

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

ICBC Turkey Bank Anonim Şirketi

**Consolidated Interim Financial Statements
As at and For Nine-Month Period Ended
30 September 2017**

With Auditors' Review Report Thereon

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

26 October 2017

*This report includes "Auditors' Review Report"
comprising 2 pages and; "Consolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 76 pages.*



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

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

Introduction

We have reviewed the consolidated balance sheet of ICBC Turkey Bank A.Ş. (the "Bank") and its consolidated subsidiary (together the "Group") as at 30 September 2017 and the related consolidated income statement, consolidated statement of income and expenses recognized under equity and consolidated statement of changes in shareholders' equity and consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by the aforementioned legislations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information does not present fairly the financial position of ICBC Turkey Bank A.Ş. as at 30 September 2017 and of the results of its operations and its cash flows for the nine-month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other legal and regulatory requirements

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

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


Orhan Akova, SMMM
Partner

26 October 2017
İstanbul, 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 consolidated financial statements and IFRS.

ICBC TURKEY BANK A.Ş.
NINE-MONTHS CONSOLIDATED FINANCIAL REPORT AS OF 30 SEPTEMBER 2017

Address of the Bank's

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

The nine-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 nine-months consolidated financial report.

The nine-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:

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ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

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

SECTION ONE GENERAL INFORMATION

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

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

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

The capital of the Parent Bank is TL 860,000 as at 30 September 2017 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.

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.

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%.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

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

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

Title	Name	Job Description	Education
Chairman of the Board of Directors and Audit Committee:	Xu Keen	Chairman of the Board of Directors and Audit Committee	Graduate
Member of Audit Committee:	Wang Ying	Independent Member of the Board of Directors and Audit Committee	Graduate
Members of the Board of Directors:	Zheng Jianfeng	Member of the Board of Directors	Graduate
	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
Head of the Board of Inspectors:	Başak Kaya ^(**)	President of Inspectors' Group	Under-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

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

(*)According to the resolution of the Bank's Board of Directors dated 30 December 2016; Liu Peiguo, who was serving as the Coordinator of the General Secretariat Group has been appointed as Board of Directors and Credit Committee Member as at 2 January 2017 due to resignation of Wang Qiang. This appointment has been approved the by Extraordinary General Assembly decision dated 9 February 2017.

(**)Başak Kaya who was serving as the President of Inspectors' Group, has resigned from her position in the Parent Bank on 12 October 2017.

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 Sompō Japan Sigorta A.Ş., Vakıf Emeklilik A.Ş., Fiba Emeklilik ve Hayat A.Ş., HDİ Sigorta A.Ş. and Axa Sigorta A.Ş.

The Parent Bank has 769 employees as at 30 September 2017 (As at 31 December 2016 number of branches was 44, number of employees was 809).

The Parent Bank and its subsidiary, ICBC Turkey Yatırım Menkul Değerler A.Ş. have been consolidated. As at 30 September 2017, ICBC Portföy Yönetimi A.Ş. has been consolidated in ICBC Yatırım by full consolidation method. "ICBC Yatırım", the consolidated subsidiary of the Parent Bank, represents ICBC Portföy and ICBC Yatırım as a whole. The Parent Bank and its subsidiary are referred to as "the Group" as a whole.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

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

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

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

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

None.

VII. Other information

Bank's Official Title	: ICBC Turkey Bank A.Ş. (Formerly named as Tekstil Bankası A.Ş.)
Reporting Period	: 1 January – 30 September 2017
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 income and expenses recognized under equity
- V. Consolidated statement of changes in shareholders' equity
- VI. Consolidated statement of cash flows

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 30 SEPTEMBER 2017**

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

ASSETS		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
			Reviewed			Audited		
			CURRENT PERIOD			PRIOR PERIOD		
			30/09/2017			31/12/2016		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.1)	74,064	1,335,193	1,409,257	112,318	1,046,297	1,158,615
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	21,252	6,896	28,148	5,723	954	6,677
2.1	Trading Securities		21,252	6,896	28,148	5,723	954	6,677
2.1.1	Public Sector Debt Securities		-	-	-	-	-	-
2.1.2	Share Certificates		27	-	27	19	-	19
2.1.3	Positive Value of Trading Derivatives		19,545	6,896	26,441	598	954	1,552
2.1.4	Other Securities		1,680	-	1,680	5,106	-	5,106
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)	433	939,261	939,694	738	220,711	221,449
IV.	INTERBANK MONEY MARKET		62,092	-	62,092	4,763	-	4,763
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Money Market Placements		62,092	-	62,092	4,763	-	4,763
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	(5.1.4)	876,585	1,030,982	1,907,567	552,014	986,335	1,538,349
5.1	Share Certificates		160	3,404	3,564	160	2,495	2,655
5.2	Public Sector Debt Securities		876,425	355,504	1,231,929	551,854	339,665	891,519
5.3	Other Securities		-	672,074	672,074	-	644,175	644,175
VI.	LOANS	(5.1.5)	3,391,186	3,422,884	6,814,070	2,380,284	2,717,822	5,098,106
6.1	Loans		3,362,506	3,422,884	6,785,390	2,344,301	2,717,822	5,062,123
6.1.1	Loans Utilized to the Bank's Risk Group		7	524,116	524,123	57	1,079,135	1,079,192
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Others		3,362,499	2,898,768	6,261,267	2,344,244	1,638,687	3,982,931
6.2	Loans under Follow-Up		99,027	-	99,027	115,153	-	115,153
6.3	Specific Provisions (-)		70,347	-	70,347	79,170	-	79,170
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	INVESTMENT SECURITIES HELD TO MATURITY (Net)	(5.1.6)	100,305	267,746	368,051	93,432	91,155	184,587
8.1	Public Sector Debt Securities		100,305	85,151	185,456	93,432	1,183	94,615
8.2	Other Securities		-	182,595	182,595	-	89,972	89,972
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)		27,250	-	27,250	29,821	-	29,821
XV.	INTANGIBLE ASSETS (Net)		3,208	-	3,208	2,982	-	2,982
15.1	Goodwill		-	-	-	-	-	-
15.2	Others		3,208	-	3,208	2,982	-	2,982
XVI.	INVESTMENT PROPERTY (Net)	(5.1.12)	-	-	-	-	-	-
XVII.	TAX ASSETS	(5.1.13)	4,672	-	4,672	8,891	-	8,891
17.1	Current Tax Assets		3,289	-	3,289	-	-	-
17.2	Deferred Tax Assets		1,383	-	1,383	8,891	-	8,891
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)	74,309	2,154	76,463	50,087	4,292	54,379
TOTAL ASSETS			4,635,356	7,005,116	11,640,472	3,241,053	5,067,566	8,308,619

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 30 SEPTEMBER 2017**

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

LIABILITIES AND EQUITY		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
			Reviewed			Audited		
			CURRENT PERIOD 30/09/2017			PRIOR PERIOD 31/12/2016		
			TL	FC	TOTAL	TL	FC	TOTAL
I. DEPOSITS		(5.II.1)	1,766,136	1,834,331	3,600,467	2,070,911	1,233,640	3,304,551
1.1 Deposits of the Bank's Risk Group			307	1,515	1,822	451,026	1,191	452,217
1.2 Others			1,765,829	1,832,816	3,598,645	1,619,885	1,232,449	2,852,334
II. NEGATIVE VALUE OF TRADING DERIVATIVES		(5.II.2)	739	1,484	2,223	719	72	791
III. FUNDS BORROWED		(5.II.3)	7,571	6,306,554	6,314,125	7,386	3,764,449	3,771,835
IV. DUE TO MONEY MARKETS			33,039	94,556	127,595	170,411	164,374	334,785
4.1 Interbank Money Market			27,014	-	27,014	-	-	-
4.2 Istanbul Stock Exchange			-	-	-	-	-	-
4.3 Obligations under Repurchase Agreements			6,025	94,556	100,581	170,411	164,374	334,785
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			21,802	270,578	292,380	155,709	1,114	156,823
VIII. OTHER EXTERNAL RESOURCES		(5.II.4)	72,047	1,495	73,542	42,706	2,285	44,991
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)	92,212	-	92,212	70,531	-	70,531
12.1 General Provisions			57,050	-	57,050	36,986	-	36,986
12.2 Restructuring Provisions			-	-	-	-	-	-
12.3 Reserve for Employee Benefits			15,622	-	15,622	13,679	-	13,679
12.4 Insurance Technical Provisions (Net)			-	-	-	-	-	-
12.5 Other Provisions			19,540	-	19,540	19,866	-	19,866
XIII. TAX LIABILITIES		(5.II.8)	12,784	-	12,784	17,305	-	17,305
13.1 Current Tax Liability			12,784	-	12,784	17,305	-	17,305
13.2 Deferred Tax Liability			-	-	-	-	-	-
XIV. PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS		(5.II.9)	-	-	-	-	-	-
14.1 Held For Sale			-	-	-	-	-	-
14.2 Discontinued Operations			-	-	-	-	-	-
XV. SUBORDINATED LOANS		(5.II.10)	-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY		(5.II.11)	1,117,544	7,600	1,125,144	625,994	(18,987)	607,007
16.1 Paid-In Capital			860,000	-	860,000	420,000	-	420,000
16.2 Supplementary Capital			2,235	7,600	9,835	8,296	(18,987)	(10,691)
16.2.1 Share Premium			(587)	-	(587)	(814)	-	(814)
16.2.2 Share Cancellation Profits			-	-	-	-	-	-
16.2.3 Valuation Differences of Securities			(8,083)	7,600	(483)	(1,585)	(18,987)	(20,572)
16.2.4 Revaluation Fund on Tangible Assets			10,143	-	10,143	10,143	-	10,143
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			762	-	762	552	-	552
16.3 Profit Reserves			201,682	-	201,682	196,306	-	196,306
16.3.1 Legal Reserves			11,937	-	11,937	11,669	-	11,669
16.3.2 Status Reserves			-	-	-	-	-	-
16.3.3 Extraordinary Reserves			132,379	-	132,379	127,271	-	127,271
16.3.4 Other Profit Reserves			57,366	-	57,366	57,366	-	57,366
16.4 Profit or Loss			53,627	-	53,627	1,392	-	1,392
16.4.1 Prior Periods' Profit or Loss			(4,187)	-	(4,187)	(17,357)	-	(17,357)
16.4.2 Current Period Profit or Loss			57,814	-	57,814	18,749	-	18,749
16.5 Minority Shares			-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY			3,123,874	8,516,598	11,640,472	3,161,672	5,146,947	8,308,619

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF OFF BALANCE SHEET ITEMS AS AT 30 SEPTEMBER 2017

