

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

**ICBC Turkey Bank Anonim Şirketi**

**Consolidated Financial Statements  
As at and For Period Ended  
31 December 2020**

With Auditors' Report Thereon

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

24 February 2021

This report includes "Independent Auditors' Report" comprising 4 pages and; "Consolidated Financial Statements and Related Disclosures and Footnotes" comprising 91 pages.



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**Convenience Translation of the Independent Auditor's Report Originally Prepared  
and Issued in Turkish to English**

To the General Assembly of ICBC Turkey Bank A.Ş

**A) Report on the Audit of the Consolidated Financial Statements**

*Opinion*

We have audited the consolidated financial statements of ICBC Turkey Bank A.Ş ("the Bank") and its subsidiaries (together will be referred as "the Group") which comprise the consolidated balance sheet as at 31 December 2020 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and consolidated notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended 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 requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

*Basis for Opinion*

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We declare that we are independent of the Group in accordance with the Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the POA's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### *Impairment of loans measured at amortised cost*

The details of accounting policies and significant estimates and assumptions for impairment of loans measured at amortised cost is presented Section Three, Note VIII to the consolidated financial statements.

<b>Key audit matter</b>	<b>How the matter is addressed in our audit</b>
<p>As of 31 December 2020, loans measured at amortised cost comprise 50% of the Group's total assets.</p> <p>The Group recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 and effective as of 1 January 2018 and TFRS 9 Financial Instruments standard ("the Standard").</p> <p>In accordance with the Regulation and the Standard, in determining the impairment of loans, the Bank applies "expected credit loss model" which contains significant assumptions and estimates.</p> <p>The significant assumptions and estimates of the Group's management are as follows:</p> <ul style="list-style-type: none"> <li>✓ assessment of significant increase in credit risk</li> <li>✓ incorporating the forward looking macroeconomic information in calculation of credit risk; and</li> <li>✓ design and implementation of expected credit loss model.</li> </ul> <p>The determination of the impairment of loans measured at amortised cost depends on (i) the credit default status, (ii) the model based on the change in the credit risk subsequent to the initial recognition date and (iii) the classification of the loans measured at amortised cost according to the model. Establishing an appropriate loan classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.</p> <p>The Group calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future cash flows and the fair value of the collateral provided for credit transactions.</p> <p>The collective provisions are modelled by using current and past data sets and forward looking expectations.</p> <p>Impairment on loans measured at amortised cost was considered to be a key audit matter, due to the significance of the estimates, assumptions, the level of management judgements and its complex structure as explained above.</p>	<p>Our procedures for testing the expected credit loss included below:</p> <ul style="list-style-type: none"> <li>• We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists.</li> <li>• The contractual cash flow tests prepared for the financial assets of the Group were examined and the results of the tests were checked for compliance with the loan agreements.</li> <li>• The conformity of the subjective and objective criteria defined in the Group's impairment model has been checked for compliance with the Regulation and the Standard.</li> <li>• We evaluated the Group's business model and methodology and the evaluation of the calculations were carried out with the control testing and detailed analysis by the involvement of specialists.</li> <li>• We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated by including the impact of COVID-19 on prospective information and macroeconomic variables.</li> <li>• We evaluated the accuracy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis.</li> <li>• We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation has been tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters were recalculated.</li> <li>• We assessed the macroeconomic models including the effects of COVID-19, that are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method.</li> <li>• We evaluated the qualitative and quantitative assessments, including the effects of COVID-19, which are used in determining the significant increase in credit risk.</li> <li>• Additionally, we also evaluated the adequacy of the consolidated financial statement disclosures related to impairment provisions.</li> </ul>



### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

The Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the "BRSA Accounting and Financial Reporting Legislation", and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Regulation on Independent Audit of the Banks and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Regulation on Independent Audit of the Banks and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **B) Report on Other Legal and Regulatory Requirements**

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2019 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

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

The accounting principles summarized in Note I Section Three, 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 consolidated 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.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Orhan Akova, SMMM  
Partner

24 February 2021  
Istanbul, Turkey



**ICBC TURKEY BANK A. Ş.**  
**CONSOLIDATED FINANCIAL REPORT AS AT 31 DECEMBER 2020**

Address of the Bank's

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The year ended 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 OF THE PARENT BANK
- 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
- OTHER EXPLANATIONS
- EXPLANATIONS ON THE INDEPENDENT AUDIT REPORT

The financial statements of the subsidiary "**ICBC Turkey Yatırım Menkul Değerler A.Ş.**" is consolidated in this the year ended consolidated financial report.

The consolidated financial statements and related disclosures and footnotes that were subject to independent audit, 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**.

<hr/> XIANGYANG GAO	<hr/> PEIGUO LIU	<hr/> SHAOXIONG XIE	<hr/> HÜSEYİN HASAN İMECE	<hr/> YAFENG HE
Chairman of Board of Directors	Chairman of Audit Committee and Member of Board of Directors	General Manager and Member of Board of Directors	Deputy General Manager Responsible for Financial Control and Accounting, Assets and Liabilities and Economic Research Department	Managing Director

Contact information for questions on this financial report:

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# ICBC TURKEY BANK A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(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 29 April 1986, 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 24 September 1985 and started its operations on 13 October 1986. "Articles of Association" of the Parent Bank was published in Turkish Trade Registry Gazette no.1511, dated 9 May 1986. The statute of the Parent Bank was not changed since its establishment. Trade name of the Parent Bank has been changed and registered as disclosed in Note No. II as ICBC Turkey Bank A.Ş. on 13 November 2015.

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

The capital of the Parent Bank is TL 860,000 as at 30 December 2020 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 28 April 2015 for approving the resignation of members of Board of Directors and selecting new members on 22 May 2015 in the Public Disclosure Platform (PDP). Within the context of share purchase agreement, 22 May 2015 date was defined as share transfer date and the share transfer was carried out on this date and processed to the Parent Bank's share ledger.

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

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

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

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



# ICBC TURKEY BANK A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(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:	Xiangyang Gao	Chairman of the Board of Directors	Graduate
Chairman of the Audit Committee:	Peiguo Liu	Chairman of the Audit Committee and Member of the Board of Directors	Graduate
Member of the Audit Committee:	Ying Wang	Audit Committee Member and Independent Member of the Board of Directors	Graduate
Member of the Board of Directors:	Shaoxiong Xie	General Manager and Member of the Board of Directors	Graduate
	Jianfeng Zheng	Member of the Board of Directors	Graduate
	Serhat Yanik	Independent Member of the Board of Directors	Doctorate
General Manager:	Shaoxiong Xie	General Manager and Member of the Board of Directors	Graduate
Assistant General Managers <sup>(*****)</sup> :	Jinhong Li <sup>(*)</sup>	Deputy General Manager – Credit Allocation, Legal Affairs, Operations Management and Operation Center	Graduate
	Hüseyin H. İmece <sup>(**)</sup>	Asset and Liability Department, Economic Research Department, Financial Control and Accounting Department	Under-Graduate
	D.Halit Döver <sup>(***)</sup>	International Business Department, Financial Institutions Department, Financial Market Department and Corporate Banking Department	Graduate
	Kadir Karakurum <sup>(****)</sup>	Digital Banking Department, Financial Technology Department, Technology Center, Administrative Affairs Center, Public Relations and Advertisement Unit of Executive Office	Graduate
Head of the Board of Inspectors:	Selçuk İçten <sup>(*****)</sup>	President of Inspectors' Group	Under-Graduate

(\*) As of 16 April 2020, Jinhong LI who was in charge of Financial Affairs and Legal Department, has been appointed as a Deputy General Manager/ Assistant General Manager of Credit Allocation Department, Legal Affairs Department, Operations Department and Operation Center.

(\*\*) By the decision of the Board of Directors of the Bank dated 3 July 2020, Assistant General Manager responsible for Financial Control and Accounting Departments, Assets and Liabilities Department and Economic Research Department, Hüseyin Hasan İMECE, was appointed as Deputy General Manager in addition to his current duties to represent General Manager of the Bank, Shaoxiong XIE, in case of his absence.

(\*\*\*) By the decision of the Board of Directors of the Bank dated 15 December 2020, Assistant General Manager responsible for of International Business Department, Financial Institutions Business Department, Financial Market Department and Corporate Banking Department, D. Halit DÖVER, was appointed as the Assistant General Manager in charge of International Business Department, Financial Institutions Business Department, Financial Market Department and Corporate Banking Department and Project and Cross Border Finance Department.

(\*\*\*\*) By the decision of the Board of Directors of the Bank dated 3 July 2020, Assistant General Manager responsible for Digital Banking Department, Financial Technology Department, Technology Center, Administrative Affairs Center, Public Relations and Advertisement Unit of Executive Office, Kadir KARAKURUM, was appointed as Deputy General Manager in addition to his current duties to represent General Manager of the Bank, Shaoxiong XIE, in case of his absence.

(\*\*\*\*\*) Since Celal Efe ŞERAN, who served as the Chairman of the Board of Inspector left his position as of 3 April 2020; as of 6 April 2020, Selçuk İÇTEN who was in charge of the Operations Management Department as Managing Director was appointed to the Chairman of the Board of Inspector.

(\*\*\*\*\*\*) Since Bozok EVRENOSOĞLU, who was responsible for Loans Department as Assistant General Manager left his position as of 30 April 2020, Deputy General Manager Responsible for Credit Allocation, Legal Affairs, Operations Management and Operation Center Departments, Jinhong LI, was appointed.

The aforementioned persons do not have any shares in the Parent Bank.

### IV. Explanations regarding the persons and organizations that have shares in the Bank

Name Surname / Commercial Title	Share Amounts	Share Percentage	Paid Shares	Unpaid Shares
Industrial and Commercial Bank of China Limited	798,424	92,84%	798,424	-

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

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

As at 31 December 2020, the Group has 59 branches close to industrial zones of Turkey. The Group has 826 employees as at 31 December 2020 (As at 31 December 2019 number of branches was 63, number of employees was 834).

The Group and its subsidiary, ICBC Turkey Yatırım Menkul Değerler A.Ş. ("ICBC Yatırım") have been consolidated. As at 31 December 2020, 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.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

**VI. 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.

**VII. 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.

**SECTION TWO**  
**CONSOLIDATED FINANCIAL STATEMENTS**

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- IV. Consolidated statement of profit or loss and other comprehensive income
- V. Consolidated statement of changes in shareholders' equity
- VI. Consolidated statement of cash flows
- VII. Statement of Parent Bank Profit Distribution

**ICBC TURKEY BANK A.Ş.**
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS AT 31 DECEMBER 2020**

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

ASSETS		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
			Audited CURRENT PERIOD 31/12/2020			Audited PRIOR PERIOD 31/12/2019		
			TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>			<b>1,315,692</b>	<b>9,340,398</b>	<b>10,656,090</b>	<b>1,602,486</b>	<b>4,777,063</b>	<b>6,379,549</b>
<b>1.1 Cash and Cash Equivalents</b>			<b>618,882</b>	<b>4,647,341</b>	<b>5,266,223</b>	<b>796,812</b>	<b>3,761,749</b>	<b>4,558,561</b>
1.1.1 Cash and Balances at Central Bank	(5.1.1)		113,485	3,047,428	3,160,913	135,417	1,938,038	2,073,455
1.1.2 Banks	(5.1.3)		2,592	1,604,376	1,606,968	1,115	1,836,919	1,838,034
1.1.3 Receivables from Money Markets			504,390	-	504,390	662,583	-	662,583
1.1.4 Allowance For Expected Credit Losses (-)			1,585	4,463	6,048	2,303	13,208	15,511
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>			<b>21,923</b>	<b>14,282</b>	<b>36,205</b>	<b>16,613</b>	-	<b>16,613</b>
1.2.1 Public Debt Securities			-	-	-	-	-	-
1.2.2 Equity Instruments			77	14,282	14,359	39	-	39
1.2.3 Other Financial Assets			21,846	-	21,846	16,574	-	16,574
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(5.1.4)		<b>674,573</b>	<b>4,677,593</b>	<b>5,352,166</b>	<b>788,543</b>	<b>1,015,163</b>	<b>1,803,706</b>
1.3.1 Public Debt Securities			674,573	178,864	853,437	788,543	531,683	1,320,226
1.3.2 Equity Instruments			-	-	-	-	10,057	10,057
1.3.3 Other Financial Assets			-	4,498,729	4,498,729	-	473,423	473,423
<b>1.4 Derivative Financial Assets</b>	(5.1.2)		<b>314</b>	<b>1,182</b>	<b>1,496</b>	<b>518</b>	<b>151</b>	<b>669</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss			314	1,182	1,496	518	151	669
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income			-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>			<b>3,341,509</b>	<b>10,780,839</b>	<b>14,122,348</b>	<b>2,420,593</b>	<b>9,394,621</b>	<b>11,815,214</b>
<b>2.1 Loans</b>	(5.1.5)		<b>2,622,721</b>	<b>7,432,590</b>	<b>10,055,311</b>	<b>2,090,009</b>	<b>7,042,420</b>	<b>9,132,429</b>
<b>2.2 Receivables from Leasing Transactions</b>	(5.1.10)		-	-	-	-	-	-
<b>2.3 Factoring Receivables</b>			-	-	-	-	-	-
<b>2.4 Financial Assets Measured at Amortised Cost</b>	(5.1.6)		<b>781,293</b>	<b>3,609,776</b>	<b>4,391,069</b>	<b>454,464</b>	<b>2,436,763</b>	<b>2,891,227</b>
2.4.1 Public Debt Securities			781,293	2,415,287	3,196,580	454,464	1,491,780	1,946,244
2.4.2 Other Financial Assets			-	1,194,489	1,194,489	-	944,983	944,983
<b>2.5 Allowance for Expected Credit Losses (-)</b>			<b>62,505</b>	<b>261,527</b>	<b>324,032</b>	<b>123,880</b>	<b>84,562</b>	<b>208,442</b>
<b>III. NON-CURRENT ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND FROM DISCOUNTED OPERATIONS (Net)</b>	(5.1.14)		-	-	-	-	-	-
3.1 Held for Sale			-	-	-	-	-	-
3.2 Held from discontinued operations			-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>			-	-	-	-	-	-
<b>4.1 Investments in Associates (Net)</b>	(5.1.7)		-	-	-	-	-	-
4.1.1 Associates accounted by using equity method			-	-	-	-	-	-
4.1.2 Non-Consolidated Associates			-	-	-	-	-	-
<b>4.2 Investments in Subsidiaries (Net)</b>	(5.1.8)		-	-	-	-	-	-
4.2.1 Non-Consolidated Financial Subsidiaries			-	-	-	-	-	-
4.2.2 Non-Consolidated Non-Financial Subsidiaries			-	-	-	-	-	-
<b>4.3 Joint Controlled Partnership (Joint Ventures) (Net)</b>	(5.1.9)		-	-	-	-	-	-
4.3.1 Jointly Controlled Partnership Accounted by Using Equity Method			-	-	-	-	-	-
4.3.2 Non-Consolidated Jointly Controlled Partnership			-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	(5.1.12)		<b>113,423</b>	-	<b>113,423</b>	<b>118,559</b>	-	<b>118,559</b>
<b>VI. INTANGIBLE ASSETS AND GOODWILL (Net)</b>	(5.1.13)		<b>7,839</b>	-	<b>7,839</b>	<b>8,194</b>	-	<b>8,194</b>
6.1 Goodwill			-	-	-	-	-	-
6.2 Others			7,839	-	7,839	8,194	-	8,194
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(5.1.14)		-	-	-	-	-	-
<b>VIII. CURRENT TAX ASSETS</b>			<b>19</b>	-	<b>19</b>	<b>215</b>	-	<b>215</b>
<b>IX. DEFERRED TAX ASSETS</b>	(5.1.15)		<b>116,269</b>	-	<b>116,269</b>	<b>30,918</b>	-	<b>30,918</b>
<b>X. OTHER ASSETS (Net)</b>	(5.1.17)		<b>72,764</b>	<b>92,431</b>	<b>165,195</b>	<b>35,961</b>	<b>2,871</b>	<b>38,832</b>
<b>TOTAL ASSETS</b>			<b>4,967,515</b>	<b>20,213,668</b>	<b>25,181,183</b>	<b>4,216,926</b>	<b>14,174,555</b>	<b>18,391,481</b>

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

**ICBC TURKEY BANK A.Ş.**
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS AT 31 DECEMBER 2020**

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

LIABILITIES		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
			Audited CURRENT PERIOD 31/12/2020			Audited PRIOR PERIOD 31/12/2019		
			TL	FC	Total	TL	FC	Total
<b>I. DEPOSIT</b>		(5.II.1)	<b>1,783,716</b>	<b>9,854,981</b>	<b>11,638,697</b>	<b>2,981,092</b>	<b>6,985,670</b>	<b>9,966,762</b>
<b>II. LOANS RECEIVED</b>		(5.II.3)	<b>639,192</b>	<b>7,452,646</b>	<b>8,091,838</b>	<b>2,052</b>	<b>4,235,955</b>	<b>4,238,007</b>
<b>III. MONEY MARKET FUNDS</b>			<b>550,633</b>	<b>147,067</b>	<b>697,700</b>	<b>18,841</b>	-	<b>18,841</b>
<b>IV. MARKETABLE SECURITIES (Net)</b>			-	-	-	-	-	-
4.1 Bills			-	-	-	-	-	-
4.2 Asset Backed Securities			-	-	-	-	-	-
4.3 Bonds			-	-	-	-	-	-
<b>V. FUNDS</b>			-	-	-	-	-	-
5.1 Borrowers' Funds			-	-	-	-	-	-
5.2 Other			-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>		(5.II.2)	<b>293</b>	<b>89,662</b>	<b>89,955</b>	<b>66</b>	<b>3,864</b>	<b>3,930</b>
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss			293	89,662	89,955	66	3,864	3,930
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income			-	-	-	-	-	-
<b>VIII. FACTORING PAYABLES</b>			-	-	-	-	-	-
<b>IX. LEASE PAYABLES (Net)</b>		(5.II.5)	<b>72,700</b>	-	<b>72,700</b>	<b>82,288</b>	-	<b>82,288</b>
<b>X. PROVISIONS</b>		(5.II.7)	<b>144,829</b>	<b>59,169</b>	<b>203,998</b>	<b>95,096</b>	<b>36,053</b>	<b>131,149</b>
10.1 Provision for Restructuring			-	-	-	-	-	-
10.2 Reserves for Employee Benefits			27,024	-	27,024	20,975	-	20,975
10.3 Insurance Technical Reserves (Net)			-	-	-	-	-	-
10.4 Other Provisions			117,805	59,169	176,974	74,121	36,053	110,174
<b>XI. CURRENT TAX LIABILITIES</b>		(5.II.8)	<b>69,246</b>	-	<b>69,246</b>	<b>23,915</b>	-	<b>23,915</b>
<b>XII. DEFERRED TAX LIABILITIES</b>			-	-	-	-	-	-
<b>XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)</b>		(5.II.9)	-	-	-	-	-	-
13.1 Held for Sale			-	-	-	-	-	-
13.2 Related to Discontinued Operations			-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT</b>		(5.II.10)	-	<b>2,202,640</b>	<b>2,202,640</b>	-	<b>1,782,420</b>	<b>1,782,420</b>
14.1 Loans			-	2,202,640	2,202,640	-	1,782,420	1,782,420
14.2 Other Debt Instruments			-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>		(5.II.4)	<b>327,516</b>	<b>369,077</b>	<b>696,593</b>	<b>108,595</b>	<b>706,262</b>	<b>814,857</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>		(5.II.11)	<b>1,424,193</b>	<b>(6,377)</b>	<b>1,417,816</b>	<b>1,321,997</b>	<b>7,315</b>	<b>1,329,312</b>
16.1 Paid-in Capital			860,000	-	860,000	860,000	-	860,000
16.2 Capital Reserves			(587)	-	(587)	(587)	-	(587)
16.2.1 Equity Share Premiums			(587)	-	(587)	(587)	-	(587)
16.2.2 Share Cancellation Profits			-	-	-	-	-	-
16.2.3 Other Capital Reserves			-	-	-	-	-	-
16.3 Other Accumulated Comprehensive Income that will not be Reclassified in Profit or Loss			18,248	-	18,248	16,310	-	16,310
16.4 Other Accumulated Comprehensive Income that will be Reclassified in Profit or Loss			1,834	(6,377)	(4,543)	(2,733)	7,315	4,582
16.5 Profit Reserves			402,700	-	402,700	328,778	-	328,778
16.5.1 Legal Reserves			22,538	-	22,538	18,842	-	18,842
16.5.2 Statutory Reserves			-	-	-	-	-	-
16.5.3 Extraordinary Reserves			322,099	-	322,099	252,570	-	252,570
16.5.4 Other Profit Reserves			58,063	-	58,063	57,366	-	57,366
16.6 Profit or Loss			141,998	-	141,998	120,229	-	120,229
16.6.1 Prior Years' Profits or Losses			51,067	-	51,067	48,719	-	48,719
16.6.2 Current Period's net Profit or Loss			90,931	-	90,931	71,510	-	71,510
16.7 Minority Shares'			-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>			<b>5,012,318</b>	<b>20,168,865</b>	<b>25,181,183</b>	<b>4,633,942</b>	<b>13,757,539</b>	<b>18,391,481</b>

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

**ICBC TURKEY BANK A.Ş.**
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS  
AS AT 31 DECEMBER 2020**

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

	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Audited CURRENT PERIOD 31/12/2020			Audited PRIOR PERIOD 31/12/2019		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS (I-II+III)</b>		<b>1,045,835</b>	<b>14,679,666</b>	<b>15,725,501</b>	<b>1,118,031</b>	<b>8,180,953</b>	<b>9,298,984</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(5.III.1)	<b>899,364</b>	<b>8,512,185</b>	<b>9,411,549</b>	<b>572,605</b>	<b>6,414,803</b>	<b>6,987,408</b>
1.1. Letters of Guarantee		873,917	2,429,013	3,302,930	572,605	1,700,759	2,273,364
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		873,917	2,429,013	3,302,930	572,605	1,700,759	2,273,364
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		25,447	439,924	465,371	-	294,068	294,068
1.3.1. Documentary Letters of Credit		25,447	201,616	227,063	-	104,396	104,396
1.3.2. Other Letters of Credit		-	238,308	238,308	-	189,672	189,672
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	5,643,248	5,643,248	-	4,419,976	4,419,976
1.9. Other Warrants		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.III.1)	<b>130,428</b>	<b>45,000</b>	<b>175,428</b>	<b>121,766</b>	<b>12,185</b>	<b>133,951</b>
2.1. Irrevocable Commitments		130,428	45,000	175,428	121,766	12,185	133,951
2.1.1. Asset Purchase and Sales Commitments		8,886	45,000	53,886	2,975	12,185	15,160
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		29,704	-	29,704	30,415	-	30,415
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7. Commitments for Checks Payments		6,294	-	6,294	6,989	-	6,989
2.1.8. Tax and Fund Liabilities from Export Commitments		3	-	3	9	-	9
2.1.9. Commitments for Credit Card Limits		85,095	-	85,095	80,622	-	80,622
2.1.10. Commitments for Credit Cards and Banking Services Promotions		-	-	-	192	-	192
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		446	-	446	564	-	564
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>16,043</b>	<b>6,122,481</b>	<b>6,138,524</b>	<b>423,660</b>	<b>1,753,965</b>	<b>2,177,625</b>
3.1. Derivative Financial Instruments Held for Hedging		-	-	-	-	-	-
3.1.1. Fair Value Hedges		-	-	-	-	-	-
3.1.2. Cash Flow Hedges		-	-	-	-	-	-
3.1.3. Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
3.2. Trading Transactions		16,043	6,122,481	6,138,524	423,660	1,753,965	2,177,625
3.2.1. Forward Foreign Currency Purchase and Sale Transactions		9,844	27,516	37,360	271,470	308,806	580,276
3.2.1.1. Forward Foreign Currency Purchase Transactions		7,132	11,708	18,840	270,804	19,763	290,567
3.2.1.2. Forward Foreign Currency Sale Transactions		2,712	15,808	18,520	666	289,043	289,709
3.2.2. Currency and Interest Rate Swaps		6,199	6,080,240	6,086,439	148,780	1,439,378	1,588,158
3.2.2.1. Currency Swap Purchase Transactions		-	3,000,604	3,000,604	148,780	643,754	792,534
3.2.2.2. Currency Swap Sale Transactions		6,199	3,079,636	3,085,835	-	795,624	795,624
3.2.2.3. Interest Rate Swap Purchase Transactions		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap Sale Transactions		-	-	-	-	-	-
3.2.3. Currency, Interest Rate and Securities Options		-	14,725	14,725	3,410	5,781	9,191
3.2.3.1. Currency Purchase Options		-	7,341	7,341	1,709	2,900	4,609
3.2.3.2. Currency Sale Options		-	7,384	7,384	1,701	2,881	4,582
3.2.3.3. Interest Rate Purchase Options		-	-	-	-	-	-
3.2.3.4. Interest Rate Sale Options		-	-	-	-	-	-
3.2.3.5. Securities Purchase Options		-	-	-	-	-	-
3.2.3.6. Securities Sale Options		-	-	-	-	-	-
3.2.4. Currency Futures		-	-	-	-	-	-
3.2.4.1. Currency Purchase Futures		-	-	-	-	-	-
3.2.4.2. Currency Sale Futures		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Purchase Futures		-	-	-	-	-	-
3.2.5.2. Interest Rate Sale Futures		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		<b>18,199,177</b>	<b>91,152,523</b>	<b>109,351,700</b>	<b>13,436,713</b>	<b>29,456,396</b>	<b>42,893,109</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>7,896,731</b>	<b>38,703,770</b>	<b>46,600,501</b>	<b>5,418,774</b>	<b>4,641,317</b>	<b>10,060,091</b>
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Securities Held in Custody		1,474,262	23,099	1,497,361	1,546,929	18,892	1,565,821
4.3. Checks Received for Collection		49,343	23,103	72,446	28,928	12,131	41,059
4.4. Commercial Notes Received for Collection		2,507	9,148	11,655	6,879	7,170	14,049
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Securities Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		6,369,985	38,648,016	45,018,001	3,831,407	4,602,827	8,434,234
4.8. Custodians		634	404	1,038	4,631	297	4,928
<b>V. PLEDGED ITEMS</b>		<b>10,302,446</b>	<b>52,448,753</b>	<b>62,751,199</b>	<b>8,017,939</b>	<b>24,815,079</b>	<b>32,833,018</b>
5.1. Marketable Securities		14,573	-	14,573	11,097	-	11,097
5.2. Guarantee Notes		921	440	1,361	921	59	980
5.3. Commodity		43,956	69,335	113,291	65,573	61,140	126,713
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		2,865,716	36,879,643	39,745,359	3,179,455	15,502,429	18,681,884
5.6. Other Pledged Items		7,377,280	15,499,335	22,876,615	4,760,893	9,251,451	14,012,344
5.7. Depositories Receiving Pledged Items		-	-	-	-	-	-
<b>VI. ACCEPTED BILL OF GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>19,245,012</b>	<b>105,832,189</b>	<b>125,077,201</b>	<b>14,554,744</b>	<b>37,637,349</b>	<b>52,192,093</b>

