

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

ICBC Turkey Bank Anonim Şirketi

**Consolidated Interim Financial Statements
As at and For Three-Month Period Ended
31 March 2021**

With Auditors' Review Report Thereon

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

28 April 2021

This report includes "Independent Auditors' Review Report" comprising 2 pages and; "Consolidated Financial Statements and Related Disclosures and Footnotes" comprising 72 pages.

**(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR’S REPORT
ORIGINALLY ISSUED IN TURKISH)**

**LIMITED REVIEW REPORT
FOR THE INTERIM FINANCIAL INFORMATION**

To the General Assembly of ICBC Turkey Bank A.Ş.

Introduction

We have reviewed the accompanying consolidated balance sheet of ICBC Turkey Bank A.Ş.(“the Bank”) as at 31 March 2021, and the consolidated statement of balance sheet, consolidated statement of income and expense items under shareholders’ equity, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA, and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of ICBC Turkey Bank A.Ş. as at 31 March 2021, and of the results of its operations and its cash flows for the three-month period then ended in accordance with the BRSA Accounting and Reporting Regulations.

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 were audited and as at and for the three month period ended 31 March 2020 were reviewed by another auditor who expressed an unqualified opinion and an unqualified conclusion on 24 February 2021 and 22 April 2020, respectively.

Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the Management's interim report included in section seven of the accompanying consolidated financial statements, is not presented fairly, in all material respects, and is not consistent with the reviewed interim financial statements and the explanatory notes.

Additional paragraph for English translation:

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying consolidated financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying consolidated financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK AŞ
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Müjde Aslan
Partner

İstanbul, 28 April 2021

ICBC TURKEY BANK A. Ş.
THREE MONTH CONSOLIDATED FINANCIAL REPORT AS OF 31 MARCH 2021

Address of the Bank's

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

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

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

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

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

Contact information for questions on this financial report:

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ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2021

(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 31 March 2021 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 INTERIM PERIOD ENDED 31 MARCH 2021**

(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:	Shaioxiong Xie	General Manager and Member of the Board of Directors	Graduate
	Jianfeng Zheng	Member of the Board of Directors	Graduate
General Manager:	Serhat Yanık	Independent Member of the Board of Directors	Doctorate
	Shaioxiong Xie	General Manager and Member of the Board of Directors	Graduate
Assistant General Managers:	Jinhong Li	Deputy General Manager – Credit Allocation, Legal Affairs, Operations Management and Operation Center	Graduate
	Hüseyin H. İmece	Asset and Liability Department, Economic Research Department, Financial Control and Accounting Department	Under-Graduate
	D.Halit Döver	International Business Department, Financial Institutions Department, Financial Market Department and Corporate Banking Department and Cross Border Finance Department	Graduate
	Kadir Karakurum	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	Managing Director of Inspectors’ Group	Under-Graduate

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 Sompo 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 March 2021, 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 2020 number of branches was 59, number of employees was 826).

The Group and its subsidiary, ICBC Turkey Yatırım Menkul Değerler A.Ş. (“ICBC Yatırım”) have been consolidated. As at 31 March 2021, 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.

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

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

ICBC TURKEY BANK A.Ş.

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 31 MARCH 2021

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

ASSETS		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
			Reviewed CURRENT PERIOD 31/03/2021			Audited PRIOR PERIOD 31/12/2020		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (Net)		1,443,369	9,885,690	11,329,059	1,315,692	9,340,398	10,656,090
1.1	Cash and Cash Equivalents		769,043	4,610,168	5,379,211	618,882	4,647,341	5,266,223
1.1.1	Cash and Balances at Central Bank	(5.1.1)	327,772	3,868,258	4,196,030	113,485	3,047,428	3,160,913
1.1.2	Banks	(5.1.3)	3,300	742,954	746,254	2,592	1,604,376	1,606,968
1.1.3	Receivables from Money Markets		439,634	-	439,634	504,390	-	504,390
1.1.4	Allowance For Expected Credit Losses (-)		1,663	1,044	2,707	1,585	4,463	6,048
1.2	Financial Assets at Fair Value Through Profit or Loss		25,748	15,681	41,429	21,923	14,282	36,205
1.2.1	Public Debt Securities		-	-	-	-	-	-
1.2.2	Equity Instruments		91	15,681	15,772	77	14,282	14,359
1.2.3	Other Financial Assets		25,657	-	25,657	21,846	-	21,846
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.4)	646,905	5,194,678	5,841,583	674,573	4,677,593	5,352,166
1.3.1	Public Debt Securities		646,905	144,540	791,445	674,573	178,864	853,437
1.3.2	Equity Instruments		-	-	-	-	-	-
1.3.3	Other Financial Assets		-	5,050,138	5,050,138	-	4,498,729	4,498,729
1.4	Derivative Financial Assets	(5.1.2)	1,673	65,163	66,836	314	1,182	1,496
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		1,673	65,163	66,836	314	1,182	1,496
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		2,975,582	12,030,644	15,006,226	3,341,509	10,780,839	14,122,348
2.1	Loans	(5.1.5)	2,072,709	8,883,061	10,955,770	2,622,721	7,432,590	10,055,311
2.2	Receivables from Leasing Transactions	(5.1.10)	-	-	-	-	-	-
2.3	Factoring Receivables		-	-	-	-	-	-
2.4	Financial Assets Measured at Amortised Cost	(5.1.6)	963,447	3,450,310	4,413,757	781,293	3,609,776	4,391,069
2.4.1	Public Debt Securities		963,447	2,667,100	3,630,547	781,293	2,415,287	3,196,580
2.4.2	Other Financial Assets		-	783,210	783,210	-	1,194,489	1,194,489
2.5	Allowance for Expected Credit Losses (-)		60,574	302,727	363,301	62,505	261,527	324,032
III.	NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND FROM DISCOUNTED OPERATIONS (Net)	(5.1.14)	-	-	-	-	-	-
3.1	Held for Sale		-	-	-	-	-	-
3.2	Held from discontinued operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-	-	-	-
4.1	Investments in Associates (Net)	(5.1.7)	-	-	-	-	-	-
4.1.1	Associates accounted by using equity method		-	-	-	-	-	-
4.1.2	Non-Consolidated Associates		-	-	-	-	-	-
4.2	Investments in Subsidiaries (Net)	(5.1.8)	-	-	-	-	-	-
4.2.1	Non-Consolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Non-Consolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3	Joint Controlled Partnership (Joint Ventures) (Net)	(5.1.9)	-	-	-	-	-	-
4.3.1	Jointly Controlled Partnership Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2	Non-Consolidated Jointly Controlled Partnership		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)		109,990	-	109,990	113,423	-	113,423
VI.	INTANGIBLE ASSETS AND GOODWILL (Net)		9,289	-	9,289	7,839	-	7,839
6.1	Goodwill		-	-	-	-	-	-
6.2	Others		9,289	-	9,289	7,839	-	7,839
VII.	INVESTMENT PROPERTIES (Net)	(5.1.12)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSETS		26	-	26	19	-	19
IX.	DEFERRED TAX ASSETS	(5.1.13)	110,359	-	110,359	116,269	-	116,269
X.	OTHER ASSETS (Net)	(5.1.15)	104,375	3,098	107,473	72,764	92,431	165,195
	TOTAL ASSETS		4,752,990	21,919,432	26,672,422	4,967,515	20,213,668	25,181,183