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

	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		Reviewed			Audited		
		CURRENT PERIOD 30/09/2017			PRIOR PERIOD 31/12/2016		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		1,927,789	3,626,175	5,553,964	665,149	1,666,966	2,332,115
I. GUARANTEES	(5.IV.1)	421,301	1,229,719	1,651,020	214,241	1,175,890	1,390,131
1.1 Letters of Guarantee		421,301	1,051,992	1,473,293	214,241	965,902	1,180,143
1.1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		-	-	-	-	-	-
1.2 Bank Acceptances		421,301	1,051,992	1,473,293	214,241	965,902	1,180,143
1.2.1 Import Letter of Acceptance		-	-	-	-	-	-
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	92,218	92,218	-	78,677	78,677
1.3.1 Documentary Letters of Credit		-	81,127	81,127	-	51,586	51,586
1.3.2 Other Letters of Credit		-	11,091	11,091	-	27,091	27,091
1.4 Prefinancing Given As Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Related Guarantees		-	-	-	-	-	-
1.8 Other Collaterals		-	85,509	85,509	-	131,311	131,311
1.9 Other Sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.IV.1)	189,503	5,443	194,946	192,939	741	193,680
2.1 Irrevocable Commitments		189,503	5,443	194,946	192,939	741	193,680
2.1.1 Asset Purchase and Sale Commitments		2,906	5,443	8,349	-	741	741
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		29,289	-	29,289	27,889	-	27,889
2.1.5 Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		76,202	-	76,202	75,491	-	75,491
2.1.8 Tax and Fund Obligations from Export Commitments		5	-	5	196	-	196
2.1.9 Commitments for Credit Card Limits		69,433	-	69,433	75,776	-	75,776
2.1.10 Commitments for Promotional Operations Re-Credit Cards and Banking Services		206	-	206	218	-	218
2.1.11 Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.12 Payables for "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		11,462	-	11,462	13,369	-	13,369
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		1,316,985	2,391,013	3,707,998	257,969	490,335	748,304
3.1 Hedging Purpose Derivatives		-	-	-	-	-	-
3.1.1 Fair Value Hedge		-	-	-	-	-	-
3.1.2 Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
3.2 Trading Purpose Derivatives		1,316,985	2,391,013	3,707,998	257,969	490,335	748,304
3.2.1 Forward Foreign Currency Purchases/Sales		15,435	15,128	30,563	5,115	8,788	13,903
3.2.1.1 Forward Foreign Currency Purchases		-	15,128	15,128	1,058	5,894	6,952
3.2.1.2 Forward Foreign Currency Sales		15,435	-	15,435	4,057	2,894	6,951
3.2.2 Currency and Interest Rate Swaps		1,301,550	2,375,885	3,677,435	252,854	481,547	734,401
3.2.2.1 Currency Swaps-Purchases		15,439	1,833,789	1,849,228	182,084	185,827	367,911
3.2.2.2 Currency Swaps-Sales		1,286,111	542,096	1,828,207	70,770	295,720	366,490
3.2.2.3 Interest Rate Swaps-Purchases		-	-	-	-	-	-
3.2.2.4 Interest Rate Swaps-Sales		-	-	-	-	-	-
3.2.3 Currency, Interest Rate and Security Options		-	-	-	-	-	-
3.2.3.1 Currency Options-Purchases		-	-	-	-	-	-
3.2.3.2 Currency Options-Sales		-	-	-	-	-	-
3.2.3.3 Interest Rate Options-Purchases		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sales		-	-	-	-	-	-
3.2.3.5 Securities Options-Purchases		-	-	-	-	-	-
3.2.3.6 Securities Options-Sales		-	-	-	-	-	-
3.2.4 Currency Futures		-	-	-	-	-	-
3.2.4.1 Currency Futures-Purchases		-	-	-	-	-	-
3.2.4.2 Currency Futures-Sales		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Purchases		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sales		-	-	-	-	-	-
3.2.6 Others		-	-	-	-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		8,712,375	6,371,403	15,083,778	5,273,598	2,348,991	9,622,589
IV. ITEMS HELD IN CUSTODY		4,863,856	335,285	5,199,141	3,683,564	58,319	3,741,883
4.1 Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2 Securities Held in Custody		1,358,088	10,986	1,369,074	931,185	11,968	943,153
4.3 Checks Received for Collection		31,391	4,796	36,187	49,114	10,162	59,276
4.4 Commercial Notes Received for Collection		7,733	5,932	13,665	6,620	5,212	11,832
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items under Custody		3,460,354	310,342	3,770,696	2,692,026	28,254	2,720,280
4.8 Custodians		6,290	3,229	9,519	4,619	2,723	7,342
V. PLEDGED ITEMS		3,848,519	6,036,118	9,884,637	3,589,779	2,290,672	5,880,451
5.1 Securities		21,424	2	21,426	16,153	1	16,154
5.2 Guarantee Notes		1,222	164	1,386	1,294	2,245	3,539
5.3 Commodities		125,946	262,261	388,207	90,079	203,463	293,542
5.4 Warrants		4	-	4	1,004	-	1,004
5.5 Immovables		2,577,537	4,183,651	6,761,188	2,397,258	1,548,054	3,945,312
5.6 Other Pledged Items		1,122,386	1,590,040	2,712,426	1,083,991	536,909	1,620,900
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	255	-	255
TOTAL OFF BALANCE SHEET ITEMS (A+B)		10,640,164	9,997,578	20,637,742	7,938,747	4,015,957	11,954,704

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED INCOME STATEMENT FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

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

INCOME AND EXPENSE ITEMS		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA			
			Reviewed CURRENT PERIOD (01/01/2017 - 30/09/2017)	Reviewed PRIOR PERIOD (01/01/2016 - 30/09/2016)	Reviewed CURRENT PERIOD (01/07/2017 - 30/09/2017)	Reviewed PRIOR PERIOD (01/07/2016 - 30/09/2016)
I. INTEREST INCOME	(5.III.1)		518,595	329,783	174,310	109,947
1.1 Interest from Loans			362,204	275,784	139,271	90,529
1.2 Interest from Reserve Deposits			12,138	5,213	4,921	1,796
1.3 Interest from Banks			5,187	1,574	3,458	723
1.4 Interest from Money Market Transactions			3,437	2,620	1,892	1,721
1.5 Interest from Securities Portfolio			135,077	44,095	24,534	14,944
1.5.1 Trading Securities			-	-	-	-
1.5.2 Financial Assets at Fair Value Through Profit or Loss			-	-	-	-
1.5.3 Available for Sale Securities			113,215	41,780	18,300	13,687
1.5.4 Held to Maturity Securities			21,862	2,315	6,234	1,257
1.6 Interest from Financial Leases			-	-	-	-
1.7 Other Interest Income			552	497	234	234
II. INTEREST EXPENSE	(5.III.2)		262,323	164,242	99,524	59,188
2.1 Interest on Deposits			147,979	108,056	57,263	39,155
2.2 Interest on Funds Borrowed			81,594	45,808	34,147	16,679
2.3 Interest on Money Market Transactions			32,676	10,311	8,092	3,352
2.4 Interest on Securities Issued			-	-	-	-
2.5 Other Interest Expense			74	67	22	2
III. NET INTEREST INCOME (I - II)			256,272	165,541	74,786	50,759
IV. NET FEE AND COMMISSION INCOME			48,207	13,134	19,977	6,679
4.1 Fees and Commissions Received			52,160	17,124	21,475	8,039
4.1.1 Non-Cash Loans			5,662	4,164	2,054	1,283
4.1.2 Other			46,498	12,960	19,421	6,756
4.2 Fees and Commissions Paid			3,953	3,990	1,498	1,360
4.2.1 Non-Cash Loans			117	218	39	50
4.2.2 Other			3,836	3,772	1,459	1,310
V. DIVIDEND INCOME			8	25	-	-
VI. TRADING INCOME/LOSS (Net)	(5.III.3)		(39,074)	(23,966)	(23,565)	(5,445)
6.1 Profit / Loss on Capital Market Transactions			6,915	1,597	2,888	(2,815)
6.2 Derivative Instruments Gain / Loss			(110,129)	(39,884)	(20,384)	(3,899)
6.3 Foreign Exchange Gain / Loss			64,140	14,321	(6,069)	1,269
VII. OTHER OPERATING INCOME	(5.III.4)		14,563	19,635	4,518	3,923
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)			279,976	174,369	75,716	55,916
IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)	(5.III.5)		33,848	29,342	4,673	8,699
X. OTHER OPERATING EXPENSES (-)	(5.III.6)		165,278	136,148	56,499	43,473
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)			80,850	8,879	14,544	3,744
XII. SURPLUS WRITTEN AS GAIN AFTER MERGER			-	-	-	-
XIII. PROFIT / LOSS FROM EQUITY METHOD INVESTMENTS			-	-	-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION			-	-	-	-
XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(5.III.7)		80,850	8,879	14,544	3,744
XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.III.8)		(23,036)	(4,256)	(4,445)	(1,000)
16.1 Current Tax Provision			(22,012)	(4,068)	1,633	(1,845)
16.2 Deferred Tax Provision			(1,024)	(188)	(6,078)	845
XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(5.III.9)		57,814	4,623	10,099	2,744
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)		57,814	4,623	10,099	2,744
23.1 Group's Profit / Loss			57,814	4,623	10,099	2,744
23.2 Minority Shares			-	-	-	-
Earnings / Losses per Share (Full TL)			0.0102	0.0011	0.0018	0.0007

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**CONSOLIDATED STATEMENT OF INCOME AND EXPENSES RECOGNIZED UNDER EQUITY
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017**

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

INCOME/EXPENSE ITEMS RECOGNIZED IN EQUITY		THOUSANDS OF TURKISH LIRA			
		Reviewed CURRENT PERIOD (01/01/2017 - 30/09/2017)	Reviewed PRIOR PERIOD (01/01/2016 - 30/09/2016)	Reviewed CURRENT PERIOD (01/07/2017 - 30/09/2017)	Reviewed PRIOR PERIOD (01/07/2016 - 30/09/2016)
I.	ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS	25,124	11,943	1,184	(15,314)
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	223	-	223	-
IX.	DEFERRED AND CURRENT TAXES ON VALUATION DIFFERENCES	(5,069)	(2,389)	(281)	3,063
X.	NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)	20,278	9,554	1,126	(12,251)
XI.	CURRENT PERIOD PROFIT/LOSS	57,814	4,623	10,099	2,744
11.1	Net Change in Fair Value of Securities (Transfer to Profit & Loss)	(2)	(1,052)	-	49
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	57,816	5,675	10,099	2,695
XII.	TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X±XI)	78,092	14,177	11,225	(9,507)

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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 Discontinue d Operations	Total Equity Attributable to Equity Holders of the Parent	Non- controlling Interests	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																			
PRIOR PERIOD 30/09/2016																			
I.	Balances at the beginning of period - 01/01/2016	420,000	-	(814)	-	11,496	-	123,953	57,671	(13,542)	-	(10,264)	8,694	-	-	-	597,194	-	597,194
Changes in the period																			
II.	Increase / decrease related to mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation difference of available-for-sale securities	-	-	-	-	-	-	-	-	-	-	10,194	-	-	-	-	10,194	-	10,194
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	-	-	-	-	-	-	-	-	4,623	-	-	-	-	-	-	4,623	-	4,623
XVIII.	Profit distribution	-	-	-	-	173	-	3,642	-	13,542	(17,357)	-	-	-	-	-	-	-	-
18.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transferred to reserves	-	-	-	-	173	-	3,642	-	(3,815)	-	-	-	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	17,357	(17,357)	-	-	-	-	-	-	-	-
Balances at the end of period (I+II+III+....+XVI+XVII+XVIII) - 30/09/2016		420,000	-	(814)	-	11,669	-	127,595	57,671	4,623	(17,357)	(70)	8,694	-	-	-	612,011	-	612,011

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

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017**

(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 (*)	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Valuation Differences of Securities	Revaluation Fund on Tangible and Intangible Assets	Non-paid up shares from partnerships	Hedge Funds	Revaluation Fund on Assets Held for Sale and Discontinued Operations	Total Equity Attributable to Equity Holders of the Parent	Non- controlling Interests	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																			
CURRENT PERIOD 30/09/2017																			
I.	Balances at the beginning of period - 01/01/2017	420,000	-	(814)	-	11,669	-	127,271	57,918	18,749	(17,357)	(20,572)	10,143	-	-	-	607,007		607,007
	Changes in the period																		
II.	Increase / decrease related to mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation difference of available-for-sale securities	-	-	-	-	-	-	-	-	-	-	20,089	-	-	-	-	20,089	-	20,089
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	440,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	440,000	-	440,000
12.1	Cash	440,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	440,000	-	440,000
12.2	Domestic sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Issuances of share certificates	-	-	227	-	-	-	-	-	-	-	-	-	-	-	-	227	-	227
XIV.	Abolition profit of share certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	210	-	-	-	-	-	-	-	210	-	210
XVII.	Current period net profit / loss	-	-	-	-	-	-	-	-	57,814	-	-	-	-	-	-	57,814	-	57,814
XVIII.	Profit distribution	-	-	-	-	268	-	5,108	-	(18,749)	13,170	-	-	-	-	-	(203)	-	(203)
18.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transferred to reserves	-	-	-	-	268	-	5,108	-	(5,376)	-	-	-	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	(13,373)	13,170	-	-	-	-	-	(203)	-	(203)
Balances at the end of period (I+II+III+...+XVI+XVII+XVIII) - 30/09/2017		860,000	-	(587)	-	11,937	-	132,379	58,128	57,814	(4,187)	(483)	10,143	-	-	-	1,125,144	-	1,125,144

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

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY
**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017**