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



**ICBC TURKEY BANK A.Ş.**
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

INCOME AND EXPENSE ITEMS		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA	
			Audited CURRENT PERIOD (01/01/2020- 31/12/2020)	Audited PRIOR PERIOD (01/01/2019- 31/12/2019)
<b>I.</b>	<b>INTEREST INCOME</b>	(5.IV.1)	<b>1,143,897</b>	<b>1,288,325</b>
1.1	Interest on Loans		645,962	700,434
1.2	Interest Received from Reserve Deposits		1,295	30,994
1.3	Interest Received from Banks		34,615	89,435
1.4	Interest Received from Money Market Transactions		1,370	19,909
1.5	Interest Received from Marketable Securities Portfolio		408,753	307,297
1.5.1	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		113,926	141,555
1.5.3	Financial Assets Measured at Amortised Cost		294,827	165,742
1.6	Finance Lease Income		-	-
1.7	Other Interest Income		51,902	140,256
<b>II.</b>	<b>INTEREST EXPENSES</b>	(5.IV.2)	<b>688,422</b>	<b>888,831</b>
2.1	Interest on Deposits		363,983	627,504
2.2	Interest on Funds Borrowed		261,647	230,875
2.3	Interest on Money Market Transactions		17,012	16,815
2.4	Interest on Securities Issued		-	-
2.5	Interest on Leases		12,781	12,942
2.6	Other Interest Expenses		32,999	695
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>455,475</b>	<b>399,494</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>162,250</b>	<b>124,409</b>
4.1	Fees and Commissions Received		177,720	131,475
4.1.1	Non-Cash Loans		24,757	19,223
4.1.2	Other		152,963	112,252
4.2	Fees and Commissions Paid		15,470	7,066
4.2.1	Non-Cash Loans		28	18
4.2.2	Other		15,442	7,048
<b>V.</b>	<b>DIVIDEND INCOME</b>	(5.IV.3)	<b>90</b>	<b>1</b>
<b>VI.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	(5.IV.4)	<b>100,920</b>	<b>57,920</b>
6.1	Profit/Losses from Capital Market Transactions		28,660	12,246
6.2	Profit/Losses from Derivative Financial Transactions		(229,793)	9,463
6.3	Foreign Exchange Profit/Losses		302,053	36,211
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5.IV.5)	<b>146,702</b>	<b>42,984</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>865,437</b>	<b>624,808</b>
<b>IX.</b>	<b>ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	(5.IV.6)	<b>224,637</b>	<b>85,568</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	(5.IV.6)	<b>4,042</b>	<b>10,792</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>264,222</b>	<b>212,213</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(5.IV.7)	<b>242,394</b>	<b>194,685</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>130,142</b>	<b>121,550</b>
<b>XIV.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-
<b>XV.</b>	<b>PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-
<b>XVI.</b>	<b>NET MONETARY POSITION GAIN / LOSS</b>		-	-
<b>XVII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+XIV+XV+XVI)</b>	(5.IV.8)	<b>130,142</b>	<b>121,550</b>
<b>XVIII.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.IV.9)	<b>39,211</b>	<b>50,040</b>
18.1	Current Tax Provision		123,681	58,851
18.2	Expense Effect of Deferred Tax (+)		13,810	17,204
18.3	Income Effect of Deferred Tax (-)		(98,280)	(26,015)
<b>XIX.</b>	<b>NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	(5.IV.10)	<b>90,931</b>	<b>71,510</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
20.1	Income from Assets Held for Sale		-	-
20.2	Profit from Sale of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Other Income from Discontinued Operations		-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
21.1	Expenses on Assets Held for Sale		-	-
21.2	Losses from Sale of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Other Expenses from Discontinued Operations		-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)</b>	(5.IV.8)	-	-
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	(5.IV.9)	-	-
23.1	Current Tax Provision		-	-
23.2	Expense Effect of Deferred Tax (+)		-	-
23.3	Income Effect of Deferred Tax (-)		-	-
<b>XXIV.</b>	<b>CURRENT PERIOD NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-
<b>XXV.</b>	<b>CURRENT PERIOD NET PROFIT/(LOSS) (XIX+XXIV)</b>	(5.IV.10)	<b>90,931</b>	<b>71,510</b>
25.1	Group's Profit/Loss		90,931	71,510
25.2	Minority Shares (-)		-	-
	Profit/Loss of Per Share (Full TL)		0.0106	0.0083

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

**ICBC TURKEY BANK A.Ş.**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

		THOUSANDS OF TURKISH LIRA	
		Audited CURRENT PERIOD (01/01/2020- 31/12/2020)	Audited PRIOR PERIOD (01/01/2019- 31/12/2019)
<b>I.</b>	<b>CURRENT PERIOD PROFIT / (LOSS)</b>	<b>90,931</b>	<b>71,510</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(7,187)</b>	<b>91,233</b>
<b>2.1.</b>	<b>Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss</b>	<b>1,938</b>	<b>3,418</b>
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	2,232	1,672
2.1.2.	Gains (Losses) on Revaluation of Intangible Assets	-	-
2.1.3.	Gains (Losses) on Remeasurements of Defined Benefit Plans	(368)	1,849
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	-	-
2.1.5.	Taxes Relating To Components of Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	74	(103)
<b>2.2.</b>	<b>Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	<b>(9,125)</b>	<b>87,815</b>
2.2.1.	Exchange Differences on Translation	-	-
2.2.2.	Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value Through Other Comprehensive Income	(10,006)	110,201
2.2.3.	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4.	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5.	Other Components of Other Comprehensive Income That Will Be Reclassified to Other Profit or Loss	-	-
2.2.6.	Taxes Relating To Components of Other Comprehensive Income That Will Be Reclassified To Profit or Loss	881	(22,386)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>83,744</b>	<b>162,743</b>

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

**ICBC TURKEY BANK A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR 31 DECEMBER 2020**

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

	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss		Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss		Profit Reserves	Prior Period's Profit/ (Loss)	Current Period's Profit/ (Loss)	Total Equity Attributable to Equity Holders of the Parent	Minority Shares	Total Equity
					1	2	3	4						
<b>PRIOR PERIOD (31/12/2019)</b>														
<b>I. Balances at Beginning of Period</b>	<b>860,000</b>	<b>(587)</b>	-	-	<b>13,268</b>	<b>(376)</b>	-	-	<b>(83,233)</b>	-	<b>246,680</b>	<b>47,268</b>	<b>83,549</b>	<b>1,166,569</b>
<b>II. Adjustment in accordance with TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New Balance (I+II)</b>	<b>860,000</b>	<b>(587)</b>	-	-	<b>13,268</b>	<b>(376)</b>	-	-	<b>(83,233)</b>	-	<b>246,680</b>	<b>47,268</b>	<b>83,549</b>	<b>1,166,569</b>
<b>IV. Total Comprehensive Income</b>	-	-	-	-	<b>1,826</b>	<b>1,592</b>	-	-	<b>87,815</b>	-	-	-	<b>71,510</b>	<b>162,743</b>
<b>V. Capital Increase in Cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase through internal reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Issued capital/ inflation adjustment difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Debt</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase/ (Decrease) through Other Changes, equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	<b>82,098</b>	<b>1,451</b>	<b>(83,549)</b>	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers legal reserves	-	-	-	-	-	-	-	-	82,098	(82,098)	-	-	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	83,549	(83,549)	-	-	-
<b>Balances at the end of Period (III+IV+...+X+XI) 31/12/2019</b>	<b>860,000</b>	<b>(587)</b>	-	-	<b>15,094</b>	<b>1,216</b>	-	-	<b>4,582</b>	-	<b>328,778</b>	<b>48,719</b>	<b>71,510</b>	<b>1,329,312</b>

1. Tangible Assets Revaluation Reserve,

2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans,

3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)

4. Exchange Differences on Translation,

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,

6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)

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

**ICBC TURKEY BANK A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

						Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss		Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss									
		Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit/ (Loss)	Current Period Profit/ (Loss)	Total Equity Attributable to Equity Holders of the Parent	Minority Shares	Total Equity
<b>CURRENT PERIOD (31/12/2019)</b>																	
I.	Balances at Beginning of Period	860,000	(587)	-	-	15,094	1,216	-	-	4,582	-	328,778	48,719	71,510	1,329,312	-	1,329,312
II.	Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)	860,000	(587)	-	-	15,094	1,216	-	-	4,582	-	328,778	48,719	71,510	1,329,312	-	1,329,312
IV.	Total Comprehensive Income	-	-	-	-	2,232	(294)	-	-	(9,125)	-	-	-	90,931	83,744	-	83,744
V.	Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital/ inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/ (Decrease) through Other Changes, equity	-	-	-	-	-	-	-	-	-	-	-	2,348	-	2,348	-	2,348
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	73,922	-	(71,510)	2,412	-	2,412
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers legal reserves	-	-	-	-	-	-	-	-	-	-	73,922	(73,922)	-	-	-	-
11.3	Others	-	-	-	-	-	-	-	-	-	-	-	73,922	(71,510)	2,412	-	2,412
<b>Balances at the end of Period (III+IV...+X+XI) 31/12/2020</b>		<b>860,000</b>	<b>(587)</b>	<b>-</b>	<b>-</b>	<b>17,326</b>	<b>922</b>	<b>-</b>	<b>-</b>	<b>(4,543)</b>	<b>-</b>	<b>402,700</b>	<b>51,067</b>	<b>90,931</b>	<b>1,417,816</b>	<b>-</b>	<b>1,417,816</b>

1. Tangible Assets Revaluation Reserve,

2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans,

3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)

4. Exchange Differences on Translation,

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,

6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)

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

**ICBC TURKEY BANK A.Ş.**
**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

		THOUSANDS OF TURKISH LIRA	
		Audited CURRENT PERIOD (01/01/2020 - 31/12/2020)	Audited PRIOR PERIOD (01/01/2019 - 31/12/2019)
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1</b>	<b>Operating Profit Before Changes in Operating Assets and Liabilities</b>	<b>551,790</b>	<b>334,858</b>
1.1.1	Interest Received	906,964	1,310,234
1.1.2	Interest Paid	(600,078)	(921,915)
1.1.3	Dividend Received	90	1
1.1.4	Fees And Commissions Received	226,515	125,276
1.1.5	Other Income	(203,099)	96,648
1.1.6	Collections from Previously Written-off Loans and Other Receivables	123,295	17,308
1.1.7	Cash Payments to Personnel and Service Suppliers	(259,533)	(212,071)
1.1.8	Taxes Paid	(149,911)	(98,751)
1.1.9	Other	507,547	18,128
	(5.VI.3)		
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities Subject to Banking Operations</b>	<b>(131,815)</b>	<b>275,346</b>
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss	(105,598)	(3,734)
1.2.2	Net (Increase) Decrease in due from Banks	(818,382)	(413,811)
1.2.3	Net (Increase) Decrease in Loans	(5,087,471)	(1,367,590)
1.2.4	Net (Increase) Decrease in Other Assets	(97,758)	7,721
1.2.5	Net Increase (Decrease) in Bank Deposits	3,091	(1,142,603)
1.2.6	Net Increase (Decrease) in Other Deposits	1,668,612	3,109,073
1.2.7	Net Increase (Decrease) in Financial Liabilities at Fair Value Through Profit or Loss	-	-
1.2.8	Net Increase (Decrease) in Funds Borrowed	3,765,718	(160,714)
1.2.9	Net Increase (Decrease) in Matured Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	539,973	247,004
	(5.VI.3)		
<b>I.</b>	<b>Net Cash Provided by Banking Operations</b>	<b>419,975</b>	<b>610,204</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(656,961)</b>	<b>(704,101)</b>
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Joint Ventures	-	-
2.2	Cash Obtained From Sale of Associates, Subsidiaries and Joint Ventures	-	-
2.3	Cash Paid For the Purchase of Tangible and Intangible Asset	(22,806)	(28,129)
2.4	Cash Obtained from the Sale of Tangible and Intangible Asset	3,277	2,054
2.5	Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	69,010	57,056
2.6	Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income	622,029	703,462
2.7	Cash Paid for Purchase of Financial Assets Measured at Amortised Cost	(1,331,978)	(1,407,720)
2.8	Cash Obtained from Sale of Financial Asset Measured at Amortised Cost	-	-
2.9	Other	3,507	(30,824)
	(5.VI.3)		
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>	<b>-</b>	<b>-</b>
3.1	Cash Obtained from Loans and Securities Issued	-	-
3.2	Cash Outflow Arised From Loans and Securities Issued	-	-
3.3	Equity Investments Issued	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Lease Liabilities	-	-
3.6	Other	-	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>121,508</b>	<b>106,011</b>
	(5.VI.3)		
<b>V.</b>	<b>Net Increase / Decrease in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>(115,478)</b>	<b>12,114</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of Period</b>	<b>3,866,345</b>	<b>3,854,231</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of Period (V+VI)</b>	<b>3,750,867</b>	<b>3,866,345</b>
	(5.VI.1)		

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

**ICBC TURKEY BANK A.Ş.**
**PARENT BANK STATEMENT OF PROFIT DISTRIBUTION  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

		THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD <sup>(1)(2)</sup> (01/01/2020-31/12/2020)	PRIOR PERIOD <sup>(2)</sup> (01/01/2019-31/12/2019)
<b>I.</b>	<b>DISTRIBUTION OF CURRENT YEAR PROFIT</b>		
1.1.	CURRENT YEAR INCOME	87,908	82,128
1.2.	TAXES AND LEGAL DUTIES PAYABLES (-)	29,860	41,259
1.2.1.	Corporate Tax (Income Tax)	114,950	49,173
1.2.2.	Income Withholding Tax	-	-
1.2.3.	Other Taxes and Duties	(85,090)	(7,914)
<b>A.</b>	<b>NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>50,048</b>	<b>40,869</b>
1.3.	PRIOR YEAR LOSSES (-)	-	-
1.4.	FIRST LEGAL RESERVES (-)	-	2,043
1.5.	OTHER STATUTORY RESERVES (-)	-	-
<b>B.</b>	<b>NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>-</b>	<b>-</b>
1.6.	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1.	To Owners of Ordinary Shares	-	-
1.6.2.	To Owners of Preferred Shares	-	-
1.6.3.	To Owners of Redeemed Shares	-	-
1.6.4.	To Profit Sharing Bonds	-	-
1.6.5.	To Holders of Profit and Loss Sharing Certificates	-	-
1.7.	DIVIDENDS TO PERSONNEL (-)	-	-
1.8.	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9.	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1.	To Owners of Ordinary Shares	-	-
1.9.2.	To Owners of Preferred Shares	-	-
1.9.3.	To Owners of (preemptive rights) Shares	-	-
1.9.4.	To Profit Sharing Bonds	-	-
1.9.5.	To Holders Of Profit And Loss Sharing Certificates	-	-
1.10.	STATUTORY RESERVES (-)	-	-
1.11.	EXTRAORDINARY RESERVES	-	38,129
1.12.	OTHER RESERVES	-	697
1.13.	SPECIAL FUNDS	-	-
<b>II.</b>	<b>DISTRIBUTION OF RESERVES</b>		
2.1.	APPROPRIATED RESERVES	-	-
2.2.	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.2.1.	To Owners of Ordinary Shares	-	-
2.2.2.	To Owners of Preferred Shares	-	-
2.2.3.	To Owners of Redeemed Shares	-	-
2.2.4.	To Profit Sharing Bonds	-	-
2.2.5.	To Holders of Profit and Loss Sharing Certificates	-	-
2.3.	DIVIDENDS TO PERSONNEL (-)	-	-
2.4.	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE</b>		
3.1.	TO OWNERS OF ORDINARY SHARES (FULL TL)	0.0067	0.0048
3.2.	TO OWNERS OF ORDINARY SHARES (%)	6.7	4.8
3.3.	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4.	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>		
4.1.	TO OWNERS OF ORDINARY SHARES	-	-
4.2.	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3.	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4.	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(1) The authorised body of the Bank for the distribution of the current period's profit is the General Assembly. The Bank's annual ordinary General Assembly meeting had not been held as of the date on which these financial statements were prepared.

(2) Statement of profit distribution above belongs to the Parent Bank.

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



## **ICBC TURKEY BANK A.Ş.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

#### **SECTION THREE ACCOUNTING POLICIES**

##### **I. Explanations on the Basis of Presentation**

##### **Explanations and disclosures in the financial statements of Bank of Turkey Accounting Standards and Accounting Practices and Retention of Documents Procedures and Principles Regarding the preparation in accordance with Regulation:**

Consolidated financial statements are prepared 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 Financial Reporting Standards" ("TFRS") put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA") for those matters not regulated by the aforementioned legislations.

Consolidated financial statements have also been prepared in accordance with the "Communique amending the Communique on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks" published in the Official Gazette dated 1 February 2019 with No. 30673.

Consolidated financial statements have been prepared in TL, under the historical cost convention except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial assets and liabilities at fair value through profit or loss carried at fair value and revalued buildings.

The preparation of consolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation 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 the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the statement of profit or loss. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related footnotes.

A new type of coronavirus (COVID-19), which first appeared in China, was classified by the World Health Organization as an epidemic that affects countries globally on 11 March 2020. The COVID-19 pandemic and the precautions taken against it have impacts on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues and the future of it remains uncertain. The effects of these effects on the Bank's equity management and capital adequacy, asset quality, credit risk, operational risk, currency risk, interest rate risk, liquidity risk, stock position risk arising from banking accounts, leverage ratio and other risks and indicators and is regularly monitored by the Bank Management. Although the effects of the situation are not known exactly, it is expected to affect the financial status and operating results of the Bank in the foreseeable future. The Bank takes the necessary precautions to keep the negative effects that may arise under control and at a minimum level.

While preparing its financial statements dated 31 December 2020, the Group reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements.

Due to COVID-19, the Parent Bank has enabled its individual and legal entity customers postpone their principal, interest and installment payments in case they requested and has applied delays within this scope.

The Indicator Interest Rate Reform - 2nd Phase, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published in December 2020 and early implementation of the changes is allowed. With the modifications made, certain exceptions are provided for the basis used in the determination of contractual cash flows and hedge accounting implementations. The effects of the changes on the Bank's financials have been evaluated and it has been concluded that there is no need for early application. On the other hand, the process for the Indicative Interest Rate Reform is expected to be completed as of 31 December 2021, and the Bank's studies continues within the scope of compliance with the changes.

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

##### **Accounting policies and valuation principles used in the preparation of consolidated financial statements are as follows:**

Accounting policies and valuation principles adopted when preparing financial statements are in line with BRSA Accounting and Financial Reporting Legislation.

## **ICBC TURKEY BANK A.Ş.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

#### **II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions**

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

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

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

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

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

##### **Transactions denominated in foreign currencies:**

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

As of 31 December 2020, foreign currency denominated balances are translated into Turkish Lira at fair value through (TL Full); USD: TL 7.3405, EUR: TL 9.0079, GBP: TL 9.9438, and JPY: TL 0.0709.

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

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

As of 31 December 2020 and 31 December 2019, the Parent Bank has no associates.

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

ICBC Yatırım, which is financial subsidiary of the Parent Bank is consolidated in the accompanying consolidated financial statements by using full consolidation method as at 31 December 2020 and 31 December 2019.

The Parent Bank and its consolidated subsidiary are referred to 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 netted off. All intercompany transactions and intercompany balances between the consolidated subsidiary and the Parent Bank are eliminated.

The financial statements, which have been used in the consolidation, are prepared as at 31 December 2020 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.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

#### **IV. Explanations on Forwards, Options and Other Derivative Transactions**

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

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

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

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

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

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to stand alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative but a separate financial instrument. The Group has no embedded derivative instruments.

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

Interest income and expenses are accounted for in accordance with the effective interest method in TFRS 9 (the ratio of the future cash flows of the financial asset to the present value of the future cash flows). Interest income and expenses calculated using the internal rate of return method are recognized on an accrual basis. Pursuant to the related legislation, the Parent Bank ceases accrued interest income on non-performing loans and other interest income accruals which are considered as doubtful and does not record the accruals recorded until that date until the collection is made.

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

Fees and commissions except for which are integral part of the effective interest rates of financial instruments measured at amortized costs, are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers. Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period. Prepaid fees for loans are discounted with the effective interest rate method and recorded as income in the relevant period in accordance with the periodicity principle.

#### **VII. Explanations on Financial Assets**

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

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

During the recognition of the financial assets, based on following matters, the Group reclassified its financial assets as "Financial Assets at Fair Value through Profit/Loss", "Financial Assets at Fair Value through Other Comprehensive Income" or "Measured at Amortized Cost":

- The business model used by the entity for the management of financial assets,
- Characteristics of contractual cash flows of the financial asset

## ICBC TURKEY BANK A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

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

An asset is measured as financial assets at fair value through profit or loss for which fair values could not be measured at amortized cost or fair value through other comprehensive income. Financial assets valued at fair value through profit or loss are valued at their fair values. Gain/loss arising on those assets is recorded in the statement of profit or loss.

##### b. Financial Assets at Fair Value through Other Comprehensive Income:

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

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

Financial assets measured at fair value through other comprehensive income are measured at their fair values subsequently. Unrealized gains or losses arising from changes in the fair value of securities carried at fair value through profit and loss at fair value through profit or loss are expressed in equity as "Other Comprehensive Income That Will Be Reclassified to Profit or Loss". In case of disposal of marketable securities at fair value through other comprehensive income as a result of fair value application, the value in the shareholders' equity accounts is reflected to the statement of profit or loss. However, the Parent Bank may prefer the method of reflecting changes in fair value to other comprehensive income is irrevocable for the first time in the financial statements for certain investments in equity instruments measured at fair value through profit or loss under normal circumstances.

##### c. Financial Assets Measured at Amortized Cost:

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

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

Subsequent to the initial recognition, financial assets measured at amortized cost are accounted at amortized cost calculated by using the effective interest rate method. Interest income on financial assets measured at amortized cost is reflected as interest income in the income and expense.

#### *Loans*

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

## ICBC TURKEY BANK A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

##### Explanation on Expected Credit Losses

The Parent Bank makes provisions for financial assets measured at fair value through other comprehensive income, assets measured at amortized cost, and expected losses related to non-cash loans and credit commitments. As of 1 January 2018, the Parent Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750.

There is no provision for impairment of equity instruments.

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

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

**Stage 1:** From initial recognition of a financial asset to the date on which an asset has not experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from its default occurring over the earlier of the next 12 months. In accordance with the BRSA Decision numbered 8970 dated 27 March 2020, the Bank records a loss allowance for loans which have days past due between 30 to 90 days and classified under Stage 1 at an amount equal to 12-month expected credit losses until 31 December 2020. Based on the BRSA Decision numbered 9312 dated 8 December 2020, this period was extended until 30 June 2021.

**Stage 2:** An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument and measures the provision for impairment on this financial instrument at an amount equal to the lifetime expected credit losses. The purpose of impairment provisions is to recognize the risk of default occurring over the remaining life of the financial instrument that credit risk has increased significantly since initial recognition. In accordance with the BRSA Decision numbered 8948 dated 17 March 2020, starting from 17 March 2020, the Bank records a loss allowance for loans which have days past due between 90-180 days and classified under Stage 2 at an amount equal to their lifetime expected credit losses where the probability of default is taken into account as 100% until 31 December 2020. Despite the 90-day delay, the provisions to be set aside for the loans that are still classified in the Second Group are separated according to the risk models used in the calculation of the expected credit loss within the scope of TFRS 9. Based on the BRSA Decision numbered 9312 dated 8 December 2020, this period was extended until 30 June 2021.

**Stage 3:** When one or more events that negatively affect future estimated cash flows of a financial asset occur, the related financial asset becomes credit-impaired. For these assets, expected lifetime loss of credit is recorded. In accordance with the BRSA, within the scope of the COVID-19 outbreak, the decision numbered 8948 dated 17 March 2020 until 31 December 2020, current definition of default in the Bank is based on a more than 180 days past due instead of a 90 days past due until 30 June 2021. The decision was extended until 30 June 2021, based on the BRSA Decision numbered 9312 dated 8 December 2020.

