

(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 Three-Month Period Ended
31 March 2018**

With Auditors' Review Report Thereon

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

25 April 2018

*This report includes "Auditors' Review Report"
comprising 2 pages and; "Consolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 99 pages.*



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

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

REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the consolidated balance sheet of ICBC Turkey Bank A.Ş. (the "Bank") and its consolidated subsidiary (together the "Group") as at 31 March 2018 and the related consolidated income statement, consolidated statement of profit or loss and other comprehensive income 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 for the three-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim consolidated financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by the aforementioned legislations. Our responsibility is to express a conclusion on this interim consolidated 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 interim consolidated financial information does not present fairly the financial position of the Group as at 31 March 2018 and of the results of its operations and its cash flows for the three-month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other legal and regulatory requirements

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

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


Orhan Akova, SMMM
Partner
25 April 2018
Istanbul, Turkey

Additional paragraph for convenience translation to English:

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

ICBC TURKEY BANK A.Ş.
THREE-MONTHS CONSOLIDATED FINANCIAL REPORT AS OF 31 MARCH 2018

Address of the Bank's

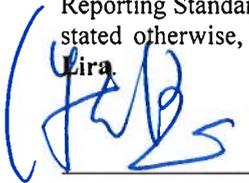
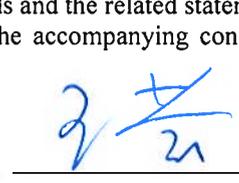
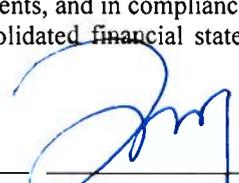
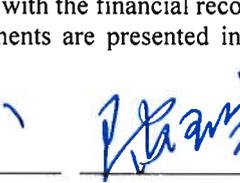
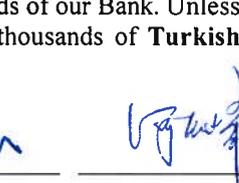
Headquarters : Maslak Mah. Dereboyu/2 Caddesi No:13 34398 Sarıyer - İstanbul
Telephone Number : (0212) 335 53 35
Fax Number : (0212) 328 13 28
Website of the Bank : www.icbc.com.tr
E-mail : info@icbc.com.tr

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

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

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

The three-months 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	Deputy General Manager of Accounting and Financial Group	Department Head of Financial Control and Reporting Department

Contact information for questions on this financial report:

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



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ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018

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

SECTION ONE GENERAL INFORMATION

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

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

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

The capital of the Parent Bank is TL 860,000 as at 31 March 2018 and is fully paid. The Parent Bank was controlled by GSD Group until 21 May 2015. As at 29 April 2014, GSD Holding A.Ş., the major shareholder of the Parent Bank, has come to conclusion to sell 75.50% shares of the Parent Bank to Industrial and Commercial Bank of China (ICBC) and with respect to the sale transaction, it was declared to be approved by China Banking Regulatory Commission (CBRC) on 20 March 2015, and in Turkey, it was approved by Competition Authority in accordance with decision dated 20 August 2014 and numbered 14-29/593-259 and Banking Regulation and Supervision Agency (BRSA), in accordance with decision dated 2 April 2015 and numbered 6262.

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

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

In accordance with the decision of the general extraordinary meeting of the Bank dated 9 February 2017, the Bank’s capital has decided to increase and the decision was registered by İstanbul Trade Registry Office at 29 June 2017. At this content, the Bank’s capital has increased in cash amounting to TL 440,000 from TL 420,000 to TL 860,000 and the whole increase was made in cash. With this increase, ICBC’s shareholding ratio at the Bank has increased from 92.82% to 92.84%.

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

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018

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

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

Title	Name	Job Description	Education
Chairman of the Board of Directors 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:	Gao Xiangyang	Chief Executive Officer and Member of the Board of Directors	Graduate
	Zheng Jianfeng	Member of the Board of Directors	Graduate
	Liu Peiguo	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
Deputy General Managers:	Chen Yubao	Financial Control Group	Graduate
Assistant General Managers:	Hüseyin H. İmece	Treasury and Investors Relations Group	Under-Graduate
	Başbuğ Y. Samancıoğlu	Corporate and Commercial Banking Group	Under-Graduate
	Bozok Evrenosoğlu	Loans Group	Under-Graduate
	D.Halit Döver	International Relations Group	Graduate
	Kadir Karakurum	Retail Banking Group	Graduate
Head of the Board of Inspectors:	Celal Efe Şeran	President of Inspectors’ Group	Under-Graduate

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., Fiba Emeklilik ve Hayat A.Ş., HDI Sigorta A.Ş. and Axa Sigorta A.Ş.

As at 31 March 2018, the Parent Bank has 44 branches close to industrial zones of Turkey. The Parent Bank has 797 employees as at 31 March 2018 (As at 31 December 2017 number of branches was 44, number of employees was 810).

The Parent Bank and its subsidiary, ICBC Turkey Yatırım Menkul Değerler A.Ş. have been consolidated. As at 31 March 2018, ICBC Portföy Yönetimi A.Ş. has been consolidated in ICBC Yatırım by full consolidation method. "ICBC Yatırım", the consolidated subsidiary of the Parent Bank, represents ICBC Portföy and ICBC Yatırım as a whole. The Parent Bank and its subsidiary are referred to as “the Group” as a whole.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2018

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

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

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

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

None.

VII. Other information

Bank’s Official Title	: ICBC Turkey Bank A.Ş. (Formerly named as Tekstil Bankası A.Ş.)
Reporting Period	: 1 January – 31 March 2018
Address of Bank’s Headquarters	: Maslak Mah. Dereboyu/2 Caddesi No:13 34398 Sarıyer - İstanbul
Telephone number	: (0212) 335 53 35
Fax number	: (0212) 328 13 28
Bank’s Internet Address	: www.icbc.com.tr
Reporting Currency	: Thousands of Turkish Lira

SECTION TWO

Consolidated Financial Statements

- I. Consolidated balance sheet (statement of financial position)
- II. Consolidated statement of off-balance sheet items
- III. Consolidated income statement
- IV. Consolidated statement of profit or loss and other comprehensive income
- V. Consolidated statement of changes in shareholders' equity
- VI. Consolidated statement of cash flows

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 MARCH 2018

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

ASSETS	Footnotes	THOUSAND TURKISH LIRA		
		CURRENT PERIOD ⁽¹⁾		
		TL	FC	Total
I. FINANCIAL ASSETS (Net)		1,278,358	3,690,520	4,968,878
1.1.Cash and cash equivalents		136,478	2,151,500	2,287,978
1.1.1.Cash and balances at Central Bank	(5.1.1)	118,630	1,380,243	1,498,873
1.1.2.Banks	(5.1.3)	4,283	771,257	775,540
1.1.3.Receivables from Money Markets		13,565	-	13,565
1.2.Financial assets at fair value through profit or loss	(5.1.2)	731	-	731
1.2.1.Public debt securities		-	-	-
1.2.2.Equity instruments		28	-	28
1.2.3.Other financial assets		703	-	703
1.3.Financial assets at fair value through other comprehensive income	(5.1.4)	888,758	1,213,045	2,101,803
1.3.1.Public debt securities		888,758	415,517	1,304,275
1.3.2.Equity instruments		-	4,309	4,309
1.3.3.Other financial assets		-	793,219	793,219
1.4.Financial assets measured at amortised cost	(5.1.6)	229,065	328,499	557,564
1.4.1.Public debt securities		229,065	95,074	324,139
1.4.2.Other financial assets		-	233,425	233,425
1.5.Derivative financial assets	(5.1.2)	24,758	1,089	25,847
1.5.1.Derivative financial assets at fair value through profit or loss		24,758	1,089	25,847
1.5.2.Derivative financial assets at fair value through other comprehensive income		-	-	-
1.6.Non-performing financial assets (Filled only by banks that apply "IFRS 9 Impairment Model")		160	-	160
1.7.Expected Loss Provision (-)		1,592	3,613	5,205
II. LOANS (Net)	(5.1.5)	3,539,201	3,786,088	7,325,289
2.1.Loans		3,564,114	3,795,683	7,359,797
2.1.1.Loans measured at amortised cost		3,564,114	3,795,683	7,359,797
2.1.2.Loans at fair value through profit or loss		-	-	-
2.1.3.Loans at fair value through other comprehensive income		-	-	-
2.2.Receivables from leasing transactions		-	-	-
2.2.1.Finance lease receivables		-	-	-
2.2.2.Operational lease receivables		-	-	-
2.2.3.Unearned income (-)		-	-	-
2.3.Factoring receivables		-	-	-
2.3.1.Factoring receivables measured at amortised cost		-	-	-
2.3.2.Factoring receivables at fair value through profit or loss		-	-	-
2.3.3.Factoring receivables at fair value through other comprehensive income		-	-	-
2.4.Non-performing loans		94,306	-	94,306
2.5.Allowance for expected credit losses (-)		119,219	9,595	128,814
2.5.1.12-Month expected credit losses (Stage 1)		7,015	9,595	16,610
2.5.2.Significant increase in credit risk (Stage 2)		24,217	-	24,217
2.5.3.Credit Impaired (Stage 3/ Specific Provisions)		87,987	-	87,987
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	(5.1.14)	-	-	-
3.1.Held for sale		-	-	-
3.2.Held from discontinued operations		-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	(5.1.8)	-	-	-
4.1.Investments in associates (Net)		-	-	-
4.1.1.Associates accounted by using equity method		-	-	-
4.1.2.Non-consolidated associates		-	-	-
4.2.Investments in subsidiaries (Net)		-	-	-
4.2.1.Non-consolidated financial subsidiaries		-	-	-
4.2.2.Non-consolidated non-financial subsidiaries		-	-	-
4.3.Jointly Controlled Partnerships (Joint Ventures) (Net)		-	-	-
4.3.1.Jointly controlled partnerships accounted by using equity method		-	-	-
4.3.2.Non-consolidated jointly controlled partnerships		-	-	-
V. TANGIBLE ASSETS (Net)		36,470	-	36,470
VI. INTANGIBLE ASSETS AND GOODWILL (Net)		5,703	-	5,703
6.1.Goodwill		-	-	-
6.2.Other	(5.1.12)	5,703	-	5,703
VII. INVESTMENT PROPERTIES (Net)		-	-	-
VIII. CURRENT TAX ASSETS		2	-	2
IX. DEFERRED TAX ASSETS	(5.1.13)	26,976	-	26,976
X. OTHER ASSETS	(5.1.15)	81,650	14,206	95,856
TOTAL ASSETS		4,968,360	7,490,814	12,459,174

⁽¹⁾ The prior period financial statements and related disclosures are not stated as permitted by TFRS9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 MARCH 2018**

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

ASSETS		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA		
			Audited ⁽¹⁾		
			PRIOR PERIOD 31/12/2017		
		TL	FC	TOTAL	
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.1)	103,390	1,247,081	1,350,471
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	30,549	691	31,240
2.1	Trading Securities		30,549	691	31,240
2.1.1	Public Sector Debt Securities		-	-	-
2.1.2	Share Certificates		28	-	28
2.1.3	Positive Value of Trading Derivatives		-	691	691
2.1.4	Other Securities		30,521	-	30,521
2.2	Financial Assets Designated at Fair Value		-	-	-
2.2.1	Public Sector Debt Securities		-	-	-
2.2.2	Share Certificates		-	-	-
2.2.3	Loans		-	-	-
2.2.4	Other Securities		-	-	-
III.	BANKS	(5.1.3)	285	1,604,682	1,604,967
IV.	INTERBANK MONEY MARKET		9,600	-	9,600
4.1	Interbank Money Market Placements		-	-	-
4.2	Istanbul Stock Exchange Money Market Placements		9,600	-	9,600
4.3	Receivables from Reverse Repurchase Agreements		-	-	-
V.	INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	(5.1.4)	907,478	1,081,532	1,989,010
5.1	Share Certificates		160	3,947	4,107
5.2	Public Sector Debt Securities		907,318	369,973	1,277,291
5.3	Other Securities		-	707,612	707,612
VI.	LOANS	(5.1.5)	3,731,017	3,949,804	7,680,821
6.1	Loans		3,706,641	3,949,804	7,656,445
6.1.1	Loans Utilized to the Bank's Risk Group		82	548,335	548,417
6.1.2	Public Sector Debt Securities		-	-	-
6.1.3	Others		3,706,559	3,401,469	7,108,028
6.2	Loans under Follow-Up		96,523	-	96,523
6.3	Specific Provisions (-)		72,147	-	72,147
VII.	FACTORING RECEIVABLES		-	-	-
VIII.	INVESTMENT SECURITIES HELD TO MATURITY (Net)	(5.1.6)	205,029	288,384	493,413
8.1	Public Sector Debt Securities		205,029	92,143	297,172
8.2	Other Securities		-	196,241	196,241
IX.	INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	-	-	-
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)		36,765	-	36,765
XV.	INTANGIBLE ASSETS (Net)		5,194	-	5,194
15.1	Goodwill		-	-	-
15.2	Others		5,194	-	5,194
XVI.	INVESTMENT PROPERTY (Net)	(5.1.12)	-	-	-
XVII.	TAX ASSETS	(5.1.13)	10,619	-	10,619
17.1	Current Tax Assets		-	-	-
17.2	Deferred Tax Assets		10,619	-	10,619
XVIII.	ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)	(5.1.14)	-	-	-
18.1	Held For Sale		-	-	-
18.2	Discontinued Operations		-	-	-
XIX.	OTHER ASSETS	(5.1.15)	77,360	26,100	103,460
	TOTAL ASSETS		5,117,286	8,198,274	13,315,560

⁽¹⁾ The prior period financial statements and related disclosures are not stated as permitted by TFRS9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 MARCH 2018**

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

EQUITY AND LIABILITIES	Footnotes	THOUSAND TURKISH LIRA		
		CURRENT (1) PERIOD (31/03/2018)		
		TL	FC	Total
I. DEPOSITS	(5.II.1)	1,796,990	2,634,636	4,431,626
II. LOANS RECEIVED	(5.II.3)	3,836	5,844,557	5,848,393
III. MONEY MARKET FUNDS		383,560	-	383,560
IV. MARKETABLE SECURITIES (Net)		-	-	-
4.1.Bills		-	-	-
4.2.Asset backed securities		-	-	-
4.3.Bonds		-	-	-
V. FUNDS		-	-	-
5.1.Borrower funds		-	-	-
5.2.Other		-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(5.II.2)	378	1	379
7.1.Derivative financial liabilities at fair value through profit or loss		378	1	379
7.2.Derivative financial liabilities at fair value through other comprehensive income		-	-	-
VIII. FACTORING PAYABLES		-	-	-
IX. LEASE PAYABLES	(5.II.5)	-	-	-
9.1.Finance lease payables		-	-	-
9.2.Operating lease payables		-	-	-
9.3.Other		-	-	-
9.4.Deferred finance lease expenses (-)		-	-	-
X. PROVISIONS	(5.II.7)	33,798	1,327	35,125
10.1.Provision for restructuring		-	-	-
10.2.Reserves for employee benefits		16,390	-	16,390
10.3.Insurance technical reserves (Net)		-	-	-
10.4.Other provisions		17,408	1,327	18,735
XI. CURRENT TAX LIABILITIES	(5.II.8)	16,510	-	16,510
XII. DEFERRED TAX LIABILITIES		-	-	-
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.II.9)	-	-	-
13.1.Held for sale		-	-	-
13.2.Related to discontinued operations		-	-	-
XIV.SUBORDINATED DEBT		-	-	-
14.1.Loans		-	-	-
14.2.Other debt instruments		-	-	-
XV. OTHER LIABILITIES	(5.II.4)	99,274	465,404	564,678
XVI. SHAREHOLDERS' EQUITY	(5.II.11)	1,186,863	(7,960)	1,178,903
16.1.Paid-in capital		860,000	-	860,000
16.2.Capital reserves		(75)	-	(75)
16.2.1.Equity share premiums		(587)	-	(587)
16.2.2.Share cancellation profits		-	-	-
16.2.3.Other capital reserves		512	-	512
16.3.Other accumulated comprehensive income that will not be reclassified in profit or loss		(4,938)	(7,960)	(12,898)
16.4.Other accumulated comprehensive income that will be reclassified in profit or loss		-	-	-
16.5.Profit reserves		246,680	-	246,680
16.5.1.Legal reserves		14,737	-	14,737
16.5.2.Statutory reserves		-	-	-
16.5.3.Extraordinary reserves		174,577	-	174,577
16.5.4.Other profit reserves		57,366	-	57,366
16.6. Profit or loss		85,196	-	85,196
16.6.1.Prior years' profits or losses		47,764	-	47,764
16.6.2.Current period net profit or loss		37,432	-	37,432
TOTAL EQUITY AND LIABILITIES		3,521,209	8,937,965	12,459,174