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 MARCH 2021**

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

LIABILITIES	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 31/03/2021			Audited PRIOR PERIOD 31/12/2020		
		TL	FC	Total	TL	FC	Total
I. DEPOSIT	(5.II.1)	2,226,279	11,887,316	14,113,595	1,783,716	9,854,981	11,638,697
II. LOANS RECEIVED	(5.II.4)	675,236	6,587,502	7,262,738	639,192	7,452,646	8,091,838
III. MONEY MARKET FUNDS	(5.II.2)	21,061	-	21,061	550,633	147,067	697,700
IV. MARKETABLE SECURITIES (Net)		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrowers' Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(5.II.3)	990	2,037	3,027	293	89,662	89,955
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		990	2,037	3,027	293	89,662	89,955
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	(5.II.6)	71,144	-	71,144	72,700	-	72,700
X. PROVISIONS	(5.II.8)	139,713	66,268	205,981	144,829	59,169	203,998
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Reserves for Employee Benefits		29,606	-	29,606	27,024	-	27,024
10.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4 Other Provisions		110,107	66,268	176,375	117,805	59,169	176,974
XI. CURRENT TAX LIABILITIES	(5.II.9)	34,347	-	34,347	69,246	-	69,246
XII. DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “DISCONTINUED OPERATIONS” (Net)	(5.II.10)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	(5.II.11)	-	2,510,902	2,510,902	-	2,202,640	2,202,640
14.1 Loans		-	2,510,902	2,510,902	-	2,202,640	2,202,640
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	(5.II.5)	166,544	751,156	917,700	327,516	369,077	696,593
XVI. SHAREHOLDERS' EQUITY	(5.II.12)	1,520,774	11,153	1,531,927	1,424,193	(6,377)	1,417,816
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	18,248	-	18,248
16.4 Other Accumulated Comprehensive Income that will be Reclassified in Profit or Loss		(6,445)	11,153	4,708	1,834	(6,377)	(4,543)
16.5 Profit Reserves		491,598	-	491,598	402,700	-	402,700
16.5.1 Legal Reserves		26,983	-	26,983	22,538	-	22,538
16.5.2 Statutory Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		406,552	-	406,552	322,099	-	322,099
16.5.4 Other Profit Reserves		58,063	-	58,063	58,063	-	58,063
16.6 Profit or Loss		157,960	-	157,960	141,998	-	141,998
16.6.1 Prior Years' Profits or Losses		56,635	-	56,635	51,067	-	51,067
16.6.2 Current Period's net Profit or Loss		101,325	-	101,325	90,931	-	90,931
16.7 Minority Shares'		-	-	-	-	-	-
TOTAL LIABILITIES		4,856,088	21,816,334	26,672,422	5,012,318	20,168,865	25,181,183

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 MARCH 2021**

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

	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 31/03/2021			Audited PRIOR PERIOD 31/12/2020		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		1,144,259	16,302,401	17,446,660	1,045,835	14,679,666	15,725,501
I. GUARANTEES AND WARRANTIES	(5.III.1)	878,765	9,955,753	10,834,518	899,364	8,512,185	9,411,549
1.1. Letters of Guarantee		878,765	3,012,612	3,891,377	873,917	2,429,013	3,302,930
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		878,765	3,012,612	3,891,377	873,917	2,429,013	3,302,930
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	818,475	818,475	25,447	439,924	465,371
1.3.1. Documentary Letters of Credit		-	405,836	405,836	25,447	201,616	227,063
1.3.2. Other Letters of Credit		-	412,639	412,639	-	238,308	238,308
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		-	6,124,666	6,124,666	-	5,643,248	5,643,248
1.9. Other Warranties		-	-	-	-	-	-
II. COMMITMENTS	(5.III.1)	138,104	25,570	163,674	130,428	45,000	175,428
2.1. Irrevocable Commitments		138,104	25,570	163,674	130,428	45,000	175,428
2.1.1. Asset Purchase and Sales Commitments		14,975	25,570	40,545	8,886	45,000	53,886
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		29,854	-	29,854	29,704	-	29,704
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7. Commitments for Checks Payments		6,811	-	6,811	6,294	-	6,294
2.1.8. Tax and Fund Liabilities from Export Commitments		3	-	3	3	-	3
2.1.9. Commitments for Credit Card Limits		86,175	-	86,175	85,095	-	85,095
2.1.10. Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
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		286	-	286	446	-	446
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		127,390	6,321,078	6,448,468	16,043	6,122,481	6,138,524
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		127,390	6,321,078	6,448,468	16,043	6,122,481	6,138,524
3.2.1. Forward Foreign Currency Purchase and Sale Transactions		10,168	45,269	55,437	9,844	27,516	37,360
3.2.1.1. Forward Foreign Currency Purchase Transactions		10,168	17,393	27,561	7,132	11,708	18,840
3.2.1.2. Forward Foreign Currency Sale Transactions		-	27,876	27,876	2,712	15,808	18,520
3.2.2. Currency and Interest Rate Swaps		10,046	6,150,667	6,160,713	6,199	6,080,240	6,086,439
3.2.2.1. Currency Swap Purchase Transactions		-	3,113,547	3,113,547	-	3,000,604	3,000,604
3.2.2.2. Currency Swap Sale Transactions		10,046	3,037,120	3,047,166	6,199	3,079,636	3,085,835
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		107,176	125,142	232,318	-	14,725	14,725
3.2.3.1. Currency Purchase Options		53,587	62,572	116,159	-	7,341	7,341
3.2.3.2. Currency Sale Options		53,589	62,570	116,159	-	7,384	7,384
3.2.3.3. Interest Rate Purchase Options		-	-	-	-	-	-
3.2.3.4. Interest Rate Sale Options		-	-	-	-	-	-
3.2.3.5. Securities Purchase Options		-	-	-	-	-	-
3.2.3.6. Securities Sale Options		-	-	-	-	-	-
3.2.4. Currency Futures		-	-	-	-	-	-
3.2.4.1. Currency Purchase Futures		-	-	-	-	-	-
3.2.4.2. Currency Sale Futures		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Purchase Futures		-	-	-	-	-	-
3.2.5.2. Interest Rate Sale Futures		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		18,229,220	102,073,826	120,303,046	18,199,177	91,152,523	109,351,700
IV. ITEMS HELD IN CUSTODY		7,995,004	43,611,766	51,606,770	7,896,731	38,703,770	46,600,501
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Securities Held in Custody		1,567,244	23,029	1,590,273	1,474,262	23,099	1,497,361
4.3. Checks Received for Collection		39,536	36,453	75,989	49,343	23,103	72,446
4.4. Commercial Notes Received for Collection		5,181	14,971	20,152	2,507	9,148	11,655
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Securities Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		6,379,929	43,531,901	49,911,830	6,369,985	38,648,016	45,018,001
4.8. Custodians		3,114	5,412	8,526	634	404	1,038
V. PLEDGED ITEMS		10,234,216	58,462,060	68,696,276	10,302,446	52,448,753	62,751,199
5.1. Marketable Securities		19,047	-	19,047	14,573	-	14,573
5.2. Guarantee Notes		921	83	1,004	921	440	1,361
5.3. Commodity		44,542	75,255	119,797	43,956	69,335	113,291
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		2,806,075	41,026,603	43,832,678	2,865,716	36,879,643	39,745,359
5.6. Other Pledged Items		7,363,631	17,360,119	24,723,750	7,377,280	15,499,335	22,876,615
5.7. Depositories Receiving Pledged Items		-	-	-	-	-	-
VI. ACCEPTED BILL OF GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ITEMS (A+B)		19,373,479	118,376,227	137,749,706	19,245,012	105,832,189	125,077,201

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 MARCH 2021**

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

INCOME AND EXPENSE ITEMS		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA	
			Reviewed CURRENT PERIOD (01/01/2021- 31/03/2021)	Reviewed PRIOR PERIOD (01/01/2020- 31/03/2020)
I.	INTEREST INCOME	(5.IV.1)	365,497	274,184
1.1	Interest on Loans		202,222	144,289
1.2	Interest Received from Reserve Deposits		5,017	-
1.3	Interest Received from Banks		3,292	20,498
1.4	Interest Received from Money Market Transactions		16,889	530
1.5	Interest Received from Marketable Securities Portfolio		136,193	89,639
1.5.1	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		38,624	30,272
1.5.3	Financial Assets Measured at Amortised Cost		97,569	59,367
1.6	Finance Lease Income		-	-
1.7	Other Interest Income		1,884	19,228
II.	INTEREST EXPENSES	(5.IV.2)	212,623	151,161
2.1	Interest on Deposits		139,189	80,764
2.2	Interest on Funds Borrowed		65,262	59,948
2.3	Interest on Money Market Transactions		4,816	1,180
2.4	Interest on Securities Issued		-	-
2.5	Interest on Leases		2,918	3,469
2.6	Other Interest Expenses		438	5,800
III.	NET INTEREST INCOME/EXPENSE (I - II)		152,874	123,023
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		50,091	23,933
4.1	Fees and Commissions Received		54,119	27,244
4.1.1	Non-Cash Loans		9,015	4,161
4.1.2	Other		45,104	23,083
4.2	Fees and Commissions Paid		4,028	3,311
4.2.1	Non-Cash Loans		9	6
4.2.2	Other		4,019	3,305
V.	DIVIDEND INCOME	(5.IV.3)	-	-
VI.	TRADING PROFIT/LOSS (Net)		62,749	31,116
6.1	Profit/Losses from Capital Market Transactions		9,176	4,461
6.2	Profit/Losses from Derivative Financial Transactions		113,682	11,279
6.3	Foreign Exchange Profit/Losses		(60,109)	15,376
VII.	OTHER OPERATING INCOME	(5.IV.4)	41,862	108,607
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		307,576	286,679
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(5.IV.5)	45,207	55,819
X.	OTHER PROVISION EXPENSES (-)	(5.IV.5)	664	4,070
XI.	PERSONNEL EXPENSES (-)		83,035	69,101
XII.	OTHER OPERATING EXPENSES (-)	(5.IV.6)	68,161	45,325
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		110,509	112,364
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI.	NET MONETARY POSITION GAIN / LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+XIV+XV+XVI)	(5.IV.7)	110,509	112,364
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.IV.8)	9,184	16,760
18.1	Current Tax Provision		5,982	33,918
18.2	Expense Effect of Deferred Tax (+)		24,287	278
18.3	Income Effect of Deferred Tax (-)		(21,085)	(17,436)
XIX.	NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS (XVII±XVIII)	(5.IV.9)	101,325	95,604
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
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		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
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		-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)	(5.IV.7)	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(5.IV.8)	-	-
23.1	Current Tax Provision		-	-
23.2	Expense Effect of Deferred Tax (+)		-	-
23.3	Income Effect of Deferred Tax (-)		-	-
XXIV.	CURRENT PERIOD NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	CURRENT PERIOD NET PROFIT/(LOSS) (XIX+XXIV)	(5.IV.10)	101,325	95,604
25.1	Group's Profit/Loss		101,325	95,604
25.2	Minority Shares (-)		-	-
	Profit/Loss of Per Share (Full TL)		0.0118	0.0111

