banking and Others	Total Operations
30 June 2015				
Operating Income	13,111	38,286	26,421	77,818
Operating profit of segment	(4,453)	(18,635)	(2,884)	(25,972)
Costs not distributed	-	-	-	-
Operating profit	(4,453)	(18,635)	(2,884)	(25,972)
Income from subsidiaries	-	-	-	-
Profit before tax	(4,453)	(18,635)	(2,884)	(25,972)
Tax provision (-)	-	-	(3,731)	(3,731)
Profit after tax	(4,453)	(18,635)	847	(22,241)
Non-controlling rights	-	-	-	-
Net Profit	(4,453)	(18,635)	847	(22,241)
Other Segment Items	2,534	15,312	9,947	27,793
Capital expenditure	-	-	421	421
Depreciation and amortization	129	247	1,817	2,193
Impairment losses (**)	2,405	15,065	7,709	25,179
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-
31 December 2015				
Segment assets (*)	502,690	3,628,407	2,539,125	6,670,222
Investments in subsidiaries	-	-	-	-
Total Assets	502,690	3,628,407	2,539,125	6,670,222
Segment liabilities (*)	1,398,918	784,728	3,889,382	6,073,028
Equity	-	-	597,194	597,194
Total Liabilities	1,398,918	784,728	4,486,576	6,670,222

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

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

Based on information that is presented in the table above, as of 31 December 2015 segments of the Group are distributed based on their asset sizes as percentages in current period as; 54% for corporate banking, 8% for retail banking, 38% for investment banking and others segment. Gross income (operational income) of the Group is 30 June 2015 distributed between corporate banking, retail banking and investment banking and others segment as 49%, 17%, and 34%, respectively.

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SECTION FIVE**DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS****I. Information and disclosures related to consolidated assets****1. Information related to cash and balances with the Central Bank of Turkey:****a) Cash and balances with the Central Bank of Turkey:**

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Cash	15,230	20,445	16,099	18,968
Central Bank of Turkey (CBRT) (*)	29,664	881,362	21,367	889,105
Others	-	-	-	-
Total	44,894	901,807	37,466	908,073

b) Balances with the Central Bank of Turkey:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Unrestricted Demand Deposits (*)	29,664	232,399	21,367	280,054
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	648,963	-	609,051
Total	29,664	881,362	21,367	889,105

(*) As at 30 June 2016, the Parent Bank does not keep precious metals as reserve deposits at Central Bank of Turkey (31 December 2015: TL 49,419).

c) Explanation related to reserve deposits:

In accordance with the “Communiqué Regarding the Reserve Requirements no. 2005/1”, the Parent Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. Interest payments are made to required reserves held as TL as of November 2014 and required reserves held as USD as of May 2015, reserve options and free/open accounts. The reserve rates for TL liabilities vary between 5% and 11.5% due their maturity profile as of 30 June 2016 (31 December 2015: between 5% and 11.5%); the reserve rates for foreign currency liabilities vary between 5% and 25% (31 December 2015: 5% and 25%).

2. Financial assets at fair value through profit or loss (net):**a) Financial assets at fair value through profit or loss given as collateral/blocked and subject to repurchase agreements:**

As at 30 June 2016 and 31 December 2015, the financial assets at fair value through profit or loss are kept under unrestricted account.

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I. Information and disclosures related to consolidated assets (continued)
b) Positive value of trading derivatives:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Forward transactions	2	-	2	-
Swap transactions	-	5,943	-	210
Futures	7	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	9	5,943	2	210

3. Information on banks:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Banks				
Domestic	2,314	236,405	10,208	270,209
Foreign	-	266,786	-	19,978
Foreign branches	-	-	-	-
Total	2,314	503,191	10,208	290,187

4. Information on investment securities available-for-sale (net):
a) Investment securities available-for-sale given as collateral or blocked:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Given as collateral or blocked	17,559	-	13,240	-
Subject to repurchase agreements	86,901	464,542	108,638	489,413
Total	104,460	464,542	121,878	489,413

As at 30 June 2016, investment securities available-for-sale other than those given as collateral or subject to repurchase agreements amounting to TL 396,005 are unrestricted (31 December 2015: TL 475,163).

b) Available-for-sale securities:

	30 June 2016	31 December 2015
Debt instruments	964,285	1,102,889
Listed	461,218	560,611
Unlisted	503,067	542,278
Equity instruments	2,126	160
Listed	-	-
Unlisted	2,126	160
Impairment provision (-) / charge (+)	1,404	16,595
Total	965,007	1,086,454

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I. Information and disclosures related to consolidated assets (continued)
5. Information related to loans:

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

	30 June 2016		31 December 2015	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	610,453	54,447	613,594	71,208
Corporate shareholders(*)	610,453	54,447	613,594	71,208
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders(*)	446,643	10,150	458,207	-
Loans granted to employees	1,903	-	1,819	-
Total	1,058,999	64,597	1,073,620	71,208

(*) The Parent Bank considers the loan provided to Industrial and Commercial Bank of China Limited (ICBC) in accordance with the Account Pledge Contract dated on 25 June 2015, as at 30 June 2016 an amount of TL 1,057,096, as cash collateralized loan.

b) Information about loans classified in groups I and II and other receivables and loans that have been restructured or rescheduled:

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Conditions of Contracts Amended		Loans and Other Receivables (Total)	Conditions of Contracts Amended	
		Amendments related to the extension of the payment plan	Other		Amendments related to the extension of the payment plan	Other
Non-specialized loans	4,241,064	1,796	-	162,310	22,272	-
Enterprise loans	-	-	-	-	-	-
Export loans	165,616	-	-	-	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	1,234,360	-	-	-	-	-
Consumer loans	609,291	1,796	-	17,420	44	-
Credit cards	22,168	-	-	1,412	-	-
Other (*)	2,209,629	-	-	143,478	22,228	-
Specialized loans	3,091	10	-	352	-	-
Other receivables	-	-	-	-	-	-
Total (*)	4,244,155	1,806	-	162,662	22,272	

(*) The loans and other receivables also include ICBC Yatırım loan receivables from customers amounting to TL 20,952.