(1) The prior period financial statements and related disclosures are not stated as permitted by TFRS9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 MARCH 2018**

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

LIABILITIES AND EQUITY		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA		
			Audited ⁽¹⁾		
			PRIOR PERIOD 31/12/2017		
			TL	FC	TOTAL
I.	DEPOSITS		1,501,051	1,844,050	3,345,101
1.1	Deposits of the Bank's Risk Group	(5.II.1)	70,045	841	70,886
1.2	Others		1,431,006	1,843,209	3,274,215
II.	NEGATIVE VALUE OF TRADING DERIVATIVES	(5.II.2)	13,857	415	14,272
III.	FUNDS BORROWED	(5.II.3)	6,614	6,981,424	6,988,038
IV.	DUE TO MONEY MARKETS		1,149,966	-	1,149,966
4.1	Interbank Money Market		637,677	-	637,677
4.2	Istanbul Stock Exchange		-	-	-
4.3	Obligations under Repurchase Agreements		512,289	-	512,289
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		30,088	390,640	420,728
VIII.	OTHER EXTERNAL RESOURCES	(5.II.4)	77,431	37,117	114,548
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)	141,123	-	141,123
12.1	General Provisions		104,344	-	104,344
12.2	Restructuring Provisions		-	-	-
12.3	Reserve for Employee Benefits		15,977	-	15,977
12.4	Insurance Technical Provisions (Net)		-	-	-
12.5	Other Provisions		20,802	-	20,802
XIII.	TAX LIABILITIES	(5.II.8)	29,490	-	29,490
13.1	Current Tax Liability		29,490	-	29,490
13.2	Deferred Tax Liability		-	-	-
XIV.	PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS(Net)	(5.II.9)	-	-	-
14.1	Held For Sale		-	-	-
14.2	Discontinued Operations		-	-	-
XV.	SUBORDINATED LOANS	(5.II.10)	-	-	-
XVI.	SHAREHOLDERS' EQUITY	(5.II.11)	1,110,127	2,167	1,112,294
16.1	Paid-In Capital		860,000	-	860,000
16.2	Supplementary Capital		3,478	2,167	5,645
16.2.1	Share Premium		(587)	-	(587)
16.2.2	Share Cancellation Profits		-	-	-
16.2.3	Valuation Differences of Securities		(7,763)	2,167	(5,596)
16.2.4	Revaluation Fund on Tangible Assets		11,646	-	11,646
16.2.5	Revaluation Fund on Intangible Assets		-	-	-
16.2.6	Revaluation Fund on Investment Property		-	-	-
16.2.7	Capital Bonus of Associates, Subsidiaries and Joint Ventures		-	-	-
16.2.8	Hedging Funds (Effective Portion)		-	-	-
16.2.9	Revaluation Fund on Assets Held for Sale and Discontinued Operations		-	-	-
16.2.10	Other Supplementary Capital		182	-	182
16.3	Profit Reserves		201,682	-	201,682
16.3.1	Legal Reserves		11,937	-	11,937
16.3.2	Status Reserves		-	-	-
16.3.3	Extraordinary Reserves		132,379	-	132,379
16.3.4	Other Profit Reserves		57,366	-	57,366
16.4	Profit or Loss		44,967	-	44,967
16.4.1	Prior Periods' Profit or Loss		(3,316)	-	(3,316)
16.4.2	Current Period Profit or Loss		48,283	-	48,283
TOTAL LIABILITIES AND EQUITY			4,059,747	9,255,813	13,315,560

⁽¹⁾ The prior period financial statements and related disclosures are not stated as permitted by TFRS9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS AT 31 MARCH 2018**

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

	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA		
		CURRENT PERIOD ⁽¹⁾ (31/03/2018)		
		TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS		1,865,532	3,367,535	5,233,067
I. GUARANTEES AND WARRANTIES	(5.IV.1)	363,692	1,398,676	1,762,368
1.1.Letters of guarantee		363,692	1,181,284	1,544,976
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		363,692	1,181,284	1,544,976
1.2.Bank acceptances		-	-	-
1.2.1.Import letter of acceptance		-	-	-
1.2.2.Other bank acceptances		-	-	-
1.3.Letters of credit		-	205,257	205,257
1.3.1.Documentary letters of credit		-	145,219	145,219
1.3.2.Other letters of credit		-	60,038	60,038
1.4.Prefinancing given as guarantee		-	-	-
1.5.Endorsements		-	-	-
1.5.1.Endorsements to the Central Bank of Turkey		-	-	-
1.5.2.Other endorsements		-	-	-
1.6.Purchase guarantees for Securities issued		-	-	-
1.7.Factoring guarantees		-	-	-
1.8.Other guarantees		-	12,135	12,135
1.9.Other warranties		-	-	-
II. COMMITMENTS	(5.IV.1)	199,214	5,593	204,807
2.1.Irrevocable commitments		199,214	5,593	204,807
2.1.1.Asset purchase and sales commitments		5,535	5,593	11,128
2.1.2.Deposit purchase and sales commitments		-	-	-
2.1.3.Share capital commitment to associates and subsidiaries		-	-	-
2.1.4.Loan granting commitments		29,360	-	29,360
2.1.5.Securities issue brokerage commitments		-	-	-
2.1.6.Commitments for reserve requirements		-	-	-
2.1.7.Commitments for checks payments		82,848	-	82,848
2.1.8.Tax and fund liabilities from export commitments		5	-	5
2.1.9.Commitments for credit card expenditure limits		69,237	-	69,237
2.1.10.Commitments for credit cards and banking services promotions		181	-	181
2.1.11.Receivables from short sale commitments of marketable securities		-	-	-
2.1.12.Payables for short sale commitments of marketable securities		-	-	-
2.1.13.Other irrevocable commitments		12,048	-	12,048
2.2.Revocable commitments		-	-	-
2.2.1.Revocable loan granting commitments		-	-	-
2.2.2.Other revocable commitments		-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		1,302,626	1,963,266	3,265,892
3.1.Derivative financial instruments held for hedging		-	-	-
3.1.1.Fair value hedges		-	-	-
3.1.2.Cash flow hedges		-	-	-
3.1.3.Hedges for investments made in foreign countries		-	-	-
3.2.Trading transactions		1,302,626	1,963,266	3,265,892
3.2.1.Forward foreign currency purchase and sale transactions		14,540	18,448	32,988
3.2.1.1.Forward foreign currency purchase transactions		8,401	8,117	16,518
3.2.1.2.Forward foreign currency sale transactions		6,139	10,331	16,470
3.2.2.Currency and interest rate swaps		1,288,086	1,944,818	3,232,904
3.2.2.1.Currency swap purchase transactions		-	1,622,601	1,622,601
3.2.2.2.Currency swap sale transactions		1,288,086	322,217	1,610,303
3.2.2.3.Interest rate swap purchase transactions		-	-	-
3.2.2.4.Interest rate swap sale transactions		-	-	-
3.2.3.Currency, interest rate and securities options		-	-	-
3.2.3.1.Currency purchase options		-	-	-
3.2.3.2.Currency sale options		-	-	-
3.2.3.3.Interest rate purchase options		-	-	-
3.2.3.4.Interest rate sale options		-	-	-
3.2.3.5.Securities purchase options		-	-	-
3.2.3.6.Securities sale options		-	-	-
3.2.4.Currency futures		-	-	-
3.2.4.1.Currency purchase futures		-	-	-
3.2.4.2.Currency sale futures		-	-	-
3.2.5.Interest rate futures		-	-	-
3.2.5.1.Interest rate purchase futures		-	-	-
3.2.5.2.Interest rate sale futures		-	-	-
3.2.6.Other		-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		9,411,193	13,324,538	22,735,731
IV. ITEMS HELD IN CUSTODY		4,909,492	1,429,849	6,339,341
4.1.Assets under management		-	-	-
4.2.Securities held in custody		1,361,924	12,402	1,374,326
4.3.Checks received for collection		67,744	5,989	73,733
4.4.Commercial notes received for collection		7,322	21,295	28,617
4.5.Other assets received for collection		-	-	-
4.6.Securities received for public offering		-	-	-
4.7.Other items under custody		3,466,869	1,378,253	4,845,122
4.8.Custodians		5,633	11,910	17,543
V. PLEDGED ITEMS		4,501,701	11,894,689	16,396,390
5.1.Marketable securities		19,071	2	19,073
5.2.Guarantee notes		1,020	60	1,080
5.3.Commodity		101,116	1,270,619	1,371,735
5.4.Warrant		-	-	-
5.5.Immovables		3,036,028	7,806,593	10,842,621
5.6.Other pledged items		1,344,466	2,817,415	4,161,881
5.7.Depositories receiving pledged items		-	-	-
VI. ACCEPTED GUARANTEES AND WARRANTIES		-	-	-
TOTAL OFF BALANCE SHEET COMMITMENTS		11,276,725	16,692,073	27,968,798

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ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS AT 31 MARCH 2018**

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

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

(1) The prior period financial statements and related disclosures are not stated as permitted by TFRS9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED INCOME STATEMENT
FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

INCOME STATEMENT	Footnotes (Section Five)	THOUSAND TURKISH LIRA
		CURRENT PERIOD ⁽¹⁾ (01/01/2018-31/03/2018)
I. INTEREST INCOME	(5.III.1)	230,725
1.1. Interest on loans		165,679
1.2. Interest received from reserve deposits		6,061
1.3. Interest received from banks		1,668
1.4. Interest received from money market transactions		1,725
1.5. Interest received from marketable securities portfolio		55,084
1.5.1. Financial assets at fair value through profit or loss		-
1.5.2. Financial assets at fair value through other comprehensive income		43,580
1.5.3. Financial assets measured at amortised cost		11,504
1.6. Finance lease income		-
1.7. Other interest income		508
II. INTEREST EXPENSES	(5.III.2)	120,802
2.1. Interest on deposits		67,952
2.2. Interest on funds borrowed		43,387
2.3. Interest on money market transactions		9,424
2.4. Interest on securities issued		-
2.5. Other interest expenses		39
III. NET INTEREST INCOME/EXPENSE (I - II)		109,923
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		8,627
4.1. Fees and commissions received		10,288
4.1.1. Non-cash loans		2,146
4.1.2. Other		8,142
4.2. Fees and commissions paid		1,661
4.2.1. Non-cash loans		40
4.2.2. Other		1,621
V. PERSONNEL EXPENSES (-)	(5.III.6)	35,682
VI. DIVIDEND INCOME		-
VII. TRADING PROFIT/LOSS (Net)	(5.III.3)	(32,328)
7.1. Profit/losses from capital market transactions		3,119
7.2. Profit/losses from derivative financial transactions		21,137
7.3. Foreign exchange profit/losses		(56,584)
VIII. OTHER OPERATING INCOME	(5.III.4)	22,589
IX. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII+VIII)		73,129
X. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(5.III.5)	2,674
XI. OTHER OPERATING EXPENSES (-)	(5.III.6)	26,404
XII. NET OPERATING PROFIT/LOSS (IX-X-XI)		44,051
XIII. SURPLUS WRITTEN AS GAIN AFTER MERGER		-
XIV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-
XV. NET MONETARY POSITION GAIN/LOSS		-
XVI. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+XIII+XIV+XV)	(5.III.7)	44,051
XVII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.III.8)	(6,619)
17.1. Current tax provision		(2,267)
17.2. Expense effect of deferred tax (+)		(8,551)
17.3. Income effect of deferred tax (-)		4,199
XVIII. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVI±XVII)	(5.III.9)	37,432
XIX. INCOME FROM DISCONTINUED OPERATIONS		-
19.1. Income from assets held for sale		-
19.2. Profit from sale of associates, subsidiaries and joint ventures		-
19.3. Other income from discontinued operations		-
XX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-
20.1. Expenses on assets held for sale		-
20.2. Losses from sale of associates, subsidiaries and joint ventures		-
20.3. Other expenses from discontinued operations		-
XXI. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XIX-XX)	(5.III.7)	-
XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(5.III.8)	-
22.1. Current tax provision		-
22.2. Expense effect of deferred tax (+)		-
22.3. Income effect of deferred tax (-)		-
XXIII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)	(5.III.9)	-
XXIV. NET PROFIT/LOSSES (XVIII+XXIII)	(5.III.9)	37,432
24.1. Profit/Loss of Group		37,432
24.2. Profit or Loss of Minority Share (-)		-
Profit/Loss of per share (Full TL)		0.0044

⁽¹⁾ The prior period financial statements and related disclosures are not stated as permitted by TFRS9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

**CONSOLIDATED INCOME STATEMENT
FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

INCOME AND EXPENSE ITEMS	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA
		Reviewed (1) PRIOR PERIOD (01/01/2017 - 31/03/2017)
I. INTEREST INCOME	(5.III.1)	167,098
1.1 Interest from Loans		103,728
1.2 Interest from Reserve Deposits		3,214
1.3 Interest from Banks		324
1.4 Interest from Money Market Transactions		1,441
1.5 Interest from Securities Portfolio		58,229
1.5.1 Trading Securities		-
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-
1.5.3 Available for Sale Securities		48,641
1.5.4 Held to Maturity Securities		9,588
1.6 Interest from Financial Leases		-
1.7 Other Interest Income		162
II. INTEREST EXPENSE	(5.III.2)	78,597
2.1 Interest on Deposits		49,280
2.2 Interest on Funds Borrowed		21,345
2.3 Interest on Money Market Transactions		7,941
2.4 Interest on Securities Issued		-
2.5 Other Interest Expense		31
III. NET INTEREST INCOME (I - II)		88,501
IV. NET FEE AND COMMISSION INCOME		20,886
4.1 Fees and Commissions Received		22,157
4.1.1 Non-Cash Loans		1,656
4.1.2 Other		20,501
4.2 Fees and Commissions Paid		1,271
4.2.1 Non-Cash Loans		38
4.2.2 Other		1,233
V. DIVIDEND INCOME		-
VI. TRADING INCOME/LOSS (Net)	(5.III.3)	(12)
6.1 Profit / Loss on Capital Market Transactions		1,837
6.2 Derivative Instruments Gain / Loss		(35,939)
6.3 Foreign Exchange Gain / Loss		34,090
VII. OTHER OPERATING INCOME	(5.III.4)	5,840
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		115,215
IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)	(5.III.5)	14,410
X. OTHER OPERATING EXPENSES (-)	(5.III.6)	53,453
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		47,352
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)	47,352
XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.III.8)	(13,330)
16.1 Current Tax Provision		(12,925)
16.2 Deferred Tax Provision		(405)
XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(5.III.9)	34,022
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)	34,022
23.1 Group's Profit / Loss		34,022
23.2 Minority Shares (-)		-
Earnings / Losses per Share (Full TL)		0.0081