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 MARCH 2021**

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

		THOUSANDS OF TURKISH LIRA	
		Reviewed CURRENT PERIOD (01/01/2021- 31/03/2021)	Reviewed PRIOR PERIOD (01/01/2020- 31/03/2020)
I.	CURRENT PERIOD PROFIT / (LOSS)	101,325	95,604
II.	OTHER COMPREHENSIVE INCOME	9,251	(35,306)
2.1.	Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	-	-
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	-	-
2.1.2.	Gains (Losses) on Revaluation of Intangible Assets	-	-
2.1.3.	Gains (Losses) on Remeasurements of Defined Benefit Plans	-	-
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	-	-
2.1.5.	Taxes Relating To Components of Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	-	-
2.2.	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	9,251	(35,306)
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	11,960	(43,509)
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	(2,709)	8,203
III.	TOTAL COMPREHENSIVE INCOME (I+II)	110,576	60,298

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 MARCH 2021**

(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							5	6
PRIOR PERIOD (31/03/2020)																
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	-	-	-	-	-	-	-	-	(35,306)	-	-	-	95,604	60,298	-	60,298
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	73,922	(2,412)	(71,510)	-	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers legal reserves	-	-	-	-	-	-	-	-	-	73,922	(73,922)	-	-	-	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	71,510	(71,510)	-	-	-
Balances at the end of Period (III+IV+...+X+XI) 31/03/2020	860,000	(587)	-	-	15,094	1,216	-	-	(30,724)	-	402,700	46,307	95,604	1,389,610	-	1,389,610

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 MARCH 2021**

(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 Profit/ (Loss)	Current Period Profit/ (Loss)	Total Equity Attributable to Equity Holders of the Parent	Minority Shares	Total Equity		
					1	2	3	4	5							6	
CURRENT PERIOD																	
(31/03/2021)																	
I.	Balances at Beginning of Period	860,000	(587)	-	-	17,326	922	-	-	(4,543)	-	402,700	51,067	90,931	1,417,816	-	1,417,816
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)	-	-	17,326	922	-	-	(4,543)	-	402,700	51,067	90,931	1,417,816	-	1,417,816
IV.	Total Comprehensive Income	-	-	-	-	-	-	-	-	9,251	-	-	-	101,325	110,576	-	110,576
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	-	-	-	-	-	-	-	-	-	-	3,535	-	-	3,535	-	3,535
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	88,898	2,033	(90,931)	-	-	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers legal reserves	-	-	-	-	-	-	-	-	-	-	88,898	(88,898)	-	-	-	-
11.3	Others	-	-	-	-	-	-	-	-	-	-	90,931	(90,931)	-	-	-	-
	Balances at the end of Period (III+IV...+X+XI) 31/03/2021	860,000	(587)	-	-	17,326	922	-	-	4,708	-	491,598	56,635	101,325	1,531,927	-	1,531,927

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 MARCH 2021**

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

	THOUSANDS OF TURKISH LIRA	
	Reviewed CURRENT PERIOD (01/01/2021 - 31/03/2021)	Reviewed PRIOR PERIOD (01/01/2020 - 31/03/2020)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	(585,939)	(103,705)
1.1.1 Interest Received	142,667	198,886
1.1.2 Interest Paid	(268,246)	(121,189)
1.1.3 Dividends Received	-	-
1.1.4 Fees And Commissions Received	47,752	22,386
1.1.5 Other Income	120,894	135,257
1.1.6 Collections from Previously Written-Off Loans and Other Receivables	3,387	119,276
1.1.7 Cash Payments to Personnel and Service Suppliers	(80,453)	(67,281)
1.1.8 Taxes Paid	(11,810)	(5,490)
1.1.9 Other	(540,130)	(385,550)
1.2 Changes in Operating Assets and Liabilities Subject to Banking Operations	(1,444,023)	2,394,912
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	81,708	(8,259)
1.2.2 Net (Increase) Decrease in Due From Banks	(580,804)	(250,770)
1.2.3 Net (Increase) Decrease in Loans	(1,320,323)	723,017
1.2.4 Net (Increase) Decrease in Other Assets	(644,374)	(204,765)
1.2.5 Net (Increase) Decrease in Bank Deposits	23,963	(24,202)
1.2.6 Net Increase (Decrease) in Other Deposits	2,447,242	(262,353)
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	(769,784)	2,302,283
1.2.9 Net Increase (Decrease) in Matured Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(681,651)	119,961
I. Net Cash Provided from Banking Operations	(2,029,962)	2,291,207
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Provided from Investing Activities	825,964	(481,295)
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 Tangible And Intangible Asset Purchases	(11,948)	70,065
2.4 Cash Obtained from the Sale of Tangible And Intangible Assets	2,350	387
2.5 Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(25,866)	(44,365)
2.6 Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income	63,964	206,410
2.7 Cash Paid for Purchase of Financial Assets Measured at Amortised Cost	168,639	(888,750)
2.8 Cash Obtained from Sale of Financial Asset Measured at Amortised Cost	630,587	169,119
2.9 Other	(1,762)	5,839
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided by / (Used in) Financing Activities	306,706	190,995
3.1 Cash Obtained from Funds Borrowed and Securities Issued	308,262	190,836
3.2 Cash Outflow Arised from Funds Borrowed and Securities Issued	-	-
3.3 Equity Investments Issued	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Liabilities Leases	(1,556)	159
3.6 Other	-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	422,957	175,290
V. Net Increase/Decrease in Cash and Cash Equivalents (I+II+III+IV)	(474,335)	2,176,197
VI. Cash and Cash Equivalents at the Beginning of the Period	3,750,867	3,866,345
VII. Cash and Cash Equivalents at the End of the Period (V+VI)	3,276,532	6,042,542

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 MARCH 2021

(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 March 2021 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 MARCH 2021

(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.

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 March 2021, foreign currency denominated balances are translated into Turkish Lira at fair value through (TL Full); USD: TL 8.326, EUR: TL 9.7741, GBP: TL 11.4324, and JPY: TL 0.075324.

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

III. Explanations on Subsidiaries and Associates

As of 31 March 2021 and 31 December 2020, 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 March 2021 and 31 December 2020.

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 March 2021 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 MARCH 2021

(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 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 Parent 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 MARCH 2021

(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 MARCH 2021

(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 at 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 MARCH 2021

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

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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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 2020: None).

The Group has no discontinued operations (31 December 2020: None).

XIII. Explanations on Goodwill and Other Intangible Assets

There is no goodwill in the accompanying consolidated financial statements as at 31 March 2021 and 31 December 2020.

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 scope of “Turkish Accounting Standarts (“TAS 36”) on Impairment losses on Assets”, 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 March 2021, revaluation surplus on tangible assets before tax amounts to TL 16,740 (31 December 2020: TL 16,740).