Information about changes in the payment schedule and payment terms of loans classified in groups I and II and other receivables:

Number of Amendments Related to the Extension of the Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extended by 1 or 2 Times	1,767	22,272
Extended by 3,4 or 5 Times	39	-
Extended by More than 5 Times	-	-
The Time Extended via the Amendment on Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Up to 6 Months	156	-
6 Months - 12 Months	263	3
1-2 Years	461	2,079
2-5 Years	834	263
5 Years and Over	92	19,927

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I. Information and disclosures related to consolidated assets (continued)
c) Information on consumer loans, credit cards, loans given to employees and employee credit cards:

	Short Term	Medium or Long Term	Total
Consumer Loans – TL	14,547	606,613	621,160
Real Estate Loans	299	413,972	414,271
Automotive Loans	-	306	306
Consumer Loans	14,248	192,335	206,583
Other	-	-	-
Consumer Loans – Indexed to FC	14	789	803
Real Estate Loans	-	789	789
Automotive Loans	-	-	-
Consumer Loans	14	-	14
Other	-	-	-
Consumer Loans – FC	-	-	-
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Credit Cards – TL	20,721	-	20,721
Installment	4,853	-	4,853
Non installment	15,868	-	15,868
Credit Cards – FC	390	-	390
Installment	-	-	-
Non Installment	390	-	390
Loans Given to Employees – TL	120	816	936
Real Estate Loans	-	63	63
Automotive Loans	-	-	-
Consumer Loans	120	753	873
Other	-	-	-
Loans Given to Employees – Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Loans Given to Employees – FC	-	-	-
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Employee Credit Cards – TL	956	-	956
Installment	377	-	377
Non Installment	579	-	579
Employee Credit Cards – FC	11	-	11
Installment	-	-	-
Non Installment	11	-	11
Overdraft Account – TL (Individual)	3,812	-	3,812
Overdraft Account – FC (Individual)	-	-	-
Total	40,571	608,218	648,789

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I. Information and disclosures related to consolidated assets (continued)

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

	Short Term	Medium or Long Term	Total
Installment Corporate Loans – TL	15,119	144,749	159,868
Business Residential Loans	-	-	-
Automotive Loans	135	19,698	19,833
Consumer Loans	14,984	125,051	140,035
Other	-	-	-
Installment Corporate Loans – Indexed to FC	1,097	147,338	148,435
Business Residential Loans	-	-	-
Automotive Loans	108	82,708	82,816
Consumer Loans	989	64,630	65,619
Other	-	-	-
Installment Corporate Loans – FC	-	-	-
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards – TL	1,450	-	1,450
Installment	396	-	396
Non Installment	1,054	-	1,054
Corporate Credit Cards – FC	52	-	52
Installment	-	-	-
Non Installment	52	-	52
Overdraft Account – TL (Commercial)	1,005	-	1,005
Overdraft Account – FC (Commercial)	-	-	-
Total	18,723	292,087	310,810

e) Domestic and foreign loans:

	30 June 2016	31 December 2015
Domestic loans	3,316,678	2,999,116
Foreign loans	1,090,139	1,105,619
Total	4,406,817	4,104,735

f) Loans granted to subsidiaries and associates: None.

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I. Information and disclosures related to consolidated assets (continued)

g) Specific provisions for loans:

	30 June 2016	31 December 2015
Specific Provisions		
Loans and Receivables with Limited Collectability	3,374	1,591
Loans and Receivables with Doubtful Collectability	11,482	14,038
Uncollectible Loans and Receivables	85,826	119,077
Total	100,682	134,706

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

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current period	-	-	-
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	-	-	-
Prior period	-	-	82
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	-	-	82

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Balances at Beginning of Period	12,128	27,483	140,980
Additions (+)	16,230	917	21
Transfers from Other Categories of Non- Performing Loans (+)	-	13,878	21,450
Transfers to Other Categories of Non-Performing Loans (-)	13,878	21,450	-
Collections (-)	5,174	1,962	3,014
Write-offs (-) ^(*)	-	1,194	44,239
Corporate and Commercial Loans	-	1,188	35,970
Retail Loans	-	3	3,438
Credit Cards	-	3	4,831
Other	-	-	-
Balances at End of the Period	9,306	17,672	115,198
Specific Provisions (-)	3,374	11,482	85,826
Net Balance on Balance Sheet	5,932	6,190	29,372

^(*) The Parent Bank sold the portion of receivables on the account of non-performing loans in the current period. This sale includes TL 42,409 receivables on non-performing loans and TL 12,046 write-off on prior periods, totally the sale of TL 54,455 receivables for TL 1,376 to asset management companies.

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I. Information and disclosures related to consolidated assets (continued)

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

h.4) Information on non-performing loans according to beneficiary group:

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current Period (Net)	5,932	6,190	29,372
Loans Allowed to Real Persons and Corporate Bodies (Gross)	9,306	17,672	115,198
Specific provision (-)	3,374	11,482	85,826
Loans Allowed to Real Persons and Corporate Bodies (Net)	5,932	6,190	29,372
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
Prior Period (Net)	10,537	13,445	21,903
Loans Allowed to Real Persons and Corporate Bodies (Gross)	12,128	27,483	140,980
Specific provision (-)	1,591	14,038	119,077
Loans Allowed to Real Persons and Corporate Bodies (Net)	10,537	13,445	21,903
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

i) Liquidation policy for uncollectible loans and other receivables:

Uncollectible loans and other receivables are collected through legal follow up and liquidation of collaterals.

j) Information on write-off from assets policy:

The Group's general policy for write-off of loans and receivables under follow-up is to write off such loans and receivables that are proven to be uncollectible by obtaining required documentation, also considering Tax Procedural Law's verdicts.

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

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

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

b) Information on accounts in which government securities held-to-maturity are reflected :

As of 30 June 2016, the Parent Bank's whole investment securities held to maturity consist of bank bills.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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I. Information and disclosures related to consolidated assets (continued)

c) Information on investment securities held-to-maturity:

	30 June 2016	31 December 2015
Debt instruments	74,771	-
Listed	-	-
Unlisted	74,771	-
Impairment provision (-)	-	-
Period end balance	74,771	-

d) Information on the movement of investment securities held-to-maturity during the period:

	30 June 2016	31 December 2015
Beginning balance	-	-
Foreing currency differences on monetary assets	-	-
Purchases during year	74,771	-
Disposals through sales and redemptions	-	-
Impairment provision (-)	-	-
Period end balance	74,771	-

7. Investments in associates (net):

None.

8. Investments in subsidiaries (net):

As at 30 June 2016, the Parent Bank has subsidiary as ICBC Turkey Yatırım Menkul Değerler A.Ş. The Parent Bank does not have any capital needs due to its subsidiary which is included in the calculation of its consolidated capital adequacy standard ratio. The current equity amount of the subsidiary fulfills the minimum capital requirement entailed in accordance with the Capital Markets Board's regulations.