(1) The prior period financial statements and related disclosures are not stated as permitted by TFRS9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF INCOME AND EXPENSES RECOGNIZED UNDER EQUITY
FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME TABLE	THOUSAND TURKISH LIRA
	CURRENT PERIOD ⁽¹⁾ (01/01/2018- 31/03/2018)
I. PROFIT (LOSS)	37,432
II. OTHER COMPREHENSIVE INCOME	(18,636)
2.1. Other comprehensive income that will not be reclassified to profit or loss	(18,617)
2.1.1. Gains (Losses) on Revaluation of Property, Plant and Equipment	-
2.1.2. Gains (losses) on revaluation of Intangible Assets	-
2.1.3. Gains (losses) on remeasurements of defined benefit plans	-
2.1.4. Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	(23,232)
2.1.5. Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	4,615
2.2. Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(19)
2.2.1. Exchange Differences on Translation	-
2.2.2. Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	(19)
2.2.3. Income (Loss) Related with Cash Flow Hedges	-
2.2.4. Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-
2.2.5. Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-
2.2.6. Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	-
III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	18,796

⁽¹⁾ The prior period financial statements and related disclosures are not stated as permitted by TFRS9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF INCOME AND EXPENSES RECOGNIZED UNDER EQUITY
FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

INCOME/EXPENSE ITEMS RECOGNIZED IN EQUITY	THOUSANDS OF TURKISH LIRA
	Reviewed (1) PRIOR PERIOD (01/01/2017 – 31/03/2017)
I. ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS	17,775
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	(3,555)
X. NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)	14,220
XI. CURRENT PERIOD PROFIT/LOSS	34,022
11.1 Net Change in Fair Value of Securities (Transfer to Profit & Loss)	(1,845)
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	35,867
XII. TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X±XI)	48,242

⁽¹⁾The prior period financial statements and related disclosures are not stated as permitted by IFRS9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

Current period ^(*)	Footnotes (Section V)	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss			Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss			Profit Reserves	Prior Period Net Income (loss)	Current Period Net Income (loss)	Total Shareholders' Equity Without Minority Share	Minority Interest	Total Shareholders' Equity
						1	2	3	4	5	6						
I. Balances at Beginning of Period		860,000	(587)	-	182	11,646	-	(5,596)	-	-	-	201,682	(3,316)	48,283	1,112,294	-	1,112,294
II. Adjustments in accordance with TMS 8		-	-	-	-	-	-	-	-	-	-	-	2,797	-	2,797	-	2,797
2.1 Effect of Adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	2,797	-	2,797	-	2,797
III. New Balance (I+II)		860,000	(587)	-	182	11,646	-	(5,596)	-	-	-	201,682	(519)	48,283	1,115,091	-	1,115,091
IV. Total Comprehensive Income		-	-	-	-	-	-	(18,948)	-	-	-	-	-	-	(18,948)	-	(18,948)
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase through Internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital/ inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/ (Decrease) through Others Changes,equity		-	-	-	330	-	-	-	-	-	-	-	-	37,432	37,762	-	37,762
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	44,998	48,283	(48,283)	44,998	-	44,998
11.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers legal reserves		-	-	-	-	-	-	-	-	-	-	44,998	-	-	44,998	-	44,998
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	48,283	(48,283)	-	-	-
Balances at end of the period (III+IV+.....+X+XI) (31/03/2018)		860,000	(587)	-	512	11,646	-	(24,544)	-	-	-	246,680	47,764	37,432	1,178,903	-	1,178,903

(*) The prior period financial statements and related disclosures are not stated as permitted by TFRS9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

	REVIEWED THOUSANDS OF TURKISH LIRA																	
	Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellation 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	Minority Interests	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																		
PRIOR PERIOD ^(*)																		
31/03/2017																		
I. Balances at the beginning of period - 01/01/2017	420,000	-	(814)	-	11,669	-	127,271	57,918	18,749	(17,357)	(20,572)	10,143	-	-	-	607,007	-	607,007
Changes in the period																		
II. Increase / decrease related to mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Valuation difference of available-for-sale securities	-	-	-	-	-	-	-	-	-	-	14,220	-	-	-	-	14,220	-	14,220
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. Issuances 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	-	-	-	-	-	-	-	-	34,022	-	-	-	-	-	-	34,022	-	34,022
XVIII. Profit distribution	-	-	-	-	268	-	5,108	210	(18,749)	13,170	-	-	-	-	-	7	-	7
18.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transferred to reserves	-	-	-	-	268	-	5,108	-	(5,376)	-	-	-	-	-	-	-	-	-
18.3 Others	-	-	-	-	-	-	-	210	(13,373)	13,170	-	-	-	-	-	7	-	7
Balances at the end of period (I+II+III+...+XVI+XVII+XVIII) - 31/03/2017	420,000	-	(814)	-	11,937	-	132,379	58,128	34,022	(4,187)	(6,352)	10,143	-	-	-	655,256	-	655,256

(*) The prior period financial statements and related disclosures are not stated as permitted by TFRS9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

		THOUSANDS OF TURKISH LIRA
		CURRENT PERIOD (1) (01/01/2018 - 31/03/2018)
A.	CASH FLOWS FROM BANKING OPERATIONS	
1.1	Operating Profit before Changes in Operating Assets and Liabilities	(184,530)
1.1.1	Interest Received	246,150
1.1.2	Interest Paid	(112,644)
1.1.3	Dividend Received	-
1.1.4	Fees And Commissions Received	9,171
1.1.5	Other Income	(254,775)
1.1.6	Collections from Non-performing Loans	2,831
1.1.7	Payments to Personnel and Service Suppliers	(35,632)
1.1.8	Taxes Paid	(15,689)
1.1.9	Other	(23,942)
1.2	Changes in Operating Assets and Liabilities	(173,880)
1.2.1	Net (Increase) Decrease in Financial Assets Designated at FV/	127,540
1.2.2	Net (Increase) Decrease in Banks	128,089
1.2.3	Net (Increase) Decrease in Loans	376,578
1.2.4	Net (Increase) Decrease in Other Assets	(9,018)
1.2.5	Net (Increase) Decrease in Bank Deposits	(103)
1.2.6	Net Increase (Decrease) in Other Deposits	1,082,131
1.2.7	Net Increase (Decrease) in Financial Assets Designated on FV(fair value)	-
1.2.8	Net Increase (Decrease) in Funds Borrowed	(1,909,713)
1.2.9	Net Increase (Decrease) in Due Payables	-
1.2.10	Net Increase (Decrease) in Other Liabilities	30,616
I.	Net Cash Provided by / (Used in) Banking Operations	(358,410)
B.	CASH FLOWS FROM INVESTING ACTIVITIES	
II.	Net Cash Provided by / (Used in) Investing Activities	(152,143)
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	(1,417)
2.4	Fixed Assets Sales	-
2.5	Purchase of Financial Assets at Fair Vaue Through Other Comprehensive Income	(236,702)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	118,135
2.7	Purchase of Financial Assets Measured at Amortised Cost	(47,859)
2.8	Sale of Financial Asset Measured at Amortised Cost	-
2.9	Other	15,700
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	29,307
V.	Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV)	(481,246)
VI.	Cash and Cash Equivalents at the Beginning of Period	1,968,369
VII.	Cash and Cash Equivalents at the End of Period (V+VI)	1,487,123

⁽¹⁾ The prior period financial statements and related disclosures are not re-stated as permitted by TFRS9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2018**

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

		THOUSANDS OF TURKISH LIRA
		PRIOR PERIOD ⁽¹⁾
		(01/01/2017 - 31/03/2017)
A.	CASH FLOWS FROM BANKING OPERATIONS	
1.1	Operating Profit before Changes in Operating Assets and Liabilities	16,568
1.1.1	Interest Received	119,970
1.1.2	Interest Paid	(79,034)
1.1.3	Dividend Received	-
1.1.4	Fees And Commissions Received	22,339
1.1.5	Other Income	5,698
1.1.6	Collections from Non-performing Loans	4,545
1.1.7	Payments to Personnel and Service Suppliers	(27,206)
1.1.8	Taxes Paid	(6,156)
1.1.9	Other	(23,588)
1.2	Changes in Operating Assets and Liabilities	513,932
1.2.1	Net (Increase) Decrease in Trading Securities	1,259
1.2.2	Net (Increase) Decrease in Financial Assets Designated at FV	-
1.2.3	Net (Increase) Decrease in Banks	(159,020)
1.2.4	Net (Increase) Decrease in Loans	(575,859)
1.2.5	Net (Increase) Decrease in Other Assets	(3,299)
1.2.6	Net Increase (Decrease) in Bank Deposits	450,789
1.2.7	Net Increase (Decrease) in Other Deposits	(720,379)
1.2.8	Net Increase (Decrease) in Funds Borrowed	1,607,828
1.2.9	Net Increase (Decrease) in Due Payables	-
1.2.10	Net Increase (Decrease) in Other Liabilities	(87,387)
I.	Net Cash Provided by / (Used in) Banking Operations	530,500
B.	CASH FLOWS FROM INVESTING ACTIVITIES	
II.	Net Cash Provided by / (Used in) Investing Activities	(501,742)
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	(801)
2.4	Fixed Assets Sales	125
2.5	Cash Paid for Purchase of Investments Available for Sale	(495,818)
2.6	Cash Obtained From Sale of Investments Available for Sale	177,227
2.7	Cash Paid for Purchase of Investment Securities	(182,042)
2.8	Cash Obtained from Sale of Investment Securities	-
2.9	Other	(433)
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	(6,740)
V.	Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV)	22,018
VI.	Cash and Cash Equivalents at the Beginning of Period	721,925
VII.	Cash and Cash Equivalents at the End of Period (V+VI)	743,943

⁽¹⁾ The prior period financial statements and related disclosures are not re-stated as permitted by TFRS9 transition rules. Since 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

(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 at the balance sheet date. These estimates are being audited regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the 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 at 1 January 2018, except than TFRS 9 Financial Instruments, have no impact on the accounting policies, financial position and performance of the Group. It is not expected that the amendments to TAS and TFRS which are published but not yet effective as of the date of issuance of the financial statements will have a significant effect on the Bank's accounting policies, financial position and performance.

Additional paragraph for convenience translation to English:

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

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

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

(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 31 March 2018, rates used for converting foreign exchange transactions to Turkish Lira and presenting them in financial statements are as follows (TL Full); USD: TL 3.9949, Euro: TL 4.9191, GBP: TL 5,6062, JPY: TL 0.037385.

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 31 March 2017, 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 31 March 2018 and 31 December 2017.

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

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

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

The financial statements which have been used in the consolidation are prepared as at 31 March 2018 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in same circumstances. There is no obstacle on the transfer of shareholders’ equity between the Parent Bank and its subsidiary or on the reimbursement of liabilities.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

IV. Derivative Financial Assets

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

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

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

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

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

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cashflows of the combined instrument vary in a way similar to stand alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative but a separate financial instrument.

V. Interest Income and Expense

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

VI. 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 recognizes its financial assets as "Fair Value Through Profit or Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments. The Group recognizes a financial asset or financial liability on its balance sheet only when it is party to the contractual provisions of the financial lease. The Group derecognizes a financial asset only when the contractual rights to cash flows from the financial asset have expired or the financial assets have been transferred and the conditions for derecognition have been met. A financial liability (or part of a financial liability) is only recognized when the liability has expired; in other words, it is removed from the statement of financial position when the obligation specified in the contract is fulfilled, canceled or time out.

Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

VII. Financial Assets (Continued)

-The business model used by the entity for the management of financial assets,

- Characteristics of contractual cash flows of the financial asset

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

a. Financial Assets at Fair Value Through Profit or Loss:

A financial asset is measured at amortized cost or, it is not measured at fair value through another comprehensive income, it is measured at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at fair value and are subsequently measured at fair value. Gains and losses arising from valuation are included in the profit / loss accounts.

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

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

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

Financial assets measured at fair value through other comprehensive income are measured at their fair values subsequently.

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

c. Financial Assets Measured at Amortized Cost:

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

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

subsequent to the initial recognition, financial assets measured at amortised cost are accounted at amortised cost calculated by using the effective interest rate method. Interest income on financial assets measured at amortized cost is recorded as interest income in the income statement.

d. Loans:

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

VIII. Impairment of Financial Assets

The Bank makes provisions for financial assets measured at fair value through other comprehensive income, assets measured at amortized cost, and expected losses related to non-cash loans and credit commitments. As of 1 January 2018, the Bank recognize provisions for impairment in accordance with TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9.

There is no provision for impairment of equity instruments.

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

The Bank measured the expected credit losses for a financial asset based on the probabilities that are weighted and unbiased by probable outcomes, the time value of money and the estimates of past events, current and future economic conditions that are reasonable, in a way that reflects supportable information.

As of the date of initial recognition, financial assets these are subject to expected loss provision calculation has been followed in accordance with the following three-stage model below:

Stage 1: For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition, impairment for credit risk is recorded in the equal amount of 12-month expected credit losses.

Stage 2: At each reporting date The Bank classifies the financial instrument as a second stage, in the case of the credit risk of the financial instrument has increased significantly since the initial recognition on the financial statements and measures the provision for impairment on this financial instrument at an amount equal to the lifetime expected credit losses. The purpose of impairment provisions matters are recognising to the financial statements for all financial instruments that have significant increases in credit risk since initial recognition to financial statements

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

Review of the Bank's Business Model

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

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How the additional payments to the bank management are determined

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

VIII. Impairment of Financial Assets (continued)

The financial asset is classified on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. For this purpose, the Bank determines whether contractual cash flows are solely payments of principal and interest. In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank will consider the consistency of loan agreement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank consider:

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

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 “FVTPL”, “FVOCI” or “financial assets measured at amortised cost” based on the Parent Bank management’s intention and measured with the same valuation principles of the portfolio above. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis based on the difference between selling and repurchase prices using effective interest rate method.

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

XI. 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.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

XII. Goodwill and Other Intangible Assets

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

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

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

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

XIII. Tangible Assets

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

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

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

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

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

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

The regular maintenance and repair expenditures are accounted as expense. The investment expenditures, made to increase the future benefits of the asset by improving the capacity of the asset, are added to the cost of the asset.

Investment expenditures comprised of the costs which increase the useful life of the asset, improve the capacity of the asset, increase the quality or decrease the cost of production.