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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 March 2021 (31 December 2020: 4.11%).

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XIX. Explanations on Taxation

a. Current tax:

In Turkey, the general corporate tax rate is 20%. However, within the scope of the "Law on the Procedure of Collection of Public Receivables and the Law on Amendment of Certain Laws" published in the Official Gazette dated 22 April 2021, starting from 1 July 2021, corporate tax rate will be applied as 25% for 2021 taxation period and 23% for 2022 taxation period respectively.

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.

b. 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.

The Bank has calculated the deferred tax rate of 20% over its assets and liabilities as of 31 March 2021.

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

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

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

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

c. Transfer Pricing:

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

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

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

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".

XXI. Explanations on Issued Stock

There is no issued stock in the current period. (31 December 2020: None.)

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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 March 2021 and 31 December 2020, 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 March 25, 2021, it was decided to allocate a reserve of TL 58,048, which constitutes the net profit after tax for 2020, was decided to be allocated as reserve of as legal reserves at the rate of 5% amounting to TL 2,902 in accordance with Article 519/1 of the TCC and the remaining entire TL 55,146 has been decided to transferred 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 March 2021	31 March 2020
Net Profit / (Loss) for the Period	101,325	95,604
Number of Shares	8,600,000	8,600,000
Profit / (Loss) Per Share (*)	0.011782	0.011117

(*) Expressed as full TL

XXIX. Reclassifications

None.

XXX. Explanations on Other Matters

None.

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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 20.27% (31 December 2020: 19.57%).

Current Period	31 March 2021	31 December 2020
COMMON EQUITY TIER 1 CAPITAL		
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	491,598	402,700
Gains recognized in equity as per TAS	48,299	19,249
Profit	157,960	141,998
Current period profit	101,325	90,931
Prior period profit/loss	56,635	51,067
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	1,557,270	1,423,360
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	-
Improvement costs for operating leasing	4,354	4,545
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	9,289	7,839
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	9,407	1,537
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	-	-
Total Deductions From Common Equity Tier I Capital	23,050	13,921
Total Common Equity Tier I Capital	1,534,220	1,409,439

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I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued):

	31 March 2021	31 December 2020
ADDITIONAL TIER I CAPITAL		
Preferred stock not included in common equity and the related share premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1,534,221	1,409,439
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	2,510,902	2,202,640
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)	234,571	295,824
Tier II Capital Before Deductions	2,745,473	2,498,464
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	2,745,473	2,498,464
Total Capital (The sum of Tier I Capital and Tier II Capital)	4,279,694	3,907,903
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	170	174
Regulatory Adjustments which will be deducted from Total Capital during the transition period		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
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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I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued):

	31 March 2021	31 December 2020
TOTAL CAPITAL		
Total capital (The Sum of Tier I Capital and Tier II)	4,279,524	3,907,729
Total risk weighted amounts	21,112,466	19,964,381
CAPITAL ADEQUACY RATIOS ⁽²⁾		
Consolidated Core Capital Adequacy Ratio (%)	7.27	7.06
Consolidated Tier I Capital Adequacy Ratio (%)	7.27	7.06
Consolidated Capital Adequacy Standard Ratio (%)	20.27	19.57
BUFFERS		
Total buffer requirement	2.70	2.73
Capital conservation buffer requirement (%)	2.50	2.50
Bank specific countercyclical buffer requirement (%)	0.20	0.23
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	-
Amounts below the financial limits as per the Deduction Principles		
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	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	397,837	355,904
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	234,571	295,824
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Temporary Article 4 (to be implemented between 1 January 2019 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

⁽²⁾ As of 31 March 2021, the Parent Bank has taken into consideration subordinated loan amounting TL 2,510,902 (December 31, 2020: TL 2,202,640) from its main shareholder, Industrial and Commercial Bank of China Limited Company, for capital adequacy calculation.

As of 31 March 2021 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 March 2021 would have been calculated as TL 4,300,582 (31 December 2020: 3,909,296 TL) and the capital adequacy standard ratio would have been calculated as 17.12% (31 December 2020: % 17.37).

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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
Consideration in equity calculation	
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)	2,510,902 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	-
Interest / dividend payments	
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
Convertible to stock	
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	-
Value reduction feature	
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

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II. Explanations and Footnotes on Consolidated Credit Risk

Not prepared in compliance with Article 25 of the Communiqué on “Financial Statements and Related Disclosures and Footnotes to be Announced to the Public by Banks”.

III. 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):

	25.03.2021	26.03.2021	29.03.2021	30.03.2021	31.03.2021
USD	7.9666	7.9409	7.9893	8.1192	8.3260
GBP	10.9020	10.8559	10.9848	11.1957	11.4324
EURO	9.4257	9.3778	9.4150	9.5618	9.7741
JPY	0.0732	0.0726	0.0728	0.0739	0.0753

The basic arithmetical average of the Parent Bank’s foreign exchange bid rates for the last thirty-one days ending 31 March 2021 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	7.6142
GBP	10.5435
EURO	9.0784
JPY	0.0700

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

Information on consolidated foreign currency exchange rate risk:

31 March 2021	EURO	USD	OTHER FC	TOTAL
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the CBRT ⁽¹⁾	32,781	3,833,267	2,210	3,868,258
Banks	31,741	698,596	12,617	742,954
Financial assets at fair value through profit or loss	15,681	-	-	15,681
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	1,977,809	3,210,706	6,163	5,194,678
Loans ⁽³⁾	5,661,965	3,224,739	-	8,886,704
Investment and associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortized cost	-	3,450,310	-	3,450,310
Hedging derivative financial assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	366	2,479	253	3,098
Total assets ^{(2) (3) (7)}	7,720,343	14,420,097	21,244	22,161,683
Liabilities				
Interbank deposits	102	20	81,598	81,720
Foreign currency deposits	2,548,909	8,721,057	535,630	11,805,596
Fund provided from money market	-	-	-	-
Funds provided from other financial institutions	1,959,501	7,138,903	-	9,098,404
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities held for hedging	-	-	-	-
Other liabilities	144,724	605,520	912	751,156
Total liabilities ^{(2) (6) (8)}	4,653,236	16,465,500	618,140	21,736,876
Net On Balance Sheet Position	3,067,107	(2,045,403)	(596,897)	424,807
Net Off Balance Sheet Position	(3,041,591)	2,500,593	596,112	55,114
Financial Derivatives Assets ⁽⁵⁾	2,949	2,594,004	603,929	3,200,882
Financial Derivatives Liabilities ⁽⁵⁾	3,044,540	93,411	7,817	3,145,768
Non-cash Loans ⁽⁴⁾	2,898,481	6,991,754	65,518	9,955,753
31 December 2020				
Total Assets ^{(2) (3) (7)}	6,900,860	13,489,201	92,379	20,482,440
Total Liabilities ^{(2) (6) (8)}	3,849,559	15,976,985	199,867	20,026,411
Net On Balance Sheet Position	3,051,301	(2,487,784)	(107,488)	456,029
Net Off Balance Sheet Position	(3,034,712)	2,863,917	93,460	(77,335)
Financial Derivatives Assets ⁽⁵⁾	24,321	2,899,707	121,045	3,045,073
Financial Derivatives Liabilities ⁽⁵⁾	3,059,033	35,790	27,585	3,122,408
Non-cash Loans ⁽⁴⁾	2,845,476	5,617,723	48,986	8,512,185

⁽¹⁾ As of 31 March 2021 and 31 December 2020, the Group does not have precious metals in CBRT accounts.

⁽²⁾ As of 31 March 2021, 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 65,163 and TL 2,037 respectively (31 December 2020: TL 1,182 and TL 89,662) are not included in the table.

⁽³⁾ As of 31 March 2021, “Loans” balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 3,643 (31 December 2020: TL 3,964).

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

⁽⁵⁾ As of 31 March 2021, value dated FX buying and FX selling transactions amounting to TL 7,370 and TL 18,202 respectively, presented under “Asset Purchase and Sale Commitments” of off-balance sheet items are included (31 December 2020: TL 25,420 and TL 19,580).

⁽⁶⁾ As of 31 March 2021, “Valuation Differences of Securities” amounting to TL 11,153 (31 December 2020: TL (4,543)) which are classified under shareholders’ equity, are not included.

⁽⁷⁾ As of 31 March 2021, assets amounting to TL 303,771 (31 December 2020: TL 262,529) are not included “Expected Loss Provisions”.