Information related to subsidiaries:

- a) Information on subsidiaries not consolidated: None.
- b) Information on subsidiaries not consolidated according to information above: None.
- c) Movement of subsidiaries not consolidated: None.
- d) Industrial distribution of subsidiaries not consolidated:

As at 30 June 2016, the Parent Bank has no non-consolidated subsidiary.

e) Information on consolidated subsidiaries:

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

f) Information on consolidated subsidiaries according to information above:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
127,744	34,116	287	6,709	3,007	1,589	1,256	-

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

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I. Information and disclosures related to consolidated assets (continued)

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

Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Market Value
1,376	1,341	15	73	-	(333)	(60)	-

g) Movement of consolidated subsidiaries:

	30 June 2016	31 December 2015
Balance at the Beginning of the Period	25,000	25,000
Movements during the Period	-	-
Purchases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
Balance at the End of the Period	25,000	25,000
Capital Commitments	-	-
Share Percentage at the end of Period (%)	-	-

h) Sectoral distribution of consolidated subsidiaries:

	30 June 2016	31 December 2015
Subsidiaries		
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	25,000	25,000
Other Non Financial Subsidiaries	-	-
Total	25,000	25,000

i) Listed subsidiaries: None.

j) Subsidiaries disposed of during the current period: None.

k) Subsidiaries purchased in the current period: None.

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I. Information and disclosures related to consolidated assets (continued)

9. Information on joint ventures (net):

None.

10. Information on financial lease receivables (net):

None.

11. Information on hedging purpose derivatives:

None.

12. Information on investment properties (net):

None.

13. Information on deferred tax assets:

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

As of 30 June 2016, the deferred tax asset arising from the deductible temporary differences except for general loan provisions is amounting to TL 774 (31 December 2015: TL 7,033). As of 30 June 2016, there is no deferred tax asset arising from financial losses (31 December 2015: None).

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

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

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

The Group has no asset held for sale and discontinued operation as at 30 June 2016 and 31 December 2015.

15. Information on other assets:

Commodities and immovable properties of the Group obtained with respect to bad credits are recognized under securities and immovable properties to be sold off and shown under other assets in the balance sheet. Net total carrying value of the aforementioned assets is TL 10,769 as of 30 June 2016 (31 December 2015: TL 9,927). Total of other assets amounting to TL 52,502 (31 December 2015: TL 64,810), which are out of securities and immovable properties to be sold off, do not exceed 10% of the balance sheet total.

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II. Information and disclosures related to consolidated liabilities
1. Information on deposits:
a) Information on maturity profile of deposits:

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

a.1) 30 June 2016:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	25,463	21,126	892,138	824	275	68	-	939,894
Foreign Currency Deposits	58,135	14,562	930,912	8,933	12,024	5,556	-	1,030,122
Residents in Turkey	51,889	14,409	887,330	6,255	3,669	2,045	-	965,597
Residents Abroad	6,246	153	43,582	2,678	8,355	3,511	-	64,525
Public Sector Deposits	7,831	-	-	-	-	-	-	7,831
Commercial Deposits	27,150	37,358	220,442	10,754	-	1	-	295,705
Other Ins. Deposits	1,741	183	6,679	20	9	16	-	8,648
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	269	-	-	-	-	-	-	269
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	246	-	-	-	-	-	-	246
Foreign Banks	23	-	-	-	-	-	-	23
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	120,589	73,229	2,050,171	20,531	12,308	5,641	-	2,282,469

a.2) 31 December 2015 :

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	17,827	15,392	781,854	1,875	379	64	-	817,391
Foreign Currency Deposits	389,217	9,840	723,807	10,510	13,492	5,170	-	1,152,036
Residents in Turkey	93,860	9,648	667,079	6,825	5,071	1,470	-	783,953
Residents Abroad	295,357	192	56,728	3,685	8,421	3,700	-	368,083
Public Sector Deposits	9,641	-	-	-	-	-	-	9,641
Commercial Deposits	36,688	27,171	84,515	53	-	1	-	148,428
Other Ins. Deposits	1,566	177	5,232	20	13	8	-	7,016
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	37	-	-	-	-	-	-	37
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	14	-	-	-	-	-	-	14
Foreign Banks	23	-	-	-	-	-	-	23
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	454,976	52,580	1,595,408	12,458	13,884	5,243	-	2,134,549

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II. Information and disclosures related to consolidated liabilities (continued)
b) Information on Deposit Insurance:

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

Saving Deposits	Covered by Deposit Insurance Fund	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Exceeding the Deposit Insurance Limit
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Saving Deposits	475,747	421,982	463,188	394,227
Foreign Currency Savings Deposits	145,166	151,841	481,077	426,982
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	620,913	573,823	944,265	821,209

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

- b.3) Saving deposits not covered by deposit insurance: TL 3,006 (31 December 2015: TL 2,838).

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

	30 June 2016	31 December 2015
Deposits and Other Accounts at Foreign Branches	-	-
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship	-	-
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children under Their Wardship	3,006	2,838
Deposits and Other Accounts linked to Crimes Mentioned in 282 nd Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey.	-	-

2. Information on derivative financial liabilities held for trading:

Negative difference on derivatives held for trading:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Forwards	-	37	-	-
Swaps	1,519	675	3,662	591
Futures	-	-	-	-
Options	-	-	-	-
Other	2	-	-	-
Total	1,521	712	3,662	591

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II. Information and disclosures related to consolidated liabilities (continued)**3. Information on funds borrowed:**

a) Information on banks and other financial institutions:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	14,676	6,797	22,345	9,610
Foreign Banks, Institutions and Funds	-	3,428,254	-	3,123,543
Total	14,676	3,435,051	22,345	3,133,153

b) Contractual maturities of funds borrowed:

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Short-Term	14,676	1,072,314	22,345	1,257,236
Medium and Long-Term	-	2,362,737	-	1,875,917
Total	14,676	3,435,051	22,345	3,133,153

c) Additional information on concentrations of the Bank’s liabilities: The Parent Bank diversifies its funding resources with customer deposits and funds borrowed from foreign banks. The Parent Bank makes concentration analysis for the customers providing funds in branch basis and takes long and short term actions to generalize the customers in these branches. Funds borrowed consist of funds with different characteristics and maturity-interest structures like export financing, money market, post-finance funding and are provided from different institutions.

4. Information on other external resources:

Other external resources are amounting to TL 58,902 (31 December 2015: TL 67,728) and do not exceed 10% of total liabilities excluding the off-balance sheet items.

5. Obligations under financial leases:

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

As at 30 June 2016 and 31 December 2015, the Group does not have financial lease liabilities.

As at 30 June 2016 and 31 December 2015, the Group does not have any obligations from operational lease agreements.

6. Information on liabilities arising from hedging purpose derivatives:

None.