The Parent Bank regularly follows the developments regarding macroeconomic expectations, which it uses to calculate expected credit losses within the general approach method, and applies them to its models by updating. In 2020, the Bank evaluated the negative effects of the COVID-19 outbreak in its models by updating the macroeconomic information for the future. As the macroeconomic deterioration expectations due to the COVID-19 outbreak were reflected in the expected credit loss calculation, the provisions were updated at a reasonable and predictable level against possible adverse effects.

The loan portfolio of the Parent bank mainly consists of a small number of loans with high amounts. Those loans with high amount and risk level are subject to individual assessment. The Bank reflected the possible effects of COVID-19 by taking into account the reasonable and supportable information it has in the estimation of the probability weights and cash flows of the scenarios it uses, in the calculation of the expected credit loss for the loans it is subject to individual assessment.

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

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

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How the additional payments to the Parent Bank management are determined. (for example, whether the additional payments are determined by the fair value of the assets that managed or by the contractual cash flows collected).

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

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

A financial asset is classified on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. For this purpose, the Parent Bank determines whether contractual cash flows are solely payments of principal and interest. In assessing whether the contractual cash flows are solely payments of principal and interest, the Parent Bank will consider the consistency of loan agreement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest. In assessing whether the contractual cash flows are solely payments of principal and interest, the Parent Bank will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Parent Bank considers:

- Contingent events that would change the amount and timing of cash flows
- Leverage features
- Prepayment and extension terms
- Terms that limit the Parent Bank's claim to cash flows from specified assets
- Features that modify consideration for the time value of money

#### **IX. Explanations on Write-down Policy**

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as "Group V Loan" (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. The Bank performs objective and subjective assessments whether there is reasonable expectation.

In accordance with TFRS9, a provision is provided for the portions of the loans, that are not expected to be recovered as explained in the accounting policies 3.8 Disclosures on impairment of financial instruments and 3.8.1 Calculation of expected credit losses. Accordingly, the loans which cannot be reasonably expected to be recovered regarding the opinions of the related department responsible from the collection and the portion up to the provision amount of the loans, that are classified as "Group V Loan" (Loans Classified as Loss), can be subject to write-down operation.

In addition, all of the loans that meet the conditions in the below are assessed by the Bank as having completely lost their ability to collect and can be written down based on the positive opinion of the related departments.

- i. Being monitored as a non-performing loan at least for 2 years,
- ii. Not having any collection in the last 6 months,
- iii. Not having any tangible collaterals other than a pledge over movable assets.

The write-down of these loans, which are not possible to be collected, is an accounting policy and this policy does not result in waiving the right of receivables.

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

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

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

#### **XI. Explanations on Sale and Repurchase Agreements and Transactions Related to the Lending of Securities**

Securities sold under repurchase agreements ("Repo") are classified as "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets at Fair Value Through Other Comprehensive Income" or "Financial assets measured at amortized cost" based on the Parent Bank management's intention and measured with the same valuation principles of the portfolio above. Funds received through repurchase agreements are booked in liability account under "Money Market Funds" and the related interest expenses are accounted on an accrual basis based on the difference between selling and repurchase prices using effective interest rate (internal rate of return) method. Securities purchased under resale agreements ("Reverse repo") are classified under "Receivables from Money Markets". An income accrual using the effective interest rate method is accounted for the positive difference between the purchase and resale prices earned during the period. The Parent Bank does not have any securities related to the lending.



## ICBC TURKEY BANK A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

According to the Turkish Financial Reporting Standard 5 (TFRS 5) "Assets Held for Sale and Discontinued Operations", a tangible asset (or a group of assets to be disposed) classified as "asset held for sale" is measured at lower of carrying value and fair value less costs to sell.

Non-current assets held for sale are assets that are highly marketable, which a plan for the sale of them has been made by the management team and an active program is initiated for the determination of buyers and the completion of the plan. The asset should be actively marketed at a price compatible with its fair value. In addition, the sale should be expected to be accounted for as a completed sale within one year from the date of classification, and the actions required to complete the plan should show that the likelihood of significant changes in the plan or cancellation of the plan is unlikely.

The Group does not have any assets held for sale (31 December 2019: None).

The Group has no discontinued operations (31 December 2019: None).

#### **XIII. Explanations on Goodwill and Other Intangible Assets**

There is no goodwill in the accompanying consolidated financial statements as at 31 December 2020 and 31 December 2019.

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.

#### **XIV. Explanations on Tangible Assets**

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

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

Buildings	50 years
Furniture, office machinery and vehicles	3 – 50 years
Leasehold improvements costs	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 of the cost value of tangible assets are more than their "net realizable value", the book values of such assets are reduced to their "net realizable values" and impairment losses are recorded as expense.

Gain and losses sourcing from disposal of tangible assets 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 once a year by an independent appraisal firm accredited by BRSA and Capital Markets Board. The fair value surplus is recognized in "Revaluation Fund on Tangible Assets" within the equity items. As at 31 December 2020, revaluation surplus on tangible assets before tax amounts to TL 16,740 (31 December 2019: TL 14,390).

## **ICBC TURKEY BANK A.Ş.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

#### **XV. Explanations on Leasing Activities**

The Group has started to apply TFRS 16 Leases standard starting from 1 January 2019.

The Group undertakes leases in the building, vehicle and software asset groups.

As a lessee, the Group has previously included the right to lease assets and leasing liabilities for most of its leases in accordance with TFRS 16, even though the Group has previously been classified as operating or financial leasing based on the assessment of whether all the risks and rewards of ownership of the asset have been transferred or not. In other words, these leases are presented in the statement of financial position. The Group classifies the right of use assets in classes of property, plant and equipment and intangible assets that are of the same nature as their assets.

At the date of the effective date of the lease, the lease liability is measured at the present value of the lease payments not paid at that date. If the interest rate on the lease is easily determined, this rate is discounted using the Group's alternative borrowing interest rate. In general, the Group used the alternative borrowing interest rate as the discount rate.

The Bank records its fixed assets acquired through financial leasing based on their fair value and on the lease payments that are lower than their present value. Fixed assets acquired through financial leasing are classified under tangible fixed assets and these fixed assets are subject to depreciation based on their useful lives. When a decrease in the value of fixed assets acquired through financial leasing is detected, a "provision for impairment" is made. Liabilities arising from financial leasing agreements are shown in the "Financial lease debts" account in the liabilities. Interest and exchange difference expenses related to financial leasing are reflected in the statement of profit or loss. The Bank does not perform financial leasing transactions in the capacity of being the "lessor".

Transactions related to operational leases are accounted for on an accrual basis in accordance with the provisions of the relevant contract.

On 5 June 2020, POA made amendments to TFRS 16 "Leases" standard by publishing Concessions Granted in Lease Payments - "TFRS 16 Leases" in relation to COVID-19. With this change, tenants have been exempted from assessing whether there has been a change in the lease of the privileges granted to tenants due to COVID-19 in their lease payments. The amendment in question did not have a significant impact on the financial status or performance of the Bank.

#### **XVI. Explanations on Provisions and Contingent Liabilities**

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

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

#### **XVII. Explanations on Contingent Assets**

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

#### **XVIII. Explanations on Obligations Related to Employee Rights**

Obligations related to employment termination and vacation rights "TAS 19- Employee Benefits" ("TAS 19") are accounted for in accordance with the provisions.

Under the Turkish Labor Law, the Bank and its subsidiaries operating in Turkey are required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labor Law. According to the related regulation, the Bank is obliged to pay termination benefits for employees who retire, quit for their military service obligations, who have been dismissed as defined in the related regulation or who have completed at least one year of service. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Group was recorded under equity according to "TAS 19 – Employee Benefits". The discount rate has been applied as 4.11% as of 31 December 2020 (31 December 2019: 4.39%)

## ICBC TURKEY BANK A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### **XIX. Explanations on Taxation**

##### **a. Current tax:**

While the corporate tax rate was at the rate of 20% since 1 January 2006, for all companies, such rate has been set as 22% for the tax bases of the years 2018, 2019 and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

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

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

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

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

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

##### **a. Deferred Tax:**

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.

According to the Law published in the Official Gazette dated 5 December 2017, Corporate Tax rate has been increased from 20% to 22 for the taxation periods of 2018, 2019 and 2020. In addition, the Council of Ministers is authorized to reduce the corresponding rate 22% to 20%. As of December 31, 2020, the Bank calculated deferred tax at the rate of 20% over its assets and liabilities.

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.

##### **b. Transfer Pricing:**

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation. If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

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

#### **XX. 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 (internal rate of return) method".

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### XXI. Explanations on Issued Stock

There is no issued stock in the current period.

#### XXII. Explanations on Acceptances

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

#### XXIII. Explanations on Government Grants

As at 31 December 2020 and 31 December 2019, the Group does not have any government grants.

#### XXIV. Profit Reserves and Profit Distribution

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

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

At the Ordinary General Assembly Meeting of the Parent Bank held on 27 March 2020, it was decided to allocate a reserve of TL 2,043 of legal reserves at the rate of 5% from the TL 40,869, which constitutes the net profit after the net tax, in accordance with Article 519/1 of the TCC, to transfer TL 697 to special reserves account as sales income exempted from tax, that is under equity according to paragraph 1/e of the article 5 of the Corporate Tax Law no. 5520, which was recorded as real estate revenue under equity in the prior periods according to Turkish Accounting Standards (TAS), and to transfer the remaining TL 38,129 to extraordinary reserves.

#### XXV. 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 footnote V of Section Five.

#### XXVI. 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 twelve months or less and receivables from reverse repo. The reserve requirements blocked at the Central Bank of the Republic of Turkey are not recognized as "cash equivalent assets" in the statement of cash flows.

#### XXVII. Explanations on Segment Reporting

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

#### XXVIII. Earnings / Loss Per Share

Earnings per share disclosed in the statement of profit or loss, are calculated by dividing net profit for the period by the weighted average number of shares outstanding during the period concerned.

	31 December 2020	31 December 2019
Net Profit / (Loss) for the Period	90,931	71,510
Number of Shares	8,600,000	8,600,000
<b>Profit / (Loss) Per Share (*)</b>	<b>0.010573</b>	<b>0.008300</b>

(\*) Expressed as full TL

#### XXIX. Reclassifications

None.

#### XXX. Explanations on Other Matters

None.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### SECTION FOUR EXPLANATIONS ON CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT

#### I. Explanations on Consolidated Equity

##### Information about consolidated total capital:

Equity amount and capital adequacy standard ratio have been calculated within the framework of "Regulation on Measurement and Evaluation of Banks' Capital Adequacy" and "Regulation on Equity of the Banks".

The Group's capital adequacy ratio is 19.57% (31 December 2019: 18.71%).

Current Period	31 December 2020	31 December 2019
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	860,000
Share issue premiums	(587)	(587)
Reserves	402,700	328,778
Gains recognized in equity as per TAS	19,249	20,892
Profit	141,998	120,229
Current period profit	90,931	71,510
Prior period profit/loss	51,067	48,719
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>1,423,360</b>	<b>1,329,312</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1 <sup>st</sup> clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	-
Improvement costs for operating leasing	4,545	2,966
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	7,839	4,916
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,537	1,290
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	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets 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	-	-
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>13,921</b>	<b>9,172</b>
<b>Total Common Equity Tier I Capital</b>	<b>1,409,439</b>	<b>1,320,140</b>

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

	31 December 2020	31 December 2019
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred stock not included in common equity and the related share premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	-	-
<b>Deductions from Additional Tier I Capital</b>		
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	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	-	3,278
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 (-)	-	860
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	-	<b>4,138</b>
<b>Total Additional Tier I Capital</b>	-	-
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1,409,439</b>	<b>1,316,002</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	2,202,640	1,782,420
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (1st clause of Article 8 of the Regulation on the Equity of Banks)	295,824	110,481
<b>Tier II Capital Before Deductions</b>	<b>2,498,464</b>	<b>1,892,901</b>
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>2,498,464</b>	<b>1,892,901</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>3,907,903</b>	<b>3,208,903</b>
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	174	181
<b>Regulatory Adjustments which will be deducted from Total Capital during the transition period</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
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	-	-



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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

	31 December 2020	31 December 2019
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
<b>TOTAL CAPITAL</b>		
Total capital (The Sum of Tier I Capital and Tier II)	3,907,729	3,208,722
Total risk weighted amounts	19,964,381	17,154,261
<b>CAPITAL ADEQUACY RATIOS <sup>(2)</sup></b>		
Consolidated Core Capital Adequacy Ratio (%)	7.06	7.67
Consolidated Tier 1 Capital Adequacy Ratio (%)	7.06	7.67
Consolidated Capital Adequacy Standard Ratio (%)	19.57	18.71
<b>BUFFERS</b>		
Total buffer requirement	2.73	2.77
Capital conservation buffer requirement (%)	2.50	2.50
Bank specific countercyclical buffer requirement (%)	0.23	0.27
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	-
<b>Amounts below the financial limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from mortgage servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	355,904	140,420
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	295,824	110,481
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Temporary Article 4 (to be implemented between 1 January 2019 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

<sup>(2)</sup> As of 31 December 2020, the Parent Bank has taken into consideration subordinated loan amounting TL 2,202,640 (December 31, 2019: TL 1,782,420) from its main shareholder, Industrial and Commercial Bank of China Limited Company, for capital adequacy calculation.

As of 31 December 2020 in accordance with BRSA's decision dated 8 December 2020 and numbered 9312, the Bank, effective until 30 June 2021 the amount subject to credit risk in capital adequacy calculations calculated by taking into account the simple arithmetic average of the Central Bank foreign exchange buying rates for the last 252 business days before the calculation date. Additionally, negative revaluation differences of the securities classified under "Financial Assets Measured at Fair Value through Other Comprehensive Income" which has not been included in capital calculation. Since April 2020, 0% risk weight has been applied to FX receivables from the central government. Had the Bank not applied these regulations, the equity amount as of 31 December 2020 would have been calculated as TL 3,909,296 and the capital adequacy standard ratio would have been calculated as 17.37%.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

None.

#### Information on the 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.

#### Information on borrowing instruments included in equity calculation:

Lender	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
Descriptive elements of debt instrument (CUSIP, ISIN, etc.)	-
Legislation subject to debt instrument	Implementing Regulation on the Equity of Banks published in the Official Gazette dated 5 September 2013 and numbered 28756
<b>Consideration in equity calculation</b>	
Subject to 10% deduction as of 1 January 2015	No
Validity status on consolidated or unconsolidated basis or on both consolidated and unconsolidated basis	Consolidated and Unconsolidated Basis
Type of debt instrument	Secondary Subordinated Loan
Amount considered in the calculation of equity (as of the last reporting date)	2,202,640 TL
Nominal value of debt instrument	300 M USD
Accountable account of the debt instrument	347
Date of issuance of debt instrument Maturity structure of debt instrument (Demand / Term)	28.12.2018
Maturity structure of debt instrument (Demand / Term)	Term
Maturity of debt instrument	28.12.2028
Whether the issuer has the right of reimbursement due to BRSA approval	In the case of a regulatory cause after the 5th anniversary, the BRSA has the right to reimbursement upon approval
Reimbursement option date, contingent repayment options and refund amount	-
Subsequent reimbursement option dates	-
<b>Interest / dividend payments</b>	
Fixed or variable interest / dividend payments	Variable interest
Interest rate and interest rate index value	6 M USD LIBOR +1.75%
Whether there are any restrictions that stop the payment of dividends	Payable in accordance with BRSA communiqués and regulations
Fully optional, partially optional or mandatory	Mandatory
Whether there is an element that will encourage repayment, such as interest rate increases	-
Being non-cumulative or cumulative	Non-cumulative
<b>Convertible to stock</b>	
Triggering events / events that can cause conversion if they can be converted to a stock	-Elimination of activity permit -Possibility of transfer to SDIF -In the event of regulatory reason, the decision of BRSA will be converted to share
Full or partial conversion if convertible	Subject to BRSA approval fully or partially
If convertible, conversion rate	Subject to BRSA approval and convertible
If forced to convert to stock, forced or optional conversion feature	Subject to BRSA approval
Convertible vehicle types if converted to stock	Stock
Issuer of a debt instrument to be converted	-
<b>Value reduction feature</b>	
Trigger events / events that will cause a reduction if it has a value reduction feature	-
Total or partial value reduction if value reduction is available	-
Continuous or transient feature	-
Value increment mechanism if the value can be temporarily reduced	-
In the case of the right to take in the case of liquidation in the order of the right (the vehicle just above this debt instrument)	Before the borrowing instruments to be included in the calculation of the additional capital of the owner to the owner, after the depositors and all other debts
Whether the banks do not have the requirements of Articles 7 and 8 of the Regulation on Shareholders' Equity	Although it has all the requirements of Article 8, it does not meet the requirements of Article 7
Which of the requirements of the articles 7 and 8 of the Regulation on Equity of Banks are not	Although it has all the requirements of Article 8, it does not meet the requirements of Article 7

# ICBC TURKEY BANK A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

### II. Explanations and Footnotes on Consolidated Credit Risk

1. Credit risk represents the risk generating from the counter party's not fulfilling its responsibilities stated in the agreement either partially or totally.

In the Parent Bank, Credit Allocation Department and Problematic Loans Follow-up Department is responsible for managing the credit risk. The Group determines credit limits to counter parties and does not allocate loans more than these limits so as to subject credit risk to risk limitation. Credit limits are determined individually for each customer, company, company groups and risk groups. The Group assesses several criteria such as financial power of customers, business capacity, industry, geographical segment and equity structure when determining credit limits. The review of financial position of the customers is based on financial statements obtained in accordance with relevant legislation and other information. The geographical distribution of credit customers is appropriate to branch network, country, industry, trade and service activities allocation. The credibility of the debtors is assessed periodically with taking notice of the financial statements of the debtors obtained thoroughly to be audited in accordance with the relevant legislation.

The Group gives importance to credit guarantees. Guarantees are generally in form of real estate and movable mortgages, commercial enterprise pledges, secured investment securities, letters of guarantee of other banks and sureties.

The Bank classified overdue loans in accordance with TFRS 9 and "Regulation on the Procedures and Principles for Determination of Classification of Loans by Banks and Provisions to be set aside" in current period. General loan loss provision is calculated for past due loans and specific provision is calculated for impaired loans in accordance with "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" in the prior periods.

Information related to total amount of exposures after offsetting transactions but before applying risk mitigations and the average exposure amounts that are classified in different risk groups and types:

Risk Classifications	Current Period Risk Amount <sup>(1)</sup>	Average Risk Amount
Claims on central governments and Central Banks	7,529,189	6,646,492
Claims on regional governments or local authorities	26,905	23,788
Claims on administrative bodies and non-commercial undertakings	-	-
Claims on multilateral development banks	-	-
Claims on international organizations	-	-
Claims on banks and intermediary institutions	12,010,571	9,847,013
Claims on corporate	10,081,232	8,290,632
Claims on retail	117,955	110,238
Claims secured by residential property	1,933,898	1,626,726
Past due loans	9,824	25,542
Higher risk categories decided by the Board	-	-
Secured by mortgages	-	-
Securitization positions	-	-
Short-term claims on banks and intermediary institutions and short-term corporate receivables	-	-
Undertakings for collective investments in mutual funds	-	-
Other receivables	346,329	310,594

(1) Risk amounts present amounts before credit risk mitigation, after credit conversion rate process.

Risk Classifications	Prior Period Risk Amount <sup>(1)</sup>	Average Risk Amount
Claims on central governments and Central Banks	5,559,486	4,516,907
Claims on regional governments or local authorities	-	-
Claims on administrative bodies and non-commercial undertakings	-	6,923
Claims on multilateral development banks	-	-
Claims on international organizations	-	-
Claims on banks and intermediary institutions	9,507,851	10,175,104
Claims on corporate	8,661,431	5,807,960
Claims on retail	121,452	131,403
Claims secured by residential property	1,081,452	1,230,947
Past due loans	54,388	46,695
Higher risk categories decided by the Board	-	-
Secured by mortgages	-	-
Securitization positions	-	-
Short-term claims on banks and intermediary institutions and short-term corporate receivables	-	-
Undertakings for collective investments in mutual funds	-	-
Other receivables	217,923	232,089

(1) Risk amounts present amounts before credit risk mitigation, after credit conversion rate process.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**II. Explanations and Footnotes on Consolidated Credit Risk (Continued)**

2. The Parent Bank has control limits over the positions of forward transactions, options and other similar agreements. The credit risk arising from these instruments are managed together with other potential risks resulting from market fluctuations.
3. Regarding forward transactions, if it is required, reverse positions of the current positions are purchased to minimize the risk.
4. Indemnified non-cash loans are treated as non-performing loans. Standard loans restructured and rescheduled loans are followed-up in accordance with the monitoring methods defined by banking regulations.
5. There is a risk evaluation structure within the Parent Bank for foreign funding transactions, where the countries and their market risks are analyzed although the Group's credit portfolio does not include significant foreign operations and credit transactions yet. When the international interbank credit transactions of the Group are assessed, there is no significant international credit risk concentration.
6.
  - a) As at 31 December 2020, the shares of the top 100 and 200 cash loan customers of the Group constitute 94.7% and 95.3% of the total cash loans portfolio (31 December 2019: 91.5% and 92%), respectively.
  - b) As at 31 December 2020, the shares of the top 100 and 200 non-cash loan customers of the Group constitute 99.9% and 99.9% of the total non-cash loans portfolio (31 December 2019: 99.9% and 100%), respectively.
  - c) As at 31 December 2020, the Group's total cash and non-cash loans from its top 100 and 200 loan customers comprise 12.24% and 12.28% of the aggregate of total assets and off-balance sheet items (31 December 2019: 21.73% and 21.80%), respectively.
7. As at 31 December 2020, the Group's 1<sup>st</sup> and 2<sup>nd</sup> stage expected loan loss provision amounts to TL 284,980 (31 December 2019: TL 92,185).

# ICBC TURKEY BANK A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

### II. Explanations and Footnotes on Consolidated Credit Risk (Continued)

#### 8.a) Profile of Significant Exposures in Major Regions:

31 December 2020 <sup>(4)</sup>	Risk Classifications <sup>(1)</sup>																Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Domestic	7,529,189	26,905	-	-	-	10,944,117	9,333,639	117,855	1,933,898	9,824	-	-	-	-	-	346,329	30,241,756
European Union Countries	-	-	-	-	-	298,881	440,833	2	-	-	-	-	-	-	-	-	739,716
OECD Countries <sup>(2)</sup>	-	-	-	-	-	2,761	38,574	-	-	-	-	-	-	-	-	-	41,335
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	145,154	-	1	-	-	-	-	-	-	-	-	145,155
Other Countries	-	-	-	-	-	619,658	268,186	97	-	-	-	-	-	-	-	-	887,941
Investments and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7,529,189</b>	<b>26,905</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,010,571</b>	<b>10,081,232</b>	<b>117,955</b>	<b>1,933,898</b>	<b>9,824</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>346,329</b>	<b>32,055,903</b>

31 December 2019 <sup>(4)</sup>	Risk Classifications <sup>(1)</sup>																Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Domestic	5,559,486	-	-	-	-	9,012,279	7,961,488	121,374	1,081,452	54,388	-	-	-	-	-	217,923	24,008,390
European Union Countries	-	-	-	-	-	43,761	398,539	2	-	-	-	-	-	-	-	-	442,302
OECD Countries <sup>(2)</sup>	-	-	-	-	-	1,628	32,710	-	-	-	-	-	-	-	-	-	34,338
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	110,618	-	-	-	-	-	-	-	-	-	-	110,618
Other Countries	-	-	-	-	-	339,565	268,694	76	-	-	-	-	-	-	-	-	608,335
Investments and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,559,486</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,507,851</b>	<b>8,661,431</b>	<b>121,452</b>	<b>1,081,452</b>	<b>54,388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>217,923</b>	<b>25,203,983</b>

<sup>(1)</sup> Risk classifications in the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” have been used.