⁽⁸⁾ As of 31 March 2021, liabilities amounting to TL 66,268 (31 December 2020: TL 59,170) are not included “Other Provisions”.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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IV. 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 ⁽¹⁾	Total
31 March 2021							
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the CBRT	2,105,202	-	-	-	-	2,090,828	4,196,030
Banks	260,819	417,826	-	-	-	67,609	746,254
Financial assets at fair value through profit or loss	30,812	34,972	1,052	-	-	41,429	108,265
Money market placements	439,634	-	-	-	-	-	439,634
Financial assets at fair value through other comprehensive income	2,854	4,767,015	755,321	238,717	77,676	-	5,841,583
Loans	1,737,927	2,806,731	4,550,809	1,324,591	535,712	-	10,955,770
Financial assets measured at amortized cost	168,594	240,185	1,000,456	2,849,617	154,905	-	4,413,757
Other assets	15	-	-	-	-	(28,886)	(28,871)
Total assets	4,745,857	8,266,729	6,307,638	4,412,925	768,293	2,170,980	26,672,422
Liabilities							
Bank Deposits	19,445	6,191	-	-	-	177,875	203,511
Other Deposits	9,940,389	2,713,527	203,383	4,285	-	1,048,500	13,910,084
Money Market Borrowings	21,061	-	-	-	-	-	21,061
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	440,664	5,166,402	2,079,213	2,087,361	-	-	9,773,640
Other Liabilities	764,760	10	138	-	-	1,999,218	2,764,126
Total Liabilities	11,186,319	7,886,130	2,282,734	2,091,646	-	3,225,593	26,672,422
Balance Sheet Long Position	-	380,599	4,024,904	2,321,279	768,293	-	7,495,075
Balance Sheet Short Position	(6,440,462)	-	-	-	-	(1,054,613)	(7,495,075)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(6,440,462)	380,599	4,024,904	2,321,279	768,293	(1,054,613)	-

⁽¹⁾ Tangible and intangible assets amounting to TL 119,279, deferred tax assets amounting to TL 110,359, tax assets amounting to TL 26, expected loss provisions amounting to TL (366,008) and other assets amounting to TL 107,458, are included in other assets line in the interest-free column; provisions amounting to TL 205,981, tax liability amounting to TL 34,347, lease liabilities amounting to TL 71,144, other liabilities amounting to TL 155,819 and shareholders' equity amounting to TL 1,531,927 are presented in other liabilities as non-interest bearing.

⁽²⁾ Derivative financial instruments are included.

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IV. 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 ⁽¹⁾	Total
31 December 2020							
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	1,393,298	-	-	-	-	1,767,615	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 ⁽¹⁾	8	-	-	-	-	72,657	72,665
Total Assets	4,720,307	9,071,727	4,472,659	4,095,310	671,340	2,149,840	25,181,183
Liabilities							
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
Total Liabilities	9,966,581	5,380,786	6,656,010	394,696	-	2,783,110	25,181,183
Balance Sheet Long Position	-	3,690,941	-	3,700,614	671,340	-	8,062,895
Balance Sheet Short Position	(5,246,274)	-	(2,183,351)	-	-	(633,270)	(8,062,895)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(5,246,274)	3,690,941	(2,183,351)	3,700,614	671,340	(633,270)	-

⁽¹⁾ Tangible and intangible assets amounting to TL 121,262, deferred tax assets amounting to 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.

⁽²⁾ Derivative financials instruments are included.

Interest rates applied to monetary financial instruments:

	EURO%	USD%	JPY%	TL%
31 March 2021 ⁽¹⁾				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	12.00
Banks	-	2.08	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	20.90
Financial Assets at Fair Value Through Other Comprehensive Income	2.65	2.70	-	17.49
Loans	3.16	3.60	-	14.07
Financial Assets Measured at Amortised Cost	-	6.12	-	18.28
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	0.92	1.81	0.01	18.89
Money Market Borrowings	-	-	-	20.88
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0.33	2.02	-	14.31

⁽¹⁾ Stated at compound interest rates.

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

	EURO%	USD%	JPY%	TL%
31 December 2020 ⁽¹⁾				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	12.00
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 Amortized Cost	-	6.51	-	3.42
Liabilities				
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

⁽¹⁾ 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 March 2021. Tax effects are excluded in the study.

Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
TL	500	(58,262)	(1.4%)
	(400)	52,166	1.3%
EURO	200	(167,655)	(4.0%)
	(200)	(20,877)	(0.5%)
USD	200	(131,478)	(3.2%)
	(200)	110,063	2.6%
Total (for negative shocks)		141,352	3.4%
Total (for positive shocks)		(357,395)	(8.6%)

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V. 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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V . 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 2021 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.

	Min FC (%)	Min Sum (%)	Max FC (%)	Max Sum (%)
Month	31 March 2021	31 March 2021	01 January 2021	22 January 2020
Ratio (%)	229.06%	196.74%	629.74%	492.23%

31 March 2021	Unweighted Amounts⁽²⁾		Weighted Amounts⁽²⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			7,954,753	6,419,897
CASH OUTFLOWS				
Retail and Small Business Customers Deposits	6,771,365	5,082,857	630,420	507,844
Stable deposits	934,330	8,845	46,716	442
Less stable deposits	5,837,035	5,074,013	583,703	507,401
Unsecured Funding other than Retail and Small Business Customer Deposits				
Operational Deposits	2,558	-	437	-
Non-Operational Funding	7,276,218	6,853,536	2,993,742	2,755,930
Other Unsecured Funding	1,311,736	485,236	1,298,816	482,789
Secured funding			-	-
Other Cash Outflows	1,644,256	1,594,585	1,547,995	1,523,547
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1,483,821	1,476,189	1,483,821	1,476,189
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	160,435	118,395	64,174	47,358
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	626,814	614,191	31,341	30,710
Other irrevocable or conditionally revocable commitments	2,242,258	1,854,303	234,854	185,446
TOTAL CASH OUTFLOWS			6,737,605	5,486,266
CASH INFLOWS				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	3,163,419	2,857,639	2,996,143	2,804,926
Other Contractual Cash Inflows	974,182	968,285	974,182	968,285
TOTAL CASH INFLOWS	4,137,601	3,825,924	3,970,325	3,773,211
			Upper Limit Applied Accounts	
TOTAL HIGH LIQUIDITY ASSETS			7,954,753	6,419,897
TOTAL NET CASH OUTFLOWS⁽¹⁾			2,767,280	1,713,055
LIQUIDITY COVERAGE RATIO (%)			287.46%	374.76%

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

⁽²⁾ Simple arithmetical average of the monthly consolidated liquidity coverage ratios of the first three months of 2021 was taken.

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

31 December 2020	Unweighted Amounts ⁽¹⁾		Weighted Amounts ⁽²⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			4,705,539	3,333,548
CASH OUTFLOWS				
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
TOTAL CASH OUTFLOWS			4,761,897	3,550,128
CASH INFLOWS				
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
TOTAL CASH INFLOWS	2,862,683	2,632,429	2,749,271	2,601,157
			Upper Limit Applied Accounts	
TOTAL HIGH LIQUIDITY ASSETS			7,781,515	6,397,774
TOTAL NET CASH OUTFLOWS⁽¹⁾			2,012,625	948,972
LIQUIDITY COVERAGE RATIO (%)			386.64%	674.18%

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

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

Since except of the real person deposit and retail deposits, the increase in unsecured debts caused the increase of cash outflows, the liquidity coverage ratio of the Parent Bank's decreased. 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.