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II. Information and disclosures related to consolidated liabilities (continued)

7. Information on provisions:

a) Information on general provisions:

	30 June 2016	31 December 2015
General Provisions		
Provision for Group I Loans and Receivables	30,840	26,328
<i>Additional Provision for Loans and Receivables with Extended Maturities</i>	<i>120</i>	<i>117</i>
Provision for Group II Loans and Receivables	3,909	2,529
<i>Additional Provision for Loans and Receivables with Extended Maturities</i>	<i>1,114</i>	<i>1,272</i>
Provision for Non-cash Loans	1,691	1,542
Other	66	131
Total	36,506	30,530

b) Information on reserve for employee rights:

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

Such payments are calculated on the basis of 30 days' pay, as at 30 June 2016, at ceiling amount of TL-full 4,093 (31 December 2015: TL-full 3,828), per year of employment at the rate of pay applicable at the date of retirement of termination. The liability is not funded, since there is no funding requirement.

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

	30 June 2016	31 December 2015
Discount Ratio (%)	11.00	11.00
Expected Salary/ETI Liability Ceiling Increase Rate (%)	6.00	6.00
Rate for the Probability of Retirement (%)	93.00	93.00

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

Movement of ETI liability is below:

	30 June 2016	31 December 2015
Balance at Prior Period End	7,569	7,153
Current year provisions	1,655	1,981
Paid in current year	(1,091)	(1,565)
Balance at Current Period End	8,133	7,569

As at 30 June 2016, the Group has vacation pay liability amounting TL 4,957 (31 December 2015: TL 4,300).

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II. Information and disclosures related to consolidated liabilities (continued)**c) Provision for foreign exchange gain/loss on foreign currency indexed loans:**

As at 30 June 2016, foreign exchange differences on foreign currency indexed loans amounting TL 3,085 (31 December 2015: TL 3,789) are netted with loans on the asset side.

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

As at 30 June 2016, the Group has provision amounting to TL 7,272 (31 December 2015: TL 6,297) for non-cash loans and irrevocable commitments that are not indemnified and not converted into cash amounting to TL 13,839 (31 December 2015: TL 12,590).

e) Information on other provisions:

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

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

As at 30 June 2016, the Parent Bank has provision for credit card service promotions amounting TL 111 (31 December 2015: TL 123).

e.3) Information on other provisions:

As at 30 June 2016, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 6,415 (31 December 2015: TL 6,198).

8. Taxation:

a) Current tax liability: As at 30 June 2016, corporate taxes payable of the Group after deductions of prepaid taxes is TL 794 (31 December 2015: TL 1,207).

b) Information on taxes payable:

	30 June 2016	31 December 2015
Corporate taxes payable	794	1,207
Taxation on securities	1,867	2,212
Capital gains tax on property	199	194
Banking Insurance Transaction Tax (BITT)	2,993	3,529
Taxes on foreign exchange transactions	-	-
Value added tax payable	120	123
Other	1,857	1,745
Total	7,830	9,010

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II. Information and disclosures related to consolidated liabilities (continued)**c) Information on premiums payable:**

	30 June 2016	31 December 2015
Social security premiums- employee share	806	647
Social security premiums- employer share	914	732
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	56	45
Unemployment insurance- employer share	112	98
Other	1	1
Total	1,889	1,523

d) Information on deferred tax liabilities:

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

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

None.

10. Information on subordinated loans:

None.

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

	30 June 2016	31 December 2015
Common Stock	420,000	420,000
Preferred Stock	-	-

The paid-in share capital of the Parent Bank is represented by 4,200 million registered shares of one 0.10 Turkish Liras each.

- b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital: None
- c) Information on share capital increases and their sources; other information on any increase in capital shares during the current period: None.
- d) Information on share capital increases from revaluation funds: None.
- e) Capital commitments for current financial year and following period: None.
- f) Prior period indicators of the Parent Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators: None.
- g) Information on the privileges given to stocks representing the capital: The 70% of share capital of the Parent Bank consist of Type A shares and the remaining consist of Type B shares. Three out of five members of the Board of Directors are appointed by Type A shareholders and the remaining two are appointed by Type B shareholders. There is no other privilege appointed.

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II. Information and disclosures related to consolidated liabilities (continued)**h) Information on marketable securities valuation reserve:**

	30 June 2016		31 December 2015	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	-	-	-	-
Valuation gain/loss of available for sale securities	1,285	10,256	54	(10,318)
Translation gain/loss	-	-	-	-
Total	1,285	10,256	54	(10,318)

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

Portion of marketable securities valuation reserve related to foreign currency securities is presented as difference between fair values and using by effective interest method, amortized the costs of the government bonds classified as investment securities available-for-sale.

i) Information on profit distribution of Parent Bank for the year 2015:

According to Ordinary General Assembly of ICBC Turkey Yatırım Menkul Değerler A.Ş. as at 31 March 2016, the Company has transferred profit for the year 2015 amounting to TL 3,815 to legal reserves and extraordinary reserves with amounts of TL 173 and TL 3,642 respectively. The aforementioned amounts are shown in the consolidated statement of changes in shareholders' equity.

From TL 13,542 amount of total consolidated loss of 2015, the aforementioned TL 3,815 profit amount transferred to reserves are decreased and the calculated TL 17,357 amount is transferred to the prior period loss in the consolidated statement of changes in shareholders' equity.

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III. Information and disclosures related to consolidated income statement

1. Interest income:

a) Information on interest income received from loans:

	30 June 2016		30 June 2015	
	TL	FC	TL	FC
Interest income received from loans (*)				
Short Term Loans	79,807	3,064	80,717	2,301
Medium and Long Term Loans	61,491	40,059	36,447	10,617
Loans Under Follow-Up	834	-	3,629	-
Source Utilization Support Fund	-	-	-	-
Total	142,132	43,123	120,793	12,918

(*) Includes fees and commissions from cash loans.

b) Information on interest income received from banks:

	30 June 2016		30 June 2015	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	465	244	579	134
Foreign Banks	7	135	34	8
Foreign Branches	-	-	-	-
Total	472	379	613	142

c) Information on interest income received from securities portfolio:

	30 June 2016		30 June 2015	
	TL	FC	TL	FC
Trading Securities	-	-	-	10
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Investment Securities Available-for-Sale	10,232	17,861	6,042	646
Investment Securities Held-to-Maturity	-	1,058	-	-
Total	10,232	18,919	6,042	656

d) Information on interest income received from associates and subsidiaries: None.

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III. Information and disclosures related to consolidated income statement (continued)

2. Interest expense:

a) Information on interest expense related to funds borrowed:

	30 June 2016		30 June 2015	
	TL	FC	TL	FC
Banks (*)	676	28,453	1,134	2,075
Central Bank of Turkey	-	-	-	-
Domestic Banks	667	66	1,127	172
Foreign Banks	9	28,387	7	1,903
Foreign Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	676	28,453	1,134	2,075

(*) Includes fees and commission expenses related with funds borrowed.