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

		THOUSANDS OF TURKISH LIRA	
		Reviewed CURRENT PERIOD (01/01/2017 - 30/09/2017)	Reviewed PRIOR PERIOD (01/01/2016 - 30/09/2016)
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit before Changes in Operating Assets and Liabilities	(9,333)	13,527
1.1.1	Interest Received	413,870	295,593
1.1.2	Interest Paid	(242,365)	(151,596)
1.1.3	Dividend Received	8	25
1.1.4	Fees And Commissions Received	65,688	17,973
1.1.5	Other Income	(67,186)	(24,083)
1.1.6	Collections from Non-performing Loans	11,629	11,112
1.1.7	Payments to Personnel and Service Suppliers	(93,279)	(81,671)
1.1.8	Taxes Paid	(35,314)	(10,800)
1.1.9	Other	(62,384)	(43,026)
1.2	Changes in Operating Assets and Liabilities	852,529	(162,566)
1.2.1	Net (Increase) Decrease in Trading Securities	3,428	(9,398)
1.2.2	Net (Increase) Decrease in Financial Assets Designated at FV	-	-
1.2.3	Net (Increase) Decrease in Banks	(209,489)	(105,418)
1.2.4	Net (Increase) Decrease in Loans	(1,679,008)	(305,650)
1.2.5	Net (Increase) Decrease in Other Assets	(24,684)	3,437
1.2.6	Net Increase (Decrease) in Bank Deposits	(347,025)	329,613
1.2.7	Net Increase (Decrease) in Other Deposits	639,091	179,185
1.2.8	Net Increase (Decrease) in Funds Borrowed	2,318,992	(190,579)
1.2.9	Net Increase (Decrease) in Due Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	151,224	(63,756)
I.	Net Cash Provided by / (Used in) Banking Operations	843,196	(149,039)
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided by / (Used in) Investing Activities	(477,841)	(171)
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	(1,335)	(2,057)
2.4	Fixed Assets Sales	125	2
2.5	Cash Paid for Purchase of Investments Available for Sale	(493,803)	(218,046)
2.6	Cash Obtained From Sale of Investments Available for Sale	194,290	297,189
2.7	Cash Paid for Purchase of Investment Securities	(176,288)	(76,062)
2.8	Cash Obtained from Sale of Investment Securities	-	-
2.9	Other	(830)	(1,197)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided by / (Used in) Financing Activities	440,227	-
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Capital Increase	440,000	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	-	-
3.6	Other	227	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	7,283	8,167
V.	Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV)	812,865	(141,043)
VI.	Cash and Cash Equivalents at the Beginning of Period	721,925	712,690
VII.	Cash and Cash Equivalents at the End of Period (V+VI)	1,534,790	571,647

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

SECTION THREE ACCOUNTING POLICIES

I. Basis of presentation

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

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

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

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

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

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

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

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. Further, new standard removes the 1 January 2015 effective date of IFRS 9. The new version of IFRS 9 (2014) issued after IFRS 9 (2013) introduces the mandatory effective date of 1 January 2018 for IFRS 9, with early adoption permitted. The Group is in the process of assessing the impact of the standard on the consolidated financial position or performance of the Group. The Report (Sequence No: 55) about "Turkish Financial Reporting Standard Related to Financial Instruments" (TFRS 9) has been published after the balance sheet date by Public Oversight, Accounting and Auditing Standards Authority on 19 January 2017.

Additional paragraph for convenience translation to English:

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

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

Accounting policies and valuation principles used in the preparation of financial statements are defined and applied in accordance with TAS and are consistent with the accounting policies applied for the year ended 31 December 2016. Those accounting policies and valuation principles are explained in Notes II to XXVII.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

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

Strategy for the use of financial instruments:

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

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

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

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

Transactions denominated in foreign currencies:

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

As at 30 September 2017, rates used for converting foreign exchange transactions to Turkish Lira and presenting them in financial statements are as follows (TL Full); USD: TL 3.5720, Euro: TL 4.2023, GBP: TL 4.7747, JPY: TL 0.0316.

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

III. Presentation of information regarding consolidated subsidiaries and associates

The Parent Bank has no consolidated associate.

On 21 April 2015 Tekstil Portföy Yönetimi A.Ş. was established with TL 2,000,000 –full amount- capital from ICBC Yatırım. On 23 November 2015, the trade name of the company has been changed and registered as ICBC Turkey Portföy Yönetimi A.Ş. (ICBC Portföy). ICBC Portföy is a subsidiary of ICBC Yatırım with 100% partnership and an indirect subsidiary of the Parent Bank. As at 30 September 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 30 September 2017 and 31 December 2016.

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

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

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

The financial statements which have been used in the consolidation are prepared as at 30 September 2017 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in same circumstances. There is no obstacle on the transfer of shareholders' equity between the Parent Bank and its subsidiary or on the reimbursement of liabilities.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

IV. Forward transactions, options and derivative instruments

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

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

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

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

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

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

V. Interest income and expense

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

VI. Fees and commissions

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

VII. Financial assets

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

VII. Financial assets (continued)

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

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

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

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

b. Investment securities available-for-sale:

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

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

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

c. Loans and receivables:

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

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

VII. Financial assets (continued)

d. Investment securities held-to-maturity:

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

VIII. Impairment of financial assets

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

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

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

As at 30 September 2017, since the consumer loans of the Parent Bank do not exceed the ratios mentioned in the regulation published in the Official Gazette no. 27968 dated 18 June 2011 and in the Official Gazette no. 28789 (repeated) dated 8 October 2013 amending the "The Amendment to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" additional general loan loss provision has not been calculated.

IX. Offsetting financial instruments

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

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

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

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

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

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XI. Assets held for sale and discontinued operations

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

The Group does not have any assets held for sale.

The Group does not have any discontinued operations.

XII. Goodwill and other intangible assets

There is no goodwill in the accompanying consolidated financial statements as at 30 September 2017 and 31 December 2016.

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 book values, the book values of such assets are reduced to their net realizable values and impairment losses are recorded as expense.

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

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

The Parent Bank applies revaluation model for the buildings as permitted by TAS 16 "Property, Plant and Equipment". For this purpose, fair values of the buildings are determined by a third party appraiser, which is commissioned by BRSA and Capital Markets Board. The fair value surplus is recognized in "Revaluation Fund on Tangible Assets" within the equity items. As at 30 September 2017, revaluation surplus on tangible assets amounts to TL 10,677 (31 December 2016: TL 10,677).

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XIV. Leasing activities

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

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

XV. Provisions and contingencies

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

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

XVI. Contingent assets

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

XVII. Obligations concerning employee rights

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

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

XVIII. Taxation

a. Current taxes:

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

Dividends paid to the resident institutions and the institutions working through local offices or representatives in Turkey are not subject to withholding tax. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the 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.

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XVIII. Taxation (continued)

a. Current taxes (continued):

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

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

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

b. Deferred taxes:

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

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

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

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

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

c. Transfer pricing:

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

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

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

XIX. Additional explanations on borrowings

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

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XX. Issued stock

There is no issued stock in the current period.

XXI. Acceptances

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

XXII. Government grants

As at 30 September 2017 and 31 December 2016, the Group does not have any government grants.

XXIII. Reserves and profit distribution

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

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

XXIV. Related parties

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

XXV. Cash and cash equivalents

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

XXVI. Segment reporting

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

XXVII. Reclassifications

None.

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SECTION FOUR

CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Disclosures on Consolidated Equity

Information about consolidated total capital

	Amount	Amounts related to treatment before 1/1/2014 ^(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	
Share issue premiums	(587)	
Reserves	201,682	
Gains recognized in equity as per TAS	10,422	
Profit	53,627	
Current period profit	57,814	
Prior period profit	(4,187)	
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	1,125,144	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	
Improvement costs for operating leasing	2,596	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1,925	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions -	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities -	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	

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I. Disclosures on Consolidated Equity (continued)

Information about consolidated total capital (continued)

	Amount	Amounts related to treatment before 1/1/2014 ^(e)
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	4,521	
Total Common Equity Tier I Capital	1,120,623	
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. Disclosures on Consolidated Equity (continued)

Information about consolidated total capital (continued)

	Amount	Amounts related to treatment before 1/1/2014 (*)
Transition from the Core Capital to Continue to deduce Components		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	1,283	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	1,283	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1,119,340	
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)	57,050	
Tier II Capital Before Deductions	57,050	
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	57,050	
Total Capital (The sum of Tier I Capital and Tier II Capital)	1,176,390	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50 th and 51 th 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	114	
Items to be continued to be deducted from Total Core Capital and Supplementary Capital (the capital) during Transition period	-	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	

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I. Disclosures on Consolidated Equity (continued)

Information about consolidated total capital (continued)

	Amount	Amounts related to treatment before 1/1/2014 ^(*)
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
TOTAL CAPITAL	1,176,276	
Total capital	1,176,390	
Total risk weighted items	7,172,856	
CAPITAL ADEQUACY RATIOS ^(**)		
Consolidated Core Capital Adequacy Ratio (%)	15.61	
Consolidated Tier 1 Capital Adequacy Ratio (%)	15.61	
Consolidated Capital Adequacy Standard Ratio (%)	16.40	
BUFFERS		
Total buffer requirement	3.91	
Capital conservation buffer requirement (%)	1.25	
Bank specific countercyclical buffer requirement (%)	2.66	
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)	57,050	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	57,050	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

^(**) The Parent Bank considers the loan provided to ICBC Group at an amount of TL 524,116, as cash reserve as at 30 September 2017 in accordance with the Account Pledge Contract dated 25 June 2015 concluded with its shareholder ICBC and does not consider the aforementioned loan as an item which shall be deducted from the capital adequacy ratio calculation.

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I. Disclosures on Consolidated Equity (continued)

Information about consolidated total capital (continued)

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

	Amount	Amounts related to treatment before 1/1/2014 ^(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	420,000	
Share issue premiums	(814)	
Reserves	196,306	
Gains recognized in equity as per TAS	10,695	
Profit	1,392	
Current period profit	18,749	
Prior period profit	(17,357)	
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	627,579	
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	20,572	
Improvement costs for operating leasing	3,958	
Goodwill (net of related tax liability)	1,789	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions -	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities -	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4 th clause of the 56 th 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. Disclosures on Consolidated Equity (continued)

Information about consolidated total capital (continued)

	Amount	Amounts related to treatment before 1/1/2014 ^(e)
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	26,319	
Total Common Equity Tier I Capital	601,260	
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. Disclosures on Consolidated Equity (continued)

Information about consolidated total capital (continued)

	Amount	Amounts related to treatment before 1/1/2014 (*)
Transition from the Core Capital to Continue to deduce Components		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	1,193	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	1,193	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	600,067	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA (***)	440,000	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	36,986	
Tier II Capital Before Deductions	476,986	
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	476,986	
Total Capital (The sum of Tier I Capital and Tier II Capital)	1,077,053	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50 th and 51 th 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	434	
Other items to be defined by the BRSA	160	
Items to be continued to be deducted from Total Core Capital and Supplementary Capital (the capital) during Transition period	-	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	

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I. Disclosures on Consolidated Equity (continued)

Information about consolidated total capital (continued)

	Amount	Amounts related to treatment before 1/1/2014 ^(*)
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
TOTAL CAPITAL		
Total capital	1,076,459	
Total risk weighted items	5,516,055	
CAPITAL ADEQUACY RATIOS ^(**)		
Consolidated Core Capital Adequacy Ratio (%)	10.9	
Consolidated Tier 1 Capital Adequacy Ratio (%)	10.88	
Consolidated Capital Adequacy Standard Ratio (%)	19.52	
BUFFERS		
Total buffer requirement	3.91	
Capital conservation buffer requirement (%)	0.63	
Bank specific countercyclical buffer requirement (%)	3.28	
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	6.40	
Amounts below the thresholds for deduction (before risk weighting)		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Mortgage servicing rights (net of related tax liability)	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	36,986	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	36,986	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

^(**) The Parent Bank considers the loan provided to 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.