The Parent Bank applies revaluation model for the buildings as permitted by TAS 16 “Property, Plant and Equipment”. For this purpose, fair values of the buildings are determined by a third party appraiser, which is commissioned by BRSA and Capital Markets Board. The fair value surplus is recognized in “Revaluation Fund on Tangible Assets” within the equity items. As at 31 March 2018, revaluation surplus on tangible assets amounts to TL 12,259 (31 December 2017: TL 12,259).

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.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

XV. Provisions and Contingencies

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

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

XVI. 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.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

XVIII. Taxation

Current taxes:

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

This rate is applied to tax base which is calculated by adding certain non deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and other deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

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

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

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

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

a. 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.

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XVIII. Taxation (continued)

b. Transfer Pricing:

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

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

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

XIX. Additional Explanations on Borrowings

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

XX. 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 31 March 2018 and 31 December 2017, 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.

Ordinary General Assembly Meeting of the Parent Bank at the Ordinary General Assembly Meeting held on March 30, 2018; it has been decided that according to Article 519/1 of the Turkish Commercial Code; reserves legal reserves amounting to TL 1,958 by 5% over the decreasing remaining TL 39,168 from previous years' losses after deducting TL 3,316 from TL 42,484 which constitutes the net profit after tax net for the year of 2017 and to transfer all the remain amounting to TL 37,210 to extraordinary reserves.

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.

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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

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

	December	December	December	1 January
	2017	Reclassifications	Remeasurements	2018
ASSETS				
Financial Assets	2,513,663	17,130	(11,719)	2,519,074
Financial Assets at Fair Value through Profit and Loss	31,240	(691)	-	30,549
Financial Assets at Fair Value through Other Comprehensive Income	-	1,989,010	-	1,989,010
<i>Financial Assets Available for Sale</i>	<i>1,989,010</i>	<i>(1,989,010)</i>	-	-
<i>Financial Assets Measured at Amortised Cost</i>	-	<i>493,413</i>	-	<i>493,413</i>
Investments Held to Maturity	493,413	(493,413)	-	-
Derivative Financial Assets	-	691	-	691
Allowance for Expected Credit Losses (-)	-	17,130	(11,719)	5,411
Loans	72,147	82,928	(16,824)	138,251
Allowance for Expected Credit Losses (-)	-	155,075	(16,824)	138,251
<i>Specific Provisions (-)</i>	<i>72,147</i>	<i>(72,147)</i>	-	-
Deferred Tax Assets	10,619	-	29,434	40,053
Other Assets	84,522	-	(1,059)	83,463
LIABILITIES				
Derivative financial liabilities	-	14,272	-	14,272
<i>Derivative financial liabilities held for trading</i>	<i>14,272</i>	<i>(14,272)</i>	-	-
Provisions	125,146	(100,057)	2,965	28,054
<i>General Provisions</i>	<i>104,344</i>	<i>(104,344)</i>	-	-
Other Provisions	20,802	4,287	2,965	28,054
Prior years profit/ losses	44,967	-	2,797	47,764

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XXVIII. Explanations on Other Matters

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

Explanations on Forward Transactions, Options and Derivative Instruments

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

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

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

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

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

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

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

Financial Assets

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

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XXVIII. Other Disclosures (Continued)

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

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

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

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

b. Financial Assets Available for Sale:

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

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

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

c. Loans and Receivables:

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

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

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

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XXVIII. Other Disclosures (Continued)

d. Held-to-maturity Financial Assets:

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

Impairment of Financial Assets

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

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

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

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

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SECTION FOUR

CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations on Consolidated Equity

Information about consolidated total capital

Current Period	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	
Share issue premiums	(587)	
Reserves	198,916	
Gains recognized in equity as per TAS	(12,386)	
Profit	85,196	
Current period profit	37,432	
Prior period profit	47,764	
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	1,131,139	
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	12,898	
Improvement costs for operating leasing	1,851	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,422	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	4,394	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions -	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities -	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	

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I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued)

Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
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	22,565
Total Common Equity Tier I Capital	1,108,574
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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I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
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 (-)	2,281	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	2,930	
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	3,531	
Total Additional Tier I Capital	1,103,363	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)		
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA ⁽³⁾	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (1st clause of Article 8 of the Regulation on the Equity of Banks)	46,032	
Tier II Capital Before Deductions	46,032	
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	-	
Total Capital (The sum of Tier I Capital and Tier II Capital)	-	
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	-	
Other items to be defined by the BRSA	78	
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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Information about consolidated total capital (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
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 be 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 be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	
TOTAL CAPITAL		
Total capital (The Sum of Tier I Capital and Tier II)	1,210,058	
Total risk weighted items	8,017,831	
CAPITAL ADEQUACY RATIOS ⁽²⁾		
Consolidated Core Capital Adequacy Ratio (%)	14.52	
Consolidated Tier 1 Capital Adequacy Ratio (%)	14.52	
Consolidated Capital Adequacy Standard Ratio (%)	15.09	
BUFFERS		
Total buffer requirement	6.91	
Capital conservation buffer requirement (%)	1.19	
Bank specific countercyclical buffer requirement (%)	5.72	
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	-	
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)	-	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Temporary 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	-	

⁽¹⁾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.

⁽²⁾ The Parent Bank considers the loan provided to ICBC Group at an amount of TL 8,039, as cash reserve as at 31 March 2018 in accordance with the Account Pledge Contract dated 25 June 2015 concluded with its shareholder ICBC and does not consider the aforementioned loan as an item which shall be deducted from the capital adequacy ratio calculation.

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I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued)

Prior Period	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	
Share issue premiums	(587)	
Reserves	201,682	
Gains recognized in equity as per TAS	11,828	
Profit	44,967	
Current period profit	48,283	
Prior period profit	(3,316)	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	1,117,890	
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	5,596	
Improvement costs for operating leasing	2,242	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,116	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	328	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions -	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities -	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	

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I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued)

Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
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	11,282
Total Common Equity Tier I Capital	1,106,608
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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I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
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 (-)	2,078	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	218	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	2,296	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1,108,904	
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)	104,344	
Tier II Capital Before Deductions	104,344	
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	104,344	
Total Capital (The sum of Tier I Capital and Tier II Capital)	1,208,656	
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	-	
Other items to be defined by the BRSA	96	
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 (-)	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	

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I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
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 (The Sum of Tier I Capital and Tier II)	1,208,656	
Total risk weighted items	8,692,643	
CAPITAL ADEQUACY RATIOS ⁽²⁾		
Consolidated Core Capital Adequacy Ratio (%)	12.72	
Consolidated Tier 1 Capital Adequacy Ratio (%)	12.70	
Consolidated Capital Adequacy Standard Ratio (%)	13.90	
BUFFERS		
Total buffer requirement	3.89	
Capital conservation buffer requirement (%)	1.25	
Bank specific countercyclical buffer requirement (%)	2.64	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets		
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)	104,344	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	104,344	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Temporary 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	-	

⁽¹⁾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.

⁽²⁾ The Parent Bank considers the loan provided to Industrial and Commercial Bank of China (ICBC) at an amount of TL 1,079,135, as cash reserve as at 31 December 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.

⁽³⁾ With the decision of the Banking Regulation and Supervision Agency dated 5 January 2017 and numbered 7181, the amount of TL 440,000 transferred to the Parent Bank accounts for capital increase has been taken into consideration in the contribution capital account until the completion of the capital increase procedure.

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I. Explanations on Consolidated Equity (Continued)

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

None.

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

None.

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

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

II. Consolidated Foreign Currency Exchange Rate Risk

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

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

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

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

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

	23/03/2018	26/03/2018	27/03/2018	28/03/2018	29/03/2018	30/03/2018
USD	3.9087	3.9608	3.9742	3.9757	3.9931	3.9949
GBP	5.5235	5.5778	5.6349	5.6163	5.6443	5.6062
EURO	4.8245	4.8853	4.9251	4.9414	4.9500	4.9191
JPY	0.0369	0.0377	0.0377	0.0375	0.0377	0.0374

The basic arithmetical average of the Parent Bank’s foreign exchange bid rates for the last thirtyone days ending 31 March 2018 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	3.8774
GBP	5.4035
EURO	4.7802
JPY	0.0365

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II. Consolidated Foreign Currency Exchange Rate Risk (Continued)

Information on consolidated foreign currency exchange rate risk:

31 March 2018	EURO	USD	OTHER FC	TOTAL
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	8,886	1,370,326	1,031	1,380,243
Due from banks	473,245	289,489	8,523	771,257
Financial assets where fair value change is reflected to income statement	-	-	-	-
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	4,336	1,208,709	-	1,213,045
Financial assets	1,317,244	2,638,691	3,401	3,959,336
Investment and associates, subsidiaries and joint ventures (business partners)	-	-	-	-
Loans measured at amortised cost	-	328,499	-	328,499
Derivative financial assets held for hedging	-	-	-	-
Property and equipment	-	-	-	-
Intangible assets	-	-	-	-
Other assets	3,108	11,075	23	14,206
Total assets ^{(2) (3) (7)}	1,806,819	5,846,789	12,978	7,666,586
Liabilities				
Interbank deposits	-	-	1,150	1,150
Foreign currency deposits	963,977	1,659,579	9,930	2,633,486
Money market takings	-	-	-	-
Funds provided from other financial institutions	49,500	5,791,685	3,372	5,844,557
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities held for hedging	-	-	-	-
Other liabilities ^{(2) (6)}	442,999	22,294	111	465,404
Total liabilities ^{(2) (6)}	1,456,476	7,473,558	14,563	8,944,597
Net On Balance Sheet Position	350,343	(1,626,770)	(1,584)	(1,278,011)
Net Off Balance Sheet Position	(325,152)	1,621,093	2,230	1,298,171
Financial Derivatives (Assets) ⁽⁵⁾	6,641	1,624,382	2,492	1,633,515
Financial Derivatives (Liabilities) ⁽⁵⁾	331,793	3,289	262	335,344
Non-cash Loans ⁽⁴⁾	319,724	1,070,423	8,529	1,398,676
31 December 2017				
Total Assets ^{(1) (2) (3)}	1,812,314	6,543,883	9,532	8,365,729
Total Liabilities ^{(2) (6)}	1,382,708	7,856,124	14,399	9,253,231
Net On Balance Sheet Position	429,606	(1,312,241)	(4,868)	(887,503)
Net Off Balance Sheet Position	(428,329)	1,325,368	4,996	902,035
Financial Derivatives (Assets) ⁽⁵⁾	2,671	1,333,147	9,534	1,345,352
Financial Derivatives (Liabilities) ⁽⁵⁾	431,000	7,779	4,538	443,317
Non-cash Loans ⁽⁴⁾	309,883	936,601	22,017	1,268,501

(1) As at 31 March 2018 and 31 December 2017, the Group does not have precious metals balance in the Central Bank accounts.

(2) As at 31 March 2018, accrual differences of derivative transactions presented in “Financial Assets At Fair Value Through Profit or Loss” and “Negative Value of Trading Derivatives” amounting to TL 1,089 and TL 1 respectively, (31 December 2017: TL 691 and TL 415) are not included in the table.

(3) As at 31 March 2018, “Loans” balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 163,653 (31 December 2017: TL 168,146).

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

(5) As at 31 March 2018, value dated FX buying and FX selling transactions amounting to TL 2,797 and TL 2,796 respectively, presented under “Asset Purchase and Sale Commitments” of off-balance sheet items are included (31 December 2017: TL 371 and TL 370). As at 31 March 2018 and 31 December 2017, the Group does not have precious metals balance in the Central Bank accounts.

(6) “Valuation Differences of Securities” amounting to TL (7,960) (31 December 2017: TL 2,167) classified under Equity as at 31 March 2018 is not included.

(7) As at 31 March 2018, assets TL 13,208 (31 December 2017 – None) included “Allowance for Expected Credit Losses”

(8) As at 31 March 2018, liabilities TL 1,327 (31 December 2017 – None) included “Other Provisions”

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II. Consolidated Foreign Currency Exchange Rate Risk (Continued)

The table below demonstrates prospective increase and decrease in equity and profit/loss as at 31 March 2018 and 31 December 2017 (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	31 March 2018			
	Income Statement		Equity ⁽¹⁾	
	10% increase	10% decrease	10% increase	10% decrease
USD	(568)	568	(568)	568
EURO	2,519	(2,519)	2,519	(2,519)
Other FC	79	(79)	79	(79)
Total	2,030	(2,030)	2,030	(2,030)

⁽¹⁾ Equity effect includes income statement effect.

Change in foreign currency rate	31 December 2017			
	Income Statement		Equity ⁽¹⁾	
	10% increase	10% decrease	10% increase	10% decrease
USD	1,096	(1,096)	1,313	(1,313)
EURO	128	(128)	128	(128)
Other FC	26	(26)	26	(26)
Total	1,250	(1,250)	1,467	(1,467)

⁽¹⁾ 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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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 ⁽¹⁾	Total
31 March 2018							
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	1,458,125	-	-	-	40,748	1,498,873
Due from banks	739,106	-	-	-	-	36,434	775,540
Financial assets at fair value through profit or loss	20,621	1,070	4,156	-	-	731	26,578
Money market placements	13,565	-	-	-	-	-	13,565
Financial assets at fair value through other comprehensive income	82,681	1,551	801,509	1,107,529	104,224	4,309	2,101,803
Loans	869,898	1,990,168	2,024,905	1,559,508	880,810	-	7,325,289
Financial assets measured at amortised cost	-	-	107,747	302,997	146,820	-	557,564
Other assets	98	-	-	-	-	159,864	159,962
Total assets	1,725,969	3,450,914	2,938,317	2,970,034	1,131,854	242,086	12,459,174
Liabilities							
Bank Deposits	-	-	-	-	-	71,137	71,137
Other Deposits	3,202,874	806,638	41,858	70	-	309,049	4,360,489
Interbank Money Market Borrowings	383,560	-	-	-	-	-	383,560
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	209,408	1,225,507	1,604,290	1,807,816	1,001,372	-	5,848,393
Other Liabilities	462,080	-	-	-	-	1,333,515	1,795,595
Total Liabilities	4,257,922	2,032,145	1,646,148	1,807,886	1,001,372	1,713,701	12,459,174
Balance Sheet Long Position	-	1,418,769	1,292,169	1,162,148	130,482	-	4,003,568
Balance Sheet Short Position	(2,531,953)	-	-	-	-	(1,471,615)	(4,003,568)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(2,531,953)	1,418,769	1,292,169	1,162,148	130,482	(1,471,615)	-

⁽¹⁾ Tangible and intangible assets amounting to TL 42,173, tax assets amounting to TL 26,978 and expected loan loss provisions amounting to TL 5,045 and TLL 95,758 are presented within other assets as non-interest bearing; provisions amounting to TL 35,125, tax liability amounting to TL 16,510, other liabilities amounting to TL 102,977 and equity amounting to TL 1,178,903 are presented within other liabilities as non-interest bearing.

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

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

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III. Consolidated Interest Rate Risk (Continued)

Interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
31 March 2018 ⁽¹⁾				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1.50	-	3.94
Banks	-	1.81	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	0.00
Financial Assets at Fair Value Through Other Comprehensive Income	-	4.50	-	12.26
Loans	3.47	4.67	6.04	14.53
Financial Assets Measured at Amortised Cost	-	5.55	-	8.80
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	1.49	3.79	-	15.07
Interbank Money Market Borrowings	-	-	-	12.67
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0.02	2.68	-	6.77

⁽¹⁾ Stated at compound interest rates.