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

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

d) Maturity structure of the interest expense on deposits:

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

30 June 2016

Account Name	Demand Deposits	Time Deposits					Cumulative Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over		
TL								
Bank Deposits	-	183	-	-	-	-	-	183
Saving Deposits	-	448	51,391	63	15	3	-	51,920
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	915	7,933	39	-	-	-	8,887
Other Deposits	-	5	428	1	-	-	-	434
Total Turkish Lira	-	1,551	59,752	103	15	3	-	61,424
Foreign Currency								
Foreign Currency Deposits	-	56	7,208	74	100	39	-	7,477
Bank Deposits	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total Foreign Currency	-	56	7,208	74	100	39	-	7,477
Total	-	1,607	66,960	177	115	42	-	68,901

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III. Information and disclosures related to consolidated income statement (continued)
30 June 2015

	Demand Deposits	Time Deposits					Cumulative Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over		
TL								
Bank Deposits	-	49	-	-	-	-	-	49
Saving Deposits	-	848	44,226	153	18	14	-	45,259
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	1,261	14,024	7	-	1	-	15,293
Other Deposits	-	10	510	1	-	1	-	522
Total Turkish Lira	-	2,168	58,760	161	18	16	-	61,123
Foreign Currency								
Foreign Currency Deposits	-	41	9,477	231	126	48	-	9,923
Bank Deposits	-	105	-	-	-	-	-	105
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total Foreign Currency	-	146	9,477	231	126	48	-	10,028
Grand Total	-	2,314	68,237	392	144	64	-	71,151

3. Trading income / loss (net):

	30 June 2016	30 June 2015
Profit	172,288	169,961
Capital Market Gains	4,507	3,868
Derivative Gains	60,437	80,209
Foreign Exchange Gains	107,344	85,884
Loss (-)	190,809	172,955
Capital Market Losses	95	124
Derivative Losses	96,422	83,871
Foreign Exchange Losses	94,292	88,960

Net loss related to derivative transactions resulting from foreign currency rate changes is amounting to TL 12,368 (30 June 2015: TL 4,027 net profit).

4. Other operating income:

TL 1,803 part of “Other Operating Income” in income statement (30 June 2015: TL 5,020) consists of collections from provisions of prior periods.

Furthermore, as a result of the sale of a portion of The Parent Bank’s non performing loans, TL 1,376 income is recorded in “Other operating income” in the current period. Visa Europe Limited which the Parent Bank works with for the credit card transactions is bought and incorporated into Visa Inc. So, TL 5,873 is paid in cash to the Parent Bank and 649 Visa Inc type C shares are provided free of charge to the Parent Bank. These bonus shares are recorded to the Parent Bank’s records as TL 1,884. TL 7,757 cash amount and acquisition of bonus shares occurred as a result of this transaction are recorded in “Other operating income”.

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III. Information and disclosures related to consolidated income statement (continued)

5. Impairment on loans and other receivables:

	30 June 2016	30 June 2015
Specific Provisions on Loans and Other Receivables	14,096	17,486
Loans and Receivables in Group III	3,415	1,924
Loans and Receivables in Group IV	5,710	9,331
Loans and Receivables in Group V	4,971	6,231
General Provision Expenses	5,976	3,549
Provision for Possible Losses	-	-
Impairment Losses on Securities:	354	9
Trading securities	12	9
Investment Securities Available-for-Sale	342	-
Other Impairment Losses:	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investment Securities Held-to-Maturity	-	-
Other (*)	217	4,135
Total	20,643	25,179

(*) Consists of provision for lawsuits filed against the Group and other provision expense.

6. Information related to other operational expenses:

	30 June 2016	30 June 2015
Personnel Expenses	54,276	47,712
Reserve for Employee Termination Indemnities and Vacation Pay	1,221	1,327
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	1,989	1,800
Impairment of Intangible Assets	-	-
Impairment of Goodwill	-	-
Amortization Expenses of Intangible Assets	239	317
Impairment of Investments in Associates	-	-
Impairment of Assets to be Disposed of	-	-
Depreciation of Assets to be Disposed of	28	76
Impairment of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	24,216	20,284
Operational Leases	11,833	10,559
Repair and Maintenance	1,332	1,083
Advertising	234	549
Other Expenses	10,817	8,093
Loss on Sale of Assets	-	8
Other (*)	10,706	7,087
Total	92,675	78,611

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

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III. Information and disclosures related to consolidated income statement (continued)

7. Profit / loss before taxes for continued and discontinued operations:

Profit before taxes for continued operations is TL 5,135 (30 June 2015: TL 25,972 loss). Profit before taxes consists of net interest income amounting to TL 114,782 (30 June 2015: TL 67,504), net fees and commission income amounting to TL 6,455 (30 June 2015: TL 6,319) and other operating expenses amounting to TL 92,675 (30 June 2015: TL 78,611).

8. Taxes on income from continued and discontinued operations:

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

Current tax expenses belonging to period ending on 30 June 2016 is TL 2,223 (30 June 2015 – TL 666). There is a deferred tax expense at an amount of TL 1,033 belonging to period ending on 30 June 2016 (30 June 2015 – TL 4,397 deferred tax income).

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

For the period ended 30 June 2016, the deferred tax expense arising from the origination of temporary differences amounts TL 1,033 (30 June 2015: TL 2,690 deferred tax income).

Additionally, for the period ended 30 June 2016, the current tax effect amounting to TL (226) and deferred tax effect amounting to TL (5,226), on an aggregate TL (5,452) tax effect (30 June 2015: total TL 225 current and TL (215) is deferred tax effect total TL 10 which are related to transactions recognized under equity is accounted for under equity accounts.

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

For the period ended 30 June 2016, the deferred tax expense arising from the origination of temporary differences amounts TL 1,033 (30 June 2015: TL 2,690 deferred tax income). There is no deferred tax income or expense sourcing from financial loss in period ending on 30 June 2016 (30 June 2015 – 1,707 deferred tax income).

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

Net profit from continued operations is TL 1,879 (30 June 2015: TL 22,241 net loss).

10. Information on net profit and loss:

a) Any further explanation on operating results needed for better understanding of the Parent Bank's performance: None.

b) Any changes in estimations that might have a material effect on current and subsequent period results: None.

11. Information related to the components of other items in the income statement exceeding 10% of the group total, or 20% of the sub-accounts belonging to this group:

In the consolidated income statement; the “Other” captions presented under “Fees and Commissions Received” and “Fees and Commissions Paid” accounts, which are included in “Net Fee and Commission Income”, consist of mainly income received and expenses paid to customers and third parties regarding banking activities.