^(***) 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. Disclosures 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/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):

	22/09/2017	25/09/2017	26/09/2017	27/09/2017	28/09/2017	29/09/2017
USD	3.5090	3.4862	3.5162	3.5344	3.5657	3.5720
GBP	4.7264	4.7215	4.7442	4.7507	4.7698	4.7747
EURO	4.1775	4.1763	4.1818	4.1747	4.1891	4.2023
JPY	0.0311	0.0311	0.0313	0.0316	0.0315	0.0316

The basic arithmetical average of the Parent Bank's foreign exchange bid rates for the last thirty days ending 30 September 2017 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	3.4666
GBP	4.5904
EURO	4.1383
JPY	0.0313

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II. Consolidated foreign currency exchange rate risk (continued)

Information on consolidated foreign currency exchange rate risk:

30 September 2017	EURO	USD	OTHER FC	TOTAL
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey ⁽¹⁾	12,917	1,321,468	808	1,335,193
Banks	266,401	669,508	3,352	939,261
Financial Assets at Fair Value Through Profit or Loss ⁽²⁾	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	3,428	1,027,554	-	1,030,982
Loans ⁽³⁾	1,002,695	2,629,898	4,106	3,636,699
Investments in Subsidiaries and Associates	-	-	-	-
Investment Securities Held-to-Maturity	-	267,746	-	267,746
Hedging Purpose Financial Derivatives	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets ⁽²⁾	980	1,152	22	2,154
Total Assets	1,286,421	5,917,326	8,288	7,212,035
Liabilities				
Bank Deposits	-	-	970	970
Foreign Currency Deposits	498,128	1,329,723	5,510	1,833,361
Interbank Money Markets	-	94,556	-	94,556
Funds Borrowed from Other Financial Institutions	211,756	6,090,726	4,072	6,306,554
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	244,822	25,756	-	270,578
Hedging Purpose Financial Derivatives	-	-	-	-
Other Liabilities ^{(2) (6)}	1,290	125	80	1,495
Total Liabilities ^{(2) (6)}	955,996	7,540,886	10,632	8,507,514
Net On Balance Sheet Position	330,425	(1,623,560)	(2,345)	(1,295,480)
Net Off Balance Sheet Position	(329,460)	1,631,885	2,905	1,305,330
Financial Derivatives (Assets) ⁽⁵⁾	107,579	1,734,912	8,402	1,850,893
Financial Derivatives (Liabilities) ⁽⁵⁾	437,039	103,027	5,497	545,563
Non-cash Loans ⁽⁴⁾	356,710	855,993	17,016	1,229,719
31 December 2016				
Total Assets ^{(1) (2) (3)}	751,528	4,573,993	5,524	5,331,045
Total Liabilities ^{(2) (6)}	461,486	4,693,290	11,086	5,165,862
Net On Balance Sheet Position	290,042	(119,297)	(5,562)	165,183
Net Off Balance Sheet Position	(213,665)	100,413	6,360	(106,892)
Financial Derivatives (Assets) ⁽⁵⁾	951	181,721	9,420	192,092
Financial Derivatives (Liabilities) ⁽⁵⁾	214,616	81,308	3,060	298,984
Non-cash Loans ⁽⁴⁾	206,922	964,977	3,991	1,175,890

(1) As at 30 September 2017 and 31 December 2016, the Group does not have precious metals balance in the Central Bank accounts.

(2) As at 30 September 2017, 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 6,896 and TL 1,484 respectively, (31 December 2016: TL 954 and TL 72) are not included in the table.

(3) As at 30 September 2017, "Loans" balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 213,815 (31 December 2016: TL 264,433).

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

(5) As at 30 September 2017, value dated FX buying and FX selling transactions amounting to TL 4,172 and TL 4,177 respectively, presented under "Asset Purchase and Sale Commitments" of off-balance sheet items are included (31 December 2016: TL 371 and TL 370).

(6) "Valuation Differences of Securities" amounting to TL 7,600 (31 December 2016: TL (18,987)) classified under Equity as at 30 September 2017 is not included.

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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 30 September 2017 and 31 December 2016 (excluding tax effect) on condition that 10% revaluation/devaluation of the foreign currencies below against TL. This analysis has been prepared assuming that other variables, particularly interest rates, remain constant.

Change in foreign currency rate	30 September 2017				31 December 2016			
	Income Statement		Equity (*)		Income Statement		Equity (*)	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	73	(73)	883	(883)	10	(10)	(1,888)	1,888
EURO	96	(96)	96	(96)	7,638	(7,638)	7,638	(7,638)
Other FC	68	(68)	68	(68)	80	(80)	80	(80)
Total	237	(237)	1,047	(1,047)	7,728	(7,728)	5,830	(5,830)

(*) 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 (*)	Total
30 September 2017							
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1,357,976	-	-	-	51,281	1,409,257
Banks	650,334	250,541	-	-	-	38,819	939,694
Financial Assets at Fair Value Through Profit or Loss	19,731	5,507	1,203	-	-	1,707	28,148
Interbank Money Market Placements	62,092	-	-	-	-	-	62,092
Investment Securities Av.-for-Sale	78,422	1,460	673,795	1,066,886	83,440	3,564	1,907,567
Loans	821,772	1,939,819	1,409,553	1,606,683	1,007,563	28,680	6,814,070
Investment Securities Held-to-Mat.	1	-	100,305	162,571	105,174	-	368,051
Other Assets	7	-	-	-	-	111,586	111,593
Total Assets	1,632,359	3,555,303	2,184,856	2,836,140	1,196,177	235,637	11,640,472
Liabilities							
Bank Deposits	-	-	-	-	-	107,450	107,450
Other Deposits	2,227,124	966,790	41,400	-	-	257,703	3,493,017
Interbank Money Market Borrowings	127,595	-	-	-	-	-	127,595
Miscellaneous Payables	-	-	-	-	-	292,380	292,380
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	1,514,796	918,362	2,089,940	895,734	895,293	-	6,314,125
Other Liabilities	2,223	-	-	-	-	1,303,682	1,305,905
Total Liabilities	3,871,738	1,885,152	2,131,340	895,734	895,293	1,961,215	11,640,472
Balance Sheet Long Position	-	1,670,151	53,516	1,940,406	300,884	-	3,964,957
Balance Sheet Short Position	(2,239,379)	-	-	-	-	(1,725,578)	(3,964,957)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	(2,239,379)	1,670,151	53,516	1,940,406	300,884	(1,725,578)	-

(*) Tangible and intangible assets amounting to TL 30,458, tax assets amounting to TL 4,672 and other assets amounting to TL76,456 are presented within other assets as non-interest bearing; provisions amounting to TL 92,212, tax liability amounting to TL 12,784, other liabilities amounting to TL 73,542 and equity amounting to TL 1,125,144 are presented within other liabilities as non-interest bearing.

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III. Consolidated interest rate risk (continued)
Interest sensitivity of assets, liabilities and off-balance sheet items (based on reprising dates):

	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non- Interest Bearing ^(*)	Total
31 December 2016							
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1,094,669	-	-	-	63,946	1,158,615
Banks	127,706	-	-	-	-	93,743	221,449
Financial Assets at Fair Value Through Profit or Loss	1,551	1	-	-	-	5,125	6,677
Interbank Money Market Placements	4,763	-	-	-	-	-	4,763
Investment Securities Av.-for-Sale	253,366	172,930	1,091	1,028,621	79,686	2,655	1,538,349
Loans	469,979	912,799	1,619,001	1,372,259	688,085	35,983	5,098,106
Investment Securities Held-to-Mat.	-	93,432	-	91,155	-	-	184,587
Other Assets	2	-	-	-	-	96,071	96,073
Total Assets	857,367	2,273,831	1,620,092	2,492,035	767,771	297,523	8,308,619
Liabilities							
Bank Deposits	3,694	-	-	-	-	450,780	454,474
Other Deposits	1,870,362	738,595	18,066	-	-	223,054	2,850,077
Interbank Money Market Borrowings	114,634	-	220,151	-	-	-	334,785
Miscellaneous Payables	-	-	-	-	-	156,823	156,823
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	1,156,283	413,090	1,310,483	-	891,979	-	3,771,835
Other Liabilities	782	9	-	-	-	739,834	740,625
Total Liabilities	3,145,755	1,151,694	1,548,700	-	891,979	1,570,491	8,308,619
Balance Sheet Long Position	-	1,122,137	71,392	2,492,035	-	-	3,685,564
Balance Sheet Short Position	(2,288,388)	-	-	-	(124,208)	(1,272,968)	(3,685,564)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	(2,288,388)	1,122,137	71,392	2,492,035	(124,208)	(1,272,968)	-

^(*) Tangible and intangible assets amounting to TL 32,803, tax assets amounting to TL 8,891 and other assets amounting to TL 54,377 are presented within other assets as non-interest bearing; provisions amounting to TL 70,531, tax liability amounting to TL 17,305, other liabilities amounting to TL 44,991 and equity amounting to TL 607,007 are presented within other liabilities as non-interest bearing.

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III. Consolidated interest rate risk (continued)

Interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
30 September 2017 ^(*)				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	0.42	-	1.33
Banks	-	2.14	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	12.54
Investment Securities Available-for-Sale	-	4.45	-	13.08
Loans	3.56	4.08	6.04	13.97
Investment Securities Held-to-Maturity	-	5.59	-	2.67
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	1.99	3.90	-	14.67
Interbank Money Market Borrowings	-	2.32	-	-
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0.20	2.29	-	6.69

^(*) Stated at compound interest rates.

Interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
31 December 2016 ^(*)				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	0.51	-	2.94
Banks	-	0.84	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	-	4.45	-	9.67
Loans	3.58	3.99	6.04	12.95
Investment Securities Held-to-Maturity	-	5.13	-	-
Liabilities				
Bank Deposits	0.01	-	-	-
Other Deposits	1.41	3.37	-	11.98
Interbank Money Market Borrowings	-	2.24	-	8.57
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0.40	1.84	-	6.64

^(*) Stated at compound interest rates.

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IV. Consolidated liquidity risk

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

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

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

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

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

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

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

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IV. Consolidated liquidity risk (continued)

Liquidity coverage ratios calculated weekly on bank only basis and monthly on consolidated basis are subject to regulatory reporting starting from 1 January 2015 as per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette no. 28948, dated 21 March 2014. Liquidity coverage ratios should be at least 60% for foreign currency denominated assets and liabilities and 80% for total assets and liabilities for 2017, respectively 50% and 70% for 2016. 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 (%)	
30 September 2017	145.11%		117.48%	
Average				
	Min FC (%)	Min Sum (%)	Max FC (%)	Max Sum (%)
Monthly	31 July 2017	31 July 2017	31 August 2017	31 August 2017
Ratio (%)	99.88%	108.16%	189.63%	133.52%

Current Period – 30 September 2017	Unweighted Amounts^(**)		Weighted Amounts^(**)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			2,894,318	1,820,165
CASH OUTFLOWS				
Retail and Small Business Customers Deposits	1,849,733	748,660	163,126	74,026
Stable deposits	437,581	16,809	21,911	840
Less stable deposits	1,412,152	731,851	141,215	73,186
Unsecured Funding other than Retail and Small Business Customer Deposits	4,124,930	3,508,452	3,237,969	2,946,190
Operational deposits	9,719	-	1,886	-
Non-Operational Funding	1,501,176	938,065	626,635	375,803
Other Unsecured Funding	2,614,035	2,570,387	2,609,448	2,570,387
Secured funding	-	-	-	-
Other Cash Outflows	1,278,666	114,655	1,278,666	114,655
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1,278,666	114,655	1,278,666	114,655
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	78,365	34,828	31,346	13,931
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	82,990	82,990	4,150	4,150
Other irrevocable or conditionally revocable commitments	1,438,769	939,814	146,131	93,992
TOTAL CASH OUTFLOWS	-	-	4,861,388	3,246,944
CASH INFLOWS				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	1,253,467	760,519	1,130,362	725,333
Other contractual cash inflows	1,267,310	1,267,310	1,267,310	1,267,310
TOTAL CASH INFLOWS	-	-	2,397,672	1,992,643
			Upper Limit Applied Amounts	
TOTAL HIGH LIQUIDITY ASSETS			2,894,318	1,820,165
TOTAL NET CASH OUTFLOWS (*)			2,463,716	1,254,301
Liquidity Coverage Ratio (%)			117.48%	145.11%

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

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

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IV. Consolidated liquidity risk (continued)

Prior Period – 31 December 2016	Unweighted Amounts ^(*)		Weighted Amounts ^(**)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			1,598,584	1,107,217
CASH OUTFLOWS				
Retail and Small Business Customers Deposits	1,756,590	639,870	158,283	63,904
Stable deposits	351,426	1,656	17,767	83
Less stable deposits	1,405,164	638,214	140,516	63,821
Unsecured Funding other than Retail and Small Business Customer Deposits	2,436,968	1,363,334	1,776,352	1,122,591
Operational deposits	11,979	-	2,353	-
Non-Operational Funding	1,377,346	401,415	731,202	160,672
Other Unsecured Funding	1,047,643	961,919	1,042,797	961,919
Secured funding	-	-	-	-
Other Cash Outflows	173,722	173,722	173,722	173,722
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	173,722	173,722	173,722	173,722
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	50,325	32,371	20,130	12,948
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	78,677	78,677	3,934	3,934
Other irrevocable or conditionally revocable commitments	911,571	546,386	93,211	54,644
TOTAL CASH OUTFLOWS			2,225,632	1,431,743
CASH INFLOWS				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	606,559	244,321	534,680	229,341
Other contractual cash inflows	174,887	89,428	174,887	89,428
TOTAL CASH INFLOWS			709,567	318,769
			Upper Limit	Applied Amounts
TOTAL HIGH LIQUIDITY ASSETS			1,598,584	1,107,217
TOTAL NET CASH OUTFLOWS (*)			1,516,065	1,112,974
Liquidity Coverage Ratio (%)			105%	99%