	EURO %	USD %	JPY %	TL %
31 December 2017 ⁽¹⁾				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1.30	-	3.94
Banks	-	2.73	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	4.45	-	13.69
Investment Securities Available-for-Sale	3.45	4.14	6.04	14.39
Loans	-	5.59	-	2.67
Investment Securities Held-to-Maturity	-	-	-	-
Liabilities				
Bank Deposits	1.72	3.45	-	14.81
Other Deposits	-	-	-	13.57
Interbank Money Market Borrowings	-	-	-	-
Miscellaneous Payables	-	-	-	-
Securities Issued	0.07	2.52	-	6.74
Funds Borrowed from Other Financial Institutions	0.40	1.84	-	6.64

⁽¹⁾ 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 60% for foreign currency denominated assets and liabilities and 80% for total assets and liabilities for 2017, respectively 70% and 90% for 2018. Monthly consolidated liquidity coverage ratios for the first three months including the reporting period are as follows:

Liquidity Coverage Ratios	FC Liquidity Coverage Ratio (%)		Total Liquidity Coverage Ratio (%)	
31 March 2018	415.48%		309.35%	
Average	355.64%		234.41%	
	Min FC (%)	Min Sum (%)	Max FC (%)	Max Sum (%)
Month	31 January 2018	28 February 2018	30 March 2018	30 March 2018
Ratio (%)	310.67%	171.40%	415.48%	309.35%
Current Period – 31 March 2018	Unweighted Amounts⁽²⁾		Weighted Amounts⁽²⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			3,489,207	2,211,765
CASH OUTFLOWS				
Retail and Small Business Customers Deposits	2,151,593	859,003	177,734	77,404
Stable deposits	751,075	169,919	37,682	8,496
Less stable deposits	1,400,518	689,084	140,052	68,908
Unsecured Funding other than Retail and Small Business Customer Deposits	3,763,754	3,033,682	2,527,839	2,194,587
Operational deposits	20,375	-	4,405	-
Non-Operational Funding	1,844,931	1,399,611	780,646	560,516
Other Unsecured Funding	1,898,448	1,634,071	1,742,788	1,634,071
Secured funding			-	-
Other Cash Outflows	1,646,425	133,683	1,646,425	133,683
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1,646,425	133,683	1,646,425	133,683
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	87,978	45,147	35,191	18,059
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	140,887	140,887	7,044	7,044
Other irrevocable or conditionally revocable commitments	1,404,038	918,431	184,778	91,861
TOTAL CASH OUTFLOWS			4,579,011	2,522,638
CASH INFLOWS				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	1,467,832	1,099,015	1,368,072	1,041,814
Other contractual cash inflows	1,640,916	1,640,916	1,640,916	1,640,916
TOTAL CASH INFLOWS			3,008,988	2,682,730
			Upper Limit Applied Accounts	
TOTAL HIGH LIQUIDITY ASSETS			3,489,207	2,211,765
TOTAL NET CASH OUTFLOWS⁽¹⁾			1,570,023	630,660
Liquidity Coverage Ratio (%)			222.24%	350.71%

⁽¹⁾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.

⁽²⁾ Monthly simple arithmetic average of consolidated liquidity coverage ratios for the first three month is calculated.

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IV. Consolidated Liquidity Risk (Continued)

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

⁽¹⁾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.

⁽²⁾ Monthly simple arithmetic average of consolidated liquidity coverage ratios for the first three months of 2017 is calculated.

There is an increase in the liquidity coverage ratio because of the loans provided from abroad by the Parent Bank in current period. The Parent Bank accepts required reserves, deposit and drawing accounts in Central Bank of Republic of Turkey, cash and borrowing instruments issued by Undersecretariat of Treasury as premium quality as liquid assets. 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:

31 March 2018	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 Years	5 years and over	Undist. ⁽¹⁾	Total
Assets								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	636,204	862,669	-	-	-	-	-	1,498,873
Banks	36,434	736,447	2,659	-	-	-	-	775,540
Financial Assets at Fair Value Through Profit or Loss	731	20,621	1,070	4,156	-	-	-	26,578
Interbank Money Market Placements	-	13,565	-	-	-	-	-	13,565
Financial Assets at Fair Value Through Other Comprehensive Income	4,309	-	-	430,331	1,562,940	104,223	-	2,101,803
Loans	-	503,420	514,940	1,520,833	3,375,210	1,410,886	-	7,325,289
Financial Assets Measured at Amortised Cost	-	-	-	1,008	409,737	146,819	-	557,564
Other Assets	-	80,031	1,827	4,832	298	27,019	45,955	159,962
Total Assets	677,678	2,216,753	520,496	1,961,160	5,348,185	1,688,947	45,955	12,459,174
Liabilities								
Bank Deposits	71,137	-	-	-	-	-	-	71,137
Other Deposits	309,049	3,202,874	806,638	41,858	70	-	-	4,360,489
Funds Borrowed from Other Financial Institutions	-	209,408	1,225,507	1,604,290	1,807,816	1,001,372	-	5,848,393
Interbank Money Markets	-	383,560	-	-	-	-	-	383,560
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	12,630	4,259	-	-	-	1,778,706	1,795,595
Total Liabilities	380,186	3,808,472	2,036,404	1,646,148	1,807,886	1,001,372	1,778,706	12,459,174
Net Liquidity Gap	297,492	(1,591,719)	(1,515,908)	315,012	3,540,299	687,575	(1,732,751)	
Net off balance sheet position	-	16,205	2,018	(5,877)	-	-	-	12,346
Derivative financial assets ⁽³⁾	0	1,242,466	302,345	99,872	-	-	-	1,644,683
Derivative financial liabilities ⁽³⁾	-	1,226,261	300,327	105,749	-	-	-	1,632,337
Non-cash loans ⁽²⁾	687,468	217,768	85,114	369,050	402,968	-	-	1,762,368
31 December 2017								
Total Assets	1,533,651	1,954,805	966,925	1,540,596	5,383,649	1,860,586	75,348	13,315,560
Total Liabilities	957,100	4,965,810	1,244,237	2,596,426	1,336,229	962,341	1,253,417	13,315,560
Net Liquidity Gap	576,551	(3,011,005)	(277,312)	(1,055,830)	4,047,420	898,245	(1,178,069)	-
Net off balance sheet position	-	(16,516)	506	-	-	-	-	(16,010)
Derivative financial assets ⁽³⁾	-	1,250,635	96,039	-	-	-	-	1,346,674
Derivative financial liabilities ⁽³⁾	-	1,267,151	95,533	-	-	-	-	1,362,684
Non-cash loans ⁽²⁾	643,783	117,396	28,151	596,108	403,206	539	-	1,789,183

(1) Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting to TL 42,173, stationary supplies amounting to TL 546, assets to be disposed of amounting to TL 8,281, expected loan loss provision amounting to TL (5,045) and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 35,125 and equity amounting to TL 1,178,907 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 31 March 2018, spot foreign currency purchase and sale transactions with value date amounting to TL 5,564 and TL 5,564, respectively, are presented under “Asset Purchase and Sale Commitments” of off-balance sheet items (31 December 2017: TL 7,874 and TL 1,788).

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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 8.40% as at 31 March 2018 (31 December 2017: 7.48%). 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 ⁽¹⁾ 31 March 2018
On-Balance sheet exposures	
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	12,217,883
(Assets amounts deducted in determining Tier 1 capital)	82
Total on-Balance sheet exposures	12,217,801
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	29,902
Total derivative financial instruments and credit derivatives exposure	29,902
Securities financial instruments and credit derivatives	
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	314
Agent transaction exposure	-
Total securities financing transactions exposures	314
Off-balance sheet items	
Off-balance sheet exposure at gross notional amount	1,894,840
(Adjustments for conversions to credit equivalent amounts)	-
Total risk of off-balance sheet items	1,894,840
Capital and total exposure	
Tier 1 capital	1,187,591
Total exposures	14,142,857
Leverage ratio (%)	8.40%

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

	Prior Period ⁽¹⁾ 31 December 2017
On-Balance sheet exposures	
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	12,827,171
(Assets amounts deducted in determining Tier 1 capital)	109
Total on-Balance sheet exposures	12,827,062
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	29,100
Total derivative financial instruments and credit derivatives exposure	29,100
Securities financial instruments and credit derivatives	
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	14,679
Agent transaction exposure	-
Total securities financing transactions exposures	14,679
Off-balance sheet items	
Off-balance sheet exposure at gross notional amount	1,926,558
(Adjustments for conversions to credit equivalent amounts)	-
Total risk of off-balance sheet items	1,926,558
Capital and total exposure	
Tier 1 capital	1,106,729
Total exposures	14,797,399
Leverage ratio (%)	7.48%

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

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VI. Information Related to Consolidated Securitization Position Risk

As at 31 March 2018, Group has no securitization position risk generated by banking accounts (31 December 2017: 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.

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 chanciness 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 at 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.

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VII. Information Related to Consolidated Credit Risk Management (Continued)

1. General Information on Risk Management and Risk Weighted Amount

a) Overview of RWA:

	Risk Weighted Amount Current Period 31 March 2018	Minimum capital requirement Current Period 31 March 2018
1 Credit risk (excluding counterparty credit risk) (CCR)	7,378,155	590,252
2 Standardised approach (SA)	7,378,155	590,252
3 Internal rating-based (IRB) approach	-	-
4 Counterparty credit risk	44,088	3,527
5 Standardised approach for counterparty credit risk (SA-CCR)	44,088	3,527
6 Internal model method (IMM)	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-
8 Investments made in collective investment companies – look-through approach	-	-
9 Investments made in collective investment companies – mandate-based approach	-	-
10 Investments made in collective investment companies - 1250% weighted risk approach	-	-
11 Settlement risk	-	-
12 Securitization positions in banking accounts	-	-
13 IRB ratings-based approach (RBA)	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-
16 Market risk	69,088	5,527
17 Standardised approach (SA)	69,088	5,527
18 Internal model approaches (IMM)	-	-
19 Operational risk	526,500	42,120
20 Basic Indicator Approach	526,500	42,120
21 Standard Approach	-	-
22 Advanced measurement approach	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-
24 Floor adjustment	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	8,017,831	641,426

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VII. Information Related to Consolidated Credit Risk Management (Continued)

1. General Information on Risk Management and Risk Weighted Amount (Continued)

	Risk Weighted Amount Prior Period 31 December 2017	Minimum capital requirement Prior Period 31 December 2017
1 Credit risk (excluding counterparty credit risk) (CCR)	8,254,044	660,324
2 Standardised approach (SA)	8,254,044	660,324
3 Internal rating-based (IRB) approach	-	-
4 Counterparty credit risk	27,401	2,191
5 Standardised approach for counterparty credit risk (SA-CCR)	27,401	2,191
6 Internal model method (IMM)	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-
8 Investments made in collective investment companies – look-through approach	-	-
9 Investments made in collective investment companies – mandate-based approach	-	-
10 Investments made in collective investment companies - 1250% weighted risk approach	-	-
11 Settlement risk	-	-
12 Securitization positions in banking accounts	-	-
13 IRB ratings-based approach (RBA)	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-
16 Market risk	24,738	1,979
17 Standardised approach (SA)	24,738	1,979
18 Internal model approaches (IMM)	-	-
19 Operational risk	386,460	30,917
20 Basic Indicator Approach	386,460	30,917
21 Standard Approach	-	-
22 Advanced measurement approach	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-
24 Floor adjustment	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	8,692,643	695,411

VIII. Consolidated Segment Reporting and Footnotes

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

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

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

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VIII. Consolidated Segment Reporting and Footnotes (Continued)

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.

Interim period ending as at 31 March 2018	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group’s Total Operations
Operating Income	12,750	37,413	22,966	73,129
Net profit of segment	4,674	24,906	14,471	44,051
Costs not distributed	-	-	-	-
Operating profit	4,674	24,906	14,471	44,051
Income from subsidiaries	-	-	-	-
Profit / Loss before tax	4,674	24,906	14,471	44,051
Tax provision (-)	-	-	6,619	6,619
Profit / Loss after tax	4,674	24,906	7,852	37,432
Non-controlling rights	-	-	-	-
Current Period Net Profit/ (Loss)	4,674	24,906	7,852	37,432
Segment assets ⁽¹⁾	876,628	6,677,514	4,905,032	12,459,174
Associate and subsidiaries	-	-	-	-
Total Assets	876,628	6,677,514	4,905,032	12,459,174
Segment liabilities ⁽¹⁾	2,369,290	2,055,954	6,855,027	11,280,271
Equity	-	-	1,178,903	1,178,903
Total Liabilities	2,369,290	2,055,954	8,033,930	12,459,174
Other Segment Items	306	484	(4,580)	(3,790)
Capital expenditure	-	-	(8,811)	(8,811)
Depreciation and amortization	160	118	2,069	2,347
Impairment losses ⁽²⁾	146	366	2,162	2,674
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 54% for corporate banking, 7% for retail banking, 39% for investment banking and others segment. Gross income (operational income) of the Group is distributed between corporate banking, retail banking and investment banking and others segment as 51%, 18%, and 31%, 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)

Interim period ending as at 31 March 2017	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Total Operations
Operating Income	16,957	44,675	53,583	115,215
Net profit of segment	4,756	25,995	16,601	47,352
Costs not distributed	-	-	-	-
Operating profit	4,756	25,995	16,601	47,352
Income from subsidiaries	-	-	-	-
Profit / Loss before tax	4,756	25,995	16,601	47,352
Tax provision (-)	-	-	13,330	13,330
Profit / Loss after tax	4,756	25,995	3,271	34,022
Non-controlling rights	-	-	-	-
Net Profit / Loss	4,756	25,995	3,271	34,022
Other Segment Items	1,021	3,420	12,993	17,434
Capital expenditure	-	-	1,234	1,234
Depreciation and amortization	109	91	1,590	1,790
Impairment losses ⁽²⁾	912	3,329	10,169	14,410
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-
31 December 2017				
Segment assets ⁽¹⁾	662,295	4,480,570	3,165,754	8,308,619
Investments in subsidiaries	-	-	-	-
Total Assets	662,295	4,480,570	3,165,754	8,308,619
Segment liabilities ⁽¹⁾	1,764,694	1,167,585	4,769,333	7,701,612
Equity	-	-	607,007	607,007
Total Liabilities	1,764,694	1,167,585	5,376,340	8,308,619

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 55% for corporate banking, 6% for retail banking, 39% for investment banking and others segment. Gross income (operational income) of the Group is distributed between corporate banking, retail banking and investment banking and others segment as 39%, 15%, and 46%, respectively.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

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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:

	31 March 2018	
	TL	FC
Cash/ Foreign Currency	15,972	24,754
Central Bank of Turkey (CBRT) ⁽¹⁾	102,658	1,355,489
Others		
Total	118,630	1,380,243

	31 December 2017	
	TL	FC
Cash	12,798	23,828
Central Bank of Turkey (CBRT) ⁽¹⁾	90,592	1,223,253
Others		
Total	103,390	1,247,081

b) Information related to the account of the Central Bank of Turkey:

	31 March 2018	
	TL	FC
Unrestricted Demand Deposits ⁽¹⁾	102,658	492,821
Unrestricted Time Deposits	-	-
Restricted Time Deposits	-	862,668
Total	102,658	1,355,489

⁽¹⁾ As at 31 March 2018, the Parent Bank does not keep precious metals as reserve deposits at Central Bank of Turkey.