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IV. Information and disclosures related to consolidated off-balance sheet items**1. Disclosures related to other contingent liabilities:****a) Type and amount of irrevocable commitments:**

	30 June 2016	31 December 2015
Forward deposit purchase and sale commitments	37,738	40,232
Commitment for use guaranteed credit allocation	27,678	36,149
Credit cards limit commitments	79,397	81,792
Payment commitments for cheques	79,396	82,072
Credit card commitments given with applications for promotion	247	252
Tax and fund obligations arising from export commitments	5	5
Other irrevocable commitments	24,190	22,359
Total	248,651	262,861

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

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

	30 June 2016	31 December 2015
Letter of guarantee	655,936	621,941
Bank acceptance loans	177	203
Letter of credits	90,691	84,697
Other guarantees collaterals	83,467	24,493
Total	830,271	731,334

c) Non-cash loans:

	30 June 2016	31 December 2015
Non-Cash Loans Given for Cash Loan Risks	38,369	23,519
With Original Maturity of 1 Year or Less	28,936	-
With Original Maturity of More Than 1 Year	9,433	23,519
Other Non-Cash Loans	791,902	707,815
Total	830,271	731,334

2. Information on fiduciary services rendered on behalf of third parties:

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

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V. Information and disclosures related to the Parent Bank's risk group

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

a) Current Period :

Parent Bank's Risk Group ⁽¹⁾	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	1,071,801	71,208	41	-
Balance at the End of the Period	-	-	1,057,096	64,597	30	-
Interest and Commission Income Received	-	-	19,670	-	-	-

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

The Parent Bank has TL 258,044 placements in its risk group banks as at 30 June 2016 (31 December 2015: TL 13,954). Also the Parent Bank has TL 170 irrevocable commitment in its risk group as at 30 June 2016 (31 December 2015: TL 149).

b) Prior Period :

Parent Bank's Risk Group ⁽¹⁾	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	68,820	517	70	-
Balance at the End of the Period	-	-	1,071,801	71,208	41	-
Interest and Commission Income Received	-	-	2,847	2	-	-

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

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

Parent Bank's Risk Group ⁽¹⁾	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Balance at the beginning of the Period	-	-	290,992	41,882	1,441	3,349
Balance at the End of the Period	-	-	2,504	290,992	1,712	1,441
Interest on Deposits	-	-	-	695	17	61

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

The Parent Bank has loans from The Parent Bank's Risk Group amounting TL 3,347,100 as at 30 June 2016 (31 December 2015 : TL 3,052,132)

d) Information on forward transactions and option agreements and similar other agreements related with the Parent Bank's risk group 30 June 2016: None (31 December 2015: None)

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

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

V. Information and disclosures related to the Parent Bank’s risk group (continued)

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

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

In the Group’s transactions with its risk group, pricing policy and other matters are determined and applied at market conditions. As at 30 June 2016, proportion of cash loans to risk group in total cash loans is 23.8% (31 December 2015: 25.8%) and proportion of deposits from its risk group in total deposits is 0.2% (31 December 2015: 13.7%). Proportion of borrowings from its risk group in total funds borrowed is 97 % (31 December 2015: 97%).

As of 30 June 2016, other commission income from risk group is amounting TL 1 (30 June 2015: TL 12). As of 30 June 2015 other operating income from risk group is amounting TL 16, other commission income TL 3, other operating expense TL 445.

As of 30 June 2016, benefits provided to the Group’s key management amount to TL 5,498 (30 June 2015: TL 8,915).

VI. Information and disclosure related to subsequent events

None.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

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SECTION SIX

Explanations on the Auditors’ Review Report

I. Explanations on the auditors’ review report

The consolidated financial statements of the Parent Bank and its subsidiary as at and for the six-month period ended 30 June 2016 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member of KPMG International Cooperative, a Swiss entity) and the Auditors’ Review Report 4 August 2016 is presented in the introduction of this report.

II. Information and disclosures prepared by the independent auditors

None.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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SECTION SEVEN

INTERIM ACTIVITY REPORT

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

The consolidated financial statements and consolidated interim activity report for the six months period ended June 30, 2016 are examined by us.

Within the framework of our information about our role in the business and our responsibility areas, the consolidated interim financial statements and consolidated interim activity report do not include false statement or any misstatement that can cause misleading as of statement’s date.

Prepared in accordance with the financial reporting standards in effect, the interim consolidated financial statements provide an accurate view of the assets, liabilities, financial position and profit or loss of the Bank, and the consolidated interim activity report provides an accurate view of the development and performance of the business and the financial position of the Bank and its subsidiaries as well as the principal risks and uncertainties the Bank is exposed to.

Best Regards,

XU KEEN

Chairman of the Board of Directors and
Audit Committee

WANG YING

Member of the Board of Directors
and Audit Committee

GAO XIANGYANG

General Manager and Member of the
Board of Directors

CHEN YUBAO

Assistant General Manager –
Financial Affairs Group

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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

II. General Information

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

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

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

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

In 2008, the Bank’s share capital was increased from 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 all of the shares owned by GSD Holding A.Ş. corresponding to 75.5% of the Tekstil Bankası A.Ş.’s shares to Industrial Commercial Bank of China Limited (ICBC), residing at the People’s Republic of China. On 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 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 became one of the foreign banks incorporated in Turkey.

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

ICBC is the largest bank in the world in terms of its asset size, perfect customer profile, product range, innovative structure and competitiveness. As of December 31st 2014, ICBC operated in 42 countries worldwide, including People’s Republic of China, through its wide range of network consisting of 17,122 national branches as well as 338 branches abroad. The Bank has 50 million corporate and 465 million retail customers. It was chosen as the “Global Bank of the Year” by “The Banker” in 2014.

The corporate name of the Bank has been changed from “Tekstil Bankası A.Ş.” to “ICBC Turkey Bank A.Ş.” pursuant to the general assembly resolution taken on 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.

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

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

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016**

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

II. General Information (continued)**2. Capital and Shareholder Structure**

Following is the shareholder structure of the Bank as of June 30, 2016;

Name of the Shareholder	Shareholding Amount (TL)	Percentage (%)
Industrial and Commercial Bank of China Limited(*) (ICBC)	389,831,185	92.82
Publicly Traded	30,168,815	7.18
General Total	420,000,000	100.00

(*)Legal Person Shareholder of the Bank with Qualified Share is Industrial and Commercial Bank of China Limited Şirketi. Consummation of the transaction pursuant to the share purchase and sale agreement dated April 29th 2014 signed by and between GSD Holding A.Ş. and Industrial and Commercial Bank of China Limited (ICBC) related to the sale of the shares owned by GSD Holding A.Ş. representing 75.5% of the share capital of Tekstil Bankası A.Ş. to ICBC was completed by GSD Holding A.Ş. and ICBC on May 22nd 2015 and the fact that the transfer of such shares to ICBC was completed as of this date was notified to the Bank who registered the shares owned by Industrial and Commercial Bank of China Limited as a result of transfer transaction representing the 75.5% of the share capital of the Bank into the Bank's share ledger. Pursuant to the Article 11, related to the mandatory bid offer transactions, of the Communiqué on Mandatory Bid Offers issued by the capital Markets Board with the Serial Number II. 26.1, ICBC became obligated to make a share purchase proposal to purchase the remaining shares belonging to the other shareholders as a result of its purchase of the shares owned by GSD Holding A.Ş. representing 75.5% of the share capital of Tekstil Bankası A.Ş.. In this context, ICBC, the majority shareholder of the Bank, made a mandatory bid offer pursuant to the “Communiqué on Mandatory Bid Offers” with Serial II, No.26.1, which expired on August 14th, 2015 as a result of which the shares of the Bank held by ICBC increased from 75.50% to 92.82%.