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

Presentation of assets and liabilities according to their remaining maturities:

31 March 2021	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 Years	5 years and over	Undist. ⁽¹⁾	Total
Assets								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	2,095,301	2,100,729	-	-	-	-	-	4,196,030
Banks	67,609	260,818	417,827	-	-	-	-	746,254
Financial Assets at Fair Value Through Profit or Loss ⁽⁴⁾	41,429	30,812	34,972	1,052	-	-	-	108,265
Interbank Money Market Placements	-	439,634	-	-	-	-	-	439,634
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	67,572	755,320	4,941,016	77,675	-	5,841,583
Loans	-	480,116	573,647	3,352,877	3,334,654	3,214,476	-	10,955,770
Financial Assets Measured at Amortised Cost	-	85,754	-	898,109	3,223,948	205,946	-	4,413,757
Other Assets	-	90,316	3,362	8,831	760	110,445	(242,585)	(28,871)
Total Assets	2,204,339	3,488,179	1,097,380	5,016,189	11,500,378	3,608,542	(242,585)	26,672,422
Liabilities								
Bank Deposits	177,875	19,445	6,191	-	-	-	-	203,511
Other Deposits	1,048,500	9,940,389	2,713,527	203,383	4,285	-	-	13,910,084
Funds Borrowed from Other Financial Institutions	-	22,291	2,655,501	2,079,213	2,505,733	2,510,902	-	9,773,640
Interbank Money Markets	-	21,061	-	-	-	-	-	21,061
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	23,369	14,082	2,505	28,297	40,265	2,655,608	2,764,126
Total Liabilities	1,226,375	10,026,555	5,389,301	2,285,101	2,538,315	2,551,167	2,655,608	26,672,422
Net Liquidity Gap	977,964	(6,538,376)	(4,291,921)	2,731,088	8,962,063	1,057,375	(2,898,193)	-
Net off balance sheet position	-	28,397	36,681	970	-	-	-	66,048
Derivative financial assets ⁽³⁾	-	1,604,280	1,268,946	404,304	-	-	-	3,277,530
Derivative financial liabilities ⁽³⁾	-	1,575,883	1,232,265	403,334	-	-	-	3,211,482
Non-cash loans ⁽²⁾	598,765	819,273	261,886	4,506,963	4,645,549	2,082	-	10,834,518
31 December 2020								
Total Assets	1,964,839	3,733,134	1,757,041	4,198,835	10,428,760	3,304,401	(205,827)	25,181,183
Total Liabilities	922,136	9,394,884	3,572,834	4,098,937	2,635,348	2,238,637	2,318,407	25,181,183
Net Liquidity Gap	1,042,703	(5,661,750)	(1,815,793)	99,898	7,793,412	1,065,764	(2,524,234)	-
Net off balance sheet position	-	(25,631)	(58,003)	(1,418)	-	-	-	(85,052)
Derivative financial assets ⁽³⁾	-	1,039,698	1,683,624	330,357	-	-	-	3,053,679
Derivative financial liabilities ⁽³⁾	-	1,065,329	1,741,627	331,775	-	-	-	3,138,731
Non-cash loans ⁽²⁾	571,067	310,488	349,075	931,702	7,244,532	4,685	-	9,411,549

⁽¹⁾ The balance sheet is composed of TL 119,279 of tangible and intangible assets, TL 1,023 of the stationary supplies, TL 3,121 of assets held for sale, TL (366,008) of expected loss provisions and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 205,981 TL, other liabilities amounting to TL 917,700 and equity amounting to TL 1,531,927 TL are included here.

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

⁽³⁾ As of 31 March 2021, the spot purchase transactions amounting to TL 20,263 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 20,282 are included in liabilities of derivative financial instruments (31 December 2020 : TL 26,894 and TL 26,992).

⁽⁴⁾ Receivables from derivative transactions are included.

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VI. Explanations on Consolidated Leverage Ratio

Consolidated leverage ratio of the Parent Bank calculated based on 3 months average amounts is 4.04% as at 31 March 2021 (31 December 2020: 4.05%). This rate is above the minimum rate.

	Current Period 31 March 2021 ⁽¹⁾	Prior Period 31 December 2020 ⁽¹⁾
On-Balance sheet exposures		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	26,049,059	25,061,759
(Assets amounts deducted in determining Tier 1 capital)	(170)	(174)
Total on-Balance sheet exposures	26,048,889	25,061,585
Derivative financial instruments and credit derivatives		
Replacements cost of derivative financial instruments and credit derivatives	-	-
Potential credit risk of derivative financial instruments and credit derivatives	52,463	29,700
Total derivative financial instruments and credit derivatives exposure	52,463	29,700
Securities financial instruments and credit derivatives		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	72,075	496,542
Agent transaction exposure	-	-
Total securities financing transactions exposures	72,075	496,542
Off-balance sheet items		
Off-balance sheet exposure at gross notional amount	10,171,375	10,043,577
(Adjustments for conversions to credit equivalent amounts)	-	-
Total risk of off-balance sheet items	10,171,375	10,043,577
Capital and total exposure		
Tier 1 capital	1,469,883	1,442,087
Total exposures	36,344,802	35,631,404
Leverage ratio	4.04%	4.05%

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

VII. Explanations on Consolidated Securitization Position Risk

As at 31 March 2021 and 31 December 2020, the Group has no share position risk arising from banking accounts.

VIII. 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 chanciness to Asset-Liability Committee and Audit Committee.

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

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VIII. 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	Prior Period	Current Period
	31 March 2021	31 December 2020	31 March 2021
1 Credit risk (excluding counterparty credit risk)	18,594,757	18,223,672	1,487,581
2 Standardised approach	18,594,757	18,223,672	1,487,581
3 Internal rating-based approach	-	-	-
4 Counterparty credit risk	170,895	156,493	13,672
5 Standardised approach for counterparty credit risk	170,895	156,493	13,672
6 Internal model method	-	-	-
-7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
8 Investments made in collective investment companies - look-through approach	-	-	-
9 Investments made in collective investment companies - mandate-based approach	-	-	-
10 Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach	-	-	-
14 IRB Supervisory Formula Approach	-	-	-
15 SA/simplified supervisory formula approach	-	-	-
16 Market risk	1,171,687	630,313	93,735
17 Standardised approach	1,171,687	630,313	93,735
18 Internal model approaches)	-	-	-
19 Operational risk	1,175,127	953,904	94,010
20 Basic Indicator Approach	1,175,127	953,904	94,010
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	21,112,466	19,964,382	1,688,998

b) 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

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IX. 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 March 2021	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group’s Total Operations
Operating Income	28,567	100,309	178,700	307,576
Net profit of segment	9,662	88,344	12,503	110,509
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	-	-	-	-
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	9,662	88,344	12,503	110,509
Tax provision (-)	-	-	9,184	9,184
Profit / (Loss) after tax	9,662	88,344	3,319	101,325
Net Profit/ (Loss)	9,662	88,344	3,319	101,325
Segment assets ⁽¹⁾	510,717	15,043,191	11,118,514	26,672,422
Associate and subsidiaries	-	-	-	-
Total Assets	510,717	15,043,191	11,118,514	26,672,422
Segment liabilities ⁽¹⁾	6,489,834	7,675,644	10,975,017	25,140,495
Equity	-	-	1,531,927	1,531,927
Total Liabilities	6,489,834	7,675,644	12,506,944	26,672,422
Other Segment Items	1,981	2,003	66,725	70,709
Capital expenditure	-	-	16,258	16,258
Amortization	340	239	8,001	8,580
Impairment losses ⁽²⁾	1,641	1,764	42,466	45,871

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 56% for corporate banking, 2% for retail banking, 42% 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 33%, 58%, and 9%, respectively.

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IX. Explanations and Footnotes on Consolidated Segment Reporting (Continued)

Information related to the segments of the Group (Continued):

31 December 2020	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group’s Total Operations
Operating Income	17,528	151,646	117,505	286,679
Net profit of segment	1,400	141,502	(30,538)	112,364
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	1,400	141,502	(30,538)	112,364
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	1,400	141,502	(30,538)	112,364
Tax provision (-)	-	-	16,760	16,760
Profit / (Loss) after tax	1,400	141,502	(47,298)	95,604
Net Profit/(Loss)	1,400	141,502	(47,298)	95,604
Segment Assets ⁽¹⁾	545,506	13,680,789	10,954,888	25,181,183
Associates and Subsidiaries	-	-	-	-
Total Assets	545,506	13,680,789	10,954,888	25,181,183
Segment Liabilities ⁽¹⁾	6,521,744	5,555,603	11,686,020	23,763,367
Equity	-	-	1,417,816	1,417,816
Total Liabilities	6,521,744	5,555,603	13,103,836	25,181,183
Other Segment Items	2,492	12,529	195,509	210,530
Capital Investment	-	-	(52,851)	(52,851)
Amortization	1,523	1,217	31,962	34,702
Value Decrease ⁽²⁾	969	11,312	216,398	228,679

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

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

⁽³⁾ Balances related to the income statement include the amounts as of 31 March 2020.