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

(**) Monthly simple arithmetic average of consolidated liquidity coverage ratios for the last three months 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:

30 September 2017	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 Years	5 years and over	Undist. (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	538,883	870,374	-	-	-	-	-	1,409,257
Banks	38,819	650,334	250,541	-	-	-	-	939,694
Financial Assets at Fair Value Through Profit or Loss	1,707	19,731	5,507	1,203	-	-	-	28,148
Interbank Money Market Placements	-	62,092	-	-	-	-	-	62,092
Investment Securities Available-for-Sale	3,564	-	-	22,412	1,796,691	84,900	-	1,907,567
Loans	-	418,804	984,378	1,311,427	2,736,168	1,334,613	28,680	6,814,070
Investment Securities Held-to-Maturity	-	-	-	-	262,876	105,175	-	368,051
Other Assets	-	62,560	5,019	1,713	368	1,383	40,550	111,593
Total Assets	582,973	2,083,895	1,245,445	1,336,755	4,796,103	1,526,071	69,230	11,640,472
Liabilities								
Bank Deposits	107,450	-	-	-	-	-	-	107,450
Other Deposits	257,703	2,227,124	966,790	41,400	-	-	-	3,493,017
Funds Borrowed from Other Financial Institutions	-	1,514,796	918,362	2,089,940	895,734	895,293	-	6,314,125
Interbank Money Markets	-	127,595	-	-	-	-	-	127,595
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	292,380	-	-	-	-	-	-	292,380
Other Liabilities	-	85,046	3,503	-	-	-	1,217,356	1,305,905
Total Liabilities	657,533	3,954,561	1,888,655	2,131,340	895,734	895,293	1,217,356	11,640,472
Net Liquidity Gap	(74,560)	(1,870,666)	(643,210)	(794,585)	3,900,369	630,778	(1,148,126)	-
31 December 2016								
Net off balance sheet position	-	12,849	6,106	1,754	-	-	-	20,709
Derivative financial assets (***)	-	1,513,445	265,080	90,003	-	-	-	1,868,528
Derivative financial liabilities (***)	-	1,500,596	258,974	88,249	-	-	-	1,847,819
Non-cash loans (**)	643,196	82,835	93,744	442,541	388,165	539	-	1,651,020
Total Assets	599,253	1,138,426	620,469	1,686,871	2,855,811	1,327,943	79,846	8,308,619
Total Liabilities	830,657	3,202,562	1,157,236	1,548,647	-	891,979	677,538	8,308,619
Net Liquidity Gap	(231,404)	(2,064,136)	(536,767)	138,224	2,855,811	435,964	(597,692)	-
Net off balance sheet position								
Derivative financial assets (***)	-	365,654	9,580	-	-	-	-	375,234
Derivative financial liabilities (***)	-	364,217	9,594	-	-	-	-	373,811
Non-cash loans (**)	541,490	95,935	149,563	183,889	273,949	145,305	-	1,390,131

(*) Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting to TL 30,458, stationary supplies amounting to TL 428, assets to be disposed of amounting to TL 9,664 and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 92,212 and equity amounting to TL 1,125,144 are included here.

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

(***) As at 30 September 2017, spot foreign currency purchase and sale transactions with value date amounting to TL 1,976 and TL 3,467, respectively, are presented under "Asset Purchase and Sale Commitments" of off-balance sheet items (31 December 2016: TL 371 and TL 370).

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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 8.44% as at 30 September 2017 (31 December 2016: 6.42%). This ratio is above the minimum ratio. The main reason behind the decrease in current period leverage ratio, compared to the previous year, is the increase in amounts related to credit risk.

	Current Period ^(*) 30 September 2017	Prior Period ^(*) 31 December 2016
On-Balance sheet exposures		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	11,334,500	7,909,347
(Assets amounts deducted in determining Tier 1 capital)	118	591
Total on-Balance sheet exposures	11,334,382	7,908,756
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	44,592	4,726
Total derivative financial instruments and credit derivatives exposure	44,592	4,726
Securities financial instruments and credit derivatives		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	31,492	62,705
Agent transaction exposure	-	-
Total securities financing transactions exposures	31,492	62,705
Off-balance sheet items		
Off-balance sheet exposure at gross notional amount	1,794,096	1,274,391
(Adjustments for conversions to credit equivalent amounts)	-	-
Total risk of off-balance sheet items	1,794,096	1,274,391
Capital and total exposure		
Tier 1 capital	1,114,202	594,251
Total exposures	13,204,562	9,250,578
Leverage ratio (%)	8.44%	6.42%

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

VI. Information related to consolidated securitization position risk

As at 30 September 2017, Group has no securitization position risk generated by banking accounts.

VII. Information related to consolidated risk management

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

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

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

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

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VII. Information related to consolidated risk management (continued)

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

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

1. General Information on Risk Management and Risk Weighted Amount

a) Overview of Risk Weighted Amount:

	Risk Weighted Amount		Minimum capital requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	6,687,090	5,015,922	534,967
2 Standardised approach (SA)	6,687,090	5,015,922	534,967
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	61,956	72,199	4,956
Standardised approach for counterparty credit risk (SA-CCR)	61,956	72,199	4,956
6 Internal model method (IMM)	-	-	-
Basic risk weight approach to internal models			
7 equity position in the banking account	-	-	-
Investments made in collective investment companies – look-through			
8 approach	-	-	-
Investments made in collective investment companies – mandate-based			
9 approach	-	-	-
Investments made in collective investment companies - 1250%			
10 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	37,350	98,588	2,988
17 Standardised approach (SA)	37,350	98,588	2,988
18 Internal model approaches (IMM)	-	-	-
19 Operational risk	386,460	329,347	30,917
20 Basic Indicator Approach	386,460	329,347	30,917
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a			
23 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	7,172,856	5,516,056	573,828

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VIII. Consolidated segment reporting

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

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

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

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

Information related to the segments of the Group:

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

	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group's Total Operations
30 September 2017				
Operating Income	57,879	127,724	94,373	279,976
Operating profit of segment	19,665	74,845	(13,660)	80,850
Costs not distributed	-	-	-	-
Operating profit / (loss)	19,665	74,845	(13,660)	80,850
Income from subsidiaries	-	-	-	-
Profit / (loss) before tax	19,665	74,845	(13,660)	80,850
Tax provision (-)	-	-	23,036	23,036
Profit / (loss) after tax	19,665	74,845	(36,696)	57,814
Non-controlling interests	-	-	-	-
Net Profit/ (Loss)	19,665	74,845	(36,696)	57,814
Segment assets (*)	698,811	6,222,787	4,718,874	11,640,472
Investments in subsidiaries	-	-	-	-
Total Assets	698,811	6,222,787	4,718,874	11,640,472
Segment liabilities (*)	2,032,843	1,622,911	6,859,574	10,515,328
Equity	-	-	1,125,144	1,125,144
Total Liabilities	2,032,843	1,622,911	7,984,718	11,640,472
Other Segment Items	2,372	4,996	33,180	40,548
Capital expenditure	-	-	2,165	2,165
Depreciation and amortization	353	284	3,898	4,535
Impairment losses (**)	2,019	4,712	27,117	33,848
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-

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

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

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

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VIII. Consolidated segment reporting (continued)

	Retail Banking	Corporate Banking	Investment Banking and Others	Total Operations
30 September 2016				
Operating Income	45,745	60,421	68,203	174,369
Operating profit of segment	16,117	(7,446)	208	8,879
Costs not distributed	-	-	-	-
Operating profit / (loss)	16,117	(7,446)	208	8,879
Income from subsidiaries	-	-	-	-
Profit / (loss) before tax	16,117	(7,446)	208	8,879
Tax provision (-)	-	-	4,256	4,256
Profit / (loss) after tax	16,117	(7,446)	(4,048)	4,623
Non-controlling interests	-	-	-	-
Net Profit/ (Loss)	16,117	(7,446)	(4,048)	4,623
Other Segment Items	3,673	16,306	15,970	35,949
Capital expenditure	-	-	3,185	3,185
Depreciation and amortization	215	357	2,850	3,422
Impairment losses ^(**)	3,458	15,949	9,935	29,342
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-
31 December 2016				
Segment assets ^(*)	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 ^(*)	1,764,694	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

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

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

Based on information that is presented in the table above, as at 31 December 2016 segments of the Group are distributed based on their asset sizes as percentages in current period as; 54% for corporate banking, 8% for retail banking, 38% for investment banking and others segment. As at 30 September 2016, gross income (operational income) of the Group is distributed between corporate banking, investment banking and others segment, retail banking as 35%, 39%, and 26%, respectively.

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

	30 September 2017		31 December 2016	
	TL	FC	TL	FC
Cash	10,856	40,396	15,029	48,875
Central Bank of Turkey (CBRT) (*)	63,208	1,294,797	97,289	997,422
Others	-	-	-	-
Total	74,064	1,335,193	112,318	1,046,297

b) Balances with the Central Bank of Turkey:

	30 September 2017		31 December 2016	
	TL	FC	TL	FC
Unrestricted Demand Deposits (*)	63,208	424,422	97,289	336,537
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	870,375	-	660,885
Total	63,208	1,294,797	97,289	997,422

(*) As at 30 September 2017 and 31 December 2016, 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 30 September 2017 (31 December 2016: between 4% and 10.5%); the reserve rates for foreign currency liabilities vary between 4% and 24% (31 December 2016: 4.5% and 24.5%).

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

As at 30 September 2017 and 31 December 2016, the financial assets at fair value through profit or loss are kept under unrestricted account.

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I. Information and disclosures related to consolidated assets (continued)
2. Financial assets at fair value through profit/loss (net) (continued):

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

	30 September 2017		31 December 2016	
	TL	FC	TL	FC
Forward transactions	-	-	7	1
Swap transactions	19,545	6,896	591	953
Futures transaction	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	19,545	6,896	598	954

3. Information on banks:

	30 September 2017		31 December 2016	
	TL	FC	TL	FC
Banks				
Domestic	433	901,036	738	204,543
Foreign	-	38,225	-	16,168
Total	433	939,261	738	220,711

4. Information on investment securities available-for-sale (net):

a) Investment securities available-for-sale given as collateral or blocked:

	30 September 2017		31 December 2016	
	TL	FC	TL	FC
Given as collateral or blocked	100,325	-	47,924	-
Subject to repurchase agreements	6,240	21,945	109,935	139,890
Total	106,565	21,945	157,859	139,890

As at 30 September 2017, investment securities available-for-sale other than those given as collateral or subject to repurchase agreements amounting to TL 1,779,057 are unrestricted (31 December 2016: TL 1,240,600).

b) Available-for-sale securities:

	30 September 2017	31 December 2016
Debt instruments	1,917,103	1,575,452
Listed	1,243,049	913,872
Unlisted	674,054	661,580
Equity instruments	3,564	2,655
Listed	-	-
Unlisted	3,564	2,655
Impairment provision (-) / charge (+) ^(*)	13,100	39,758
Total	1,907,567	1,538,349

^(*) Consists of change 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:

	30 September 2017		31 December 2016	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	161,985	551,499	113,702
Corporate shareholders ^(*)	-	161,985	551,499	113,702
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders ^(*)	524,116	1,671	527,636	3,366
Loans granted to employees	2,619	-	2,428	-
Total	526,735	163,656	1,081,563	117,068

^(*) As at 30 September 2017, 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 to TL 524,116, as cash collateralized loan.

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

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables (Total)	Conditions of Contracts Amended		Loans and Other Receivables (Total)	Conditions of Contracts Amended	
		Amendments related to the extension of the payment plan			Amendments related to the extension of the payment plan	
			Other			Other
Cash Loans						
Non-specialized loans	6,301,974	3,751	-	483,009	249,166	-
Enterprise loans	-	-	-	176,380	176,380	-
Export loans	101,768	-	-	35,720	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	2,256,417	-	-	-	-	-
Consumer loans	656,918	3,751	-	13,120	47	-
Credit cards	18,465	-	-	781	-	-
Other (*)	3,268,406	-	-	257,008	72,739	-
Specialized loans	385	-	-	22	-	-
Other receivables	-	-	-	-	-	-
Total (*)	6,302,359	3,751	-	483,031	249,166	-

^(*) The loans and other receivables also include loan receivables of ICBC Yatırım from customers amounting to TL 53,597.