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

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

3. Amendments in Articles of Association During the Period

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

4. Chairman and the Member of the Board of Directors

Name and Surname	Position and Areas of Responsibility
Xu Keen	Chairman of the Board of Directors, Chairman of the Audit Committee, President of the Credit Committee
Gao Xiangyang	General Manager, Member of the Board of Directors, Vice President of the Credit Committee
Wang Qiang	Member of the Board of Directors, Member of the Credit Committee
Zheng Jianfeng	Member of the Board of Directors, Member of the Corporate Governance Committee, Member of the Remuneration Committee, Substitute Member of the Credit Committee
Wang Ying	Independent Member of Board of Directors, Member of the Audit Committee, Chairman of the Remuneration Committee, Substitute Member of the Credit Committee
Mehmet Hilmi Güler	Independent Member of Board of Directors, President of the Corporate Governance Committee

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016**

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

II. General Information (continued)**5. General Manager and Assistant General Managers**

Name and Surname	Position and Areas of Responsibility
Gao Xiangyang	General Manager, Member of the Board of Directors
Hüseyin H. İmece	Assistant General Manager –Treasury and Investor Relations Group
Başbuğ Y. Samancıoğlu	Assistant General Manager –Corporate and Commercial Banking Group
Chen Yubao (*)	Assistant General Manager – Financial Affairs Group - Deputy General Manager
Bozok Evrenosoğlu	Assistant General Manager -Loans Group
D.Halit Döver	Assistant General Manager -International Relations

(*) According to Board of Directors’ Decision numbered 1385/01 dated 15 July 2016, Deputy of General Manager Chen Yubao is appointed as Assistant General Manager responsible for Financial Control Group, due to resignation of Gülden Akdemir as of 11 July 2016.

6. Information Regarding the Subsidiaries and Affiliates

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

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

On August 6th 2015, the Board of Directors of the Bank passed a resolution to notify ICBC Turkey Yatırım Menkul Değerler A.Ş. as to the necessary preparations to be commenced and the applications to be made for the increase of its capital from TL 25,000,000 to TL 65,000,000. The necessary legal procedures for the capital increase have been initiated by the Company, the process still continues.

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

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

Financial Figures (Million TL)	31.12.2015	30.06.2016	%
Total Assets	6,670	7,051	6%
Deposits (*)	2,135	2,282	7%
Loans	4,151	4,448	7%
Shareholders' Equity	597	621	4%
Profit / (Loss)	(13.5)	1.9	

Financial Ratios %	31.12.2015	30.06.2016	%
Return on Assets	(0.3)	0.1	(121%)
Return on Equity	(2.2)	0.6	(128%)
Capital Adequacy Ratio	12.9	13.5	5%
Loans/ Total Assets	62.2	63.1	1%
Deposits/ Total Assets	32.0	32.4	1%
NPL Ratio	4.2	3.1	(26%)

Five Years Summary Financial Information (consolidated):

Thousand TL	2012	2013	2014	2015	2016 June
Total Assets	3,684,449	3,854,254	3,664,377	6,670,222	7,051,419
Total Deposits(*)	2,656,509	2,521,794	2,342,233	2,134,512	2,282,200
Total Loans	2,669,118	2,832,164	2,812,918	4,150,620	4,448,311
Shareholders' Equity	574,901	604,308	620,136	597,194	620,878
Profit/ Loss	26,058	45,316	12,760	(13,542)	1,879

(*) Excluding bank deposits.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2016

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

III. Financial Information and Evaluations (continued)

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

Global volatility remained low in the second quarter of 2016, and risk appetite performed better-than-expected. Although unexpected Brexit decision of UK citizens on June 23 blurred that outlook and added a new item to the global risks such as slower growth, short term effect of the referendum was temporary. However, uncertainty continues about this historical process for the European Union. In addition to the policy loosening bias of European Central Bank and Bank of Japan; delay in expectations of US Central Bank Fed’s rate hikes to the next year, due to more dovish stance of the Bank against global risks, resulted in a more supportive environment for the emerging markets. Central Bank of Turkey cut O/N lending rate by 150 bps, to 9.0%, as of June-end, while the average funding rate of the Bank retreated by around 70bps to 8.2% during the same term. Indicators for the second quarter pointed to a slower, but still notable growth rate vs. 4.8% GDP growth recorded in the first quarter of the year. In the banking sector, deposit rates declined slightly, thanks to Central Bank’s rate cuts. Asset quality, on the other hand, continued to deteriorate marginally, as NPL ratio inched up to 3.3%, from 3.2% attained at the end of first quarter.

Operating results of ICBC Turkey has improved significantly. A sustainable growth has been witnessed in total assets and loans, while both interest income and non-interest income increased notably. Total assets of the Bank hit US\$2.4bn, more than doubling the figure on the acquisition in May of 2015. Asset quality also improved, as NPL ratio has declined to 3.1%, exhibiting 1.07 percentage point fall vs. 2015-end. While realizing business growth, operating costs has been controlled and cost/income ratio has been kept at 79.7%. The bank has focused on improving customer base in the first half of this year, and made breakthrough in marketing of large and high quality customers. Our bank will continue to enhance improving customer structure and give high importance to asset quality in the following term, while carrying on increasing profitability of the bank. On-going support of ICBC Group will help us further to achieve our goals, despite possible fluctuations in the financial markets. Accordingly, our bank will continue to contribute to the growth performance of Turkish economy in the following term.

Best Regards

XU KEEN
Chairman of the Board of Directors

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

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III. Financial Information and Evaluations (continued)

3. Letter from the General Manager

Esteemed Shareholders,

In 2015, Turkey faced many problems such as political uncertainty, decrease in value of TL, increase in the non-performing loan ratio. In the first half year of 2016, Central Bank of Turkey has cut its O/N lending rate down to 9%, from 10.75% in June, and further down to 8.75% in July. Meanwhile the inflation has declined to 6.6% and external deficit has also contracted. The budget deficit has turned to positive in 2016. These are all the Turkey’s positive outlook for the coming future.

In macro economy of Turkey, some sectoral problems have been arisen such as the asset quality of the banking sector. However, declining cost rates of the customer deposits turned to positive impact on banking sector profitability.