- |   |   |    |   |
|---|---|----|---|
| 1 | Claims on central governments and Central Banks                       | 9  | Claims secured by residential property  |
| 2 | Claims on regional governments or local authorities                   | 10 | Past due loans  |
| 3 | Claims on administrative bodies and other non-commercial undertakings | 11 | Higher risk categories decided by the Board   |
| 4 | Claims on multilateral development banks                              | 12 | Secured by mortgages  |
| 5 | Claims on international organizations                                 | 13 | Securitization positions  |
| 6 | Claims on banks and intermediary institutions                         | 14 | Short-term claims on banks and intermediary institutions and short-term corporate receivables |
| 7 | Claims on corporate   | 15 | Undertakings for collective investments in mutual funds                                       |
| 8 | Claims included in the regulatory retail portfolios                   | 16 | Other receivables   |

<sup>(2)</sup> Includes OECD countries other than EU countries, USA and Canada

<sup>(3)</sup> Includes asset and liability items that cannot be allocated on a consistent basis

<sup>(4)</sup> Risk amounts present amounts before credit risk mitigation, after credit conversion rate process.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

### II. Explanations and Footnotes on Consolidated Credit Risk (Continued)

#### 8.b) Risk profile by industries or counterparties:

31 December 2020 <sup>(2)</sup>	Risk Classifications <sup>(1)</sup>																TL	FC	Total
Industries/Counterparties	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16			
<b>Agriculture</b>	-	-	-	-	-	-	120	215	-	-	-	-	-	-	-	-	335	-	335
Farming and Raising Livestock	-	-	-	-	-	-	94	215	-	-	-	-	-	-	-	-	309	-	309
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	26	-	-	-	-	-	-	-	-	-	26	-	26
<b>Manufacturing</b>	-	-	-	-	-	-	3,681,438	917	114,370	194	-	-	-	-	-	-	469,485	3,327,434	3,796,919
Mining and Quarrying	-	-	-	-	-	-	5,231	168	-	-	-	-	-	-	-	-	5,080	319	5,399
Production	-	-	-	-	-	-	1,147,234	707	114,070	194	-	-	-	-	-	-	136,714	1,125,491	1,262,205
Electric, Gas and Water	-	-	-	-	-	-	2,528,973	42	300	-	-	-	-	-	-	-	327,691	2,201,624	2,529,315
<b>Construction</b>	-	-	-	-	-	-	1,140,622	512	898,666	3,173	-	-	-	-	-	-	241,615	1,801,358	2,042,973
<b>Services</b>	7,529,189	26,905	-	-	-	11,641,810	4,387,331	1,049	522,380	1,639	-	-	-	-	-	-	4,141,387	19,968,916	24,110,303
Wholesale and Retail Trade	-	-	-	-	-	-	1,979,228	475	4	1,639	-	-	-	-	-	-	338,051	1,643,295	1,981,346
Hotel, Food and Beverage	-	-	-	-	-	-	57,556	181	242,825	-	-	-	-	-	-	-	1,296	299,266	300,562
Transportation and Telecommunication	-	-	-	-	-	-	1,148,378	32	-	-	-	-	-	-	-	-	1,396	1,147,014	1,148,410
Financial Institutions	7,529,189	-	-	-	-	11,641,810	360,628	38	-	-	-	-	-	-	-	-	3,754,977	15,776,688	19,531,665
Real Estate and Rental Services	-	-	-	-	-	-	1,527	192	279,535	-	-	-	-	-	-	-	1,719	279,535	281,254
Self Employment Services	-	-	-	-	-	-	838,938	96	16	-	-	-	-	-	-	-	15,932	823,118	839,050
Educational Services	-	-	-	-	-	-	17	-	-	-	-	-	-	-	-	-	17	-	17
Health and Social Services	-	26,905	-	-	-	-	1,059	35	-	-	-	-	-	-	-	-	27,999	-	27,999
<b>Other</b>	-	-	-	-	-	368,761	871,721	115,262	398,482	4,818	-	-	-	-	-	346,329	1,188,824	916,549	2,105,373
<b>Total</b>	<b>7,529,189</b>	<b>26,905</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,010,571</b>	<b>10,081,232</b>	<b>117,955</b>	<b>1,933,898</b>	<b>9,824</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>346,329</b>	<b>6,041,646</b>	<b>26,014,257</b>	<b>32,055,903</b>

<sup>(1)</sup> Risk classifications in the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” have been used.

1	Claims on central governments and Central Banks	9	Claims secured by residential property
2	Claims on regional governments or local authorities	10	Past due loans
3	Claims on administrative bodies and other non-commercial undertakings	11	Higher risk categories decided by the Board
4	Claims on multilateral development banks	12	Secured by mortgages
5	Claims on international organizations	13	Securitization positions
6	Claims on banks and intermediary institutions	14	Short-term claims on banks and intermediary institutions and short-term corporate receivables
7	Claims on corporate	15	Undertakings for collective investments in mutual funds
8	Claims included in the regulatory retail portfolios	16	Other receivables

<sup>(2)</sup> Risk amounts present amounts before credit risk mitigation, after credit conversion rate process.

# ICBC TURKEY BANK A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

### II. Explanations and Footnotes on Consolidated Credit Risk (Continued)

#### 8.b) Risk profile by industries or counterparties (Continued):

31 December 2019 <sup>(2)</sup>	Risk Classifications <sup>(1)</sup>																TL	FC	Total
Industries/Counterparties	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16			
<b>Agriculture</b>	-	-	-	-	-	-	630	3	-	-	-	-	-	-	-	-	633	-	633
Farming and Raising Livestock	-	-	-	-	-	-	105	3	-	-	-	-	-	-	-	-	108	-	108
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	525	-	-	-	-	-	-	-	-	-	525	-	525
<b>Manufacturing</b>	-	-	-	-	-	-	3,038,793	983	124,472	615	-	-	-	-	-	-	67,990	3,096,873	3,164,863
Mining and Quarrying	-	-	-	-	-	-	6,846	57	-	-	-	-	-	-	-	-	6,632	271	6,903
Production	-	-	-	-	-	-	1,061,102	884	124,172	615	-	-	-	-	-	-	22,585	1,164,188	1,186,773
Electric, Gas and Water	-	-	-	-	-	-	1,970,845	42	300	-	-	-	-	-	-	-	38,773	1,932,414	1,971,187
<b>Construction</b>	-	-	-	-	-	-	1,213,923	146	12,806	45,446	-	-	-	-	-	-	256,214	1,016,107	1,272,321
<b>Services</b>	5,557,390	-	-	-	-	9,507,851	3,714,550	2,310	441,482	4,942	-	-	-	-	-	-	3,215,922	16,012,603	19,228,525
Wholesale and Retail Trade	-	-	-	-	-	-	1,341,564	994	6	4,942	-	-	-	-	-	-	127,249	1,220,257	1,347,506
Hotel, Food and Beverage	-	-	-	-	-	-	1,529	137	202,081	-	-	-	-	-	-	-	1,668	202,079	203,747
Transportation and Telecommunication	-	-	-	-	-	-	1,124,536	473	-	-	-	-	-	-	-	-	110,320	1,014,689	1,125,009
Financial Institutions	5,557,390	-	-	-	-	9,507,851	494,754	40	-	-	-	-	-	-	-	-	2,887,733	12,672,302	15,560,035
Real Estate and Rental Services	-	-	-	-	-	-	94,408	224	239,331	-	-	-	-	-	-	-	87,416	246,547	333,963
Self Employment Services	-	-	-	-	-	-	657,474	196	64	-	-	-	-	-	-	-	1,171	656,563	657,734
Educational Services	-	-	-	-	-	-	19	-	-	-	-	-	-	-	-	-	19	-	19
Health and Social Services	-	-	-	-	-	-	266	246	-	-	-	-	-	-	-	-	346	166	512
<b>Other</b>	2,096	-	-	-	-	-	693,535	118,010	502,692	3,385	-	-	-	-	-	-	217,923	904,647	632,994
<b>Total</b>	5,559,486	-	-	-	-	9,507,851	8,661,431	121,452	1,081,452	54,388	-	-	-	-	-	-	217,923	4,445,406	20,758,577
																			25,203,983

<sup>(1)</sup> Risk classifications in the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” have been used.

- |   |   |    |   |
|---|---|----|---|
| 1 | Claims on central governments and Central Banks                       | 9  | Claims secured by residential property  |
| 2 | Claims on regional governments or local authorities                   | 10 | Past due loans  |
| 3 | Claims on administrative bodies and other non-commercial undertakings | 11 | Higher risk categories decided by the Board   |
| 4 | Claims on multilateral development banks                              | 12 | Secured by mortgages  |
| 5 | Claims on international organizations                                 | 13 | Securitization positions  |
| 6 | Claims on banks and intermediary institutions                         | 14 | Short-term claims on banks and intermediary institutions and short-term corporate receivables |
| 7 | Claims on corporate   | 15 | Undertakings for collective investments in mutual funds                                       |
| 8 | Claims included in the regulatory retail portfolios                   | 16 | Other receivables   |

<sup>(2)</sup> Risk amounts present amounts before credit risk mitigation, after credit conversion rate process.

# ICBC TURKEY BANK A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

### II. Explanations and Footnotes on Consolidated Credit Risk (Continued)

#### 8.c) Analysis of maturity-bearing exposures according to remaining maturities:

	Term to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	Over 1 Year
<b>Risk Classifications <sup>(1)</sup></b>					
Claims on central governments and Central Banks <sup>(3)</sup>	576,051	85,765	-	670,053	6,197,320
Claims on regional governments or local authorities	-	-	-	-	26,905
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	1,560,601	887,195	447,299	1,026,090	8,089,386
Claims on corporate	950,448	997,700	280,768	1,853,418	5,998,898
Claims on retail portfolios	14,731	1,252	2,727	8,959	90,286
Claims secured by residential property	1,495	893	4,127	7,208	1,920,175
Past due loans <sup>(2)</sup>	-	-	-	-	9,824
Higher risk categories decided by the Board	-	-	-	-	-
Secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term claims on banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-
Equity investments	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other receivables	-	-	-	-	346,329
<b>Total <sup>(2)</sup></b>	<b>3,103,326</b>	<b>1,972,805</b>	<b>734,921</b>	<b>3,565,728</b>	<b>22,679,123</b>

<sup>(1)</sup> Risk figures present amounts before credit risk mitigation, after credit conversion rate process.

<sup>(2)</sup> Net impaired loans amounting to TL 54,388 are not included.

<sup>(3)</sup> The amount of restricted time deposits kept at Central Bank of the Republic of Turkey is presented under the 1-month column.

#### 8.d) Information related to Credit Ratings:

While determining the risk classifications explained in the article No. 6 of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", ratings given by authorized rating companies are not used.

#### Risk amounts according to risk weights:

Risk Weights	0%	20%	35%	50%	75%	100%	150%	200%	Deducted From
									Equity <sup>(1)</sup>
Exposures Before Credit Risk Mitigation	7,613,484	1,235,579	381,400	9,009,318	117,955	13,696,469	1,696	-	12,558
Exposures After Credit Risk Mitigation	7,799,710	1,574,616	380,736	8,690,559	101,892	13,506,692	1,696	-	12,558

<sup>(1)</sup> Includes the amounts deducted from core capital.



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**II. Explanations and Footnotes on Consolidated Credit Risk (Continued)**
**8.e) Information of major industries or type of counterparties**

Impaired and past due loans and value adjustments and methods related to provisions are explained at Section Four, article no. 1 of Footnote II.

Major Industries/Counterparties	Loans		Provisions
	Impaired (TFRS 9)		Expected Credit Loss Provisions (TFRS 9)
	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III)	
<b>Agriculture</b>	-	<b>404</b>	<b>404</b>
Farming and Raising Livestock	-	-	-
Forestry	-	404	404
Fishery	-	-	-
<b>Manufacturing</b>	<b>591,230</b>	<b>1,682</b>	<b>203,836</b>
Mining and Quarrying	39,228	189	9,027
Production	246,036	1,491	86,249
Electricity, Gas and Water	305,966	2	108,560
<b>Construction</b>	<b>1,968</b>	<b>18,093</b>	<b>14,924</b>
<b>Services</b>	<b>14,712</b>	<b>921</b>	<b>1,937</b>
Wholesale and Retail Trade	14,712	-	1,016
Accommodation and Dining Services	-	-	-
Transportation and Telecommunication	-	347	347
Financial Institutions	-	-	-
Real Estate and Lending Services	-	505	505
Self Employment Services	-	-	-
Educational Services	-	-	-
Health and Social Services	-	69	69
<b>Other</b>	<b>2,384</b>	<b>24,643</b>	<b>18,536</b>
<b>Total</b>	<b>610,294</b>	<b>45,743</b>	<b>239,637</b>

<sup>(1)</sup> Includes information related to cash loans

**8.f) Information related with value adjustments and loan loss provisions:**

	Opening Balance	Provision within the Period	Provision Reversals	Other Adjustments <sup>(1)</sup>	Closing Balance
Stage III Provision <sup>(2)</sup>	113,666	485	(60,948)	(17,284)	35,919
Stage I and II Provisions	92,185	218,798	(26,003)	-	284,980

<sup>(1)</sup> Other adjustments in specific provisions includes amounts related to credits which are written off and sold from loans under non-performing loan.

<sup>(2)</sup> Includes information related to cash loan.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

### III. Explanations on Consolidated Operational Risk

The Group used the "Basic Indicators Approach" in computation of its operational risk. In accordance with the 3<sup>rd</sup> section 'Computation of the Operational Risk' of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", published in the Official Gazette no. 29111 dated 6 September 2014, operational risk is computed using the gross income of the Group for the years ended 2019, 2018 and 2017. Operational risk used in computation of capital adequacy ratio per article I of this section is 8% of TL 953,904 which is TL 76,312. TL 76,312 represents also the minimum capital amount to eliminate the operational risk.

#### Information related with operational risk that is calculated with Basic Indicator Approach

	2 PP Amount	1 PP Amount	CP Amount	Total/Number of years of positive gross	Rate (%)	Total
Gross Income	395,666	578,072	552,508	508,749	15	76,312
Value at Operational Risk (Total*12.5)						953,904

### IV. Explanations and Footnotes on Consolidated Foreign Currency Exchange Rate Risk

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

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

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

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

Among the securities owned by banks, as of 23 March 2020, the depreciation provisions in their portfolios may not be taken into account in the calculation of foreign currency net general position within the scope of the Regulation on Calculation and Application of Foreign Currency Net General Position / Equity Standard Ratio by Banks on a Consolidated and Non-Consolidated Basis. However, the current provisions of this Regulation continue to be applied for portfolios acquired after 23 March 2020.

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):

	24.12.2020	25.12.2020	28.12.2020	29.12.2020	30.12.2020	31.12.2020
USD	7.6321	7.6190	7.5517	7.4738	7.4063	7.3405
GBP	10.2284	10.3333	10.2230	10.1008	9.9761	9.9438
EURO	9.3030	9.2948	9.2037	9.1370	9.0697	9.0079
JPY	0.0736	0.0734	0.0728	0.0720	0.0713	0.0709

The basic arithmetical average of the Parent Bank's foreign exchange bid rates for the last thirty-one days ending 31 December 2020 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	7.7329
GBP	10.3719
EURO	9.3999
JPY	0.0743

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

31 December 2020	EURO	USD	OTHER FC	TOTAL
<b>Assets</b>				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the CBRT <sup>(1)</sup>	27,320	3,018,705	1,403	3,047,428
Banks	265,285	1,253,564	85,527	1,604,376
Financial assets at fair value through profit or loss	14,282	-	-	14,282
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	1,806,161	2,865,989	5,443	4,677,593
Loans <sup>(3)</sup>	4,728,726	2,707,828	-	7,436,554
Investment and associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortized cost	-	3,609,776	-	3,609,776
Hedging derivative financial assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	59,086	33,339	6	92,431
<b>Total assets</b> <sup>(2) (3) (7)</sup>	<b>6,900,860</b>	<b>13,489,201</b>	<b>92,379</b>	<b>20,482,440</b>
<b>Liabilities</b>				
Interbank deposits	4,629	73,421	38,892	116,942
Foreign currency deposits	1,949,327	7,642,588	146,124	9,738,039
Fund provided from money market	-	147,067	-	147,067
Funds provided from other financial institutions	1,804,406	7,850,880	-	9,655,286
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities held for hedging	-	-	-	-
Other liabilities	91,197	263,029	14,851	369,077
<b>Total liabilities</b> <sup>(2) (6) (8)</sup>	<b>3,849,559</b>	<b>15,976,985</b>	<b>199,867</b>	<b>20,026,411</b>
<b>Net On Balance Sheet Position</b>	<b>3,051,301</b>	<b>(2,487,784)</b>	<b>(107,488)</b>	<b>456,029</b>
<b>Net Off Balance Sheet Position</b>	<b>(3,034,712)</b>	<b>2,863,917</b>	<b>93,460</b>	<b>(77,335)</b>
Financial Derivatives Assets <sup>(5)</sup>	24,321	2,899,707	121,045	3,045,073
Financial Derivatives Liabilities <sup>(5)</sup>	3,059,033	35,790	27,585	3,122,408
<b>Non-cash Loans</b> <sup>(4)</sup>	<b>2,845,476</b>	<b>5,617,723</b>	<b>48,986</b>	<b>8,512,185</b>
<b>31 December 2019</b>				
<b>Total Assets</b> <sup>(2) (3) (7)</sup>	<b>3,543,013</b>	<b>10,810,265</b>	<b>21,457</b>	<b>14,374,735</b>
<b>Total Liabilities</b> <sup>(2) (6) (8)</sup>	<b>2,832,504</b>	<b>10,789,025</b>	<b>88,778</b>	<b>13,710,307</b>
<b>Net On Balance Sheet Position</b>	<b>710,509</b>	<b>21,240</b>	<b>(67,321)</b>	<b>664,428</b>
<b>Net Off Balance Sheet Position</b>	<b>(623,421)</b>	<b>135,000</b>	<b>70,249</b>	<b>(418,172)</b>
Financial Derivatives Assets <sup>(5)</sup>	665	588,028	85,296	673,989
Financial Derivatives Liabilities <sup>(5)</sup>	624,086	453,028	15,047	1,092,161
<b>Non-cash Loans</b> <sup>(4)</sup>	<b>2,133,845</b>	<b>4,260,459</b>	<b>20,499</b>	<b>6,414,803</b>

<sup>(1)</sup> As of 31 December 2020 and 31 December 2019, the Group does not have precious metals in CBRT accounts.

<sup>(2)</sup> As of 31 December 2020, accrual differences of derivative transactions presented in "Derivative Financial Assets at Fair Value Through Profit or Loss" and "Derivative Financial Liabilities at Fair Value Through Profit or Loss" amounting to TL 1,182 and TL 89,662 respectively (31 December 2019: TL 151 and TL 3,864) are not included in the table.

<sup>(3)</sup> As of 31 December 2020, "Loans" balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 3,964 (31 December 2019: TL 102,561).

<sup>(4)</sup> Has no effect on net off-balance sheet position.

<sup>(5)</sup> As of 31 December 2020, value dated FX buying and FX selling transactions amounting to TL 25,420 and TL 19,580 respectively, presented under "Asset Purchase and Sale Commitments" of off-balance sheet items are included (31 December 2019: TL 7,572 and TL 4,613).

<sup>(6)</sup> As of 31 December 2020, "Valuation Differences of Securities" amounting to TL (6,377) (31 December 2019: TL 7,315) which are classified under shareholders' equity, are not included.

<sup>(7)</sup> As of 31 December 2020, assets amounting to TL 265,990 (31 December 2019: TL 97,770) are not included "Expected Loss Provisions".

<sup>(8)</sup> As of 31 December 2020, liabilities amounting to TL 59,169 (31 December 2019: TL 36,053) are not included "Other Provisions".

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

The table below demonstrates prospective increase and decrease in equity and profit/loss as at 31 December 2020 and 31 December 2019 (excluding tax effect) on condition that 10 percent revaluation/devaluation of the foreign currencies below against TL. This analysis has been prepared assuming that other variables, particularly interest rates, remain constant.

	31 December 2020				31 December 2019			
	Statement of Profit or loss		Equity <sup>(1)</sup>		Statement of Profit or loss		Equity <sup>(1)</sup>	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	37,613	(37,613)	37,613	(37,613)	15,624	(15,624)	15,624	(15,624)
EURO	1,659	(1,659)	1,659	(1,659)	8,709	(8,709)	8,709	(8,709)
Other FC	(1,403)	1,403	(1,403)	1,403	293	(293)	293	(293)
<b>Total</b>	<b>37,869</b>	<b>(37,869)</b>	<b>37,869</b>	<b>(37,869)</b>	<b>24,626</b>	<b>(24,626)</b>	<b>24,626</b>	<b>(24,626)</b>

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

### V. Explanations and Footnotes on Consolidated Interest Rate Risk

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

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

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

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

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

	Up to 1 Month	1 – 3 Months	3 –12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing <sup>(1)</sup>	Total
<b>31 December 2020</b>							
<b>Assets</b>							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the CBRT	3,075,790	-	-	-	-	85,123	3,160,913
Banks	950,086	369,237	-	-	-	287,645	1,606,968
Financial assets at fair value through profit or loss	15,532	-	246	-	-	21,923	37,701
Money market placements	504,390	-	-	-	-	-	504,390
Financial assets at fair value through other comprehensive income	407,338	4,377,304	263,991	226,351	77,182	-	5,352,166
Loans	1,100,217	3,539,787	3,622,556	1,337,210	455,541	-	10,055,311
Financial assets measured at amortized cost	349,438	785,399	585,866	2,531,749	138,617	-	4,391,069
Other assets	8	-	-	-	-	72,657	72,665
<b>Total assets</b>	<b>6,402,799</b>	<b>9,071,727</b>	<b>4,472,659</b>	<b>4,095,310</b>	<b>671,340</b>	<b>467,348</b>	<b>25,181,183</b>
<b>Liabilities</b>							
Bank Deposits	92,512	-	-	-	-	87,036	179,548
Other Deposits	8,549,813	1,902,087	168,389	3,760	-	835,100	11,459,149
Money Market Borrowings	697,700	-	-	-	-	-	697,700
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	-	3,418,377	6,485,165	390,936	-	-	10,294,478
Other Liabilities	626,556	60,322	2,456	-	-	1,860,974	2,550,308
<b>Total Liabilities</b>	<b>9,966,581</b>	<b>5,380,786</b>	<b>6,656,010</b>	<b>394,696</b>	<b>-</b>	<b>2,783,110</b>	<b>25,181,183</b>
Balance Sheet Long Position	-	3,690,941	-	3,700,614	671,340	-	8,062,895
Balance Sheet Short Position	(3,563,782)	-	(2,183,351)	-	-	(2,315,762)	(8,062,895)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(3,563,782)</b>	<b>3,690,941</b>	<b>(2,183,351)</b>	<b>3,700,614</b>	<b>671,340</b>	<b>(2,315,762)</b>	<b>-</b>

<sup>(1)</sup> Tangible and intangible assets amounting to TL 121,262, deferred tax assets amounting to TL 116,269 TL tax assets amounting to TL 19, expected loss provisions amounting to TL (330,080) and other assets amounting to TL 165,187, are included in other assets line in the interest-free column; provisions amounting to TL 203,998, tax liability amounting to TL 69,246, lease liabilities amounting to TL 72,700, other liabilities amounting to TL 97,214 and shareholders' equity amounting to TL 1,417,816 are presented in other liabilities as non-interest bearing.

<sup>(2)</sup> Derivative financial instruments are included.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

### V. Explanations and Footnotes on Consolidated Interest Rate Risk (Continued)

#### Interest sensitivity of assets, liabilities and off-balance sheet items (based on repricing date) (Continued):

	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non-Interest Bearing <sup>(1)</sup>	Total
<b>31 December 2019</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	1,781,633	-	-	-	-	291,822	2,073,455
Banks	1,685,168	-	-	-	-	152,866	1,838,034
Financial Assets at Fair Value Through Profit or Loss	582	86	1	-	-	16,613	17,282
Money Market Placements	662,583	-	-	-	-	-	662,583
Financial Assets at Fair Value Through Other Comprehensive Income	626,834	134,879	530,535	395,465	105,936	10,057	1,803,706
Loans	1,204,729	3,190,978	2,365,710	1,471,340	899,672	-	9,132,429
Financial Assets Measured at Amortized Cost	113,727	218,574	335,385	2,111,294	112,247	-	2,891,227
Other Assets <sup>(1)</sup>	2	-	-	-	-	(27,237)	(27,235)
<b>Total Assets</b>	<b>6,075,258</b>	<b>3,544,517</b>	<b>3,231,631</b>	<b>3,978,099</b>	<b>1,117,855</b>	<b>444,121</b>	<b>18,391,481</b>
<b>Liabilities</b>							
Bank Deposits	59,408	-	-	-	-	117,050	176,458
Other Deposits	7,672,644	1,442,347	97,190	3,224	-	574,899	9,790,304
Money Market Borrowings	18,841	-	-	-	-	-	18,841
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	237,624	1,500,618	2,448,704	1,833,481	-	-	6,020,427
Other Liabilities	773,040	32	54	-	-	1,612,325	2,385,451
<b>Total Liabilities</b>	<b>8,761,557</b>	<b>2,942,997</b>	<b>2,545,948</b>	<b>1,836,705</b>	<b>-</b>	<b>2,304,274</b>	<b>18,391,481</b>
Balance Sheet Long Position	-	601,520	685,683	2,141,394	1,117,855	-	4,546,452
Balance Sheet Short Position	(2,686,299)	-	-	-	-	(1,860,153)	(4,546,452)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(2,686,299)</b>	<b>601,520</b>	<b>685,683</b>	<b>2,141,394</b>	<b>1,117,855</b>	<b>(1,860,153)</b>	<b>-</b>

<sup>(1)</sup> Tangible and intangible assets amounting to TL 126,753, tax assets amounting to TL 31,133, expected loss provisions amounting to TL (223,953) and other assets amounting to TL 38,830, are included in other assets line in the interest-free column; provisions amounting to TL 131,149, tax liability of TL 23,915, other liabilities amounting to TL 127,949 and shareholders' equity amounting to TL 1,329,312 are presented in other liabilities as non-interest bearing.

<sup>(2)</sup> Derivative financial instruments are included.

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

	EURO%	USD%	JPY%	TL%
<b>31 December 2020 <sup>(1)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	-
Banks	0.86	0.65	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	12.13
Financial Assets at Fair Value Through Other Comprehensive Income	2.65	4.87	-	16.19
Loans	3.05	3.69	-	14.12
Financial Assets Measured at Amortised Cost	-	6.51	-	3.42
<b>Liabilities</b>				
Bank Deposits	-	0.20	-	-
Other Deposits	2.11	3.25	0.01	16.81
Money Market Borrowings	-	-	-	18.62
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0.33	2.27	-	14.25

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

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

### V. Explanations and Footnotes on Consolidated Interest Rate Risk (Continued)

	EURO%	USD%	JPY%	TL%
<b>31 December 2019 <sup>(1)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	1.74	-	11.36
Banks	-	4.57	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	11.73
Financial Assets at Fair Value Through Other Comprehensive Income	1.78	4.48	-	14.43
Loans	2.60	4.71	6.04	14.59
Financial Assets Measured at Amortized Cost	-	6.54	-	10.02
<b>Liabilities</b>				
Bank Deposits	-	1.71	-	-
Other Deposits	0.40	2.29	-	11.41
Money Market Borrowings	-	-	-	12.00
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	2.98	3.13	-	16.89

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

#### The interest rate risk of the banking book items:

The interest rate risk of the banking book items is prepared via the cash flow of interest sensitive balance sheet and off-balance sheet positions for bank accounts, over the maturity for fixed interest rate instruments and over the re-pricing period for variable interest rate instruments.