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; 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 55%, 37%, and 8%, 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 March 2021		31 December 2020	
	TL	FC	TL	FC
Cash	16,747	84,784	15,781	69,067
Central Bank of the Republic of Turkey (CBRT) ⁽¹⁾	311,025	3,783,474	97,704	2,978,361
Others	-	-	-	-
Total	327,772	3,868,258	113,485	3,047,428

⁽¹⁾ As at 31 March 2021 and 31 December 2020, 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 March 2021		31 December 2020	
	TL	FC	TL	FC
Unrestricted Demand Deposits ⁽¹⁾	311,025	1,682,745	97,704	1,458,436
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	2,100,729	-	1,519,925
Total	311,025	3,783,474	97,704	2,978,361

⁽¹⁾ As at 31 March 2021 and 31 December 2020, 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 3% and 8% due their maturity profile as at 31 March 2021 (31 December 2020: between 1% and 6%); the reserve rates for foreign currency liabilities vary between 5% and 22% (31 December 2020: between 5% and 22%).

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

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

As at 31 March 2021 and 31 December 2020, the financial assets at fair value through profit or loss are kept under unrestricted account.

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

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

	31 March 2021		31 December 2020	
	TL	FC	TL	FC
Forward transactions	-	284	314	247
Swap transactions	597	64,879	-	935
Futures transactions	-	-	-	-
Options	1,076	-	-	-
Other	-	-	-	-
Total	1,673	65,163	314	1,182

3. Information on banks:

a) Information on banks:

	31 March 2021		31 December 2020	
	TL	FC	TL	FC
Banks				
Domestic	3,300	694,154	2,592	1,331,622
Foreign	-	48,800	-	272,754
Foreign Offices and Branches	-	-	-	-
Total	3,300	742,954	2,592	1,604,376

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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:

	31 March 2021		31 December 2020	
	TL	FC	TL	FC
Given as collateral or blocked	400,178	156,600	401,444	180,440
Subject to repurchase agreements	-	-	176,641	-
Total	400,178	156,600	578,085	180,440

As of 31 March 2021, financial assets at fair value through other comprehensive income other than those given as collaterals or subject to repurchase agreements amounting to TL 5,284,805 are unrestricted (31 December 2020: TL 4,593,641).

Financial Assets with Fair Value Difference Reflected in Other Comprehensive Income includes loans of TL 4,699,800 (31 December 2020: 4,185,757).

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 March 2021	31 December 2020
	Debt instruments	1,170,391
Listed	814,951	861,645
Unlisted	355,440	315,146
Equity instruments	-	-
Listed	-	-
Unlisted	-	-
Impairment provision (-) / charge (+)	28,608	10,382
Total	1,141,783	1,166,409

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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 March 2021		31 December 2020	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	725	1,030,513	3,867	997,502
Corporate shareholders	725	1,030,513	3,867	997,502
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	-	176	-	-
Loans granted to employees	3,548	-	3,962	-
Total	4,273	1,030,689	7,829	997,502

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	10,233,505	294,256	384,603	137
Enterprise loans	4,595,061	-	384,603	-
Export loans	631,161	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	1,538,741	-	-	-
Consumer loans	491,896	1,774	-	137
Credit cards	14,446	51	-	-
Other	2,962,198	292,431	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	10,233,505	294,256	384,603	137

	31 March 2021		31 December 2020	
	Standard Loans	Loans under close monitoring	Standard Loans	Loans under close monitoring
Allowances for Expected Credit Losses on Stage 1 and 2				
12 Months Expected Loss Provision	87,945	-	54,822	-
Significant Increase in Credit Risk	-	229,434	-	203,719
Total	87,945	229,434	54,822	203,719

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I. Explanations and Footnotes on Consolidated Assets (Continued)

5. Information related on loans (Continued):

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

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans – TL	8,642	490,724	499,366
Mortgage Loans	77	382,403	382,480
Automotive Loans	50	7,128	7,178
Consumer Loans	8,515	101,193	109,708
Other	-	-	-
Consumer Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards – TL	12,802	-	12,802
With Installment	3,340	-	3,340
Without Installment	9,462	-	9,462
Consumer Credit Cards – FC	293	-	293
With Installment	-	-	-
Without Installment	293	-	293
Personnel Loans – TL	241	2,130	2,371
Mortgage Loans	-	177	177
Automotive Loans	-	-	-
Consumer Loans	241	1,953	2,194
Other	-	-	-
Personnel Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards – TL	1,162	-	1,162
With Installment	418	-	418
Without Installment	744	-	744
Personnel Credit Cards – FC	15	-	15
With Installment	-	-	-
Without Installment	15	-	15
Credit Deposit Account – TL (Real Person)	3,609	-	3,609
Credit Deposit Account – FC (Real Person)	-	-	-
Total	26,764	492,854	519,618

ICBC TURKEY BANK A.Ş.

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I. Explanations and Footnotes on Consolidated Assets (Continued)

5. Information related on loans (Continued):

c) Information on consumer loans, consumer credit cards, personnel loans and personnel credit cards (Continued):

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

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I. Explanations and Footnotes on Consolidated Assets (Continued)

5. Information related on loans (Continued):

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

Current Period	Short Term	Medium and Long Term	Total
Commercial Installment Loans – TL	110	236,006	236,116
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	110	218,000	218,110
Other	-	18,006	18,006
Commercial Installment Loans – Indexed to FC	-	3,643	3,643
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	3,643	3,643
Other	-	-	-
Commercial Installment Loans – FC	3,195	1,844,135	1,847,330
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	3,195	1,844,135	1,847,330
Other	-	-	-
Corporate Credit Cards – TL	471	-	471
With Installment	113	-	113
Without Installment	358	-	358
Corporate Credit Cards – FC	90	-	90
With Installment	-	-	-
Without Installment	90	-	90
Credit Deposit Account – TL (Legal Entity)	-	-	-
Credit Deposit Account – FC (Legal Entity)	-	-	-
Total	3,866	2,083,784	2,087,650

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

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(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)

e) Domestic and foreign loans:

	31 March 2021	31 December 2020
Domestic loans	10,165,717	9,266,426
Foreign loans	790,053	788,885
Total	10,955,770	10,055,311

f) Loans granted to subsidiaries and associates: TL 3 (31 December 2020: TL 8).

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

	31 March 2021	31 December 2020
Loans and Receivables with Limited Collectibility	-	-
Loans and Receivables with Doubtful Collectibility	176	679
Uncollectible Loans and Receivables	38,898	35,241
Total	39,074	35,920

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

i.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	-	-	593
Restructured Loans and other receivables	-	-	593
Prior period			
Gross amounts before the specific reserves	-	-	858
Restructured Loans and other receivables	-	-	858

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I. Explanations and Footnotes on Consolidated Assets (Continued)

5. Information related on loans (Continued)

i) Information on non-performing loans (Net) (Continued):

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

	Group III Loans with Limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
Prior Period End Balance	-	3,017	42,726
Additions (+)	-	66	849
Transfers from Other Categories of Non- Performing Loans (+)	-	-	52
Transfers to Other Categories of Non-Performing Loans (-)	-	52	-
Collections (-)	-	2,807	581
Write-offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balances at End of the Period	-	224	43,046
Provisions (-)	-	176	38,898
Net Balance on Balance Sheet	-	48	4,148

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

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible Loans
Current Period			
Balances at the end of the period	-	-	146
Provision Amount (-)	-	-	135
Net Balance on Balance Sheet	-	-	11
Prior Period			
Balances at the end of the period	-	-	141
Provision Amount (-)	-	-	128
Net Balance on Balance Sheet	-	-	13

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(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) :

i.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
Current Period (Net)	-	48	4,148
Loans Allowed to Real Persons and Corporate Entities (Gross)	-	224	43,046
Provision Amount (-)	-	176	38,898
Loans Allowed to Real Persons and Corporate Entities (Net)	-	48	4,148
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
Prior Period (Net)	-	2,338	7,485
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)	-	-	-

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

	Group III Loans with Limited Collectibility	Group IV Loans with doubtful Collectibility	Group V Uncollectible Loans
Current period (Net)	-	-	1,079
Interest accruals and rediscounts and valuation differences	-	-	9,703
Provision amount (-)	-	-	8,624
Prior period (Net)	-	-	1,574
Interest accruals and rediscounts and valuation differences	-	1	8,943
Provision amount (-)	-	1	7,369

j) 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.

k) 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 March 2021, the Bank has no Uncollectible Loans written off (31 December 2020: TL 17,284).