As ICBC Turkey, our aims are 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 “the Belt and Road Initiatives” in accordance with our strategies. Within this context, we have entered the year 2016 with a healthy and rapid growth in terms of our business lines.

After completing the purchasing process, we have grown rapidly in the local market as well as the international market. As ICBC Turkey, our asset size in the amount of 7.0 billion TL has increased by 5% at the end of June 2016 compared to year end 2015. This equals, in the aggregate, to 363 million TL increase in our asset size. Our asset size in USD terms in the amount of 2.4 billion USD has increased by 6% at the end of June 2016 compared to that of year end 2015. Our cash loans have reached to 4.4 billion TL at the end of June 2016, a 7% increase compared to that of year end 2015. Non-cash loans of the Bank increased by 14% and reached up to 0.8 billion TL. The profit after tax has increased from 23.5 million TL loss as of first half year of 2015 to 0.3 million TL profit as of first half year of 2016.

We have looked into the Bank’s internal operation principles related to the credit management in order to regulate the Bank’s asset quality. The non-performing loans ratio, which was 4.2% at the end of the year, decreased by 1.1% and was realized at 3.1% range due to our prioritized risk management and the quality of our assets.

Our effective risk management, experienced and success-oriented employees, efficient technology infrastructure, and our customers who have shown great interest in our customer-oriented service approach will be the chief factors that will help us to boost the business in near future.

Best regards,

GAO XIANGYANG
General Manager

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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III. Financial Information and Evaluations (continued)**4. Evaluation of the Bank's Position in the Sector:**

Based on the comparison of the Bank's position in sector with data in "Daily Banking Sector Report" (as of December 2015 and June 2016) announced by Banking Regulation and Supervision Agency (BRSA);

- Cash and Balances with CBRT increased in the sector by 36.7%, at bank by 0.1%.
- Securities increased in the sector by 0.8%, at bank decreased by 3.9%.
- Loans increased by 5.7%, at bank by 7.6%.
- NPLs (gross) increased by 12.9%, at bank decreased by 21.3%.
- Total deposits of the sector increased by 5.0% and total deposits of bank increased by 4.2% (included bank deposits)
- Total non-cash loans of the sector increased by 6.3%, bank's total non-cash loans increased by 13.5%

Million TL	31.12.2015		30.06.2016		Change %	
	ICBC Turkey	Sector	ICBC Turkey	Sector	ICBC Turkey	Sector
Cash and Balances with CBRT	946	63,338	947	86,600	0.1%	36.7%
Placement to Banks	377	69,818	493	59,849	30.8%	(14.3%)
Securities Portfolio	1,085	328,254	1,042	330,881	(3.9%)	0.8%
Loans net	4,075	1,500,261	4,386	1,585,576	7.6%	5.7%
Loans (including NPL)	4,120	1,512,648	4,427	1,599,324	7.4%	5.7%
NPL (Gross)	180	47,496	142	53,625	(21.3%)	12.9%
Provisions for NPLs	135	35,109	101	39,877	25.3%	13.6%
Total Deposits and Funds	2,257	1,320,930	2,351	1,387,272	4.2%	5.0%
Non-cash Loans	731	458,326	830	487,192	13.5%	6.3%
Total Assets	6,655	2,357,432	7,017	2,468,965	5.4%	4.7%

Note: Data were obtained from the BRSA's daily report dated 29 June 2016. Sectors' total assets are dated as of May 2016.

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

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

Comparison of Sector	31.12.2015		30.06.2016		Change %	
	ICBC Turkey	Sector	ICBC Turkey	Sector	ICBC Turkey	Sector
Total Loans/Total Assets	61%	64%	63%	64%	2.1%	0.9%
Total Deposits/Total Liabilities	34%	56%	34%	56%	(1.2%)	0.3%
Securities/ Total Assets	16%	14%	15%	13%	(8.9%)	(3.8%)
NPL Ratio	4%	3%	3%	3%	(26.0%)	6.6%
Liquid Values/ Total Assets	20%	6%	21%	6%	3.2%	5.0%
Non-cash Loans/ Total Cash Loans	18%	30%	19%	30%	5.7%	0.5%

(*) Evaluations are given on non-consolidated basis.

5. Explanations related to The Bank’s Financial Situation, Profitability and Solvency:

According to Bank’s consolidated financial statements as of 30 June 2016 prepared in accordance with the regulations of Banking Regulation and Supervision Agency;

- Consolidated total assets reached 7.1 billion TL.
- Total consolidated loans reached 4.4 billion TL and its share in balance sheet is 63%.
- Total consolidated deposits are 2.3 billion TL.
- Consolidated deposits’ share (excluded bank deposits) in consolidated total assets is 32%.
- The first six-months consolidated net profit of 2016 is realized as 1.9 million TL.
- Consolidated return on assets were -0.3% at the end of 2015, this period it increased to 0.1%. At the same time, consolidated return on assets increased to 0.6% whereas it was (2.2%) at the end of 2015.
- Consolidated capital adequacy ratio is realized as 13.5%.

6. Explanations about Bank’s Credit Ratings

International Credit Rating Agency, Fitch Ratings confirmed the outlook rating of ICBC Turkey Bank as “Stable” as at 10 June 2015.

International Rating Institution- Fitch Ratings	
Long-term foreign currency and credit notes denominated in TL	BBB
National long-term credit rating	AAA (tur)
Short-term foreign currency and credit notes denominated in TL	F2
Support rating	2
Outlook	Stable

IV. Information About Transactions of Bank with Risk Group

Bank’s relations with risk group covers all kind of banking transactions in accordance with Banking Law, within the framework of normal bank-customer relationship and market conditions. Detailed explanations in these transactions are at 5th part and V. footnote of “Consolidated Financial Statements to Be Announced to Public and Related Explanations and Footnotes with Limited Independent Audit Report as of 30 June 2016”.

V. Information Related to Risk Management Policies Applied According to Risk Types

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016**

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

VI. Information Related to the Donations at the End of the Period

As of 30 June 2016, the donations are shown as follows:

Donee Institution (full amount)	Amount (TL)
Çağdaş Yaşamı Destekleme Derneği	3,900.00
Türk Eğitim Vakfı	2,440.00
TSK-Mehmetçik Vakfı	550.00
Total	6,890.00

There is no donation amount of ICBC Turkey Yatırım Menkul Değerler A.Ş. in reporting period.

VII. Consolidated Independent Auditors’ Report

ICBC Turkey’s all material disclosures to BIST, Consolidated Financial Statements, Explanations and Footnotes Related Thereto and the Independent Audit Report for the six month period ended at 30 June 2016 are published under the “Financial Information” heading in the “Investor Relations” section of the Bank’s website addressed www.icbc.com.tr.