Present values of the net positions obtained over related cash flows are calculated by yield curves formed by using market interest rates. The proportion of the differences arising from implementation of positive and negative standard shocks to equity is followed.

For products with non-specified maturities, maturity is determined based on interest rate setting frequency and customer behaviors. These results are supported by periodical sensitivity and scenario analysis against prospective fluctuations in the market.

The interest rate risk of the banking book items is measured legally in accordance with the "Regulation on Measurement and Evaluation of Interest Rate Risk Arising from Banking Accounts via Standard Shock Method", published in the Official Gazette no. 28034 dated 23 August 2011, and the legal limit based on this measurement is monitored and reported monthly.

The interest rate risks of financial instruments on trading portfolio are considered within the scope of the market risk.

The following table presents the economic value differences arising from fluctuations in interest rates in accordance with the Regulation on Measurement and Evaluation of Interest Rate on Banking Accounts by Standard Shock, divided by different currencies as of 31 December 2020. Tax effects are excluded in the study.

Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
TL	500	(85,956)	(2.7%)
	(400)	80,789	2.6%
EURO	200	(45,759)	(1.5%)
	(200)	(4,993)	(0.2%)
USD	200	4,130	0.1%
	(200)	881	(0.0%)
<b>Total (for negative shocks)</b>		<b>74,915</b>	<b>2.4%</b>
<b>Total (for positive shocks)</b>		<b>(127,585)</b>	<b>(4.1%)</b>

## **ICBC TURKEY BANK A.Ş.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

#### **VI. Explanation and Footnotes on Consolidated Liquidity Risk**

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

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

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

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

Liquidity risk management is performed by Assets and Liability Committee (ALCO) 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. ALCO 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 ALCO 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 ALCO 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 FC 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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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### VI. Explanations and Footnotes on Consolidated Liquidity Risk (Continued)

Liquidity coverage ratios are calculated on a weekly and monthly basis as of 1 January 2015 in accordance with the Regulation on Banks' Liquidity Coverage Ratio Calculation published in the Official Gazette No. 28948 dated 21 March 2014 and are subject to legal reporting. Liquidity coverage ratios should be at least 80% in foreign currency assets and liabilities for 2020 and at least 100% in total assets and liabilities. The ratios in the table show the rates for the twelve months including the reporting period.

With its decision dated 26 March 2020 and numbered 8967, the BRSA granted an exemption from the obligations of reporting the liquidity coverage rates of development and investment banks to the Agency until 31 December 2020, in order to reduce the operational burden due to the COVID-19 epidemic process. Based on the aforementioned decision, weekly liquidity coverage ratio calculation was not performed for the period of 1 April - 30 December 2020.

Liquidity Coverage Ratios			FC Liquidity Coverage Ratio	Total Liquidity Coverage Ratio
31 December 2020			629.74%	372.88%
Average			605.45%	417.22%
	Min FC (%)	Min Sum (%)	Max FC (%)	Max Sum (%)
Month	16 December 2020	10 December 2020	17 November 2020	20 November 2020
Ratio (%)	371.69%	250.81%	824.27%	701.48%
31 December 2020				
	Unweighted Amounts <sup>(2)</sup>		Weighted Amounts <sup>(2)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			<b>7,781,515</b>	<b>6,397,774</b>
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers Deposits	6,432,691	4,870,636	600,172	486,640
Stable deposits	861,953	8,463	43,098	423
Less stable deposits	5,570,738	4,862,173	557,074	486,217
Unsecured Funding other than Retail and Small Business Customer Deposits	6,505,043	5,186,765	3,111,569	2,111,291
Operational Deposits	1,686	-	228	-
Non-Operational Funding	5,705,849	5,138,983	2,350,473	2,068,398
Other Unsecured Funding	797,508	47,782	760,868	42,893
Secured funding	-	-	-	-
Other Cash Outflows	892,225	807,456	787,436	734,388
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	717,577	685,676	717,577	685,676
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	174,648	121,780	69,859	48,712
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	333,992	302,159	16,700	15,108
Other irrevocable or conditionally revocable commitments	2,404,431	2,026,802	246,020	202,701
<b>TOTAL CASH OUTFLOWS</b>			<b>4,761,897</b>	<b>3,550,128</b>
<b>CASH INFLOWS</b>				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	2,161,737	1,975,379	2,084,325	1,944,107
Other Contractual Cash Inflows	664,946	657,050	664,946	657,050
<b>TOTAL CASH INFLOWS</b>	<b>2,862,683</b>	<b>2,632,429</b>	<b>2,749,271</b>	<b>2,601,157</b>
			<b>Upper Limit Applied Accounts</b>	
<b>TOTAL HIGH LIQUIDITY ASSETS</b>			<b>7,781,515</b>	<b>6,397,774</b>
<b>TOTAL NET CASH OUTFLOWS<sup>(1)</sup></b>			<b>2,012,625</b>	<b>948,972</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>386.64%</b>	<b>674.18%</b>

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

<sup>(2)</sup> Simple arithmetical average of the monthly consolidated liquidity coverage ratios of the fourth three months of 2020 was taken.



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VI. Explanations and Footnotes on Consolidated Liquidity Risk (Continued)

31 December 2019	Unweighted Amounts <sup>(1)</sup>		Weighted Amounts <sup>(2)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			<b>4,705,539</b>	<b>3,333,548</b>
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers Deposits	4,227,757	2,361,046	359,842	216,570
Stable deposits	1,258,675	390,687	62,934	19,534
Less stable deposits	2,969,082	1,970,359	296,908	197,036
Unsecured Funding other than Retail and Small Business Customer Deposits	5,571,519	4,059,590	2,470,674	1,680,539
Operational deposits	12,596	-	2,893	-
Non-Operational Funding	5,266,734	4,042,663	2,197,516	1,665,555
Other Unsecured Funding	292,189	16,927	270,265	14,984
Secured funding	-	-	-	-
Other Cash Outflows	960,025	917,513	924,143	904,183
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	900,222	895,296	900,222	895,296
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	59,803	22,217	23,921	8,887
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	274,707	269,417	13,735	13,471
Other irrevocable or conditionally revocable commitments	1,812,253	1,115,613	176,487	111,583
<b>TOTAL CASH OUTFLOWS</b>			<b>3,944,881</b>	<b>2,926,346</b>
<b>CASH INFLOWS</b>				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	2,273,378	1,987,979	2,201,150	1,961,888
Other Contractual Cash Inflows	241,283	218,834	241,283	218,834
<b>TOTAL CASH INFLOWS</b>	<b>2,514,661</b>	<b>2,206,813</b>	<b>2,442,433</b>	<b>2,180,722</b>
			<b>Upper Limit Applied Accounts</b>	
<b>TOTAL HIGH LIQUIDITY ASSETS</b>			<b>4,705,539</b>	<b>3,333,548</b>
<b>TOTAL NET CASH OUTFLOWS<sup>(1)</sup></b>			<b>1,502,448</b>	<b>745,624</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>313.19%</b>	<b>447.08%</b>

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

<sup>(2)</sup> Monthly simple arithmetic average of consolidated liquidity coverage ratios for the last three months of 2019 was taken.

There is an increase in the liquidity coverage ratio because of the loans provided from abroad by the Parent Bank in the 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. Deposits are the main fund resources while loans provided from abroad, 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.

# ICBC TURKEY BANK A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

### VI. Explanations and Footnotes on Consolidated Liquidity Risk (Continued)

#### Presentation of assets and liabilities according to their remaining maturities:

31 December 2020	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 Years	5 years and over	Undist. <sup>(1)</sup>	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	1,640,988	1,519,925	-	-	-	-	-	3,160,913
Banks	287,646	950,084	369,238	-	-	-	-	1,606,968
Financial Assets at Fair Value Through Profit or Loss <sup>(4)</sup>	36,205	1,250	-	246	-	-	-	37,701
Interbank Money Market Placements	-	504,390	-	-	-	-	-	504,390
Financial Assets at Fair Value Through Other Comprehensive Income	-	38,557	37,446	630,384	4,568,598	77,181	-	5,352,166
Loans	-	488,695	792,775	3,005,040	2,796,465	2,972,336	-	10,055,311
Financial Assets Measured at Amortised Cost	-	74,616	555,949	558,981	3,062,907	138,616	-	4,391,069
Other Assets	-	155,617	1,633	4,184	790	116,268	(205,827)	72,665
<b>Total Assets</b>	<b>1,964,839</b>	<b>3,733,134</b>	<b>1,757,041</b>	<b>4,198,835</b>	<b>10,428,760</b>	<b>3,304,401</b>	<b>(205,827)</b>	<b>25,181,183</b>
<b>Liabilities</b>								
Bank Deposits	87,036	92,512	-	-	-	-	-	179,548
Other Deposits	835,100	8,549,813	1,902,087	168,389	3,760	-	-	11,459,149
Funds Borrowed from Other Financial Institutions	-	-	1,564,486	3,914,728	2,612,624	2,202,640	-	10,294,478
Interbank Money Markets	-	697,700	-	-	-	-	-	697,700
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	54,859	106,261	15,820	18,964	35,997	2,318,407	2,550,308
<b>Total Liabilities</b>	<b>922,136</b>	<b>9,394,884</b>	<b>3,572,834</b>	<b>4,098,937</b>	<b>2,635,348</b>	<b>2,238,637</b>	<b>2,318,407</b>	<b>25,181,183</b>
<b>Net Liquidity Gap</b>	<b>1,042,703</b>	<b>(5,661,750)</b>	<b>(1,815,793)</b>	<b>99,898</b>	<b>7,793,412</b>	<b>1,065,764</b>	<b>(2,524,234)</b>	<b>-</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>(25,631)</b>	<b>(58,003)</b>	<b>(1,418)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(85,052)</b>
Derivative financial assets <sup>(3)</sup>	-	1,039,698	1,683,624	330,357	-	-	-	3,053,679
Derivative financial liabilities <sup>(3)</sup>	-	1,065,329	1,741,627	331,775	-	-	-	3,138,731
<b>Non-cash loans <sup>(2)</sup></b>	<b>571,067</b>	<b>310,488</b>	<b>349,075</b>	<b>931,702</b>	<b>7,244,532</b>	<b>4,685</b>	<b>-</b>	<b>9,411,549</b>
<b>31 December 2019</b>								
<b>Total Assets</b>	<b>1,312,026</b>	<b>4,789,404</b>	<b>1,444,637</b>	<b>2,478,484</b>	<b>6,448,521</b>	<b>2,010,713</b>	<b>(92,304)</b>	<b>18,391,481</b>
<b>Total Liabilities</b>	<b>691,949</b>	<b>8,008,950</b>	<b>1,449,995</b>	<b>469,392</b>	<b>3,677,584</b>	<b>1,818,293</b>	<b>2,275,318</b>	<b>18,391,481</b>
<b>Net Liquidity Gap</b>	<b>620,077</b>	<b>(3,219,546)</b>	<b>(5,358)</b>	<b>2,009,092</b>	<b>2,770,937</b>	<b>192,420</b>	<b>(2,367,622)</b>	<b>-</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>(2,236)</b>	<b>51</b>	<b>(34)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,219)</b>
Derivative financial assets <sup>(3)</sup>	-	1,062,581	29,148	3,554	-	-	-	1,095,283
Derivative financial liabilities <sup>(3)</sup>	-	1,064,817	29,097	3,588	-	-	-	1,097,502
<b>Non-cash loans <sup>(2)</sup></b>	<b>863,011</b>	<b>263,979</b>	<b>110,602</b>	<b>603,120</b>	<b>1,864,379</b>	<b>3,282,317</b>	<b>-</b>	<b>6,987,408</b>

<sup>(1)</sup> The balance sheet is composed of TL 121,262 of tangible and intangible assets, TL 1,095 of the stationary supplies, TL 3,143 of assets held for sale, TL (331,327) of expected loss provisions and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 203,998 TL, other liabilities amounting to TL 696,593 and equity amounting to TL 1,417,816 TL are included here.

<sup>(2)</sup> The non-cash loans given indefinitely are shown in the demand column.

<sup>(3)</sup> As of 31 December 2020, the spot purchase transactions amounting to TL 26,894 which are shown under TL Forward Asset Commitment / Sale Commitments account in the off-balance sheet accounts are included in the receivables from derivative financial instruments and valued spot foreign exchange transactions amounting to TL 26,992 are included in liabilities of derivative financial instruments (31 December 2019 : TL 7,573 and TL 7,587).

<sup>(4)</sup> Receivables from derivative transactions are included.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### VI. Explanation and Footnotes on Consolidated Liquidity Risk (Continued)

#### Collaterals on Risk Classes:

Risk Classification	Amount <sup>(**)</sup>	Financial Collaterals	Other/Tangible Collaterals	Guarantees and Credit Derivatives
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	7,529,189	532,845	-	-
Contingent and Non-Contingent Receivables from Regional Governments or Local Authorities	26,905	-	-	26,905
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Receivables from International organizations	-	-	-	-
Contingent and Non-Contingent Receivables from banks and Intermediaries	12,010,571	458,284	-	-
Contingent and Non-Contingent Corporate Receivables	10,081,232	60,834	-	66,554
Contingent and Non-Contingent Retail Receivables	117,955	18,367	-	-
Contingent and Non-Contingent Receivables Secured by Residential Property <sup>(*)</sup>	1,933,898	803	-	-
Non-Performing Receivables	9,824	-	-	-
Receivables Identified as High Risk by the Board	-	-	-	-
Secured by Mortgages	-	-	-	-
Securitization Positions	-	-	-	-
Short-term Receivables from Banks, Brokerage Houses and Corporates	-	-	-	-
Investments Similar to Collective Investment Funds	-	-	-	-
Stock Investment	-	-	-	-
Other Receivables	346,329	-	-	-
<b>Total</b>	<b>32,055,903</b>	<b>1,071,133</b>	<b>-</b>	<b>93,459</b>

<sup>(\*)</sup> According to Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, real estate mortgages used to determine the risk class have not been taken into account.

<sup>(\*\*)</sup> Includes the total amounts after the off-balance sheet conversion rates, before taking into account the effects of the Credit Risk Mitigation.

### VII. Explanations on Consolidated Leverage Ratio

Consolidated leverage ratio of the Parent Bank calculated based on 3 months average amounts is 4.05% as at 31 December 2020 (31 December 2019: 5.39%). This rate is above the minimum rate.

	Current Period 31 December 2020 <sup>(1)</sup>	Prior Period 31 December 2019 <sup>(1)</sup>
<b>On-Balance sheet exposures</b>		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	25,061,759	17,363,797
(Assets amounts deducted in determining Tier 1 capital)	( 174)	(181)
Total on-Balance sheet exposures	25,061,585	17,363,616
<b>Derivative financial instruments and credit derivatives</b>		
Replacements cost of derivative financial instruments and credit derivatives	-	-
Potential credit risk of derivative financial instruments and credit derivatives	29,700	7,724
Total derivative financial instruments and credit derivatives exposure	29,700	7,724
<b>Securities financial instruments and credit derivatives</b>		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	496,542	538
Agent transaction exposure	-	-
Total securities financing transactions exposures	496,542	538
<b>Off-balance sheet items</b>		
Off-balance sheet exposure at gross notional amount	10,043,577	7,045,035
(Adjustments for conversions to credit equivalent amounts)	-	-
Total risk of off-balance sheet items	10,043,577	7,045,035
<b>Capital and total exposure</b>		
Tier 1 capital	1,442,087	1,316,229
Total exposures	35,631,404	24,416,913
<b>Leverage ratio</b>	<b>4.05%</b>	<b>5.39%</b>

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

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **VIII. Explanations on Consolidated Securitization Position Risk**

As at 31 December 2020 and 31 December 2019, the Group has no share position risk arising from banking accounts.

#### **IX. Explanations on Consolidated Risk Management**

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

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

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

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

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

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

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

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**IX. Explanations on Consolidated Risk Management (Continued)**
**1. General Information on Consolidated Risk Management and Risk Weighted Amounts:**
**a) Overview of RWA:**

		Risk Weighted Amount		Minimum capital requirement
		Current Period 31 December 2020	Prior Period 31 December 2019	Current Period 31 December 2020
<b>1</b>	<b>Credit risk (excluding counterparty credit risk)</b>	<b>18,223,670</b>	<b>15,881,894</b>	<b>1,457,894</b>
2	Standardised approach	18,223,670	15,881,894	1,457,894
3	Internal rating-based approach	-	-	-
<b>4</b>	<b>Counterparty credit risk</b>	<b>156,494</b>	<b>143,657</b>	<b>12,520</b>
5	Standardised approach for counterparty credit risk	156,494	143,657	12,520
6	Internal model method	-	-	-
<b>7</b>	<b>Basic risk weight approach to internal models equity position in the banking account</b>	-	-	-
<b>8</b>	<b>Investments made in collective investment companies - look-through approach</b>	-	-	-
<b>9</b>	<b>Investments made in collective investment companies - mandate-based approach</b>	-	-	-
<b>10</b>	<b>Investments made in collective investment companies - 1250% weighted risk approach</b>	-	-	-
<b>11</b>	<b>Settlement risk</b>	-	-	-
<b>12</b>	<b>Securitization positions in banking accounts</b>	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB Supervisory Formula Approach	-	-	-
15	SA/simplified supervisory formula approach	-	-	-
<b>16</b>	<b>Market risk</b>	<b>630,313</b>	<b>359,607</b>	<b>50,425</b>
17	Standardised approach	630,313	359,607	50,425
18	Internal model approaches)	-	-	-
<b>19</b>	<b>Operational risk</b>	<b>953,904</b>	<b>769,103</b>	<b>76,312</b>
20	Basic Indicator Approach	953,904	769,103	76,312
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
<b>23</b>	<b>The amount of the discount threshold under the equity (subject to a 250% risk weight)</b>	-	-	-
<b>24</b>	<b>Floor adjustment</b>	-	-	-
<b>25</b>	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>19,964,381</b>	<b>17,154,261</b>	<b>1,597,151</b>

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**IX. Explanations on Consolidated Risk Management (Continued)**
**2. Connections between Financial Statements and Risk Amounts**

a) Differences between accounting consolidation and legal consolidation scope and matching:

	Carrying values of items in accordance with Turkish Accounting Standards					
	Carrying values in financial statements	Subject to Credit Risk	Subject to Counterparty credit risk	Subject to Securitization positions	Subject to Market Risk	Not subject to capital requirements or subject to deduction from capital
<b>Current Period – 31 December 2020</b>						
<b>Assets</b>						
Cash and Cash Equivalents	5,272,271	5,272,271	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	36,205	-	-	-	-	-
Financial Assets at Fair Value Through Other						
Comprehensive Income	5,352,166	5,352,166	-	-	-	-
Financial Assets Measured at Amortised Cost	4,391,069	4,391,069	-	-	-	-
Derivative Financial Asset	1,496	-	30,311	-	3,041,252	-
Non-Performing Asset	-	-	-	-	-	-
Expected Loss Provisions (-)	6,048	6,048	-	-	-	-
Loans (Net)	10,009,568	10,009,568	-	-	-	-
Loans	10,055,311	10,055,311	-	-	-	-
Leasing Receivables	-	-	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non-Performing Loans	45,743	45,743	-	-	-	-
Expected Credit Loss (-)	324,032	324,032	-	-	-	-
Assets Held For Sale And Discontinued Operations (Net)	-	-	-	-	-	-
Equity Investment	-	-	-	-	-	-
Tangible assets (Net)	113,423	113,423	-	-	-	-
Intangible assets (Net)	7,839	-	-	-	-	7,839
Investment Property (Net)	-	-	-	-	-	-
Current Tax Asset	19	19	-	-	-	-
Deferred Tax Asset	116,269	116,269	-	-	-	-
Other Assets (Net)	165,195	165,195	-	-	-	4,545
<b>Total Assets</b>	<b>25,181,183</b>	<b>25,135,643</b>	<b>30,311</b>	<b>-</b>	<b>3,041,252</b>	<b>12,384</b>
<b>Liabilities</b>						
Deposits	11,638,697	-	-	-	-	-
Funds Borrowed	8,091,838	-	-	-	-	-
Money Market Funds	697,700	1,062,222	126,183	-	-	-
Marketable Securities Issued (Net)	-	-	-	-	-	-
Funds	-	-	-	-	-	-
Financial Liabilities At Fair Value Through P/L	-	-	-	-	-	-
Derivative Financial Liabilities	89,955	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-
Lease Liabilities (Net)	72,700	-	-	-	-	-
Provisions	203,998	-	-	-	-	-
Current Tax Liability	69,246	-	-	-	-	-
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	2,202,640	-	-	-	-	-
Other Liabilities	696,593	-	-	-	-	-
Equity	1,417,816	-	-	-	-	-
<b>Total Liabilities</b>	<b>25,181,183</b>	<b>1,062,222</b>	<b>126,183</b>	<b>-</b>	<b>-</b>	<b>-</b>

**ICBC TURKEY BANK A.Ş.**
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

**IX. Explanations on Consolidated Risk Management (Continued)**
**2. Connections between Financial Statements and Risk Amounts (continued):**

a) Differences between accounting consolidation and legal consolidation scope and matching (Continued):

Carrying values of items in accordance with Turkish Accounting Standards						
Prior Period – 31 December 2019	Carrying values in financial statements	Subject to Credit Risk	Subject to Counterparty credit risk	Subject to Securitization positions	Subject to Market Risk	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>						
Cash and Cash Equivalents	4,558,561	4,558,561	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	16,613	-	-	-	-	-
Financial Assets at Fair Value Through Other						
Comprehensive Income	1,803,706	1,803,706	-	-	-	-
Financial Assets Measured at Amortised Cost	2,891,227	2,891,227	-	-	-	-
Derivative Financial Asset	669	-	11,373	-	1,089,547	-
Non-Performing Asset	-	-	-	-	-	-
Expected Loss Provisions (-)	15,511	15,511	-	-	-	-
Loans (Net)	8,923,987	8,923,987	-	-	-	-
Loans	9,132,429	9,132,429	-	-	-	-
Leasing Receivables	-	-	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non-Performing Loans	168,054	168,054	-	-	-	-
Expected Credit Loss (-)	208,442	208,442	-	-	-	-
Assets Held For Sale And Discontinued Operations (Net)	-	-	-	-	-	-
Equity Investment	-	-	-	-	-	-
Tangible assets (Net)	118,559	118,559	-	-	-	-
Intangible assets (Net)	8,194	-	-	-	-	8,194
Investment Property (Net)	-	-	-	-	-	-
Current Tax Asset	215	215	-	-	-	-
Deferred Tax Asset	30,918	30,918	-	-	-	-
Other Assets (Net)	38,832	38,832	-	-	-	2,966
<b>Total Assets</b>	<b>18,391,481</b>	<b>18,366,005</b>	<b>11,373</b>	<b>-</b>	<b>1,089,547</b>	<b>11,160</b>
<b>Liabilities</b>						
Deposits	9,966,762	-	-	-	-	-
Funds Borrowed	4,238,007	-	-	-	-	-
Money Market Funds	18,841	679,534	132,284	-	-	-
Marketable Securities Issued (Net)	-	-	-	-	-	-
Funds	-	-	-	-	-	-
Financial Liabilities At Fair Value Through P/L	-	-	-	-	-	-
Derivative Financial Liabilities	3,930	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-
Lease Liabilities (Net)	82,288	-	-	-	-	-
Provisions	131,149	-	-	-	-	-
Current Tax Liability	23,915	-	-	-	-	-
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	1,782,420	-	-	-	-	-
Other Liabilities	814,857	-	-	-	-	-
Equity	1,329,312	-	-	-	-	-
<b>Total Liabilities</b>	<b>18,391,481</b>	<b>679,534</b>	<b>132,284</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**IX. Explanations on Consolidated Risk Management (Continued)**
**2. Connections between Financial Statements and Risk Amounts (continued):**

b) Main Sources of Differences between the Risk Amounts and the Valuation Amounts in the Financial Statements in accordance with TAS:

<b>Current Period – 31 December 2020</b>		<b>Total</b>	<b>Subject to credit risk</b>	<b>Securitization positions</b>	<b>Subject to counterparty credit risk</b>	<b>Subject to market Risk</b>
<b>1</b>	<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>25,181,183</b>	<b>24,118,961</b>	-	<b>30,311</b>	<b>3,041,252</b>
2	Liabilities carrying value amount under regulatory scope of consolidation	-	1,062,222	-	126,183	-
<b>3</b>	<b>Total net amount under regulatory scope of consolidation</b>	<b>25,181,183</b>	<b>25,181,183</b>	-	<b>156,494</b>	<b>3,041,252</b>
4	Off-balance Sheet Amounts	15,725,642	7,236,140	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	-	-
<b>10</b>	<b>Risk amounts</b>	<b>40,906,825</b>	<b>32,417,323</b>	-	<b>156,494</b>	<b>3,041,252</b>
<b>Previous Period – 31 December 2019</b>		<b>Total</b>	<b>Subject to credit risk</b>	<b>Securitization positions</b>	<b>Subject to counterparty credit risk</b>	<b>Subject to market Risk</b>
<b>1</b>	<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>18,391,481</b>	<b>18,391,481</b>	-	<b>11,373</b>	<b>1,089,547</b>
2	Liabilities carrying value amount under regulatory scope of consolidation	-	679,534	-	132,284	-
<b>3</b>	<b>Total net amount under regulatory scope of consolidation</b>	<b>18,391,481</b>	<b>19,061,051</b>	-	<b>143,657</b>	<b>1,089,547</b>
4	Off-balance Sheet Amounts	9,298,984	5,829,085	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	-	-
<b>10</b>	<b>Risk amounts</b>	<b>27,690,465</b>	<b>24,890,136</b>	-	<b>143,657</b>	<b>1,089,547</b>