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	3,722	249,166
Extended by 3,4 or 5 Times	29	-
Extended by More than 5 Times	-	-
The Time Extended via the Amendment on Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Up to 6 Months	190	162,863
6 Months - 12 Months	353	1
1-2 Years	1,283	4,963
2-5 Years	1,219	39,612
5 Years and Over	706	41,727

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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	7,865	656,853	664,718
Real Estate Loans	2	496,679	496,681
Automotive Loans	-	2,586	2,586
Consumer Loans	7,863	157,588	165,451
Other	-	-	-
Consumer Loans – Indexed to FC	-	187	187
Real Estate Loans	-	187	187
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	-	-	-
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards – TL	16,287	-	16,287
Installment	4,254	-	4,254
Non installment	12,033	-	12,033
Consumer Credit Cards – FC	359	-	359
Installment	-	-	-
Non Installment	359	-	359
Loans Given to Employees – TL	69	1,452	1,521
Real Estate Loans	-	353	353
Automotive Loans	-	-	-
Consumer Loans	69	1,099	1,168
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	1,027	-	1,027
Installment	385	-	385
Non Installment	642	-	642
Employee Credit Cards – FC	71	-	71
Installment	-	-	-
Non Installment	71	-	71
Overdraft Account – TL (Individual)	3,612	-	3,612
Overdraft Account – FC (Individual)	-	-	-
Total	29,290	658,492	687,782

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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	15,386	270,009	285,395
Business Residential Loans	-	-	-
Automotive Loans	-	17,140	17,140
Consumer Loans	15,386	252,869	268,255
Other	-	-	-
Installment Corporate Loans – Indexed to FC	-	123,912	123,912
Business Residential Loans	-	-	-
Automotive Loans	-	74,022	74,022
Consumer Loans	-	49,890	49,890
Other	-	-	-
Installment Corporate Loans – FC	-	-	-
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards – TL	1,470	-	1,470
Installment	436	-	436
Non Installment	1,034	-	1,034
Corporate Credit Cards – FC	32	-	32
Installment	-	-	-
Non Installment	32	-	32
Overdraft Account – TL (Commercial)	96	-	96
Overdraft Account – FC (Commercial)	-	-	-
Total	16,984	393,921	410,905

e) Domestic and foreign loans:

	30 September 2017	31 December 2016
Domestic loans	6,067,278	3,792,803
Foreign loans	718,112	1,269,320
Total	6,785,390	5,062,123

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) Specific provisions for loans:

	30 September 2017	31 December 2016
Specific Provisions		
Loans and Receivables with Limited Collectability	101	306
Loans and Receivables with Doubtful Collectability	5,211	14,037
Uncollectible Loans and Receivables	65,035	64,827
Total	70,347	79,170

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

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

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

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Balances at Beginning of Period	1,095	16,571	97,487
Additions (+)	3,104	705	1,525
Transfers from Other Categories of Non- Performing Loans (+)	-	2,623	12,258
Transfers to Other Categories of Non-Performing Loans (-)	2,623	12,258	-
Collections (-)	1,033	1,829	8,767
Write-offs (-)	-	75	9,756
Corporate and Commercial Loans	-	-	5,634
Retail Loans	-	36	2,283
Credit Cards	-	39	1,839
Other	-	-	-
Balances at End of the Period	543	5,737	92,747
Specific Provisions (-)	101	5,211	65,035
Net Balance on Balance Sheet	442	526	27,712

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

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

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

5. Information related to loans (continued):

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current Period (Net)	442	526	27,712
Loans Allowed to Real Persons and Corporate Bodies (Gross)	543	5,737	92,747
Specific provision (-)	101	5,211	65,035
Loans Allowed to Real Persons and Corporate Bodies (Net)	442	526	27,712
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
Prior Period (Net)	789	2,534	32,660
Loans Allowed to Real Persons and Corporate Bodies (Gross)	1,095	16,571	97,487
Specific provision (-)	306	14,037	64,827
Loans Allowed to Real Persons and Corporate Bodies (Net)	789	2,534	32,660
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

i) Liquidation policy for uncollectible loans and other receivables:

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

Write-offs include non-performing customer loans and credit card receivables were reversed due to selling of non-performing loans amounting to TL 4,158 to an asset management for TL 250 as at 22 June 2017. Write-off portfolio amounting to TL 275, the Group has provision amounting to TL 84 additionally.

j) Information on write-off from assets policy:

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

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

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

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

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

As at 30 September 2017, the Parent Bank's whole investment securities held to maturity consist of bank bills.

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

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

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

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

	30 September 2017	31 December 2016
Debt instruments	360,875	181,971
Listed	-	-
Unlisted	360,875	181,971
Impairment provision (-) ^(*)	7,176	2,616
Total	368,051	184,587

(*) Consists of change of interest accruals

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

	30 September 2017	31 December 2016
Beginning balance	184,587	-
Foreign currency differences on monetary assets	-	-
Purchases during year	176,288	181,971
Disposals through sales and redemptions	-	-
Impairment provision (-)	7,176	2,616
Period end balance	368,051	184,587

7. Investments in associates (net):

None.

8. Investments in subsidiaries (net):

As at 30 September 2017, the Parent Bank has subsidiary as ICBC Turkey Yatırım Menkul Değerler A.Ş. The Parent Bank does not have any capital needs due to its subsidiary which is included in the calculation of its consolidated capital adequacy standard ratio. The current equity amount of the subsidiary fulfils the minimum capital requirement entailed in accordance with the Capital Markets Board's regulations.

Information related to subsidiaries:

- a) Information on subsidiaries not consolidated: None.
- b) Information on subsidiaries not consolidated according to information above: None.
- c) Movement of subsidiaries not consolidated: None.
- d) Industrial distribution of subsidiaries not consolidated:
As at 30 September 2017, the Parent Bank has no non-consolidated subsidiary.
- e) Information on consolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage- If different from voting percentage (%)	Banks Risk Group Share Percentage (%)
ICBC Turkey Yatırım Menkul Değerler A.Ş. (ICBC Yatırım)	İstanbul/Turkey	100.00	100.00

f) Information on consolidated subsidiaries according to information above:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
335,275	47,115	581	12,416	7,661	9,616	(871)	-

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

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I. Information and disclosures related to consolidated assets (continued)
8. Investments in subsidiaries (net) (continued):

f) Information on consolidated subsidiaries according to information above (continued):

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

Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair Value
2,830	2,738	1	144	-	(377)	(420)	-

g) Movement of consolidated subsidiaries:

	30 September 2017	31 December 2016
Balance at the Beginning of the Period	25,000	25,000
Movements during the Period	-	-
Purchases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
Balance at the End of the Period	25,000	25,000
Capital Commitments	-	-
Share Percentage at the end of Period (%)	-	-

h) Sectorial distribution of consolidated subsidiaries:

	30 September 2017	31 December 2016
Subsidiaries		
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	25,000	25,000
Other Non-Financial Subsidiaries	-	-
Total	25,000	25,000

i) Listed subsidiaries: None.

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

k) Subsidiaries purchased in the current period: None.

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

9. Information on joint ventures (net):

None.

10. Information on financial lease receivables (net):

None.

11. Information on hedging purpose derivatives:

None.

12. Information on investment properties (net):

None.

13. Information on deferred tax assets:

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

As at 30 September 2017, the deferred tax asset arising from the deductible temporary differences except for general loan provisions is amounting to TL 1,383 (31 December 2016: TL 8,891). As at 30 September 2017, there is no deferred tax asset arising from financial losses (31 December 2016: None).

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

- b) Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in the balance sheet:

None.

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

The Group has no asset held for sale and discontinued operation as at 30 September 2017 and 31 December 2016.

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 9,664 as at 30 September 2017 (31 December 2016: TL 10,619).

Total of other assets amounting to TL 66,799 (31 December 2016: TL 43,760), other than movable and immovable properties to be sold off, do not exceed 10% of the balance sheet total.

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

II. Information and disclosures related to consolidated liabilities
1. Information on deposits:

a) Information on maturity profile of deposits:

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

a.1) 30 September 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	26,562	15,293	1,118,526	2,983	2,577	-	-	1,165,941
Foreign Currency Deposits	201,528	45,866	1,559,905	7,491	13,224	5,347	-	1,833,361
Residents in Turkey	193,989	45,717	1,506,386	5,074	3,547	1,067	-	1,755,780
Residents Abroad	7,539	149	53,519	2,417	9,677	4,280	-	77,581
Public Sector Deposits	2,126	-	-	-	-	-	-	2,126
Commercial Deposits	23,168	22,061	409,569	20,549	2	-	-	475,349
Other Ins. Deposits	4,319	23	11,792	31	65	10	-	16,240
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	107,450	-	-	-	-	-	-	107,450
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	979	-	-	-	-	-	-	979
Foreign Banks	106,471	-	-	-	-	-	-	106,471
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	365,153	83,243	3,099,792	31,054	15,868	5,357	-	3,600,467

a.2) 31 December 2016:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	25,782	19,970	1,032,934	642	200	69	-	1,079,597
Foreign Currency Deposits	141,156	5,263	1,057,495	7,756	13,081	5,145	-	1,229,896
Residents in Turkey	136,799	5,020	1,004,138	4,952	3,407	1,269	-	1,155,585
Residents Abroad	4,357	243	53,357	2,804	9,674	3,876	-	74,311
Public Sector Deposits	1,779	-	-	-	-	-	-	1,779
Commercial Deposits	52,117	20,330	455,043	2	-	-	-	527,492
Other Ins. Deposits	2,220	108	8,929	27	10	19	-	11,313
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits ^(*)	450,780	3,694	-	-	-	-	-	454,474
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	62	3,694	-	-	-	-	-	3,756
Foreign Banks	450,718	-	-	-	-	-	-	450,718
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	673,834	49,365	2,554,401	8,427	13,291	5,233	-	3,304,551

^(*) Includes the amount of TL 440,000 transferred to the Parent Bank accounts by ICBC China for use in capital increase.

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

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

1. Information on deposits (continued):

b) Information on Deposit Insurance:

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

	Covered by Deposit Insurance Fund	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Exceeding the Deposit Insurance Limit
Saving Deposits	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Saving Deposits	522,923	487,314	641,178	591,119
Foreign Currency Savings Deposits	186,578	148,284	621,057	509,592
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	709,501	635,598	1,262,235	1,100,711

- 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 4,702 (31 December 2016: TL 3,079).

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

	30 September 2017	31 December 2016
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	4,702	3,079
Deposits and Other Accounts linked to Crimes Mentioned in 282 nd Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey.	-	-

2. Information on derivative financial liabilities held for trading:

Negative difference on derivatives held for trading:

	30 September 2017		31 December 2016	
	TL	FC	TL	FC
Forwards	155	-	2	4
Swaps	584	1,484	717	68
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	739	1,484	719	72

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

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

a) Information on banks and other financial institutions:

	30 September 2017		31 December 2016	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	7,571	7,819	7,386	4,010
Foreign Banks, Institutions and Funds	-	6,298,735	-	3,760,439
Total	7,571	6,306,554	7,386	3,764,449

b) Contractual maturities of funds borrowed:

	30 September 2017		31 December 2016	
	TL	FC	TL	FC
Short-Term	7,571	4,515,528	7,386	1,493,039
Medium and Long-Term	-	1,791,026	-	2,271,410
Total	7,571	6,306,554	7,386	3,764,449

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 73,542 (31 December 2016: TL 44,991) and do not exceed 10% of total liabilities excluding the off-balance sheet items.

5. Obligations under financial leases:

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

As at 30 September 2017 and 31 December 2016, the Group does not have financial lease liabilities.

As at 30 September 2017 and 31 December 2016, the Group does not have any obligations from operational lease agreements.

6. Information on liabilities arising from hedging purpose derivatives:

None.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

7. Information on provisions:

a) Information on general provisions:

	30 September 2017	31 December 2016
General Provisions		
Provision for Group I Loans and Receivables	48,598	31,485
<i>Additional Provision for Loans and Receivables with Extended Maturities</i>	38	26
Provision for Group II Loans and Receivables	4,650	2,775
<i>Additional Provision for Loans and Receivables with Extended Maturities</i>	3,738	2,338
Provision for Non-cash Loans	3,466	2,667
Other	336	59
Total	57,050	36,986

b) Information on reserve for employee rights:

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

Such payments are calculated on the basis of 30 days' pay, as at 30 September 2017, at ceiling amount of TL-full 4,732 (31 December 2016: TL-full 4,297), per year of employment at the rate of pay applicable at the date of retirement of termination. The liability is not funded, since there is no funding requirement.