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

⁽¹⁾ As at 31 December 2017, the Parent Bank does not keep precious metals as reserve deposits at Central Bank of Turkey.

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 at November 2014 and required reserves held as USD as at May 2015, reserve options and free/open accounts. The reserve rates for TL liabilities vary between 4% and 10.5% due their maturity profile as at 31 March 2018 (31 December 2017: between 4% and 10.5%); the reserve rates for foreign currency liabilities vary between 5% and 25% (31 December 2017: 4% and 24%).

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I. Information and Disclosures Related to Consolidated Assets (Continued)**2. Financial assets at fair value through profit or loss (net):**

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

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

- b) Table of positive differences related to derivative financial assets held for trading at fair value through profit/loss :

- i. Table of positive differences related to derivative financial assets at fair value through other comprehensive income

	31 March 2018	
	TL	FC
Forward transactions	61	1
Swap transactions	24,697	1,088
Futures transaction	-	-
Options transaction	-	-
Other	-	-
Total	24,758	1,089

- ii. Table of positive differences related to trading derivative financial assets

	31 December 2017	
	TL	FC
Forward transactions	-	1
Swap transactions	-	690
Futures transaction	-	-
Options transaction	-	-
Other	-	-
Total	-	691

3. Information on banks:

	31 March 2018	
	TL	FC
Banks		
Domestic	4,283	745,016
Foreign	-	26,241
Total	4,283	771,257

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

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I. Information and Disclosures Related to Consolidated Assets (Continued)

4. Information on financial assets at fair value through other comprehensive income:

a) Investment securities available-for-sale given as collateral or blocked with net values and comparatively:

	31 March 2018	
	TL	FC
Given as collateral or blocked	364,263	342,713
Subject to repurchase agreements	8,656	-
Total	372,919	342,713

As of 31 March 2018, investment securities available-for-sale other than those given as collateral or subject to repurchase agreements amounting to TL 1,386,171 are unrestricted.

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

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

b) Information on financial assets fair value through other comprehensive income:

i. Information on financial assets fair value through other comprehensive income:

	31 March 2018
Debt instruments	2,142,006
Listed	1,337,421
Unlisted	804,585
Equity instruments	4,309
Listed	-
Unlisted	4,309
Impairment provision (-) / charge (+) ⁽¹⁾	(44,512)
Total	2,101,803

⁽¹⁾ Consists of change of interest accruals.

ii. Information on available-for-sale financial assets:

	31 December 2017
Debt instruments	2,017,003
Listed	1,299,458
Unlisted	717,545
Equity instruments	4,107
Listed	543
Unlisted	3,564
Impairment provision (-) / charge (+) ⁽¹⁾	(32,100)
Total	1,989,010

⁽¹⁾ Consists of change of interest accruals.

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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:

	31 March 2018	
	Cash	Non-Cash
Direct loans granted to shareholders	-	157,240
Corporate shareholders ⁽¹⁾	-	157,240
Individual shareholders	-	-
Indirect loans granted to shareholders ⁽¹⁾	8,036	-
Loans granted to employees	2,527	-
Total	10,563	157,240

⁽¹⁾ As at 31 March 2018, the Parent Bank considers the loan provided to Industrial and Commercial Bank of China Limited (ICBC) in accordance with the Account Pledge Contract dated on 25 June 2015, amounting of TL 8,039, as cash collateralized loan.

	31 December 2017	
	Cash	Non-Cash
Direct loans granted to shareholders	-	166,912
Corporate shareholders ⁽¹⁾	-	166,912
Individual shareholders	-	-
Indirect loans granted to shareholders ⁽¹⁾	548,335	1,782
Loans granted to employees	2,671	-
Total	551,006	168,694

⁽¹⁾ The Parent Bank considers the loan provided to Industrial and Commercial Bank of China Limited (ICBC) in accordance with the Account Pledge Contract dated on 25 June 2015, as at 31 December 2017 an amount of TL 1,104,652, as cash collateralized loan.

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

Cash Loans	Standard Loans (Total)	Loans Not Subject to restructuring	Loans and Other Receivables Under Close Monitoring	
			Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	7,023,928	63,485	33	272,183
Enterprise loans	-	-	33	200,942
Export loans	106,959	40,744	-	-
Import loans	-	-	-	-
Loans given to financial sector	2,723,964	-	-	-
Consumer loans ⁽¹⁾	832,498	9,482	-	2,146
Credit cards	18,396	169	-	-
Other	3,342,111	13,090	-	69,095
Specialized loans	168	-	-	-
Other receivables	-	-	-	-
Total	7,024,096	63,485	33	272,183

⁽¹⁾ The loans and other receivables also include loan receivables of ICBC Yatırım from customers amounting to TL 60,991.

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I. Information and Disclosures Related to Consolidated Assets (Continued)

5. Information related to loans (continued):

Allowances for Expected Credit Losses on Stage 1 and 2	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	16,610	-
Significant Increase in Credit Risk	-	24,217
Total	16,610	24,217

31 December 2017

General Provisions

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

Total	104,344
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b) 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	3,620	270,070
Extended by 3,4 or 5 Times	-	-
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 ⁽¹⁾
Up to 6 Months	259	186,317
6 Months - 12 Months	271	5
1-2 Years	970	3,320
2-5 Years	1,285	40,243
5 Years and Over	835	40,185

(1) TL 2,146 amounted Consumer loan not included.

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I. Information and Disclosures Related to Consolidated Assets (Continued)

5. Information related to loans (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	5,537	837,187	842,724
Real Estate Loans	169	667,953	668,122
Automotive Loans	-	4,797	4,797
Consumer Loans	5,368	164,437	169,805
Other	-	-	-
Consumer Loans – Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	-	-	-
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards – TL	14,935	-	14,935
Installment	3,977	-	3,977
Non instalment	10,958	-	10,958
Consumer Credit Cards – FC	546	-	546
Installment	-	-	-
Non Installment	546	-	546
Loans Given to Employees – TL	77	1,353	1,430
Real Estate Loans	-	323	323
Automotive Loans	-	-	-
Consumer Loans	77	1,030	1,107
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	1,061	-	1,061
Installment	380	-	380
Non Installment	681	-	681
Employee Credit Cards – FC	36	-	36
Installment	-	-	-
Non Installment	36	-	36
Overdraft Account – TL (Individual)	3,592	-	3,592
Overdraft Account – FC (Individual)	-	-	-
Total	25,784	838,540	864,324

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I. Information and Disclosures Related to Consolidated Assets (Continued)

5. Information related to loans (continued):

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

	Short Term	Medium or Long Term	Total
Installment Corporate Loans – TL	5,516	225,314	230,830
Business Residential Loans	-	-	-
Automotive Loans	-	19,854	19,854
Consumer Loans	5,516	205,460	210,976
Other	-	-	-
Installment Corporate Loans – Indexed to FC	-	52,516	52,516
Business Residential Loans	-	-	-
Automotive Loans	-	33,453	33,453
Consumer Loans	-	19,063	19,063
Other	-	-	-
Installment Corporate Loans – FC	-	-	-
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards – TL	1,858	-	1,858
Installment	508	-	508
Non Installment	1,350	-	1,350
Corporate Credit Cards – FC	106	-	106
Installment	-	-	-
Non Installment	106	-	106
Overdraft Account – TL (Commercial)	294	-	294
Overdraft Account – FC (Commercial)	-	-	-
Total	7,774	277,830	285,604

e) Domestic and foreign loans:

	31 March 2018
Domestic loans	6,906,572
Foreign loans	453,225
Total	7,359,797
	31 December 2017
Domestic loans	6,893,750
Foreign loans	762,695
Total	7,656,445

f) Loans granted to subsidiaries and associates:

None.

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I. Information and Disclosures Related to Consolidated Assets (Continued)

5. Information related to loans (continued):

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

	31 March 2018
Loans and Receivables with Limited Collectability	154
Loans and Receivables with Doubtful Collectability	282
Uncollectible Loans and Receivables	87,551
Total	87,987

ii. Specific provisions accounted for loans:

	31 December 2017
Loans and Receivables with Limited Collectability	51
Loans and Receivables with Doubtful Collectability	5,091
Uncollectible Loans and Receivables	67,005
Total	72,147

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	327	657	93,160
(Gross amounts before the specific reserves)	-	2	783
Loans and other receivables which are restructured	-	2	783
Rescheduled loans and other receivables	-	-	-
	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Prior period	201	5,638	90,683
(Gross amounts before the specific reserves)	1	15	1,946
Loans and other receivables which are restructured	1	15	1,946
Rescheduled loans and other receivables	-	-	-

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I. Information and Disclosures Related to Consolidated Assets (Continued)

5. Information related to loans (continued):

h.2) Information on total 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	201	5,638	90,683
Additions (+)	356	12	247
Transfers from Other Categories of Non- Performing Loans (+)	-	158	5,105
Transfers to Other Categories of Non-Performing Loans (-)	158	5,105	-
Collections (-)	72	46	2,713
Write-offs (-)			
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balances at End of the Period	327	657	93,322
Specific Provisions (-)	123	226	70,030
Net Balance on Balance Sheet	204	431	23,292

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

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

	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)	204	431	23,292
Loans Allowed to Real Persons and Corporate Bodies (Gross)	327	657	93,322
Specific provision (-)	123	226	70,030
Loans Allowed to Real Persons and Corporate Bodies (Net)	204	431	23,292
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
Priort Period (Net)	150	547	23,679
Loans Allowed to Real Persons and Corporate Bodies (Gross)	201	5,638	90,684
Specific provision (-)	51	5,091	67,005
Loans Allowed to Real Persons and Corporate Bodies (Net)	150	547	23,679
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

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I. Information and Disclosures Related to Consolidated Assets (Continued)

5. Information related to loans (continued):

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

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
Current period (Net)			
Interest accruals and rediscounts and valuation differences	-	-	-
Provision amount (-)	-	-	-
Prior period (Net)			
Interest accruals and rediscounts and valuation differences	-	-	-
Provision amount (-)	-	-	-

The Group does not calculate interest accruals and rediscounts for non-performing loans.

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 public sector debt securities at amortized cost.

i. Financial assets measured at amortized cost:

	31 March 2018
Government Bonds	324,139
Treasury bills	-
Other public sector debt securities	-
Total	324,139

As of 31 March 2018, all of the securities classified as financial assets at amortized cost of the Parent Bank consist of bank bills.

ii. Investments to be held with maturity:

	31 December 2017
Government Bonds	1,277,291
Treasury bills	-
Other public sector debt securities	-
Total	1,277,291

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I. Information and Disclosures Related to Consolidated Assets (Continued)**6. Information on investment securities held-to-maturity (net) (continued):**

c) i. Information on financial assets at amortized cost:

	31 March 2018
Debt instruments	541,273
Listed	-
Unlisted	541,273
Impairment provision ⁽¹⁾ (-)	16,291
Total	557,564

⁽¹⁾ Consists of change in interest accruals.

ii. Information on investment securities held-to-maturity:

	31 December 2017
Debt instruments	478,294
Listed	-
Unlisted	478,294
Impairment provision ⁽¹⁾ (-)	15,119
Total	463,175

⁽¹⁾ Consists of change in interest accruals.

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

i. The movement of financial assets at amortized costs:

	31 March 2018
Beginning balance	493,413
Foreign currency differences on monetary assets	-
Purchases during year	47,860
Disposals through sales and redemptions	-
Impairment provision (-)	16,291
Period end balance	557,564

ii. Held-to-maturity:

	31 December 2017
Beginning balance	184,587
Foreign currency differences on monetary assets	-
Purchases during year	293,707
Disposals through sales and redemptions	-
Impairment provision (-)	15,119
Period end balance	463,175

7. Investments in associates (net):

None.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

I. Information and Disclosures Related to Consolidated Assets (Continued)

8. Investments in subsidiaries (net):

As at 31 March 2018, the Parent Bank has subsidiary as ICBC Turkey Yatırım Menkul Değerler A.Ş. The Parent Bank does not have any capital needs due to its subsidiary which is included in the calculation of its consolidated capital adequacy standard ratio. The current equity amount of the subsidiary fulfils the minimum capital requirement entailed in accordance with the Capital Markets Board's regulations.

Information related to subsidiaries:

- Information on subsidiaries not consolidated: None.
- Information on subsidiaries not consolidated according to information above: None.
- Movement of subsidiaries not consolidated: None.
- Industrial distribution of subsidiaries not consolidated:

As at 31 March 2018, the Parent Bank has no non-consolidated subsidiary.

- 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	-

- 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
571,369	98,799	1,394	3,573	68	3,871	1,783	-

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

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

Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair Value
28,284	2,479	13	88	-	(98)	(134)	-

- Movement of consolidated subsidiaries:
 - The movement of financial assets at amortized costs:

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

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I. Information and Disclosures Related to Consolidated Assets (Continued)**8. Investments in subsidiaries (net) (continued):**

ii. Held-to-maturity:

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

h) Sectorial distribution of consolidated subsidiaries:

	31 March 2018
Subsidiaries	
Banks	-
Insurance Companies	-
Factoring Companies	-
Leasing Companies	-
Finance Companies	-
Other Financial Subsidiaries	-
Other Non-Financial Subsidiaries	75,998
Total	75,998

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

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 at 31 March 2018, the deferred tax asset arising from the deductible temporary differences except for general loan provisions is amounting to TL 26,976 (31 December 2017: TL 10,619). As at 31 March 2018, there is TL 6,925 amount of deferred tax asset arising from financial losses (31 December 2017: None).

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

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

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

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

15. Information on other assets:

Commodities and immovable properties of the Group obtained with respect to non-performing loans are recognized under movable and immovable assets to be sold off and shown under other assets in the balance sheet. Net total carrying value of the aforementioned assets is TL 8,281 as at 31 March 2018 (31 December 2017: TL 8,415).

Total of other assets amounting to TL 87,575 (31 December 2017: TL 95,045), which are out of movable and immovable properties to be sold off, do not exceed 10% of the balance sheet total.

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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) 31 March 2018:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	30,162	19,709	1,267,247	50,464	2,794	-	-	1,370,376
Foreign Currency Deposits	239,161	35,137	2,282,072	56,409	14,139	6,567	-	2,633,485
Residents in Turkey	232,680	34,969	2,190,930	53,892	4,120	1,578	-	2,518,169
Residents Abroad	6,481	168	91,142	2,517	10,019	4,989	-	115,316
Public Sector Deposits	3,662	-	-	-	-	-	-	3,662
Commercial Deposits	33,414	65,994	236,539	2,158	2	-	-	338,107
Other Ins. Deposits	2,650	45	12,103	28	33	-	-	14,859
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits ⁽¹⁾	71,137	-	-	-	-	-	-	71,137
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	1,166	-	-	-	-	-	-	1,166
Foreign Banks	69,971	-	-	-	-	-	-	69,971
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	380,186	120,885	3,797,961	109,059	16,968	6,567	-	4,431,626

a.2) 31 December 2017:

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

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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	Exceeding the Deposit Insurance Limit
	31 March 2018	31 March 2018
Saving Deposits	620,722	747,155
Foreign Currency Savings Deposits	184,593	771,583
Other Saving Deposits	-	-
Foreign branches’ Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
Total	805,315	1,518,738

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

- 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 4,739 (31 December 2017: TL 4,504).