**3. Explanation of credit risk:**

a) Credit quality of assets:

<b>Gross carrying value as per TAS</b>			<b>Allowances/ amortization and impairments</b>	
	<b>Defaulted</b>	<b>Non-defaulted</b>		<b>Net values</b>
1 Loans	45,743	10,009,568	294,462	9,760,849
2 Debt instruments	-	9,743,235	29,571	9,713,664
3 Off-balance sheet exposures	7,070	9,579,907	65,217	9,521,760
<b>4 Total</b>	<b>52,813</b>	<b>29,332,710</b>	<b>389,250</b>	<b>28,996,273</b>

b) Changes in Stock of Default Loans and Debt Securities:

1	Defaulted loans and debt securities at end of the previous reporting period	<b>168,054</b>	<b>168,054</b>
2	Loans and debt securities defaulted since the last reporting period	18,264	18,264
3	Receivables back to non-defaulted status	-	-
4	Amounts written off	17,284	17,284
5	Other changes	(123,291)	(123,291)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>45,743</b>	<b>45,743</b>



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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

### IX. Explanations on Consolidated Risk Management (Continued)

#### 3. Explanation of credit risk: (Continued)

c) Credit risk mitigation techniques – overview:

	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans	9,926,679	55,984	55,984	26,905	26,905	-	-
2 Debt Instruments	9,713,664	-	-	-	-	-	-
3 Total	19,640,343	55,984	55,984	26,905	26,905	-	-
4 Of which defaulted	45,743	-	-	-	-	-	-

d) Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk:

To determine the risk weights of receivables from central governments or from central banks and risk weights of receivables from banks and intermediary institutions specified in Article 6 of the Regulation on the Measurement and Assessment of Capital Adequacy of Banks, the application of rotation in Japan Credit Rating Agency (JCR) degrees, which has been used as of 31 October 2016. The degrees of the international credit rating agency Islamic International Rating Agency (IIRA) had been used since April 30, 2020. In this context, the note set for Turkey's rating countries of long-term foreign currency, the Republic of Turkey in foreign currency securities issued by the Treasury, all other foreign currency risk associated with the Republic of Turkey and the Central Government and on the opposite side of the incoming international limited is countered by resident banks, which will have risk weights are determined. The matching of "Credit Quality Levels" corresponding to IIRA degrees and Japan Credit Rating Agency (JCR), which was abandoned to use, is shared with the table below:

Islamic International Rating Agency	Credit Quality Level	Fitch Ratings
AAA to AA-	1	AAA to AA-
A+ to A-	2	A+ to A-
BBB+ to BBB	3	BBB+ to BBB
BB+ to BB-	4	BB+ to BB-
B+ to B-	5	B+ to B-
CCC and lower	6	CCC+ and lower

In order to ensure that the credit risk is not concentrated on the customers whose credibility is relatively low, the credits made available to the customers are classified based on the risk rating scores of the customers utilizing such credits. The amount of the credit risk which may be taken in the certain risk degrees is limited to the definite rates of the total credits. In this frame, within risk appetite, based on external ratings country risk limits and counterparty abroad financial institution risk limits are defined.

e) Standard Approach - Exposure to credit risk and credit risk mitigation risks:

		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Risk Classifications		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Claims on sovereigns and Central Banks	7,529,189	-	7,529,189	-	60,030	0%
2	Claims on regional governments or local authorities	26,905	-	26,905	-	-	0%
3	Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	0%
4	Claims on multilateral development banks	-	-	-	-	-	0%
5	Claims on international organizations	-	-	-	-	-	0%
6	Claims on banks and intermediary institutions	8,713,961	3,876,891	8,713,961	3,296,610	7,141,093	39%
7	Claims on corporates	6,293,277	4,745,243	6,293,277	3,787,955	9,857,080	54%
8	Claims included in the regulatory retail portfolios	95,550	107,444	95,550	22,405	77,643	0%
9	Claims secured by residential property	381,096	1,519	381,096	304	133,305	1%
10	Claims secured by commercial property	1,423,632	258,018	1,423,632	128,866	838,294	5%
11	Overdue loans	9,824	-	9,824	-	9,540	0%
12	Higher risk categories decided by the Board	-	-	-	-	-	0%
13	Secured by mortgages	-	-	-	-	-	0%
14	Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	0%
15	Undertakings for collective investments in mutual funds	-	-	-	-	-	0%
16	Other receivables	346,329	-	346,329	-	262,132	1%
17	Equity share investments	-	-	-	-	-	0%
18	Total	24,819,763	8,989,115	24,819,763	7,236,140	18,379,117	100%

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**IX. Explanations on Consolidated Risk Management (Continued)**

**3. Explanation of credit risk (Continued):**

f) Standard Approach - Receivables by risk classes and risk weights:

<b>Risk weight / Risk Classifications</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50% (Guaranteed with Real Estate Mortgage)</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total Risk Amount (After Credit Conversion Rate and Credit Risk Reduction)</b>
Exposures to central governments or central banks	7,529,189	-	-	-	-	-	-	-	7,529,189
Exposures to regional governments or local authorities	-	-	-	26,905	-	-	-	-	26,905
Exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organisations	-	-	-	-	-	-	-	-	-
Exposures to banks and institutions	99	-	1,235,579	7,256,663	-	3,518,230	-	-	12,010,571
Exposures to corporates	-	-	-	295,147	-	9,786,085	-	-	10,081,232
Retail exposures	-	-	-	-	117,955	-	-	-	117,955
Exposures secured by residential property	-	-	-	-	-	-	-	381,400	381,400
Exposures secured by commercial real estate	-	-	-	1,428,341	-	124,157	-	-	1,552,498
Overdue loans	-	-	-	2,262	-	5,865	1,697	-	9,824
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-
Other receivables	84,197	-	-	-	-	262,132	-	-	346,329
Equity share investments	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7,613,485</b>	<b>-</b>	<b>1,235,579</b>	<b>9,009,318</b>	<b>117,955</b>	<b>13,696,469</b>	<b>1,697</b>	<b>381,400</b>	<b>32,055,903</b>

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**IX. Explanations on Consolidated Risk Management (Continued)**

**4. Analysis of counterparty credit risk (CCR) exposure by approach**

a) Evaluation of counterparty credit risk according to measurement methods:

<b>31 December 2020</b>	<b>Replacement cost</b>	<b>Potential future exposure</b>	<b>EEPE</b>	<b>Alpha used for computing regulatory Exposure at Default</b>	<b>Exposure at Default post-CRM</b>	<b>RWA</b>
Standard Approach-CCR (for derivatives)	1,521	30,403	-	1.4	31,924	30,311
Internal Model Method (Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	1,062,222	126,183
<b>Total</b>	<b>1,521</b>	<b>30,403</b>	<b>-</b>		<b>1,094,146</b>	<b>156,494</b>

b) Credit valuation adjustment (CVA) capital charge:

<b>31 December 2020</b>	<b>EAD (post-CRM)</b>	<b>RWA</b>
Total portfolios subject to the Advanced CVA capital charge	-	-
1 (i) VaR component (including the 3×multiplier)	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-
3 All portfolios subject to the Standardized CVA capital charge	30,311	867
4 Total subject to the CVA capital charge	30,311	867

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**IX. Explanations on Consolidated Risk Management (Continued)**

**4. Analysis of counterparty credit risk (CCR) exposure by approach (Continued):**

c) Standardized approach – CCR exposures by regulatory portfolio and risk weights:

<b>Risk Weight /Regulatory Portfolio</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total Credit Risk <sup>(1)</sup></b>
Claims from central governments and central banks	537,493	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from banks and intermediary institutions	-	-	300,149	667	-	96,131	-	-	156,494
Corporates	-	-	-	-	-	-	-	-	-
Retail portfolios	-	-	-	-	-	-	-	-	-
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>537,493</b>	<b>-</b>	<b>300,149</b>	<b>667</b>	<b>-</b>	<b>96,131</b>	<b>-</b>	<b>-</b>	<b>156,494</b>

<sup>(1)</sup> The amount related to the capital adequacy calculation after the counterparty credit risk measurement techniques are applied.

d) Collaterals for counterparty credit risk: None.

e) Credit derivatives: None.

f) Exposures to central counterparties (CCP): None.

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**IX. Explanations on Consolidated Risk Management (Continued)****5. Securitization Explanations**

None.

**6. Explanations on Market Risk**

The Parent Bank’s risk management operations, which are determined by the Board of Directors, are in line with the “Regulation of Internal Bank Systems” and “Regulation of Capital Adequacy Measurement and Evaluation”. In order to comply with the Regulations, the Bank’s operations regarding the market risk are administrated in line with the “Regulation of Internal Bank Systems” and “Regulation of Capital Adequacy Measurement and Evaluation”.

Board of Directors monitors the efficiency of risk administration systems by evaluations of the Audit Committee, Management and Early Detection of Risk Committee as well as upper management’s opinions and other miscellaneous reports.

The Parent Bank’s risk policies and risk administration policies for the encountered market risk are being approved by the board of directors and reviewed on a regular basis. Market risk is measured and limited in compliance with international standards and capital requirements are calculated accordingly in addition to it is managed by hedging instruments to eliminate the risk.

The market risk of portfolios held for trading is calculated using the standard method and the value at risk (“VaR”) methods. Standard method calculations are made on a monthly basis which is used for calculating the capital adequacy generally accepted three methods (variance, covariance, historical simulation, monte carlo). VaR calculations are performed on a daily basis using the historical simulation (EWMA) method. VaR calculations are made using the past 1 year data with 99% assurance and 1 day holding period (10 days for legal capital calculation). All positions in the trading portfolio are set a daily risk limit and nominal position limits and all these limits are monitored and reported to upper management. In addition, trading portfolio, value at risk increase and limit comply situations are reported to Active Passive Committee every two weeks and to upper management and Management and Early Detection of Risk Committee every three months. VaR model is tested on a backward basis to ensure reliability. In order to limit market risk, in addition to VaR and nominal position limits, there are stop loss limits on trading portfolio that are approved by the board of directors.

**a) Standard Approach:**

		<b>RWA</b>
<b>Outright products</b>		
1	Interest rate risk (general and specific)	118,488
2	Equity risk (general and specific)	108,512
3	Foreign exchange risk	403,313
4	Commodity risk	-
<b>Options</b>		-
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitization	-
<b>9</b>	<b>Total</b>	<b>630,313</b>

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**X. Explanations on Presentation of Financial Assets and Liabilities at Their Fair Value**

Investment securities in current period includes only marketable interest bearing assets. Market/fair/current value of marketable assets is defined based on quoted market prices for other securities, which are subject to redemption in the same nature with respect to interest, maturity and other conditions, if the market price or this price cannot be defined.

Estimated fair value of demand deposit states the amount which shall be paid on demand. Fair value of adjustable-rate placements and overnight deposit states the book value. Estimated fair value of fixed rate is calculated through determination of cash flow discounted via using money market interest rates which is applicable to similar credit risk and other debts having with a remaining redemption. Fair value of credits is calculated through determination of cash flow discounted via using money market interest rates which is applicable to similar credit risk and other debts having with a remaining redemption. Fair value states the book value since the other debts are short-termed.

In the table below; fair values and carrying values of some of the financial assets and liabilities are presented.

	Carrying value	Fair value
	31 December 2020	31 December 2020
<b>Financial Assets</b>	<b>21,909,904</b>	<b>21,937,770</b>
Interbank money market	504,390	504,390
Banks	1,606,968	1,606,968
Financial Assets at Fair Value Through Other Comprehensive Income	5,352,166	5,352,356
Financial Assets measured at amortized cost	4,391,069	4,391,069
Loans and receivables	10,055,311	10,082,987
<b>Financial Liabilities</b>	<b>22,629,768</b>	<b>23,450,866</b>
Bank deposits	179,548	179,548
Other deposits	11,459,149	12,301,256
Funds borrowed from other financial institutions	10,294,478	10,273,469
Bonds Issued	-	-
Other debts	696,593	696,593
	Carrying value	Fair value
	31 December 2019	31 December 2019
<b>Financial Assets</b>	<b>16,327,979</b>	<b>16,425,599</b>
Interbank Money Market	662,583	662,583
Banks	1,838,034	1,838,034
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	1,803,706	1,803,706
Financial Assets Measured at Amortized Cost (Net)	2,891,227	2,965,212
Loans and Receivables	9,132,429	9,156,064
<b>Financial Liabilities</b>	<b>16,802,046</b>	<b>17,381,119</b>
Bank Deposits	176,458	176,458
Other Deposits	9,790,304	10,372,229
Funds Borrowed from Other Financial Institutions	6,020,427	6,017,575
Bonds Issued	-	-
Other Debts	814,857	814,857

# ICBC TURKEY BANK A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

### X. Explanations on Presentation of Financial Assets and Liabilities at Their Fair Value (Continued)

"IFRS 7: Financial Instruments – Disclosures" describes classifications of valuation techniques based on observability of data used in valuation techniques which are basis for fair value measurements. Classification of fair values is defined as follows.

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The table below presents the classification of fair values of financial instruments carried at fair value:

31 December 2020	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>	<b>889,642</b>	<b>4,500,225</b>	-	<b>5,389,867</b>
<b>Financial Assets At Fair Value Through Profit/Loss</b>	<b>36,205</b>	<b>1,496</b>	-	<b>37,701</b>
Equity Instruments	14,359	-	-	14,359
Public Debt Securities	-	-	-	-
Derivative Financial Assets at Fair Value Through Profit or Loss	-	1,496	-	1,496
Other Financial Assets	21,846	-	-	21,846
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>853,437</b>	<b>4,498,729</b>	-	<b>5,352,166</b>
Equity Instruments	-	-	-	-
Government Debt Securities	853,437	-	-	853,437
Other Financial Assets	-	4,498,729	-	4,498,729
<b>Financial Liabilities</b>	-	<b>89,955</b>	-	<b>89,955</b>
Derivative financial liabilities	-	89,955	-	89,955

31 December 2019	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>	<b>1,330,322</b>	<b>490,666</b>	-	<b>1,820,988</b>
<b>Financial Assets At Fair Value Through Profit/Loss</b>	<b>39</b>	<b>17,243</b>	-	<b>17,282</b>
Equity Instruments	39	-	-	39
Government Debt Securities	-	-	-	-
Derivative Financial Assets at Fair Value Through Profit or Loss	-	16,574	-	16,574
Other Financial Assets	-	669	-	669
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>1,330,283</b>	<b>473,423</b>	-	<b>1,803,706</b>
Equity Instruments	10,057	-	-	10,057
Government Debt Securities	1,320,226	-	-	1,320,226
Other Financial Assets	-	473,423	-	473,423
<b>Financial Liabilities</b>	-	<b>3,930</b>	-	<b>3,930</b>
Derivative financial liabilities	-	3,930	-	3,930

### Explanations on presentation of non-financial assets and liabilities at their fair value

The Parent Bank shows the buildings, included in tangible assets, over their fair values. The aforementioned fair value valuations are classified as level 3. Fair value of buildings is determined by an independent valuation company authorized by BRSA and Capital Markets Board of Turkey.

# ICBC TURKEY BANK A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

### XI. Explanations and Footnotes on Consolidated Segment Reporting

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

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

Treasury department consists 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 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 and Services are also within the activities of retail banking.

#### Information related to the Group's segments:

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.

31 December 2020	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group's Total Operations
Operating Income	99,993	447,559	317,885	865,437
Net profit of segment	41,111	390,245	(301,214)	130,142
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	41,111	390,245	(301,214)	130,142
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	41,111	390,245	(301,214)	130,142
Tax provision (-)	-	-	39,211	39,211
Profit / (Loss) after tax	41,111	390,245	(340,425)	90,931
<b>Net Profit/ (Loss)</b>	<b>41,111</b>	<b>390,245</b>	<b>(340,425)</b>	<b>90,931</b>
Segment assets <sup>(1)</sup>	545,506	13,680,789	10,954,888	25,181,183
Associate and subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>545,506</b>	<b>13,680,789</b>	<b>10,954,888</b>	<b>25,181,183</b>
Segment liabilities <sup>(1)</sup>	6,521,744	5,555,603	11,686,020	23,763,367
Equity	-	-	1,417,816	1,417,816
<b>Total Liabilities</b>	<b>6,521,744</b>	<b>5,555,603</b>	<b>13,103,836</b>	<b>25,181,183</b>
<b>Other Segment Items</b>	<b>2,492</b>	<b>12,529</b>	<b>195,509</b>	<b>210,530</b>
Capital expenditure	-	-	(52,851)	(52,851)
Amortization	1,523	1,217	31,962	34,702
Impairment losses <sup>(2)</sup>	969	11,312	216,398	228,679

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 54.3% for corporate banking, 2.2% for retail banking, 43.5% for treasury, investment banking and others segment. Gross income (operational income) of the Group is distributed between corporate banking, treasury, investment banking and others segment and retail banking as 52%, 37%, and 11%, respectively.



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**XI. Explanations and Footnotes on Consolidated Segment Reporting (Continued)**
**Information related to the segments of the Group (Continued):**

<b>31 December 2019</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Treasury, Investment Banking and Others</b>	<b>Group's Total Operations</b>
Operating Income	29,803	282,038	312,967	624,808
Net profit of segment	(25,619)	147,586	(417)	121,550
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	(25,619)	147,586	(417)	121,550
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	(25,619)	147,586	(417)	121,550
Tax provision (-)	-	-	50,040	50,040
Profit / (Loss) after tax	(25,619)	147,586	(50,457)	71,510
<b>Net Profit/(Loss)</b>	<b>(25,619)</b>	<b>147,586</b>	<b>(50,457)</b>	<b>71,510</b>
Segment Assets <sup>(1)</sup>	633,938	7,802,912	9,954,631	18,391,481
Associates and Subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>633,938</b>	<b>7,802,912</b>	<b>9,954,631</b>	<b>18,391,481</b>
Segment Liabilities <sup>(1)</sup>	4,369,281	5,614,530	7,078,358	17,062,169
Equity	-	-	1,329,312	1,329,312
<b>Total Liabilities</b>	<b>4,369,281</b>	<b>5,614,530</b>	<b>8,407,670</b>	<b>18,391,481</b>
<b>Other Segment Items</b>	<b>1,795</b>	<b>87,946</b>	<b>68,326</b>	<b>158,067</b>
Capital Investment	-	-	28,415	28,415
Amortization	1,022	931	31,339	33,292
Value Decrease <sup>(2)</sup>	773	87,015	8,572	96,360

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in prior period as; 42% for corporate banking, 4% for retail banking, 54% for treasury, investment banking and others segment. Gross income (operational income) of the Group is distributed between corporate banking, treasury, investment banking and others segment and retail banking as 45%, 50%, and 5%, respectively.

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

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Cash	15,781	69,067	15,274	37,085
Central Bank of the Republic of Turkey (CBRT) <sup>(1)</sup>	97,704	2,978,361	120,143	1,900,953
Others	-	-	-	-
<b>Total</b>	<b>113,485</b>	<b>3,047,428</b>	<b>135,417</b>	<b>1,938,038</b>

<sup>(1)</sup> As at 31 December 2020 and 31 December 2019, the Parent Bank does not keep precious metals as reserve deposits at CBRT.**b) Information related to the account of the Central Bank of Turkey:**

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Unrestricted Demand Deposits <sup>(1)</sup>	97,704	1,458,436	120,143	959,988
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	1,519,925	-	940,965
<b>Total</b>	<b>97,704</b>	<b>2,978,361</b>	<b>120,143</b>	<b>1,900,953</b>

<sup>(1)</sup> As at 31 December 2020 and 31 December 2019, the Parent Bank does not keep precious metals as reserve deposits at CBRT.**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/or standard gold. Interest payments are made to required reserves held as TL as at November 2014 and required reserves held as USD as at May 2015, reserve options and free/open accounts.

The reserve rates for TL liabilities vary between 1% and 6% due their maturity profile as at 31 December 2020 (31 December 2019: between 1% and 7%); the reserve rates for foreign currency liabilities vary between 5% and 22% (31 December 2019: between 5% and 21%).

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

As at 31 December 2020 and 31 December 2019, the financial assets at fair value through profit or loss are kept under unrestricted account.

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

**2. Financial assets at fair value through profit or loss (net) (Continued):**

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

Table of positive differences related to derivative financial assets at fair value through profit/loss:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Forward transactions	314	247	324	116
Swap transactions	-	935	171	35
Futures transactions	-	-	-	-
Options	-	-	23	-
Other	-	-	-	-
<b>Total</b>	<b>314</b>	<b>1,182</b>	<b>518</b>	<b>151</b>

**3. Information on banks:**

a) Information on banks;

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	2,592	1,331,622	1,115	1,691,394
Foreign	-	272,754	-	145,525
Foreign Offices and Branches	-	-	-	-
<b>Total</b>	<b>2,592</b>	<b>1,604,376</b>	<b>1,115</b>	<b>1,836,919</b>

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
EU Countries	35,792	16,816	-	-
USA, Canada	152,134	110,618	-	-
OECD Countries <sup>(1)</sup>	3,060	8,037	-	-
Off shore banking regions	-	-	-	-
Other	81,768	10,054	-	-
<b>Total</b>	<b>272,754</b>	<b>145,525</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> OECD countries except for the EU countries, the USA and Canada.

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

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

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

Financial assets measured at amortized cost:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Given as collateral or blocked	401,444	180,440	704,702	191,784
Subject to repurchase agreements	176,641	-	-	-
<b>Total</b>	<b>578,085</b>	<b>180,440</b>	<b>704,702</b>	<b>191,784</b>

As of 31 December 2020, financial assets at fair value through other comprehensive income other than those given as collaterals or subject to repurchase agreements amounting to TL 4,593,641 are unrestricted (31 December 2019: TL 907,220).

Financial Assets with Fair Value Difference Reflected in Other Comprehensive Income includes loans of TL 4,185,757 (31 December 2019: None).

Related loans are monitored as financial assets whose fair value difference is reflected to other comprehensive income within the scope of TFRS 9. The fair value of this loan was determined by taking into account the discounted cash flows, similar market multipliers, similar transaction multipliers in the same sector and market value average. Related loans are monitored as Level 2 within the scope of TFRS 13 Fair Value Measurement Standard.