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

	30 September 2017	31 December 2016
Discount Ratio (%)	11.00	11.00
Expected Salary/ETI Liability Ceiling Increase Rate (%)	6.00	6.00
Rate for the Probability of Retirement (%)	93.00	93.00

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

Movement of ETI liability is below:

	30 September 2017	31 December 2016
Balance at Prior Period End	8,743	7,569
Current year provisions	4,132	3,351
Paid in current year	(2,074)	(2,177)
Balance at Current Period End	10,801	8,743

As at 30 September 2017, the Group has vacation pay liability amounting TL 4,821 (31 December 2016: TL 4,936).

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)**7. Information on provisions (continued):**

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

As at 30 September 2017, foreign exchange differences on foreign currency indexed loans amounting TL 360 (31 December 2016: TL 7) are netted with loans on the asset side.

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

As at 30 September 2017, the Group has provision amounting to TL 6,067 (31 December 2016: TL 7,173) for non-cash loans and irrevocable commitments that are not indemnified and not converted into cash amounting to TL 10,305 (31 December 2016: TL 13,109).

- e) Information on other provisions:

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

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

As at 30 September 2017, the Parent Bank has provision for credit card service promotions amounting TL 103 (31 December 2016: TL 103).

e.3) Information on other provisions:

As at 30 September 2017, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 9,583 (31 December 2016: TL 6,953).

As at 30 September 2017, there is provision for personnel bonuses amounting TL 3,787 (31 December 2016 –TL 5,637).

8. Taxation:

- a) Current tax liability: As at 30 September 2017, the Group does not have any corporate taxes payable after deductions of prepaid taxes (31 December 2016: TL 3,076).

- b) Information on taxes payable:

	30 September 2017	31 December 2016
Corporate taxes payable	-	3,076
Taxation on securities	3,542	3,052
Capital gains tax on property	222	212
Banking Insurance Transaction Tax (BITT)	2,384	2,875
Taxes on foreign exchange transactions	-	-
Value added tax payable	82	158
Other	3,261	4,828
Total	9,491	14,201

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II. Information and disclosures related to consolidated liabilities (continued)**8. Taxation (continued):**

c) Information on premiums payable:

	30 September 2017	31 December 2016
Social security premiums- employee share	1,414	1,327
Social security premiums- employer share	1,579	1,497
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	100	93
Unemployment insurance- employer share	200	186
Other	-	1
Total	3,293	3,104

d) Information on deferred tax liabilities:

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

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

None.

10. Information on subordinated loans:

None.

11. Information on shareholders' equity:

a) Paid in capital:

	30 September 2017	31 December 2016
Common Stock	860,000	420,000
Preferred Stock	-	-

It is decided in the Extraordinary General Assembly of the Parent Bank held on 9 February 2017 regarding the increase in the paid in capital of Parent Bank from TL 420,000 to TL 860,000 that with respect to Banking Regulation and Supervision Agency's 15 November 2016 dated 20008792-101.01.04 {48}-E.11782 numbered, Capital Markets Board's 9 November 2016 dated and 29833736-110.03.02-E.11782 numbered and Turkish Republic Ministry of Customs and Trade Internal Trade General Directorate 2 December 2016 dated, 50035491-431.02 numbered authorizations to amend the main agreement's "Capital " title Item 8.

As of the registration date of 29 June 2017, the Bank's capital has increased by TL 440,000 in cash from TL 420,000 to TL 860,000.

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

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital: None

c) Information on share capital increases and their sources; other information on any increase in capital shares during the current period:

Increase Date	Increase Amount	Cash
29 June 2017	440,000	440,000

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II. Information and disclosures related to consolidated liabilities (continued)**11. Information on shareholders' equity (continued):**

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

	30 September 2017		31 December 2016	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	-	-	-	-
Valuation gain/loss of available for sale securities	(8,083)	7,600	(1,585)	(18,987)
Translation gain/loss	-	-	-	-
Total	(8,083)	7,600	(1,585)	(18,987)

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

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

- i) Information on profit distribution of Parent Bank for the year 2016:

At the Ordinary General Assembly held on 30 March 2017, the Parent Bank has decided not to distribute profit, TL 13,700 amount of 31 December 2016 profit have been offsetted from prior years' loss.

According to Ordinary General Assembly of ICBC Turkey Yatırım Menkul Değerler A.Ş. as at 30 March 2017, the Company has transferred profit for the year 2016 amounting to TL 5,376 to legal reserves and extraordinary reserves with amounts of TL 268 and TL 5,108, respectively. The aforementioned amounts are shown in the consolidated statement of changes in shareholders' equity.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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III. Information and disclosures related to consolidated income statement

1. Interest income:

a) Information on interest income received from loans:

	30 September 2017		30 September 2016	
	TL	FC	TL	FC
Interest income received from loans (*)				
Short Term Loans	126,778	2,981	111,216	4,548
Medium and Long Term Loans	132,426	97,947	95,766	63,158
Loans Under Follow-Up	2,072	-	1,096	-
Source Utilization Support Fund	-	-	-	-
Total	261,276	100,928	208,078	67,706

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

b) Information on interest income received from banks:

	30 September 2017		30 September 2016	
	TL	FC	TL	FC
Domestic Banks	35	4,783	942	409
Foreign Banks	1	368	8	215
Foreign Branches	-	-	-	-
Total	36	5,151	950	624

c) Information on interest income received from securities portfolio:

	30 September 2017		30 September 2016	
	TL	FC	TL	FC
Trading Securities	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Investment Securities Available-for-Sale	79,241	33,974	13,986	27,794
Investment Securities Held-to-Maturity	9,742	12,120	-	2,315
Total	88,983	46,094	13,986	30,109

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

2. Interest expense:

a) Information on interest expense related to funds borrowed:

	30 September 2017		30 September 2016	
	TL	FC	TL	FC
Banks (*)	501	81,093	862	44,946
Central Bank of Turkey	-	-	-	-
Domestic Banks	474	84	853	92
Foreign Banks	27	81,009	9	44,854
Foreign Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	501	81,093	862	44,946

(*) 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.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

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

2. Interest expense (continued):

d) Maturity structure of the interest expense on deposits (continued):

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

30 September 2016		Time Deposits						
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over	Cumulative Deposits	Total
TL								
Bank Deposits	-	189	-	-	-	-	-	189
Saving Deposits	-	706	76,975	82	21	4	-	77,788
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	1,261	16,301	321	-	-	-	17,883
Other Deposits	-	7	625	1	1	1	-	635
Total Turkish Lira	-	2,163	93,901	404	22	5	-	96,495
Foreign Currency								
Foreign Currency Deposits	-	62	11,178	107	145	60	-	11,552
Bank Deposits	-	9	-	-	-	-	-	9
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total Foreign Currency	-	71	11,178	107	145	60	-	11,561
Grand Total	-	2,234	105,079	511	167	65	-	108,056

3. Trading income / loss (net):

	30 September 2017	30 September 2016
Profit	307,946	219,042
Capital Market Gains	6,921	1,692
Derivative Gains	89,088	74,793
Foreign Exchange Gains	211,937	142,557
Loss (-)	347,020	243,008
Capital Market Losses	6	95
Derivative Losses	199,217	114,677
Foreign Exchange Losses	147,797	128,236

Net loss related to derivative transactions resulting from foreign currency rate changes is amounting to TL 61,157 (2016: TL 15,394 net profit).

4. Other operating income:

Other operating income in the income statement is composed of TL 6,829 (2016: TL 2,272) representing the collections made from the receivables that were provisioned in the previous periods, TL 2,992 (30 September 2016: TL 2,271) project evaluation fees.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

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

5. Impairment on loans and other receivables:

	30 September 2017	30 September 2016
Specific Provisions on Loans and Other Receivables	6,733	19,988
Loans and Receivables in Group III	101	638
Loans and Receivables in Group IV	1,417	9,352
Loans and Receivables in Group V	5,215	9,998
General Provision Expenses	20,064	7,153
Provision for Possible Losses	-	-
Impairment Losses on Securities:	2,321	1,622
Trading securities	-	-
Investment Securities Available-for-Sale	2,321	1,622
Other Impairment Losses:	2,100	258
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investment Securities Held-to-Maturity	2,100	258
Other (*)	2,630	321
Total	33,848	29,342

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

6. Information related to other operational expenses:

	30 September 2017	30 September 2016
Personnel Expenses	93,458	81,186
Reserve for Employee Termination Indemnities and Vacation Pay	2,143	1,555
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	3,673	2,988
Impairment of Intangible Assets	-	-
Impairment of Goodwill	-	-
Amortization Expenses of Intangible Assets	818	388
Impairment of Investments in Associates	-	-
Impairment of Assets to be Disposed of	-	-
Depreciation of Assets to be Disposed of	44	46
Impairment of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	44,747	35,124
Operational Leases	18,715	17,558
Repair and Maintenance	4,903	1,997
Advertising	200	263
Other Expenses	20,929	15,306
Loss on Sale of Assets	1	-
Other (*)	20,394	14,861
Total	165,278	136,148

(*) 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 30 SEPTEMBER 2017

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

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

Profit before taxes from continued operations is TL 80,850 (30 September 2016: TL 8,879). Profit before taxes consists of net interest income amounting to TL 256,272 (30 September 2016: TL 165,541), net fees and commission income amounting to TL 48,207 (30 September 2016: TL 13,134) and other operating expenses amounting to TL 165,278 (30 September 2016: TL 136,148).

8. Taxes on income from continued and discontinued operations:

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

Current tax expenses belonging to period ending on 30 September 2017 is TL 22,012 (2016 – TL 4,068).

There is a deferred tax expense at an amount of TL 1,024 belonging to period ending on 30 September 2017 (2016 – TL 188 deferred tax expense).

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

For the period ended 30 September 2017, the deferred tax expense arising from the origination of temporary differences amounts TL 1,024 (30 September 2016 TL – 188 deferred tax expense).

Additionally, for the period ended 30 September 2017, the current tax effect amounting to TL 1,362 and deferred tax effect amounting to TL (6,431), on an aggregate TL (5,069) tax effect (2016: total TL (207) current and TL (2,182) is deferred tax effect total TL (2,389) which are related to transactions recognized under equity is accounted for under equity accounts).

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

For the period ended 30 September 2017, the deferred tax expense arising from the origination of temporary differences amounts TL 1,024 (2016 – 188 deferred tax expense). There is no deferred tax income or expense sourcing from financial loss in period ending on 30 September 2017 (2016 – None).

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

Net profit from continued operations is TL 57,814 (30 September 2016 – TL 4,623 net profit).

10. Information on net profit and loss:

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

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

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

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

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

	30 September 2017	31 December 2016
Forward deposit purchase and sale commitments	8,349	741
Commitment for use guaranteed credit allocation	29,289	27,889
Credit cards limit commitments	69,433	75,776
Payment commitments for cheques	76,202	75,491
Credit card commitments given with applications for promotion	206	218
Tax and fund obligations arising from export commitments	5	196
Other irrevocable commitments	11,462	13,369
Total	194,946	193,680

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

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

	30 September 2017	31 December 2016
Letters of guarantee	1,473,293	1,180,143
Bank acceptance loans	-	-
Letters of credit	92,218	78,677
Other guarantees collaterals	85,509	131,311
Total	1,651,020	1,390,131

c) Non-cash loans:

	30 September 2017	31 December 2016
Non-Cash Loans Given for Cash Loan Risks	70,470	63,438
With Original Maturity of 1 Year or Less	3,458	53,788
With Original Maturity of More Than 1 Year	67,012	9,650
Other Non-Cash Loans	1,580,550	1,326,693
Total	1,651,020	1,390,131

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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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 (*)	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	-	-	524,117	163,656	6	-
Interest and Commission Income Received	-	-	29,100	-	-	-

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

The Parent Bank has TL 30,990 placements in its risk group banks as at 30 September 2017 (31 December 2016 – TL 3,610). Also the Parent Bank has TL 242 irrevocable commitment in its risk group as at 30 September 2017 (31 December 2016 – TL 144).

b) Prior Period:

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	1,071,801	71,208	41	-
Balance at the End of the Period	-	-	1,079,137	117,068	55	-
Interest and Commission Income Received	-	-	36,558	-	-	-

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

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

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Balance at the beginning of the Period	-	-	450,896	290,292	1,321	1,441
Balance at the End of the Period	-	-	180	450,896	1,642	1,321
Interest on Deposits	-	-	-	-	31	19

(*) 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 3,950,367 as at 30 September 2017 (31 December 2016 : TL 3,071,631).

d) Information on forward transactions and option agreements and similar other agreements related with the Parent Bank's risk group:

As of 30 September 2017, the Group does not have derivative instruments with risk group (31 December 2016: None).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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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 30 September 2017, proportion of cash loans to risk group in total cash loans is 7.7% (31 December 2016 – 21.1%) and proportion of deposits from its risk group in total deposits is 0.1% (31 December 2016: 13.7%). Proportion of borrowings from its risk group in total funds borrowed is 62.6% (31 December 2016: 81%).