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

	31 March 2018
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	4,739
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.	-

	31 December 2017
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	4,504
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.	-

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II. Information and Disclosures Related to Consolidated Liabilities (Continued)

2. Information on derivative financial liabilities held for trading:

i. Negative difference on derivatives held for trading:

	31 March 2018	
	TL	FC
Forwards	18	1
Swaps	360	-
Futures	-	-
Options	-	-
Other	-	-
Total	378	1

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

	31 December 2017	
	TL	FC
Forwards	-	1
Swaps	13,857	414
Futures	-	-
Options	-	-
Other	-	-
Total	13,857	415

3. Information on funds borrowed:

a) Information on banks and other financial institutions:

	31 March 2018	
	TL	FC
Central Bank of Turkey	-	-
Domestic Banks and Institutions	3,836	6,106
Foreign Banks, Institutions and Funds	-	5,838,451
Total	3,836	5,844,557

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

b) Contractual maturities of funds borrowed:

	31 March 2018	
	TL	FC
Short-Term	3,836	3,035,370
Medium and Long-Term	-	2,809,187
Total	3,836	5,844,557

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II. Information and Disclosures Related to Consolidated Liabilities (Continued)**3. Information on funds borrowed (continued):**

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

- 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 564,678 (31 December 2017: TL 114,548) and do not exceed 10% of total liabilities excluding the off-balance sheet items.

5. Obligations under financial leases:

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

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

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

6. Information on liabilities arising from hedging purpose derivatives:

None.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

II. Information and Disclosures Related to Consolidated Liabilities (Continued)

7. Information on provisions:

a) Information on reserve for employee rights:

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

The indemnity payable is one month's salary for each year of service and as of 31 March 2018, this amount is restricted with TL-full 5,001.76 (31 December 2017: TL-full 4,732.48). The liability is not funded, since there is no funding requirement.

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

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

	31 December 2017
Discount Ratio (%)	4.72
Expected Salary/ETI Liability Ceiling Increase Rate (%)	8.00
Rate for the Probability of Retirement (%)	93.00

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

Movement of ETI liability is as below:

	31 March 2018
Balance at Prior Period End	10,735
Current year provisions	609
Paid in current year	(416)
Balance at Current Period End	10,928

	31 December 2017
Balance at Prior Period End	8,743
Current year provisions	4,465
Paid in current year	(2,473)
Balance at Current Period End	10,735

As at 31 March 2018, the Group has vacation pay liability amounting TL 5,462 (31 December 2017: TL 5,242).

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

II. Information and Disclosures Related to Consolidated Liabilities (Continued)

7. Information on provisions (continued):

b) Provision for foreign exchange gain/loss on foreign currency indexed loans:

As at 31 March 2018, foreign exchange differences on foreign currency indexed loans amounting TL 0 (31 December 2017: TL 343) are netted with loans on the asset side.

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

As at 31 March 2018, the Group has provision amounting to TL 10,267 (31 December 2017: TL 10,423) for non-cash loans and irrevocable commitments that are not indemnified and not converted into cash amounting to TL 3,773 (31 December 2017: TL 6,092).

d) Information on other provisions:

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

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

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

d.3) Information on other provisions:

As at 31 March 2018, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 9,945 (31 December 2017: TL 9,546).

As at 31 March 2018, there is provision for personnel bonus amounting TL 2,444 (31 December 2017: TL 5,070).

8. Taxation:

a) Current tax liability: As at 31 March 2018, corporate taxes payable of the Group after deductions of prepaid taxes is TL 1,177 (31 December 2017: TL 13,791).

b) Information on taxes payable:

	31 March 2018
Corporate taxes payable	1,177
Taxation on securities	3,331
Property Tax	397
Booking Transaction Tax (BTT)	2,748
Foreign Exchange Legislation	-
Value added tax payable	545
Other	3,891
Total	12,089

	31 December 2017
Corporate taxes payable	13,791
Taxation on securities	3,479
Property Tax	236
Booking Transaction Tax (BTT)	3,019
Foreign Exchange Legislation	-
Value added tax payable	216
Other	4,954
Total	25,695

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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II. Information and Disclosures Related to Consolidated Liabilities (Continued)**8. Taxation (continued):**

c) Information on premiums payable:

	31 March 2018
Social security premiums- employee share	1,916
Social security premiums- employer share	2,149
Bank social aid pension fund premium employee	-
Bank social aid pension fund premium employer	-
Pension fund membership fees and provisions – employee	-
Pension fund membership fees and provisions – employer	-
Unemployment insurance- employee share	119
Unemployment insurance- employer share	236
Other	1
Total	4,421

	31 December 2017
Social security premiums- employee share	1,630
Social security premiums- employer share	1,819
Bank social aid pension fund premium employee	-
Bank social aid pension fund premium employer	-
Pension fund membership fees and provisions	-
Pension fund membership fees and provisions	-
Unemployment insurance- employee share	115
Unemployment insurance- employer share	231
Other	-
Total	3,795

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:

	31 March 2018
Common Stock	860,000
Preferred Stock	-

	31 December 2017
Common Stock	860,000
Preferred Stock	-

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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II. Information and Disclosures Related to Consolidated Liabilities (Continued)**11. Information on shareholders' equity (continued)**

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

	31 March 2018	
	TL	FC
From investment and associates, subsidiaries and joint ventures(business partners)	-	-
Revaluation difference	(4,938)	(7,960)
Foreign exchange difference	-	-
Total	(4,938)	(7,960)

	31 December 2017	
	TL	FC
From investment and associates, subsidiaries and joint ventures(business partners)	-	-
Revaluation difference	(7,763)	2,167
Foreign exchange difference	-	-
Total	(7,763)	2,167

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) Explanations on the Parent Bank's 2017 profit distribution:

Ordinary General Assembly Meeting of the Parent Bank at the Ordinary General Assembly Meeting held on March 30, 2018; it has been decided that according to Article 519/1 of the Turkish Commercial Code; reserves legal reserves amounting to TL 1,958 by 5% over the decreasing remaining TL 39,168 from previous years' losses after deducting TL 3,316 from TL 42,484 which constitutes the net profit after tax net for the year of 2017 and to transfer all the remain amounting to TL 37,210 to extraordinary reserves.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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III. Information and Disclosures Related to Consolidated Income Statement**1. Interest income:**

a) Information on interest income received from loans:

	31 March 2018	
	TL	FC
Interest income received from loans ⁽¹⁾		
Short Term Loans	54,171	1,150
Medium and Long Term Loans	71,153	38,479
Loans Under Follow-Up	726	-
Source Utilization Support Fund	-	-
Total	126,050	39,629

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

	31 March 2017	
	TL	FC
Interest income received from loans ⁽¹⁾		
Short Term Loans	34,086	1,210
Medium and Long Term Loans	37,135	30,944
Loans Under Follow-Up	353	-
Source Utilization Support Fund	-	-
Total	71,574	32,154

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

b) Information on interest income received from banks:

	31 March 2018	
	TL	FC
From Domestic Banks	21	1,387
From Foreign Banks	-	260
From Foreign Branches and Offices	-	-
Total	21	1,647

	31 March 2017	
	TL	FC
From Domestic Banks	6	207
From Foreign Banks	-	111
From Foreign Branches Offices	-	-
Total	6	318

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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III. Information and Disclosures Related to Consolidated Income Statement**1. Interest income (continued):**

c) Information on interest income received from securities portfolio:

	31 March 2018	
	TL	FC
Financial Assets At Fair Value Through Profit Or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	32,671	10,909
Financial Assets Measured at Amortized Cost	7,308	4,196
Total	39,979	15,105

	31 March 2017	
	TL	FC
Trading Securities	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Investment Securities Available-for-Sale	38,004	10,637
Investment Securities Held-to-Maturity	4,943	4,645
Total	42,947	15,282

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:

	31 March 2018	
	TL	FC
Banks ⁽¹⁾	80	43,307
Central Bank of Turkey	-	-
Domestic Banks	80	40
Foreign Banks	-	43,267
Foreign Branches and offices abroad	-	-
Other Institutions	-	-
Total	80	43,307

⁽¹⁾ Also includes fees and commission expenses related with funds borrowed.

	31 March 2017	
	TL	FC
Banks ⁽¹⁾	166	21,179
Central Bank of Turkey	-	-
Domestic Banks	153	18
Foreign Banks	13	21,161
Foreign Branches	-	-
Other Institutions	-	-
Total	166	21,179

⁽¹⁾ Also 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.

31 March 2018	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	-	1	-	-	-	-	-	1
	Bank Deposits	-	398	41,341	970	73	-	-	42,782
	Saving Deposits	-	-	-	-	-	-	-	-
	Public Sector Deposits	-	1,374	9,656	24	-	-	-	11,054
	Commercial Deposits	-	1	452	-	1	-	-	454
	Other Deposits	-	-	-	-	-	-	-	-
	Total Turkish Lira	-	1,774	51,449	994	74	-	-	54,291
	Foreign Currency	-	102	13,343	149	42	25	-	13,661
	Foreign Currency Deposits	-	-	-	-	-	-	-	-
	Bank Deposits	-	-	-	-	-	-	-	-
	Precious Metal Deposits	-	-	-	-	-	-	-	-
	Total Foreign Currency	-	102	13,343	149	42	25	-	13,661
	Grand Total	-	1,876	64,792	1,143	116	25	-	67,952

ICBC TURKEY LIRA BANK A.Ş. AND ITS SUBSIDIARY

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III. Information and Disclosures Related to Consolidated Income Statement (Continued)

31 December 2017	Time Deposits							Cumulative Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over			
TL									
Bank Deposits	-	179	-	-	-	-	-	179	
Saving Deposits	-	206	25,011	41	8	2	-	25,268	
Public Sector Deposits	-	-	-	-	-	-	-	-	
Commercial Deposits	-	452	3,659	1	-	-	-	4,112	
Other Deposits	-	2	183	-	-	2	-	187	
Total Turkish Lira	-	839	28,853	42	8	4	-	29,746	
Foreign Currency									
Foreign Currency Deposits	-	49	3,654	37	54	19	-	3,813	
Bank Deposits	-	-	-	-	-	-	-	-	
Precious Metal Deposits	-	-	-	-	-	-	-	-	
Total Foreign Currency	-	49	3,654	37	54	19	-	3,813	
Grand Total	-	888	32,507	79	62	23	-	33,559	

3. Trading income / loss (net):

	31 March 2018
Profit	138,318
Capital Market Gains	3,119
Derivative Gains	77,931
Foreign Exchange Gains	57,268
Loss (-)	170,646
Capital Market Losses	-
Derivative Losses	56,794
Foreign Exchange Losses	113,852

Net profit related to derivative transactions resulting from foreign currency rate changes is amounting to TL 96,693.

	31 March 2017
Profit	107,708
Capital Market Gains	1,843
Derivative Gains	23,351
Foreign Exchange Gains	82,514
Loss (-)	107,720
Capital Market Losses	6
Derivative Losses	59,290
Foreign Exchange Losses	48,424

Net profit related to derivative transactions resulting from foreign currency rate changes is amounting to TL 2,468.

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. Information and Disclosures Related to Consolidated Income Statement (Continued)**4. Other operating income:**

The portion of "Other operating income" consists of) the collections made from the receivables that were provisioned in the previous periods in the income statement amounting to TL 1,395 (March 31, 2017 - TL 3,308 and the part of the project evaluation fees amounting to TL 3,353 (2017 - 640 TL).

5. Impairment on loans and other receivables:

	31 March 2018
Allowance for expected credit losses	2,251
12-Month expected credit losses (Stage 1)	-
Significant increase in credit risk (Stage 2)	565
Credit-Impaired (Stage 3)	1,686
Impairment provisions for financial assets	1
Financial assets at fair value through profit or loss	1
Financial assets at fair value through other comprehensive income	-
Impairment provisions related to investments in associates, subsidiaries and jointly controlled partnerships (Joint ventures)	-
Investments in associates	-
Subsidiaries	-
Jointly controlled partnerships (joint ventures)	-
Other	422
Total	2,674

	31 March 2017
Specific Provisions on Loans and Other Receivables	4,243
Loans and Receivables in Group III	249
Loans and Receivables in Group IV	1,013
Loans and Receivables in Group V	2,981
General Provision Expenses	6,739
Provision for Possible Losses	-
Impairment Losses on Securities:	1,181
Trading securities	-
Investment Securities Available-for-Sale	1,181
Other Impairment Losses:	1,872
Associates	-
Subsidiaries	-
Joint Ventures	-
Investment Securities Held-to-Maturity	1,872
Other ⁽¹⁾	375
Total	14,410

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

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

III. Information and Disclosures Related to Consolidated Income Statement (Continued)

6. Information related to other operational expenses:

	31 March 2018
Personnel Expenses ⁽²⁾	35,682
Reserve for Employee Termination Indemnities and Vacation Pay	850
Reserve for Bank's Social Aid Fund Deficit	-
Impairment of Tangible Assets	-
Depreciation Expenses of Tangible Assets	1,710
Impairment of Intangible Assets	-
Impairment of Goodwill	-
Amortization Expenses of Intangible Assets	528
Impairment of Investments in Associates	-
Impairment of Assets to be Disposed of	-
Depreciation of Assets to be Disposed of	109
Impairment of Assets Held for Sale and Discontinued Operations	-
Other Operating Expenses	14,877
Operational Leases	6,720
Repair and Maintenance	1,617
Advertising	41
Other Expenses	6,499
Loss on Sale of Assets	-
Other ⁽¹⁾	8,331
Total	62,087

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

(2) "Personnel Expenses", which is not included in "Other Operating Expenses" in the income statement, is included in this table.

	31 March 2017
Personnel Expenses	27,428
Reserve for Employee Termination Indemnities and Vacation Pay	1,512
Reserve for Bank's Social Aid Fund Deficit	-
Impairment of Tangible Assets	-
Depreciation Expenses of Tangible Assets	1,502
Impairment of Intangible Assets	-
Impairment of Goodwill	-
Amortization Expenses of Intangible Assets	271
Impairment of Investments in Associates	-
Impairment of Assets to be Disposed of	-
Depreciation of Assets to be Disposed of	17
Impairment of Assets Held for Sale and Discontinued Operations	-
Other Operating Expenses	13,083
Operational Leases	6,401
Repair and Maintenance	1,688
Advertising	29
Other Expenses	4,965
Loss on Sale of Assets	-
Other ⁽¹⁾	9,640
Total	53,453

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

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 44,051 (31 March 2017: TL 47,352 loss before tax). Profit before taxes consists of net interest income amounting to TL 109,923 (31 March 2017: TL 88,501), net fees and commission income amounting to TL 8,627 (31 March 2017: TL 20,886) and other operating expenses amounting to TL 26,404 (31 March 2017: TL 53,453).

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 31 March 2018 is TL 2,267 (2017: TL 12,925).

There is a deferred tax expense on 31 March 2018 amounting to TL 8,551 (2017 - TL 405 deferred tax expense) related with the reversal of the temporary differences and deferred tax benefit amounting to TL 4,199 (2017: None).

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

For the period ended 31 March 2018, the deferred tax expense arising from the origination of temporary differences amounts TL 8,551 (31 March 2017: TL 405 deferred tax income) and deferred tax benefit amounting to TL 4,199 (2017: None.).