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

	31 December 2020	31 December 2019
Debt instruments	1,176,791	1,848,637
Listed	861,645	1,373,848
Unlisted	315,146	474,789
Equity instruments	-	10,057
Listed	-	-
Unlisted	-	10,057
Impairment provision (-) / charge (+)	10,382	54,988
<b>Total</b>	<b>1,166,409</b>	<b>1,803,706</b>

**ICBC TURKEY BANK A.Ş.**

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

**5. Information related to loans:**

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

	31 December 2020		31 December 2019	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	3,867	997,502	-	567,918
Corporate shareholders	3,867	997,502	-	567,918
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	3,962	-	2,782	-
<b>Total</b>	<b>7,829</b>	<b>997,502</b>	<b>2,782</b>	<b>567,918</b>

b) Information on the standard and under the close monitoring loans with restructured loans under close monitoring:

Cash Loans	Loans Under Close Monitoring			
	Standard Loans	Loans Not Subject to restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	9,399,274	569,686	38,831	1,777
Enterprise loans	4,530,485	-	-	1,611
Export loans	593,763	397	38,831	-
Import loans	-	-	-	-
Loans given to financial sector	1,481,499	-	-	-
Consumer loans	523,627	2,149	-	166
Credit cards	15,483	69	-	-
Other	2,254,417	567,071	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>9,399,274</b>	<b>569,686</b>	<b>38,831</b>	<b>1,777</b>

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

**5. Information related on loans (Continued):**

b) Information on the standard and under the close monitoring loans with restructured loans under close monitoring (continued):

	31 December 2020		31 December 2019	
	Standard Loans	Loans under close monitoring	Standard Loans	Loans under close monitoring
<b>Allowances for Expected Credit Losses on Stage 1 and 2</b>				
12 Months Expected Loss Provision	54,822	-	43,362	-
Significant Increase in Credit Risk	-	203,719	-	48,823
<b>Total</b>	<b>54,822</b>	<b>203,719</b>	<b>43,362</b>	<b>48,823</b>

	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
<b>Number of Amendments Related to the Extension of the Payment Plan</b>		
Extended by 1 or 2 Times	8,843	274,805
Extended by 3, 4 or 5 Times	-	-
Extended by More than 5 Times	-	-

	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
<b>The Time Extended via the Amendment on Payment Plan</b>		
Up to 6 Months	5,433	212,688
6 Months - 12 Months	538	40,715
1-2 Years	777	8,712
2-5 Years	1,613	12,690
5 Years and Over	482	-

c) Distribution of cash loans by maturity:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Changes to the Extension of the Payment Plan	Loans and Other Receivables	Changes to the Extension of the Payment Plan
<b>Cash Loans</b>				
Short Term Loans and Other Receivables	4,312,440	-	801	38,831
Midterm and Long Term Loans and Other Receivables	5,086,834	-	568,885	1,777
<b>Total</b>	<b>9,399,274</b>	<b>-</b>	<b>569,686</b>	<b>40,608</b>

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

**5. Information related on loans (Continued):**

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

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>8,528</b>	<b>510,370</b>	<b>518,898</b>
Mortgage Loans	100	393,280	393,380
Automotive Loans	65	7,266	7,331
Consumer Loans	8,363	109,824	118,187
Other	-	-	-
<b>Consumer Loans – Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards – TL</b>	<b>13,471</b>	<b>-</b>	<b>13,471</b>
With Installment	3,508	-	3,508
Without Installment	9,963	-	9,963
<b>Consumer Credit Cards – FC</b>	<b>152</b>	<b>-</b>	<b>152</b>
With Installment	-	-	-
Without Installment	152	-	152
<b>Personnel Loans – TL</b>	<b>420</b>	<b>2,332</b>	<b>2,752</b>
Mortgage Loans	-	190	190
Automotive Loans	-	-	-
Consumer Loans	420	2,142	2,562
Other	-	-	-
<b>Personnel Loans – Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>1,174</b>	<b>-</b>	<b>1,174</b>
With Installment	433	-	433
Without Installment	741	-	741
<b>Personnel Credit Cards – FC</b>	<b>36</b>	<b>-</b>	<b>36</b>
With Installment	-	-	-
Without Installment	36	-	36
<b>Credit Deposit Account – TL (Real Person)</b>	<b>3,888</b>	<b>-</b>	<b>3,888</b>
<b>Credit Deposit Account – FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>27,669</b>	<b>512,702</b>	<b>540,371</b>

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

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

<b>Prior Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>4,052</b>	<b>596,837</b>	<b>600,889</b>
Mortgage Loans	17	489,157	489,174
Automotive Loans	29	3,600	3,629
Consumer Loans	4,006	104,080	108,086
Other	-	-	-
<b>Consumer Loans – Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards – TL</b>	<b>15,166</b>	<b>-</b>	<b>15,166</b>
With Installment	3,385	-	3,385
Without Installment	11,781	-	11,781
<b>Consumer Credit Cards – FC</b>	<b>552</b>	<b>-</b>	<b>552</b>
With Installment	-	-	-
Without Installment	552	-	552
<b>Personnel Loans – TL</b>	<b>215</b>	<b>1,272</b>	<b>1,487</b>
Mortgage Loans	-	242	242
Automotive Loans	-	-	-
Consumer Loans	215	1,030	1,245
Other	-	-	-
<b>Personnel Loans – Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>1,277</b>	<b>-</b>	<b>1,277</b>
With Installment	423	-	423
Without Installment	854	-	854
<b>Personnel Credit Cards – FC</b>	<b>43</b>	<b>-</b>	<b>43</b>
With Installment	-	-	-
Without Installment	43	-	43
<b>Credit Deposit Account – TL (Real Person)</b>	<b>3,204</b>	<b>-</b>	<b>3,204</b>
<b>Credit Deposit Account – FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>24,509</b>	<b>598,109</b>	<b>622,618</b>



**ICBC TURKEY BANK A.Ş.**

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

**5. Information related on loans (Continued):**

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

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial Installment Loans – TL</b>	<b>100</b>	<b>270,312</b>	<b>270,412</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	100	248,736	248,836
Other	-	21,576	21,576
<b>Commercial Installment Loans – Indexed to FC</b>	<b>-</b>	<b>3,964</b>	<b>3,964</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	3,964	3,964
Other	-	-	-
<b>Commercial Installment Loans – FC</b>	<b>2,812</b>	<b>1,623,097</b>	<b>1,625,909</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	2,812	1,623,097	1,625,909
Other	-	-	-
<b>Corporate Credit Cards – TL</b>	<b>643</b>	<b>-</b>	<b>643</b>
With Installment	95	-	95
Without Installment	548	-	548
<b>Corporate Credit Cards – FC</b>	<b>76</b>	<b>-</b>	<b>76</b>
With Installment	-	-	-
Without Installment	76	-	76
<b>Credit Deposit Account – TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Credit Deposit Account – FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,631</b>	<b>1,897,373</b>	<b>1,901,004</b>

<b>Prior Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial Installment Loans – TL</b>	<b>85</b>	<b>226,618</b>	<b>226,703</b>
Business Residential Loans	-	-	-
Automotive Loans	-	2,238	2,238
Consumer Loans	85	188,500	188,585
Other	-	35,880	35,880
<b>Commercial Installment Loans – Indexed to FC</b>	<b>-</b>	<b>11,023</b>	<b>11,023</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	11,023	11,023
Other	-	-	-
<b>Commercial Installment Loans – FC</b>	<b>8,197</b>	<b>647,423</b>	<b>655,620</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	8,197	647,423	655,620
Other	-	-	-
<b>Corporate Credit Cards – TL</b>	<b>963</b>	<b>-</b>	<b>963</b>
With Installment	101	-	101
Without Installment	862	-	862
<b>Corporate Credit Cards – FC</b>	<b>82</b>	<b>-</b>	<b>82</b>
With Installment	-	-	-
Without Installment	82	-	82
<b>Credit Deposit Account – TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Credit Deposit Account – FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>9,327</b>	<b>885,064</b>	<b>894,391</b>

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

**5. Information related on loans (Continued)**

f) Loan concentration based on counterparties:

	31 December 2020	31 December 2019
Public	2,844,388	447,710
Private	7,210,923	8,684,719
<b>Total</b>	<b>10,055,311</b>	<b>9,132,429</b>

g) Domestic and foreign loans:

	31 December 2020	31 December 2019
Domestic loans	9,266,426	8,438,533
Foreign loans	788,885	693,896
<b>Total</b>	<b>10,055,311</b>	<b>9,132,429</b>

h) Loans granted to subsidiaries and associates: TL 8 (31 December 2019: TL 25).

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

	31 December 2020	31 December 2019
Loans and Receivables with Limited Collectibility	-	142
Loans and Receivables with Doubtful Collectibility	679	86,827
Uncollectible Loans and Receivables	35,241	26,697
<b>Total</b>	<b>35,920</b>	<b>113,666</b>

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

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

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
Current period			
Gross amounts before the specific reserves	-	-	858
Restructured Loans and other receivables	-	-	-
Prior period			
Gross amounts before the specific reserves	-	-	998
Restructured Loans and other receivables	-	-	998

**ICBC TURKEY BANK A.Ş.**

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

**5. Information related on loans (Continued)**

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

	<b>Group III Loans with Limited collectibility</b>	<b>Group IV Loans with doubtful collectibility</b>	<b>Group V Uncollectible loans</b>
<b>Prior Period End Balance</b>	<b>448</b>	<b>133,177</b>	<b>34,428</b>
Additions (+)	8,160	7,086	3,025
Transfers from Other Categories of Non- Performing Loans (+)	-	8,538	11,503
Transfers to Other Categories of Non-Performing Loans (-)	8,538	11,503	-
Collections (-)	70	117,698	5,527
Write-offs (-)	-	16,583	703
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balances at End of the Period</b>	<b>-</b>	<b>3,017</b>	<b>42,726</b>
Provisions (-)	-	679	35,241
<b>Net Balance on Balance Sheet</b>	<b>-</b>	<b>2,338</b>	<b>7,485</b>

j.3) Information on non-performing loans in foreign currencies:

	<b>Group III Loans with limited collectibility</b>	<b>Group IV Loans with doubtful collectibility</b>	<b>Group V Uncollectible Loans</b>
<b>Current Period</b>			
Balances at the end of the period	-	-	141
Provision Amount (-)	-	-	128
Net Balance on Balance Sheet	-	-	13
<b>Prior Period</b>			
Balances at the end of the period	-	100,596	119
Provision Amount (-)	-	72,337	72
Net Balance on Balance Sheet	-	28,259	47

# ICBC TURKEY BANK A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

#### 5. Information related on loans (Continued)

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

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
<b>Current Period (Net)</b>	-	<b>2,338</b>	<b>7,485</b>
Loans Allowed to Real Persons and Corporate Entities (Gross)	-	3,017	42,726
Provision Amount (-)	-	679	35,241
Loans Allowed to Real Persons and Corporate Entities (Net)	-	2,338	7,485
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>306</b>	<b>46,350</b>	<b>7,731</b>
Loans Allowed to Real Persons and Corporate Entities (Gross)	448	133,177	34,428
Provision Amount (-)	142	86,827	26,697
Loans Allowed to Real Persons and Corporate Entities (Net)	306	46,350	7,731
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

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

	Group III Loans with Limited Collectibility	Group IV Loans with doubtful Collectibility	Group V Uncollectible Loans
<b>Current period (Net)</b>	-	<b>(11)</b>	<b>(7,539)</b>
Interest accruals and rediscounts and valuation differences	-	1	8,943
Provision amount (-)	-	12	16,482
<b>Prior period (Net)</b>	-	<b>(77,078)</b>	<b>(3,713)</b>
Interest accruals and rediscounts and valuation differences	-	9,563	5,956
Provision amount (-)	-	86,641	9,669

k) Liquidation policy for counting as loss loans and other receivables:

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

l) Information on write-off from assets policy:

The Parent 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. As of 31 December 2020, the Fifth Group Uncollectible Loans amounting to TL 17,284 were written off.

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

**I. Explanations and Footnotes on Consolidated Assets (Continued)****6. Financial assets at amortized cost:**

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

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

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

	31 December 2020	31 December 2019
Government Bonds	3,196,580	1,946,244
Treasury bills	-	-
Other public sector debt securities	-	-
<b>Total</b>	<b>3,196,580</b>	<b>1,946,244</b>

c) Information on financial assets at amortized cost:

	31 December 2020	31 December 2019
Debt instruments	4,223,205	2,791,719
Listed	-	-
Unlisted	4,223,205	2,791,719
Impairment provision <sup>(1)</sup>	167,864	99,508
<b>Total</b>	<b>4,391,069</b>	<b>2,891,227</b>

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

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

	31 December 2020	31 December 2019
Beginning balance	2,889,131	1,380,504
Foreign currency differences on monetary assets	437,063	-
Purchases during year	1,240,930	1,748,151
Disposals through sales and redemptions	(343,919)	(336,936)
Impairment provision <sup>(1)</sup>	167,864	99,508
<b>Total</b>	<b>4,391,069</b>	<b>2,891,227</b>

<sup>(1)</sup> Consists of change in interest accruals.**7. Information on associates (net):**

None.

**8. Information on subsidiaries (net):**

As at 31 December 2020, the Parent Bank has subsidiary as ICBC Turkey Yatırım Menkul Değerler A.Ş.. The Parent Bank does not have any capital needs due to its subsidiary which is included in the calculation of its consolidated capital adequacy standard ratio. The current equity amount of the subsidiary fulfils the minimum capital requirement entailed in accordance with the Capital Markets Board's regulations.

Information related to subsidiaries:

a) Information on unconsolidated subsidiaries:

None.

b) Information on unconsolidated subsidiaries according to information above:

None.

c) Movement of unconsolidated subsidiaries:

None.

d) Industrial distribution of unconsolidated subsidiaries:

As at 31 December 2020, the Parent Bank has no unconsolidated subsidiary.

**ICBC TURKEY BANK A.Ş.**

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

**8. Information on subsidiaries (net) (Continued):**

e) Information on consolidated subsidiaries:

<b>Description</b>	<b>Address (City/Country)</b>	<b>Bank's share percentage- If different from voting percentage (%)</b>	<b>Banks Risk Group Share Percentage (%)</b>
ICBC Turkey Yatırım Menkul Değerler A.Ş.(ICBC Yatırım)	İstanbul/Turkey	100	100

f) Information on subsidiaries included in the scope of consolidation in the order listed above:

<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income from marketable securities portfolio</b>	<b>Current Period Profit/(Loss)</b>	<b>Prior Period Profit / (Loss)</b>	<b>Fair value</b>
791,569	178,389	3,183	17,345	9	32,883	30,641	-

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

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

<b>Total assets</b>	<b>Shareholders' Equity</b>	<b>Total fixed assets</b>	<b>Interest Income</b>	<b>Income from marketable securities portfolio</b>	<b>Current Period Profit/(Loss)</b>	<b>Prior Period Profit/(Loss)</b>	<b>Fair Value</b>
5,353	4,940	53	444	-	431	799	-

g) Movement of consolidated subsidiaries:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Balance at the Beginning of the Period	75,998	75,998
Movements During the Period	-	-
Purchases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
<b>Balance at the End of the Period</b>	<b>75,998</b>	<b>75,998</b>

h) Sectorial distribution of consolidated subsidiaries:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	75,998	75,998
<b>Total</b>	<b>75,998</b>	<b>75,998</b>

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

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

**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 tangible assets (net):**

<b>31 December 2020</b>	<b>Buildings</b>	<b>Tangible assets from finance lease</b>	<b>Vehicles</b>	<b>Right of use</b>	<b>Other tangible assets</b>	<b>Total</b>
Prior Period End: 31/12/2019						
Cost	23,046	2,269	-	95,313	67,280	187,908
Accumulated Depreciation (-)	3,795	2,269	-	17,648	45,637	69,349
Net Book Value	19,251	-	-	77,665	21,643	118,559
Current Period End: 31/12/2019						
Net Book Value at the Beginning of the Period	19,251	-	-	77,665	21,643	118,559
TFRS 16 Opening Balance	-	-	-	80,333	-	80,333
Additions	-	-	-	15,835	12,107	27,942
Disposals, net (-)	-	-	-	-	927	927
Revaluation / (Impairment)	2,350	-	-	-	-	2,350
Depreciation (-)	181	-	-	34,628	10,472	45,281
Cost at period end	25,396	2,269	-	99,055	78,622	205,342
Accumulated Depreciation at period end (-)	3,976	2,269	-	34,628	51,046	91,919
<b>Closing Net Book Value</b>	<b>21,420</b>	<b>-</b>	<b>-</b>	<b>64,427</b>	<b>27,576</b>	<b>113,423</b>

<b>31 December 2019</b>	<b>Buildings</b>	<b>Tangible assets from finance lease</b>	<b>Vehicles</b>	<b>Right of use</b>	<b>Other tangible assets</b>	<b>Total</b>
Prior Period End: 31/12/2018						
Cost	23,590	3,160	36	-	54,896	81,682
Accumulated Depreciation (-)	4,010	3,160	36	-	38,237	45,443
Net Book Value	19,580	-	-	-	16,659	36,239
Current Period End: 31/12/2019						
Net Book Value at the Beginning of the Period	19,580	-	-	-	16,659	36,239
TFRS 16 Opening Balance	-	-	-	80,333	-	80,333
Additions	-	-	-	15,835	12,294	28,129
Disposals, net (-)	2,390	-	-	-	46	2,436
Revaluation / (Impairment)	1,846	-	-	-	-	1,846
Depreciation (-)	178	-	-	17,648	7,310	25,136
Cost at period end	23,046	2,269	-	95,313	67,280	187,908
Accumulated Depreciation at period end (-)	3,795	2,269	-	17,648	45,637	69,349
<b>Closing Net Book Value</b>	<b>19,251</b>	<b>-</b>	<b>-</b>	<b>77,665</b>	<b>21,643</b>	<b>118,559</b>

**ICBC TURKEY BANK A.Ş.**

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

**12. Information on tangible assets (net) (Continued):**

a) The cost and accumulated depreciation of assets disposed is as follows:

<b>31 December 2020</b>	<b>Buildings</b>	<b>Tangible assets from finance lease</b>	<b>Vehicles</b>	<b>Other tangible assets</b>	<b>Total</b>
Cost	-	-	-	1,386	1,386
Accumulated Depreciation (-)	-	-	-	459	459
<b>Net disposal amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>927</b>	<b>927</b>

<b>31 December 2019</b>	<b>Buildings</b>	<b>Tangible assets from finance lease</b>	<b>Vehicles</b>	<b>Other tangible assets</b>	<b>Total</b>
Cost	2,784	886	-	773	4,443
Accumulated Depreciation (-)	394	886	-	727	2,007
<b>Net disposal amount</b>	<b>2,390</b>	<b>-</b>	<b>-</b>	<b>46</b>	<b>2,436</b>

**13. Intangible assets (net):**

a) The gross book value and accumulated amortization amounts at the beginning and at the end of the period:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Gross Book Value	41,241	35,553
Accumulated Amortization (-)	33,402	27,359
<b>Total</b>	<b>7,839</b>	<b>8,194</b>

b) Movement table contains below mentioned information at the beginning and the end of the period:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Beginning of the period	8,194	8,171
Additions Resulting from Mergers, Acquisitions and Purchases	5,307	1,736
Disposals (-)	-	-
Accumulated Amortization (-)	5,662	1,713
<b>Period End</b>	<b>7,839</b>	<b>8,194</b>

**14. Information on investment properties:**

None.



# ICBC TURKEY BANK A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

#### 15. 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:

	(1 January – 31 December 2020)	(1 January – 31 December 2019)
<b>Balance at the beginning of the previous period</b>	<b>30,918</b>	<b>44,596</b>
TFRS 9 effect	-	-
<b>Balance at the beginning of the current period</b>	<b>30,918</b>	<b>44,596</b>
Deferred tax income / (expense) (net)	84,470	8,811
Deferred tax recognized in other comprehensive income	881	(22,489)
<b>Balance at the end of the period</b>	<b>116,269</b>	<b>30,918</b>

Net deferred tax asset / (liability) movements in the current and previous periods are as follows.

	Current period		Prior period	
<b>Timing differences from a basis for deferred tax</b>	<b>Accumulated temporary differences</b>	<b>Deferred tax asset / (debt)</b>	<b>Accumulated temporary differences</b>	<b>Deferred tax asset / (debt)</b>
Provisions (*)	34,653	6,931	29,555	5,292
Financial assets and liabilities valuation differences	37,816	7,563	10,968	2,194
Derivative valuation differences	88,548	17,710	3,275	655
Loan provisions on stage I and II	359,958	71,992	151,620	33,357
Other	60,369	12,073	(66,131)	(11,240)
<b>Total net deferred tax asset / (liability)</b>	<b>581,344</b>	<b>116,269</b>	<b>129,287</b>	<b>30,258</b>

(\*) Consists of employee rights provisions, credit score provisions and other provisions.

As at 31 December 2020, the Group's deferred tax asset arising from the deductible temporary differences except for general loan provisions is amounting to TL 116,269 (31 December 2019: TL 30,918). As at 31 December 2020, there is no deferred tax asset arising from financial losses (31 December 2019: None).

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

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

#### 16. Information on assets held for sale and discontinued operations:

The Group has no asset held for sale and discontinued operation as at 31 December 2020 and 31 December 2019.

#### 17. 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 3,143 as at 31 December 2020 (31 December 2019: TL 4,176).

Sum of other assets amounting to TL 162,052 (31 December 2019: TL 34,657), excluding movable and immovable properties to be sold off, do not exceed 10% of the balance sheet total.

**ICBC TURKEY BANK A.Ş.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**II. Explanations and Footnotes on Consolidated Liabilities**
**1. Information on deposits:**

a) Information on maturity profile of deposits:

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

a.1) 31 December 2020:

	<b>Demand</b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6 Months- 1 Year</b>	<b>1 Year and Over</b>	<b>Cumulative Deposits</b>	<b>Total</b>
Saving Deposits	40,717	157,936	1,294,936	485	357	87	-	1,494,518
Foreign Currency Deposits	693,143	456,568	8,386,656	18,807	127,665	55,200	-	9,738,039
Residents in Turkey	651,264	448,599	8,131,672	16,283	7,531	1,760	-	9,257,109
Residents Abroad	41,879	7,969	254,984	2,524	120,134	53,440	-	480,930
Public Sector Deposits	6,763	-	-	-	-	-	-	6,763
Commercial Deposits	91,196	5,853	103,216	148	59	2	-	200,474
Other Ins. Deposits	3,279	1,669	14,362	12	32	1	-	19,355
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	87,036	92,512	-	-	-	-	-	179,548
CBRT	-	-	-	-	-	-	-	-
Domestic Banks	19,931	73,409	-	-	-	-	-	93,340
Foreign Banks	67,105	19,103	-	-	-	-	-	86,208
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>922,134</b>	<b>714,538</b>	<b>9,799,170</b>	<b>19,452</b>	<b>128,113</b>	<b>55,290</b>	<b>-</b>	<b>11,638,697</b>

a.2) 31 December 2019:

	<b>Demand</b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6 Months- 1 Year</b>	<b>1 Year and Over</b>	<b>Cumulative Deposits</b>	<b>Total</b>
Saving Deposits	40,686	298,425	1,538,667	1,465	11,311	252	-	1,890,806
Foreign Currency Deposits	442,887	1,089,028	5,198,971	74,701	75,445	12,185	-	6,893,217
Residents in Turkey	411,215	1,088,931	4,921,801	71,822	22,046	4,188	-	6,520,003
Residents Abroad	31,672	97	277,170	2,879	53,399	7,997	-	373,214
Public Sector Deposits	6,810	-	-	-	-	-	-	6,810
Commercial Deposits	79,829	102,275	788,894	5,403	54	-	-	976,455
Other Ins. Deposits	4,687	744	17,531	12	42	-	-	23,016
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	117,050	59,408	-	-	-	-	-	176,458
CBRT	-	-	-	-	-	-	-	-
Domestic Banks	4,154	59,408	-	-	-	-	-	63,562
Foreign Banks	112,896	-	-	-	-	-	-	112,896
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>691,949</b>	<b>1,549,880</b>	<b>7,544,063</b>	<b>81,581</b>	<b>86,852</b>	<b>12,437</b>	<b>-</b>	<b>9,966,762</b>

**ICBC TURKEY BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**II. Explanations and Footnotes on 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	Exceeding the Deposit Insurance Limit
	31 December 2020	30 December 2020
<b>Saving Deposits</b>		
Saving Deposits	802,803	689,835
Foreign Currency Savings Deposits	642,168	3,922,840
Other Saving Deposits	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
<b>Total</b>	<b>1,444,971</b>	<b>4,612,675</b>

	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
	31 December 2019	31 December 2019
<b>Saving Deposits</b>		
Saving Deposits	983,721	907,130
Foreign Currency Savings Deposits	528,032	1,956,518
Other Saving Deposits	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
<b>Total</b>	<b>1,511,753</b>	<b>2,863,648</b>

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

- b.3) The Group has saving deposits not covered by deposit insurance amounting to TL 7,209 (31 December 2019 : TL 7,710).

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

	31 December 2020	31 December 2019
Deposits and Other Accounts at Foreign Branches	-	-
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Care	-	-
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children under Their Care	7,209	7,710
Deposits and Other Accounts linked to Crimes Mentioned in 282 <sup>nd</sup> Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey	-	-

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

**2. Information on derivative financial liabilities held for trading:**

Derivative Financial Liabilities:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Forwards Transactions	5	280	51	104
Swaps Transactions	288	89,339	-	3,760
Futures Transactions	-	-	-	-
Options	-	43	15	-
Other	-	-	-	-
<b>Total</b>	<b>293</b>	<b>89,662</b>	<b>66</b>	<b>3,864</b>

**3. Information on funds borrowed:**

a) Information on banks and other financial institutions:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks and Institutions	21,009	-	2,052	801
Foreign Banks, Institutions and Funds	618,183	7,452,646	-	4,235,154
<b>Total</b>	<b>639,192</b>	<b>7,452,646</b>	<b>2,052</b>	<b>4,235,955</b>

b) Contractual maturities of funds borrowed:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Short-Term	639,192	2,368,890	2,052	603,593
Medium and Long-Term	-	5,083,756	-	3,632,362
<b>Total</b>	<b>639,192</b>	<b>7,452,646</b>	<b>2,052</b>	<b>4,235,955</b>

c) Additional information on concentrations of Parents 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 liabilities:**

Other liabilities amount to TL 696,593 (31 December 2019 : TL 814,857) on the balance sheet and do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

**5. Information on lease payables (net):**

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Less than 1 Year	3,738	-	4,417	-
Between 1-4 Years	29,400	-	16,062	-
More Than 4 Years	39,562	-	61,809	-
<b>Total</b>	<b>72,700</b>	<b>-</b>	<b>82,288</b>	<b>-</b>

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

None.

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

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

The indemnity payable is one month's salary for each year of service and as of 31 December 2020, this amount is restricted with full TL 7,117.17 (31 December 2019: full TL 6,379.86). The liability is not funded, since there is no funding requirement.

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

	31 December 2020	31 December 2019
Discount Ratio (%)	4.11	4.39
Expected Salary/ETI Liability Ceiling Increase Rate (%)	9.50	8.30
Rate for the Probability of Retirement (%)	93.00	93.00

Movement of ETI liability is as below:

	31 December 2020	31 December 2019
Balance at Prior Period End	14,114	12,183
Current year provisions	4,653	6,570
Paid in current year	(1,860)	(4,639)
<b>Balance at Current Period End</b>	<b>16,889</b>	<b>14,114</b>

As at 31 December 2020, the Group has vacation pay liability amounting TL 10,135 (31 December 2019: TL 6,861).

**b) Information on provisions related to foreign currency differences of foreign currency indexed loans:**

As at 31 December 2020, there is no foreign exchange differences on foreign currency indexed loans (31 December 2019: None) are netted with loans on the asset side.

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

As at 31 December 2020, the Group has specific provision amounting to TL 7,070 (31 December 2019: TL 6,643) for non-cash loans that are not indemnified and not converted into cash and irrevocable commitments amounting to TL 3,449 (31 December 2019: TL 3,232).