In the prior period, the Group's other commission income from risk group is amounting TL 1.

In the current period, benefits provided to the Group's key management amount to TL 11,057 (2016: TL 8,752).

VI. Information and disclosure related to subsequent events

In the meeting of the Extraordinary General Assembly held on 9 October 2017, it has been resolved that, paid-in capital of the Bank will be increased from TL 25,000 to TL 76,000 and the increase in paid-in capital has been published in the Turkish Trade Registry Gazette on 13 October 2017.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

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SECTION SIX

Disclosures on the Auditors’ Review Report

I. Disclosures on the auditors’ review report

The consolidated financial statements of the Parent Bank and its subsidiary as at and for the nine-month period ended 30 September 2017 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member of KPMG International Cooperative, a Swiss entity) and the Auditors’ Review Report dated 26 October 2017 is presented in the introduction of this report.

II. Information and disclosures prepared by the independent auditors

None.

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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 30 September 2017 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 30 SEPTEMBER 2017

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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. As of the registration date of 29 June 2017, the Bank's capital has increased by TL 440,000 in cash from TL 420,000 to TL 860,000.

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, ICBC's shareholding in the bank has 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, at the end of 2016, 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. At the Extraordinary General Assembly Meeting of Tekstil Yatırım Menkul Değerler A.Ş. dated 30 May 2016; it has been decided that the commercial title of the Company is changed to "ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi" shortly as "ICBC Turkey Yatırım". Tekstil Portföy Yönetimi A.Ş., wholly owned subsidiary of ICBC Turkey Yatırım Menkul Değerler A.Ş., was incorporated on April 21st 2015 and changed its corporate name to ICBC Turkey Portföy Yönetimi A.Ş. pursuant to the Extraordinary General Assembly Resolution taken on November 5th 2015. Main line of business of the Company is to establish and manage investment funds.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

II. General Information (continued)

2. Capital and Shareholder Structure

Following is the shareholder structure of the Bank as at 30 September 2017;

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

^(*) 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 by TL 440,000 from TL 420,000 to TL 860,000 and the whole increase was made in cash.

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

^(*) According to the resolution of the Bank's Board of Directors dated 30 December 2016; Liu Peiguo, who was serving as the Coordinator of the General Secretariat Group is appointed as Board of Directors and Credit Committee Member as at 2 January 2017 due to resignation of Wang Qiang. This appointment is done due to Extraordinary General Assembly decision dated 9 February 2017.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

(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
D.Halit Döner	Assistant General Manager -International Relations Group
Başbuğ Y. Samancıoğlu	Assistant General Manager -Corporate and Commercial Banking Group
Hüseyin H. İmece	Assistant General Manager -Treasury and Investor Relations Group
Bozok Evrenosoğlu	Assistant General Manager -Loans Group
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
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

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

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

Financial Figures (TL Million)	30 September 2017	31 December 2016	%
Total Assets	11,640	8,309	40%
Deposits (*)	3,493	2,850	23%
Loans	6,814	5,098	34%
Shareholders' Equity	1,125	607	85%
Profit / (Loss)	57.8	18.7	208%

Financial Ratios %	30 September 2017	31 December 2016	%
Return on Assets	0.8	0.3	209%
Return on Equity	8.9	3.1	186%
Capital Adequacy Ratio	16.4	19.5	-16%
Loans/ Total Assets	58.5	61.4	-5%
Deposits/ Total Assets	30	34.3	-13%
NPL Ratio	1.4	2.2	-35%

Five Years Summary Financial Information (consolidated):

TL Thousand	30 September 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
Total Assets	11,640,472	8,308,619	6,670,222	3,664,377	3,854,254
Total Deposits(*)	3,493,017	2,850,077	2,134,512	2,342,233	2,521,794
Total Loans	6,814,070	5,098,106	4,150,620	2,812,918	2,832,164
Shareholders' Equity	1,125,144	607,007	597,194	620,136	604,308
Profit/ (Loss)	57,814	18,749	(13,542)	12,760	45,316

(*) Excluding bank deposits.

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

III. Financial Information and Evaluations (continued)

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

In the third quarter of 2017, recovery in global economy continued. As political risks in Euro area subsided, major European countries along with emerging economies contributed significantly to global economic growth. Encouraged by the perseverance of economic growth, European Central Bank extended signals for a normalization period in monetary policy. Economic activity in the US, however, has remained subdued, as market expectations regarding expansionary fiscal policy were not met. The lack of additional strengthening in US economic activity and inflation remaining lower than Fed's target of 2%, caused market expectations regarding monetary tightening to remain low throughout the quarter. This in turn led US dollar to further depreciate against other currencies as well as continued capital flows to emerging markets. The continued recovery in Euro area, Turkey's largest export partner, along with positive risk appetite for emerging markets financial assets reflected well on Turkey. Turkey achieved the third highest growth rate among G - 20 countries in the first half of the year after India and China. Indicators signal that growth rate may continue to accelerate in the third quarter of the year. As geopolitical risks subsided since the beginning of the year, the rebound tourism sector was sustained. However, the volatility in geopolitical and political risks pose a potential downside risk on what is otherwise a resilient economy on an obvious trend of robust economic growth.

In the third 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 September-end, the asset size of ICBC Turkey exceeded TL 11bn (US\$3.2 bn) and consolidated net profit of TL 58.7 mn (US\$16.2 mn) has been achieved, while non-performing loan continued to decline and NPL ratio was 1.44%, below the market average. In the meantime, ICBC Turkey has achieved success in marketing aimed at high quality and large clients and large projects.

International financial institutions recognize Turkey's economic growth performance as well. The IMF has revised its 2017 GDP growth forecast for Turkey from 2.5% to 5.1%. Turkish policymakers indicate that they aim to extend the current growth trend into the medium term, while improving Turkey's imbalances. Turkish and Chinese policymakers have been organizing high-level visits to promote cooperation and bilateral trade between two countries. All these favorable elements keep bringing unprecedented strategic opportunity for ICBC Turkey to further exert its own advantages and speed up its development in the following term.

My best regards,

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 30 SEPTEMBER 2017

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

III. Financial Information and Evaluations (continued)

3. Letter from the General Manager

Esteemed Shareholders,

In the third quarter of 2017, Turkey showed an obvious trend of economic recovery as indicated by well performed export, accelerating industrial production and confidence indices, rebounding in tourism and improvement in assets and liabilities of enterprises. But Turkey still faced some challenges which have raised concerns about profitability in the banking sector.

As ICBC Turkey, our aims are to support the local customers and their projects, strengthen business relationships with the neighboring countries by enlarging the Turkish market, bridge Asia and Europe through our customers, strengthen our regional services and expand our marketing activities within the context of “Belt and Road Initiatives” and “Intermediate Corridor Plan” in accordance with our strategies. Within this context, we have been participating in Turkish market for more than two years with sustainable growth trend of our business lines.

After completing the purchasing process, we have grown rapidly in the local market as well as the international market. As ICBC Turkey, our consolidated asset size in the amount of 11.6 billion TL has increased by 40% at the end of September 2017 compared to year end 2016. This equals, in the aggregate, to 3.3 billion TL increase in our asset size. Our consolidated asset in USD terms exceeded 3.2 billion USD. Our cash loans have reached to 6.8 billion TL has increased by 34% compared to that of year end 2016, which was contributed by boosting banking sector credit. Consolidated non-cash loans of the Bank increased by 19% and reached up to 1.7 billion TL compared to year end 2016. Consolidated net profit for the period of continuing operations has increased from 4.6 million TL profit as of first nine months of 2016 to 57.8 million TL profit as of first nine months of 2017. The profit growth was heightened because of the following four factors: First, Credit volume continued to grow as stated above, which resulted in 50% increase of net interest income compared with the same period of last year. Second, NIM further stabilized. Our NIM for the first three quarter of 2017, at 2.87%, increased by 17 BPs compared with first three quarter of last year. Third, more and more banking finance service was provided by ICBC Turkey, which resulted in 267% increase of net fees and commission income. Fourth, relevant business lines and segments made larger contribution to profit. All the business lines reached their target which was given at the beginning of 2017.

After completing the purchasing process, we have looked into the Bank’s internal operation principles related to the credit management in order to regulate the Bank’s asset quality. The non-performing loans ratio, which was 2.2% at the end of the year, decreased by 0.8% and was realized at 1.4% range due to our prioritized risk management and the quality of our assets.

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

My best regards,

GAO XIANGYANG
General Manager

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

III. Financial Information and Evaluations (continued)

4. Evaluation of the Bank's Position in the Sector (*):

Based on the comparison of the Bank's position in sector with data in "Daily Banking Sector Report" (as at 31 December 2016 and 30 September 2017) announced by Banking Regulation and Supervision Agency (BRSA);

- Cash and Balances with CBRT decreased in the sector by 4.6%, at bank increased by 21.6%.
- Securities increased in the sector by 6.7%, at bank increased by 33.5%.
- Loans increased by 15%, at bank increased by 33.9%.
- NPLs (gross) increased by 8%, at bank decreased by 14%.
- Total deposits of the sector increased by 11.6% and total deposits of bank increased by 6.9% (included bank deposits)
- Total non-cash loans of the sector increased by 12%, bank's total non-cash loans increased by 18.8%.

TL Million	30.09.2017		31.12.2016		Change %	
	ICBC Turkey	Sector	ICBC Turkey	Sector	ICBC Turkey	Sector
Cash and Balances with CBRT	1,409	118,534	1,159	124,238	21.6%	-4.6%
Placement to Banks	760	70,111	152	75,310	399.2%	-6.9%
Securities Portfolio	2,301	374,846	1,723	351,224	33.5%	6.7%
Loans	6,744	2,014,353	5,035	1,751,697	33.9%	15.0%
Loans (including NPL)	6,773	2,027,120	5,071	1,765,096	33.6%	14.8%
NPL (Gross)	99	62,500	115	57,880	-14.0%	8.0%
Provisions for NPLs	70	49,733	79	44,481	-11.2%	11.8%
Total Deposits and Funds	3,618	1,720,402	3,383	1,541,287	6.9%	11.6%
Non-cash Loans	1,651	618,408	1,390	552,272	18.8%	12.0%
Total Assets	11,360	2,989,909	8,218	2,730,943	38%	9.5%

Note: Data were obtained from the BRSA's interactive monthly report of banking sector dated 4 October 2017. Sectors' total assets are dated as at August 2017.

Comparison of Sector	30.09.2017		31.12.2016		Change %	
	ICBC Turkey	Sector	ICBC Turkey	Sector	ICBC Turkey	Sector
Total Loans/Total Assets	59%	67%	61%	64%	-3.1%	5.0%
Total Deposits/Total Liabilities	32%	58%	41%	56%	-22.7%	2.0%
Securities/ Total Assets	20%	13%	21%	13%	-3.4%	-2.5%
NPL Ratio	1%	3%	2%	3%	-35.3%	-5.9%
Liquid Values/ Total Assets	19%	6%	16%	7%	19.7%	-13.7%
Non-cash Loans/ Total Cash Loans	24%	31%	27%	31%	-11.1%	-2.5%

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

ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

III. Financial Information and Evaluations (continued)

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

According to Bank's consolidated financial statements as at 30 September 2017 prepared in accordance with the regulations of Banking Regulation and Supervision Agency;

- Consolidated total assets reached TL 11.6 billion.
- Total consolidated loans reached TL 6.8 billion and its share in balance sheet is 58.5%.
- Total consolidated deposits are TL 3.5 billion.
- Consolidated deposits' share (excluded bank deposits) in consolidated total assets is 30%.
- Consolidated net profit of the first nine-months of 2017 is realized as TL 57.8 million.
- Consolidated return on assets were 0.3% at the end of 2016, this period it increased to 0.8%. At the same time, consolidated return on equity increased to 8.9% whereas it was 3.1% at the end of 2016.
- Consolidated capital adequacy ratio is realized as 16.4%.

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 3 March 2017.

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 30 September 2017".

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

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

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

The information below is related to the donations as at 30 September 2017:

Institutions (full-TL)	Amount (TL)
Türk Eğitim Vakfı	2,240
Total	2,240

VII. Consolidated Auditors' Review Report

ICBC Turkey's all material disclosures to BIST, Consolidated Financial Statements, Explanations and Footnotes Related Thereon and the Auditors' Review Report for the nine-month period ended at 30 September 2017 are published under the "Financial Information" heading in the "Investor Relations" section of the Bank's website addressed www.icbc.com.tr.