Additionally, for the period ended 31 March 2018, the current tax effect amounting to TL 1,091 and deferred tax effect amounting to TL 3,524, on an aggregate TL 4,615 tax effect (2017: total TL 47 current and TL (3,652) is deferred tax effect total TL (3,555)) 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 31 March 2018, the deferred tax expense arising from the origination of temporary differences amounts TL 8,551 (2017: 405 deferred tax income). There is deferred tax income amounting TL 4,199 from financial loss in period ending on 31 March 2018 (2017: None).

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

Net profit from continued operations is TL 37,432 (31 March 2017: TL 34,022 net profit).

10. Information on net profit and loss:

a) If it is required that the nature of the income and expense items arising from ordinary banking transactions, size and repetition rate for the understanding of the Parent Bank's performance over the period, the nature and amount of these items: None.

b) The profit / loss effect of a change in the estimate made in relation to the financial statement items, if any, is likely to affect subsequent periods: None.

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.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

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

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:

	31 March 2018
Forward deposit purchase and sale commitments	11,128
Commitment for use guaranteed credit allocation	29,360
Credit cards limit commitments	69,237
Payment commitments for cheques	82,848
Credit card commitments given with applications for promotion	181
Tax and fund obligations arising from export commitments	5
Other irrevocable commitments	12,048
Total	204,807

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

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

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

	31 March 2018
Letter of guarantee	1,544,976
Bank acceptance loans	-
Letter of credits	205,257
Other guarantees collaterals	12,135
Total	1,762,368

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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IV. Information and Disclosures Related to Consolidated off-Balance Sheet Items (Continued)**1. Disclosures related to other contingent liabilities (continued):**

c) Non-cash loans:

	31 March 2018
Non-Cash Loans Given for Cash Loan Risks	141,794
With Original Maturity of 1 Year or Less	84,379
With Original Maturity of More Than 1 Year	57,415
Other Non-Cash Loans	1,620,574
Total	1,762,368

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

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.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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	-	-	548,329	168,694	88	-
Balance at the End of the Period	4	-	8,039	157,240	51	-
Interest and Commission Income Received	-	-	1,064	-	-	-

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

The Parent Bank has TL 8,580 placements in its risk group banks as at 31 March 2018 (31 December 2017: TL 5,951). Also the Parent Bank has TL 157 irrevocable commitment in its risk group as at 31 March 2018 (31 December 2017: TL 122).

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	-	-	1,079,137	117,068	55	-
Balance at the End of the Period	-	-	548,329	168,694	88	-
Interest and Commission Income Received	-	-	35,028	-	-	-

⁽¹⁾ 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:

Current Period Parent Bank’s Risk Group ⁽¹⁾	Associates and Subsidiaries	Bank’s Direct and Indirect Shareholders	Other Components in Risk Group
Balance at the beginning of the Period	-	70,367	519
Balance at the End of the Period	72	70,172	991
Interest on Deposits	-	-	7

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

Prior Period Parent Bank’s Risk Group ⁽¹⁾	Associates and Subsidiaries	Bank’s Direct and Indirect Shareholders	Other Components in Risk Group
Balance at the beginning of the Period	-	450,896	1,321
Balance at the End of the Period	-	-	991
Interest on Deposits	-	-	-

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

The Parent Bank has borrowed loans from the Parent Bank’s Risk Group amounting TL 4,455,838 as at 31 March 2018 (31 December 2017 : TL 4,461,325).

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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 31 March 2018, proportion of cash loans to risk group in total cash loans is 0.2% (31 December 2017: 7.1%) and proportion of deposits from its risk group in total deposits is 1.7% (31 December 2017: 2.1%). Proportion of borrowings from its risk group in total funds borrowed is 76.2% (31 December 2017: 63.8%).

In the prior period, the Group’s other operating expense from risk group is amounting TL 205.

In the current period, benefits provided to the Group’s key management amount to TL 4,570 (2017: TL 3,873).

VI. Information and disclosure related to subsequent events

None.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

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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 three-month period ended 31 March 2018 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member of KPMG International Cooperative, a Swiss entity) and the Auditors’ Review Report dated 25 April 2018 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
FOR THE PERIOD ENDED 31 MARCH 2018**

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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 annual report of our Bank “ICBC Turkey Bank A.Ş.” as at 31 March 2018 are examined by us.

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

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

Best Regards,

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 Board of
Directors

CHEN YUBAO
Deputy General Manager
Responsible for Financial Control
Group

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

II. General Information

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

ICBC Turkey Bank A.Ş. (formerly named as Tekstil Bankası A.Ş.) was incorporated as a privately owned bank and authorized to accept money deposits on 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 at 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 TL 300 million to TL 420 million, a total TL 120 million increase, TL 60 million out of this incremental share capital was obtained from the internal sources and the remaining TL 60 million was paid in cash.

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

The Bank belonged to GSD Group until 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 at 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%. As a result of the capital increase in 2017, the shareholding ratio of ICBC in the bank increased from 92.82% to 92.84%.

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

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

II. General Information (continued)

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

Tekstil Portföy Yönetimi A.Ş., wholly owned subsidiary of ICBC Turkey Yatırım Menkul Değerler A.Ş., was incorporated on 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.

2. Capital and Shareholder Structure

Following is the shareholder structure of the Bank as at 31 March 2018;

Name of the Shareholder, March 2017	Shareholding Amount (TL)	Percentage (%)
Industrial and Commercial		
Bank of China Limited (ICBC)	798,428,227	92.84
Publicly Traded	61,571,773	7.16
Grand Total	860,000,000	100.00

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

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 at 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
Liu Peiguo	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 31 MARCH 2018

(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
Chen Yubao	Deputy General Manager -Financial Affairs Group
Hüseyin H.İmece	Assistant General Manager -Treasury and Investor Relations Group
Başbuğ Y. Samancıoğlu	Assistant General Manager -Corporate and Commercial Banking Group
Bozok Evrenosoğlu	Assistant General Manager -Loans Group
D.Halit Döver	Assistant General Manager -International Relations
Kadir Karakurum	Assistant General Manager -Retail Banking Group

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 Turkey Yatırım, providing daily and weekly reports and stock analyses for its customers prepared by its experienced research team, helps a wider range of customers via 20 branches.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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III. Financial Information and Evaluations**1. Consolidated Financial Figures:**

Financial Figures (TL Million)	31 March 2018	31 December 2017	%
Total Assets	12,459	13,316	-6%
Deposits ⁽¹⁾	4,432	3,274	35%
Loans	7,325	7,681	-5%
Shareholders' Equity	1,179	1,112	6%
Profit / (Loss)	37.4	48.3	-22%

Financial Ratios %	31 March 2018	31 December 2017	%
Return on Assets	1.2	0.4	160%
Return on Equity	13.1	5.6	133%
Capital Adequacy Ratio	15.1	13.9	9%
Loans/ Total Assets	58.8	57.7	2%
Deposits/ Total Assets	35.6	24.6	45%
NPL Ratio	1.3	1.2	2%

Five Years Summary Financial Information (consolidated):

TL Thousand	31 March 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014
Total Assets	12,459,174	13,315,560	8,308,619	6,670,222	3,664,377
Total Deposits ⁽¹⁾	4,360,489	3,273,860	2,850,077	2,134,512	2,342,233
Total Loans	7,325,289	7,680,821	5,098,106	4,150,620	2,812,918
Shareholders' Equity	1,178,903	1,112,294	607,007	597,194	620,136
Profit/ (Loss)	37,432	48,283	18,749	(13,542)	12,760

⁽¹⁾ Excluding bank deposits.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

III. Financial Information and Evaluations (continued)

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

Turkey has become the fastest growing economy among G-20 countries, thanks to measures to boost activity put in place in late 2016. The positive impact of these measures continued in the first quarter of 2018, as well. Capital flows to emerging markets have been volatile on the back of rising geopolitical risks and concerns over trade war talks. Steps taken by the authorities in US to loosen fiscal policy have caused funding costs to rise. Fluctuations in global risk appetite had a negative impact on Turkish financial assets. In the remainder of the year, growth rate of Turkish economy may be expected to slow down from its 2017 levels, but still remain strong. The moderation in economic activity may help bring current account deficit down to more sustainable levels. Shifting focus back to structural reforms will help Turkey achieve a sustainable growth path and accomplish its goal of escaping middle income trap.

In the first quarter, ICBC Turkey has successfully implemented the globalization strategy in line with the ICBC Group’s strategic principle of “basing ourselves on local areas, influencing surrounding areas and connecting Europe and Asia”. ICBC Turkey’s business readjustment and internal control applications have been strengthened continuously and the upward tendency in the Bank’s core business has continued. As of March-end, the consolidated asset size of ICBC Turkey exceeded 12 billion TL. and consolidated net profit of 37.4 million TL. has been achieved, while non-performing loan continued to decline and NPL ratio was 1.3%, below the market average. In the meantime, ICBC Turkey has achieved success in marketing aimed at high quality and large clients and large projects.

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

Sincerely yours,

XU KEEN

Chairman of the Board of Directors

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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III. Financial Information and Evaluations (continued)

3. Letter from the General Manager

Esteemed shareholders of our Bank,

Spring brings a fresh look to everything. We are delighted to report to you on the Bank’s operating results for the first quarter of 2018. In the first three months, consolidated operating income of ICBC Turkey achieved 73.1 million TL. After tax and credit provisions, our Bank’s consolidated net profit achieved 37.4 million TL, representing the high profitability continuing after the rapid growth in 2017. Profitability is the final result and comprehensive reflection of operation and management, and its improvement mainly comes from four aspects.

First, the effect of transformational innovation. With regards to credit pricing, we have stated to implement the working principles of our ICBC Group, at our local market and thereby, we have developed the credit pricing management level and updated the credit structure. The optimization of credit structure has bring the stable income for the Bank, maintain the low risk at the same time.

Second, the effect of quality improvement. After the acquisition process is completed, internal working principles of the Bank relating to credit management have been considered in order to bring order to the asset quality. Due to priority given to risk management and asset quality, the ratio of credits in follow-up process, which has fallen down to 1.3% level, 177 BP lower than banking sector average level.

Third, the effect of business development. After the acquisition process is completed, we have quickly grown both at local market and international market. At March end of 2018, as ICBC Turkey, our consolidated asset size has reached 12.5 billion TL, which equivalent to 3.1 billion USD. On consolidated basis, the credits have reached to 7.3 billion TL, which equivalent to 1.8 billion USD. Consolidated securities of the Bank have increased by 7.1% compared to the end of 2017 and have reached the amount of 2.7 billion TL.

Forth, the effect of management and strategy. To ensure that ICBC culture can be felt in every area, an intense work schedule has been launched by our local organization. In order to achieve healthy growth of our Bank and a smooth cultural transition and integration, we have put our maximum efforts. At the point we have reached, we can indicate that we have covered long distances and completed the integration successfully. According to our strategy, it is among our targets to support the local customers and their projects, strengthen business relationships with the neighboring countries by enlarging the Turkish market, bridge Asia and Europe through our customers, strengthen our regional services and expand our marketing activities within the context of “Belt and Road Initiatives” and “Intermediate Corridor Plan”. In this context, we have completed 2018 Q1, with healthy and rapid growth for all lines of business.

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

Sincerely yours,

GAO XIANGYANG

General Manager

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**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 ⁽¹⁾:

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

- Cash and Balances with CBRT decreased in the sector by 7.8%, at bank increased by 11%.
- Securities increased in the sector by 1.8%, at bank increased by 7.1%.
- Loans increased by 4.7%, at bank decreased by 4%.
- NPLs (gross) increased by 2.8%, at bank decreased by 2.3%.
- Total deposits of the sector increased by 4.3% and total deposits of bank increased by 32% (included bank deposits)
- Total non-cash loans of the sector increased by 5.6%, bank's total non-cash loans decreased by 1.5%.

TL Million	31.03.2018		31.12.2017		Change %	
	ICBC Turkey	Sector	ICBC Turkey	Sector	ICBC Turkey	Sector
Cash and Balances with CBRT	1,499	128,006	1,350	138,866	11.0%	(7.8%)
Placement to Banks	306	83,006	1,214	87,405	(74.8%)	(5.0%)
Securities Portfolio	2,658	408,499	2,482	401,256	7.1%	1.8%
Loans	7,304	2,220,553	7,606	2,121,328	(4.0%)	4.7%
Loans (including NPL)	7,269	2,237,424	7,631	2,134,607	(4.7%)	4.8%
NPL (Gross)	94	65,434	96	63,645	(2.3%)	2.8%
Provisions for NPLs	129	48,563	72	50,365	78.7%	(3.6%)
Total Deposits and Funds	4,435	1,878,768	3,359	1,801,509	32.0%	4.3%
Non-cash Loans	1,762	694,928	1,789	658,386	(1.5%)	5.6%
Total Assets	11,972	3,296,123	12,888	3,257,819	(7%)	1.2%

Note: Data were obtained from the BRSA's interactive monthly report of banking sector dated 5 April 2018. Sectors' total assets are dated as at February 2018.

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III. Financial Information and Evaluations (continued)

4. Evaluation of the Bank’s Position in the Sector ⁽¹⁾ (continued):

Comparison of Sector	31.03.2018		31.12.2017		Change %	
	ICBC Turkey	Sector	ICBC Turkey	Sector	ICBC Turkey	Sector
Total Loans/Total Assets	61%	67%	59%	65%	3.4%	3.5%
Total Deposits/Total Liabilities	37%	57%	26%	55%	42.1%	3.1%
Securities/ Total Assets	22%	12%	19%	12%	15.3%	0.6%
NPL Ratio	1%	3%	1%	3%	1.7%	(1.7)%
Liquid Values/ Total Assets	15%	6%	20%	7%	(24.2)%	(7.8)%
Non-cash Loans/ Total Cash Loans	24%	31%	23%	31%	3.4%	0.7%

⁽¹⁾ 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 at March 2018 prepared in accordance with the regulations of Banking Regulation and Supervision Agency;

- Consolidated total assets reached TL 12.5 billion.
- Total consolidated loans reached TL 7.3 billion and its share in balance sheet is 58.8%.
- Total consolidated deposits are TL 4.4 billion.
- Consolidated deposits’ share (excluded bank deposits) in consolidated total assets is 35%.
- Consolidated net profit of the first three-month of 2018 is realized as TL 37.4 million.
- Consolidated return on assets were 0.4% at the end of 2017, this period it increased to 1.2%. At the same time, consolidated return on equity increased to 13.1% whereas it was 5.6% at the end of 2017.
- Consolidated capital adequacy ratio is realized as 15.1%.

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 19 February 2018.

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	F3
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 Auditors’ Review Report as at 31 March 2018”.

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

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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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VI. Information Related to the Donations at the End of the Period

The information below is related to the donations as at 31 March 2018:

Instutions (full-TL)	Amount (TL)
Türk Eğitim Vakfı	150
Total	150

VII. Consolidated Auditors’ Review Report

ICBC Turkey’s all material disclosures to BIST, Consolidated Financial Statements, Explanations and Footnotes Related Thereon and the Auditors’ Review Report for the three-month period ended at 31 March 2018 are published under the “Financial Information” heading in the “Investor Relations” section of the Bank’s website addressed www.icbc.com.tr.