**d) Information on other provisions:****d.1) Information on provision for possible risks: None.****d.2) Information on provision for promotions related with banking services:**

As at 31 December 2020, the Parent Bank has provision for credit card service promotions amounting TL 67 (31 December 2019: TL 96).

**d.3) Information on other provisions:**

As at 31 December 2020, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 14,347 (31 December 2019: TL 13,051).

As at 31 December 2020, the Group has provision for non-cash loans amounting to TL 65,215 (31 December 2019: TL 37,408).

As at 31 December 2020, there is provision for personnel bonus amounting TL 97,344 (31 December 2019: TL 56,387).

# ICBC TURKEY BANK A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

#### 8. Information on Tax Liabilities:

a) Information on current tax liability: As at 31 December 2020, corporate taxes payable of the Group after deductions of prepaid taxes is TL 40,898 (31 December 2019: TL 2,292).

b) Information on taxes payable:

	31 December 2020	31 December 2019
Corporate taxes payable	40,898	2,292
Taxation on securities	8,748	6,411
Property Tax	130	325
Booking and Insurance Transaction Tax (BITT)	4,057	4,909
Foreign Exchange Tax	-	-
Value added tax payable	2,322	609
Other	8,093	6,288
<b>Total</b>	<b>64,248</b>	<b>20,834</b>

c) Information on premiums payable:

	31 December 2020	31 December 2019
Social security premiums- employee	2,150	1,322
Social security premiums- employer	2,390	1,478
Bank social aid pension fund premium - employee	-	-
Bank social aid pension fund premium - employer	-	-
Pension fund membership fees and provisions - employee	-	-
Pension fund membership fees and provisions - employer	-	-
Unemployment insurance- employee	152	94
Unemployment insurance- employer	306	187
Other	-	-
<b>Total</b>	<b>4,998</b>	<b>3,081</b>

d) Information on deferred tax liabilities:

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

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

None.

#### 10. Explanations on subordinated loans including quantity, maturity, interest rate, issuing institution, option to be converted into stock certificate:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital borrowing instruments	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt instruments to be included in the contribution capital calculation	-	2,202,640	-	1,782,420
Subordinated Loans <sup>(1)</sup>	-	2,202,640	-	1,782,420
Subordinated Debt Instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2,202,640</b>	<b>-</b>	<b>1,782,420</b>

(1) The main shareholder of the Bank, Industrial and Commercial Bank of China Limited (ICBC), provided a subordinated loan amounting to USD 300 million (USD three hundred million), with a maturity of 10 years and repayment option after 5 years.

# ICBC TURKEY BANK A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

#### 11. Information on shareholders' equity:

##### a) Paid in capital:

	31 December 2020	31 December 2019
Common Stock	860,000	860,000
Preferred Stock	-	-

The paid-in share capital of the Parent Bank is represented by 8,600,000,000 registered shares of one 0.10 Turkish Liras each.

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

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
From investment in associates, subsidiaries and joint ventures	-	-	-	-
Revaluation difference	1,834	(6,377)	(2,733)	7,315
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>1,834</b>	<b>(6,377)</b>	<b>(2,733)</b>	<b>7,315</b>

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

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

##### i) Explanations on the Parent Bank's 2020 profit distribution:

At the Ordinary General Assembly Meeting of the Parent Bank held on 27 March 2020, it was decided to allocate a reserve of TL 2,043 of legal reserves at the rate of 5% from the TL 40,869, which constitutes the net profit after the net tax, in accordance with Article 519/1 of the TCC, to transfer TL 697 to special reserves account as sales income exempted from tax, that is under equity according to paragraph 1/e of the article 5 of the Corporate Tax Law no. 5520, which was recorded as real estate revenue under equity in the prior periods according to Turkish Accounting Standards (TAS), and to transfer the remaining TL 38,129 to extraordinary reserves.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**III. Explanations and Footnotes on Consolidated Off-Balance Sheet Items**

**1. Explanation on off-balance sheet items:**

a) Type and amount of irrevocable commitments:

	31 December 2020	31 December 2019
Forward purchase and sale commitments	53,886	15,160
Commitment for use guaranteed credit allocation	29,704	30,415
Credit cards limit commitments	85,095	80,622
Payment commitments for cheques	6,294	6,989
Credit card commitments given with applications for promotion	-	192
Tax and fund obligations arising from export commitments	3	9
Other irrevocable commitments	446	564
<b>Total</b>	<b>175,428</b>	<b>133,951</b>

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

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

	31 December 2020	31 December 2019
Letters of guarantee	3,302,930	2,273,364
Bank acceptance loans	-	-
Letters of credit	465,371	294,068
Other guarantees	5,643,248	4,419,976
<b>Total</b>	<b>9,411,549</b>	<b>6,987,408</b>

c) Total amount of non-cash loans:

	31 December 2020	31 December 2019
Non-Cash Loans Given for Cash Loan Risks	93,385	93,003
With Original Maturity of 1 Year or Less	75,736	74,324
With Original Maturity of More Than 1 Year	17,649	18,679
Other Non-Cash Loans	9,318,164	6,894,405
<b>Total</b>	<b>9,411,549</b>	<b>6,987,408</b>



**ICBC TURKEY BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**III. Explanations and Footnotes on Consolidated Off-Balance Sheet Items (Continued):**

**1. Disclosures on off - balance sheet items (Continued):**

**d) Information on sectoral risk concentration of non-cash loans**

	31 December 2020				31 December 2019			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agriculture</b>	200	0.02	-	-	222	0.04	-	-
Farming and Raising	182	0.02	-	-	204	0.04	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	18	-	-	-	18	-	-	-
<b>Manufacturing</b>	64,357	7.16	531,909	6.25	97,476	17.02	529,001	8.25
Mining and Quarrying	434	0.05	669	0.01	490	0.09	542	0.01
Production	61,453	6.83	531,240	6.24	19,441	3.39	516,210	8.05
Electricity, Gas and Water	2,470	0.27	-	0.00	77,545	13.54	12,249	0.19
<b>Construction</b>	98,167	10.92	848,651	9.97	101,001	17.64	220,202	3.43
<b>Services</b>	733,922	81.60	7,131,540	83.78	370,761	64.75	5,665,600	88.32
Wholesale and Retail Trade	10,154	1.13	1,644,041	19.31	20,596	3.60	21,292	0.33
Accommodation and Dining	2,491	0.28	-	-	2,515	0.44	-	-
Transportation and	297	0.03	993,515	11.67	205,399	35.87	2,540,527	39.60
Financial Institutions	719,969	80.05	3,647,373	42.85	141,110	24.64	3,022,201	47.11
Real Estate and Lending	17	-	-	-	17	-	-	-
Self Employment Services	865	0.10	75,858	0.89	1,032	0.18	81,314	1.27
Educational Services	1	-	-	-	1	-	-	-
Health and Social Services	128	0.01	770,753	9.05	91	0.02	266	0.01
<b>Other</b>	2,718	0.30	85	-	3,146	0.55	-	-
<b>Total</b>	<b>899,364</b>	<b>100.00</b>	<b>8,512,185</b>	<b>100.00</b>	<b>572,606</b>	<b>100.00</b>	<b>6,414,803</b>	<b>100.00</b>

**e) Non-cash loans classified under Group I and II:**

	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	867,445	2,262,094	2,912	163,460
Bank Acceptances	-	-	-	-
Letters of Credit	25,447	439,924	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	5,643,197	-	-
<b>Total</b>	<b>892,892</b>	<b>8,345,215</b>	<b>2,912</b>	<b>163,460</b>

The Parent Bank has recorded a provision amounting to TL 7,070 (31 December 2019: TL 6,643), for the unearned non-cash loans and irrevocable commitments amounting to TL 3,449 (31 December 2019: TL 3,232).

**2. Explanations on the services rendered on behalf of and account of other persons:**

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

**ICBC TURKEY BANK A.Ş.**

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**IV. Explanations and Footnotes on Consolidated Profit or Loss Statement**

**1. Information on Interest Income:**

a) Information on interest income received from loans:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Interest income received from loans <sup>(1)</sup>				
Short Term Loans	100,155	32,422	62,996	8,775
Medium and Long Term Loans	157,457	347,771	279,594	331,518
Loans Under Follow-Up	8,157	-	17,551	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>265,769</b>	<b>380,193</b>	<b>360,141</b>	<b>340,293</b>

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

b) Information on interest income received from banks:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
From Central Bank of The Republic of Turkey	-	-	-	-
From Domestic Banks	1,148	-	1,654	77,075
From Foreign Banks	-	30,382	-	10,706
From Foreign Offices and Branches	-	3,085	-	-
<b>Total</b>	<b>1,148</b>	<b>33,467</b>	<b>1,654</b>	<b>87,781</b>

c) Information on interest income received from securities portfolio:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit Or Loss	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	88,540	25,386	82,439	59,116
Financial Assets Measured at Amortized Cost	88,282	206,545	70,850	94,892
<b>Total</b>	<b>176,822</b>	<b>231,931</b>	<b>153,289</b>	<b>154,008</b>

d) Information on interest income received from associates and subsidiaries: None (31 December 2019 : None).

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**IV. Explanations and Footnotes on Consolidated Profit or Loss Statement (Continued)**
**2. Information on Interest Expense:**

a) Information on interest expense related to funds borrowed:

	31 December 2020		31 December 2019	
	TL	FC	TL	FC
Banks <sup>(1)</sup>	19,077	242,570	30,020	200,855
Central Bank of The Republic of Turkey	-	-	-	-
Domestic Banks	892	19	431	20
Foreign Banks	18,185	242,551	29,589	200,835
Foreign Branches and Offices Abroad	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>19,077</b>	<b>242,570</b>	<b>30,020</b>	<b>200,855</b>

(1) Also includes fees and commission expenses related with loans allowed.

b) Information on interest expense paid to associates and subsidiaries:

	31 December 2020	31 December 2019
Interest expense paid to associates and subsidiaries	15,703	8,971

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

d) Maturity structure of the interest expense on deposits:

The Parent Bank has no interest expense paid to deposits callable within 7 days. (31 December 2019: None)

31 December 2020		Time Deposits						Total
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	
TL								
Bank Deposits	-	422	-	-	-	-	-	422
Saving Deposits	-	30,201	122,667	1,186	833	28	-	154,915
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	6,376	30,686	201	7	-	-	37,270
Other Deposits	5	25	1,267	1	3	-	-	1,301
<b>Total</b>	<b>5</b>	<b>37,024</b>	<b>154,620</b>	<b>1,388</b>	<b>843</b>	<b>28</b>	<b>-</b>	<b>193,908</b>
Foreign Currency								
Foreign Currency Deposits	-	3,514	163,280	854	1,898	413	-	169,959
Bank Deposits	-	116	-	-	-	-	-	116
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3,630</b>	<b>163,280</b>	<b>854</b>	<b>1,898</b>	<b>413</b>	<b>-</b>	<b>170,075</b>
<b>Grand Total</b>	<b>5</b>	<b>40,654</b>	<b>317,900</b>	<b>2,242</b>	<b>2,741</b>	<b>441</b>	<b>-</b>	<b>363,983</b>

31 December 2019		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	-	7,373	-	-	-	-	-	7,373
Saving Deposits	-	19,998	289,984	6,056	1,576	375	-	317,989
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	27,194	93,854	748	4	-	-	121,800
Other Deposits	-	278	3,132	4	6	1	-	3,421
Total	-	54,843	386,970	6,808	1,586	376	-	450,583
Foreign Currency								
Foreign Currency Deposits	-	3,426	157,214	1,894	868	199	-	163,601
Bank Deposits	-	13,320	-	-	-	-	-	13,320
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	16,746	157,214	1,894	868	199	-	176,921
Grand Total	-	71,589	544,184	8,702	2,454	575	-	627,504

**ICBC TURKEY BANK A.Ş.**

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**IV. Explanations and Footnotes on Consolidated Profit or Loss Statement (Continued)**

**3. Explanation on dividend income:**

	31 December 2020	31 December 2019
Financial Assets at Fair Value Through Profit/Loss	90	1
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Other	-	-
<b>Total</b>	<b>90</b>	<b>1</b>

**4. Information on trading income / loss (net):**

	31 December 2020	31 December 2019
<b>Profit</b>	<b>1,430,541</b>	<b>321,480</b>
Capital Market Gains	28,660	12,246
Derivative Gains	456,538	141,061
Foreign Exchange Gains	945,343	168,173
<b>Loss (-)</b>	<b>1,329,621</b>	<b>263,560</b>
Capital Market Losses	-	-
Derivative Losses	686,331	131,598
Foreign Exchange Losses	643,290	131,962

Net loss related to derivative transactions resulting from foreign currency rate changes is amounting to TL 244,712 ( 31 December 2019 : TL 1,083 net loss).

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

	31 December 2020	31 December 2019
Income from Collection of Prior Year Expenses	2,762	8,190
Collections of Prior Year Provisions	71,930	4,213
Income on Project Appraisal	13,068	3,636
Cancellation of Provision Expenses from Prior Years	45	186
Other Income	58,897	26,759
<b>Total</b>	<b>146,702</b>	<b>42,984</b>

**6. Impairment on loans and other receivables:**

	31 December 2020	31 December 2019
Allowance for expected credit losses	<b>224,637</b>	<b>85,567</b>
12-Month expected credit losses (Stage 1)	26,817	38,145
Significant increase in credit risk (Stage 2)	184,938	(37,792)
Credit-Impaired (Stage 3)	12,882	85,214
Impairment provisions for securities	<b>2,648</b>	<b>10,256</b>
Financial assets at fair value through profit or loss	-	8
Financial assets at fair value through other comprehensive income	2,648	10,248
Impairment provisions related to investments in associates, subsidiaries and joint ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	1,394	537
<b>Total</b>	<b>228,679</b>	<b>96,360</b>

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**IV. Explanations and Footnotes on Consolidated Profit or Loss Statement (Continued)****7. Information related to other operating expenses:**

	31 December 2020	31 December 2019
Reserve for Employee Termination Benefits	5,478	3,554
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	28,913	28,129
Impairment Expenses of Intangible Assets	-	-
Impairment Expenses of Goodwill	-	-
Depreciation Expenses on Intangible Assets	5,690	5,504
Impairment Expenses of Investments in Associates	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	99	98
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	66,261	58,972
Leasing Expenses related to TFRS 16 Exemptions	3,824	3,563
Repair and Maintenance Expenses	16,305	14,073
Advertisement Expenses	1,863	1,530
Other Expenses	44,269	39,806
Loss on Sale of Assets	141	27
Other <sup>(1)</sup>	135,812	98,401
<b>Total</b>	<b>242,394</b>	<b>194,685</b>

<sup>(1)</sup> Other line mainly includes taxes paid other than corporate income tax, customs and duties paid and SDIF premium expense.**8. Profit / loss before taxes from continued and discontinued operations:**

Profit before taxes for continued operations is TL 130,142 (31 December 2019: TL 121,550 profit before tax). Profit before taxes consists of net interest income amounting to TL 455,475 (31 December 2019: TL 399,494), net fees and commission income amounting to TL 162,250 (31 December 2019: TL 124,409), personnel expenses amounting to TL 264,222 (31 December 2019: TL 212,213) and other operating expenses amounting to TL 242,394 (31 December 2019: TL 194,685).

**9. Taxes on income from continued and discontinued operations:**

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

Current tax expenses belonging to period ending on 31 December 2020 is TL 69,246 (31 December 2019: TL 58,851).

For the period ended 31 December 2020, deferred tax expense amounts to TL 13,810 (31 December 2019: TL 17,204) and deferred tax income amounts to TL 98,280 TL (31 December 2019: TL 26,015).

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

For the period ended 31 December 2020, deferred tax expense amounts to TL 13,810 (31 December 2019: TL 17,204) arising from the origination of temporary differences and deferred tax income amounts to TL 98,280 (31 December 2019: TL 26,015).

Additionally, for the period ended 31 December 2020, the current tax effect amounting to TL (3,793) and deferred tax effect amounting to TL 5,932, on an aggregate TL 2,139 tax effect (31 December 2019: TL (16,294) current and TL (6,349) is deferred tax effect total TL (22,643) which are related to transactions recognized under equity is accounted under equity accounts.

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

For the period ended 31 December 2020, the deferred tax expense arising from the origination of temporary differences amounts TL 13,810 (31 December 2019: TL 17,204) and there is deferred tax income amounting TL 98,280 (31 December 2019: TL 26,015). There is no deferred tax income from financial loss as of 31 December 2020 (31 December 2019: None).

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**IV. Explanations and Footnotes on Consolidated Profit or Loss Statement (Continued)**

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

Net profit from continued operations is TL 90,931 (31 December 2019 : TL 71,510 net profit).

**11. Information on net profit and loss:**

- a) If it is required that the nature of the income and expense items arising from ordinary banking transactions, size and repetition rate for the understanding of the Parent Bank's performance over the period, the nature and amount of these items: None.
- b) The profit / loss effect of a change in the estimate made in relation to the financial statement items, if any, is likely to affect subsequent periods: None.

**12. In case the other items in the consolidated statement of profit or loss exceeds 10% of the total profit or loss, the sub-accounts constituting at least 20% of these items:**

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

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**V. Explanations and footnotes on consolidated statement of changes in shareholders' equity****1. Information on financial assets at fair value through other comprehensive income:**

The decrease amounting to TL (9,125) (31 December 2019 – TL 87,815 increase) resulting from the remeasurement of the Bank's available-for-sale investments is recognized in the statement of changes in equity accumulated gains/(losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income as period movement.

Information on cash flow hedge: None.

**2. Differences arising on revaluation of tangible fixed assets:**

Surplus amounting to TL 1,826 (31 December 2019 – TL 1,826) that occurs after purged tax effect arise from revaluation of buildings fair value included tangible fixed assets of the Parent Bank is represented as period transaction of "Tangible / Intangible Assets Revaluation Reserves" on statement of changes in equity.

**3. Information on the foreign exchange differences: None.****4. Information on profit shares noticed after balance sheet date but previous to announcement of financial statements:**

As at the report date, there is no decision for the profit distribution of current year profit of the Parent Bank.

**Net profit per share for the period that has been suggested to be distributed to shareholders after balance sheet date:**

As at the report date, there is no decision for the profit distribution of current year profit of the Parent Bank.

**Amounts transferred to the reserves:**

	<b>31 December 2020</b>	<b>31 December 2019</b>
Amount transferred to legal reserves from non-distributed profits	2,043	3,103
Extraordinary Reserves from Unallocated Profit and Other		
Amount transferred to profit reserves	38,826	58,966

**5. Information on issue of shares:**

None.

**6. Information on other share capital increase accounts in statements of changes in equity: None.****7. Other explanations:**

The Group has presented actuarial difference amounting to TL (294) (31 December 2019 – TL 1,592) arising from the changes in actuarial assumptions of the employee severance pay liability in Total Comprehensive Income section.

**ICBC TURKEY BANK A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**VI. Explanations and footnotes on consolidated cash flow statement****1. Information on cash and cash equivalents:**

The components of cash and cash equivalents and the accounting policies used in the determination of these components:

Cash in vault, foreign currencies, cash in transit, cheques purchased, demand deposits in banks including demand deposit balances with the Central Bank of Turkey are described as "Cash"; interbank money market placements, time deposits in banks which have original maturities shorter than three months and reverse repo receivables are described as "Cash Equivalents". The reserve requirement amounts within the Central Bank are not considered as "cash equivalent assets" in the statement of cash flows.

**a) Cash and cash equivalents at the beginning of the period:**

	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Cash</b>	<b>1,524,705</b>	<b>1,846,590</b>
Cash in Vault, Foreign Currencies and Other	52,359	48,969
Demand Deposits at Banks	1,472,346	1,797,621
<b>Cash Equivalents</b>	<b>2,341,640</b>	<b>2,007,641</b>
Interbank Money Market	662,376	349,216
Time Deposits at Banks	1,679,264	1,658,425
<b>Total Cash and Cash Equivalents</b>	<b>3,866,345</b>	<b>3,854,231</b>

**b) Cash and cash equivalents at the end of the period:**

	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Cash</b>	<b>1,924,771</b>	<b>1,524,705</b>
Cash in Vault, Foreign Currencies and Other	84,846	52,359
Demand Deposits at Banks	1,839,925	1,472,346
<b>Cash Equivalents</b>	<b>1,826,096</b>	<b>2,341,640</b>
Interbank Money Market	504,241	662,376
Time Deposits at Banks	1,321,855	1,679,264
<b>Total Cash and Cash Equivalents</b>	<b>3,750,867</b>	<b>3,866,345</b>

**2. Information on cash and cash equivalent assets of the Group that are not available for free use due to legal restrictions or other reasons:**

As mentioned in the first item above, the reserve requirement amounts held under blockage within the Central Bank is not considered as cash equivalent assets in the statement of cash flows.

**3. Disclosures for "other" items in the statement of cash flows and effect of changes in foreign currency exchange rates on cash and cash equivalents:**

As at 31 December 2020, "Other" item amounting to TL 504,547 (31 December 2019: TL 18,128) presented under "Operating Profit Before Changes in Operating Assets and Liabilities" comprises other operating expenses except personnel expenses, other taxes paid, fees and commissions paid.

As at 31 December 2020 "Net Decrease in Other Liabilities" item amounting to TL 539,973 (31 December 2019: TL 247,004) presented under "Changes in Operating Assets and Liabilities" is comprised of changes in miscellaneous payables, other external resources and tax liabilities. As at 31 December 2020, "Net Increase/decrease in Other Assets" amounting to TL (97,758) (31 December 2019: TL 7,721) is comprised of miscellaneous receivables and other assets.

The cash outflow of TL 3,507 (31 December 2019: TL (30,824)) is presented in the "net cash flows from investments" as of 31 December 2020 results from the balance sheet changes in financial assets at fair value through other comprehensive income.

The effect of the change of foreign exchange rates on the cash and cash equivalents is TL 121,508 for the year 2020 (31 December 2019: TL 106,011).



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

a) 31 December 2020:

Parent Bank's Risk Group <sup>(1)</sup>	Associates, Subsidiaries and Joint Ventures		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	-	-	-	567,918	20	-
Balance at the End of the Period	-	-	3,867	997,502	6	-
Interest and Commission Income Received	-	-	-	-	-	-

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

The Parent Bank has TL 114,722 placements in its risk group banks as at 31 December 2020 (31 December 2019: TL 20,056). Besides the Parent Bank has TL 299 irrevocable commitment in its risk group as at 31 December 2020 (31 December 2019: TL 299).

b) 31 December 2019:

Parent Bank's Risk Group <sup>(1)</sup>	Associates, Subsidiaries and Joint Ventures		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	2	-	259,363	25	-
Balance at the End of the Period	-	-	-	567,918	20	-
Interest and Commission Income Received	-	-	-	-	-	-

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

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

Current Period Parent Bank's Risk Group <sup>(1)</sup>	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Deposits						
Balance at the beginning of the Period	-	-	203	-	2,261	-
Balance at the End of the Period	-	-	62,865	-	2,621	-
Interest on Deposits	-	-	-	-	45	-

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

Prior Period Parent Bank's Risk Group <sup>(1)</sup>	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Deposits						
Balance at the beginning of the Period	-	-	31,221	-	992	-
Balance at the End of the Period	-	-	203	-	2,261	-
Interest on Deposits	-	-	-	-	67	-

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

The Parent Bank has borrowed loans from the Parent Bank's Risk Group amounting TL 8,070,829 as at 31 December 2020 (31 December 2019: TL 4,235,154).

The Parent Bank has borrowed subordinated loans from the Parent Bank's Risk Group amounting to TL 2,202,640 as at 31 December 2020 (31 December 2019: TL 1,782,420).

d) Information on forward transactions, option contracts and other similar agreements with the risk group of the Parent Bank:

None (31 December 2019: None).

**ICBC TURKEY BANK A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**VII. Explanations on the Parent Bank's Risk Group (Continued)****2. The Parent Bank's transactions with the risk group:**

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

In the Group's transactions with its risk group, pricing policy and other matters are determined and applied at market conditions. As at 31 December 2020, proportion of cash loans to risk group in total cash loans is 0.0001% (31 December 2019: 0.0002%) and proportion of deposits from its risk group in total deposits is 3.8% (31 December 2019: 0.02%). Proportion of borrowings from its risk group in total funds borrowed is 99.9% (31 December 2019: 99.9%)

As a result of other activities in the risk group of the Bank, other commission income is amounting to TL 10 (31 December 2019: TL 7), other operating income is amounting to TL 3,157 (31 December 2019: TL 3,312 ) and other operating expenses are amounting to TL 28 (31 December 2019: TL 260). As of 31 December 2020, other commission expenses are amounting to TL 1 (31 December 2019: TL 2).

In the current period, benefits provided to the Group's key management amount to TL 29,526 (31 December 2019: TL 24,799).

**VIII. Information on domestic, foreign, offshore branches and foreign representative offices of Parent Bank**

	Number	Employees			
Domestic Branches	39	726			
			Country		
Foreign Representative Offices	-	-	-		
				Total Assets	Legal Capital
Foreign Branches	-	-	-	-	-
Off-Shore Branches	-	-	-	-	-

**IX. Explanation and Footnotes on Subsequent Events**

None.

**ICBC TURKEY BANK A.Ş.**

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**SECTION SIX**

**Explanations on the Auditors’ Report**

**I. Explanations on the Auditors’ Report**

The consolidated financial statements of the Parent Bank and its subsidiaries as at and for the year ended 31 December 2020 have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the Auditors’ Report dated 24 February 2021 is presented in the introduction of this report.

**II. Explanation and Footnotes Prepared by the Independent Auditors**

None.