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(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 March 2021	31 December 2020
Government Bonds	3,630,547	3,196,580
Treasury bills	-	-
Other public sector debt securities	-	-
Total	3,630,547	3,196,580

c) Information on financial assets at amortized cost:

	31 March 2021	31 December 2020
Debt instruments	4,222,430	4,223,205
Listed	-	-
Unlisted	4,222,430	4,223,205
Impairment provision ⁽¹⁾	191,327	167,864
Total	4,413,757	4,391,069

⁽¹⁾ Consists of change in interest accruals.

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

	31 March 2021	31 December 2020
Beginning balance	4,391,069	2,889,131
Foreign currency differences on monetary assets	314,342	437,063
Purchases during year	147,606	1,240,930
Disposals through sales and redemptions	(630,587)	(343,919)
Impairment provision ⁽¹⁾	191,327	167,864
Total	4,413,757	4,391,069

⁽¹⁾ Consists of change in interest accruals.

7. Information on associates (net):

None.

8. Information on subsidiaries (net):

As at 31 March 2021, 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 March 2021, the Parent Bank has no unconsolidated subsidiary.

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)

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

e) Information on consolidated subsidiaries:

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

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

Total Assets	Shareholders’ Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit/(Loss)	Prior Period Profit / (Loss)	Fair value
995,572	196,205	4,113	8,422	-	17,818	2,941	-

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:

Total assets	Shareholders’ Equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value
5,487	5,032	48	206	-	92	42	-

g) Movement of consolidated subsidiaries:

	31 March 2021	31 December 2020
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	-	-
Balance at the End of the Period	75,998	75,998

h) Sectorial distribution of consolidated subsidiaries:

	31 March 2021	31 December 2020
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	75,998	75,998
Total	75,998	75,998

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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I. Explanations and Footnotes on Consolidated Assets (Continued)

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

- i) Listed subsidiaries: None. (31 December 2020: None.)
- j) Subsidiaries disposed of during the current period: None. (31 December 2020: None.)
- k) Subsidiaries purchased in the current period: None. (31 December 2020: None.)

9. Information on joint ventures (net):

None. (31 December 2020: None.)

10. Information on financial lease receivables (net):

None. (31 December 2020: None.)

11. Information on hedging purpose derivatives:

None. (31 December 2020: None.)

12. Information on investment properties:

None. (31 December 2020: None.)

13. Information on deferred tax assets:

As at 31 March 2021, the Group’s deferred tax asset arising from the deductible temporary differences except for general loan provisions is amounting to TL 110,359 (31 December 2020: TL 116,269). As at 31 March 2021, the Group has deferred tax asset amounting to TL 6,879 arising from financial losses (31 December 2020: 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.

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

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

The Group has no asset held for sale and discontinued operation as at 31 March 2021 and 31 December 2020.

15. Information on other assets:

Commodities and immovable properties of the Group obtained with respect to non-performing loans are recognized under movable and immovable assets to be sold off and shown under other assets in the balance sheet. Net total carrying value of the aforementioned assets is TL 3,121 as at 31 March 2021 (31 December 2020: TL 3,143).

Sum of other assets amounting to TL 104,352 (31 December 2020: TL 162,052), 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
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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 March 2021:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	51,934	188,249	1,537,316	331	448	80	-	1,778,358
Foreign Currency Deposits	911,723	387,272	10,146,864	142,555	153,652	63,530	-	11,805,596
Residents in Turkey	854,054	366,282	9,726,321	136,505	9,002	1,685	-	11,093,849
Residents Abroad	57,669	20,990	420,543	6,050	144,650	61,845	-	711,747
Public Sector Deposits	6,687	-	-	-	-	-	-	6,687
Commercial Deposits	74,821	37,883	197,914	73	-	3	-	310,694
Other Ins. Deposits	3,335	672	4,710	-	32	-	-	8,749
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	177,875	25,636	-	-	-	-	-	203,511
CBRT	-	-	-	-	-	-	-	-
Domestic Banks	56,096	2	-	-	-	-	-	56,098
Foreign Banks	121,779	25,634	-	-	-	-	-	147,413
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	1,226,375	639,712	11,886,804	142,959	154,132	63,613	-	14,113,595

a.2) 31 December 2020:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
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	-	-	-	-	-	-	-	-
Total	922,134	714,538	9,799,170	19,452	128,113	55,290	-	11,638,697

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:

Saving Deposits	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
	31 March 2021	31 March 2021
Saving Deposits	892,221	883,965
Foreign Currency Savings Deposits	619,196	4,074,200
Other Saving Deposits	-	-
Foreign branches’ Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
Total	1,511,417	4,958,165

Saving Deposits	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
	31 December 2020	31 December 2020
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	-	-
Total	1,444,971	4,612,675

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 6,875 (31 December 2020 : TL 7,209).

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

	31 March 2021	31 December 2020
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	6,875	7,209
Deposits and Other Accounts linked to Crimes Mentioned in 282 nd Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey	-	-

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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II. Explanations and Footnotes on Consolidated Liabilities (Continued)**2. Information on Money Markets Debts**

The Bank has a fund amounting to TL 21,061 from repo transactions as of 31 March 2021 (31 December 2020: 697,700 TL).

3. Information on derivative financial liabilities held for trading:

Derivative Financial Liabilities:

	31 March 2021		31 December 2020	
	TL	FC	TL	FC
Forwards Transactions	639	292	5	280
Swaps Transactions	-	1,745	288	89,339
Futures Transactions	-	-	-	-
Options	351	-	-	43
Other	-	-	-	-
Total	990	2,037	293	89,662

4. Information on funds borrowed:

a) Information on banks and other financial institutions:

	31 March 2021		31 December 2020	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks and Institutions	35,936	-	21,009	-
Foreign Banks, Institutions and Funds	639,300	6,587,502	618,183	7,452,646
Total	675,236	6,587,502	639,192	7,452,646

b) Contractual maturities of funds borrowed:

	31 March 2021		31 December 2020	
	TL	FC	TL	FC
Short-Term	675,236	2,642,610	639,192	2,368,890
Medium and Long-Term	-	3,944,892	-	5,083,756
Total	675,236	6,587,502	639,192	7,452,646

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.

5. Information on other external liabilities:

Other liabilities amount to TL 917,700 (31 December 2020 : TL 696,593) on the balance sheet and do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

6. Information on lease payables (net):

	31 March 2021		31 December 2020	
	TL	FC	TL	FC
Less than 1 Year	2,582	-	3,738	-
Between 1-4 Years	28,297	-	29,400	-
More Than 4 Years	40,265	-	39,562	-
Total	71,144	-	72,700	-

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

None (31 December 2020: None).

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

II. Explanations and Footnotes on Consolidated Liabilities (Continued)

8. Information on provisions:

a) Information on reserve for employee rights:

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

The indemnity payable is one month's salary for each year of service and as of 31 March 2021, this amount is restricted with full TL 7,638.96 (31 December 2020: full TL 7,117.17). The liability is not funded, since there is no funding requirement.

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

	31 March 2021	31 December 2020
Discount Ratio (%)	4.11	4.11
Expected Salary/ETI Liability Ceiling Increase Rate (%)	9.50	9.50
Rate for the Probability of Retirement (%)	93.00	93.00

Movement of ETI liability is as below:

	31 March 2021	31 December 2020
Balance at Prior Period End	17,149	14,114
Current year provisions	2,120	4,653
Paid in current year	(635)	(1,860)
Balance at Current Period End	18,634	16,907

As at 31 March 2021, the Group has vacation pay liability amounting TL 10,972 (31 December 2020: TL 10,135).

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

As at 31 March 2021, there is no foreign exchange differences on foreign currency indexed loans (31 December 2020: 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 March 2021, the Group has specific provision amounting to TL 7,454 (31 December 2020: TL 7,070) for non-cash loans that are not indemnified and not converted into cash and irrevocable commitments amounting to TL 3,702 (31 December 2020: TL 3,449).

d) Information on other provisions:

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

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

As at 31 March 2021, the Parent Bank has provision for credit card service promotions amounting TL 88 (31 December 2020: TL 67).

d.3) Information on other provisions:

As at 31 March 2021, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 15,010 (31 December 2020: TL 14,347).

As at 31 March 2021, there is provision for personnel bonus amounting TL 88,750 (31 December 2020: TL 97,344).

As at 31 March 2021, the Group has provision for non-cash loans amounting to TL 72,525 (31 December 2020: TL 65,215).

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II. Explanations and Footnotes on Consolidated Liabilities (Continued)

9. Information on Tax Liabilities:

a) Information on current tax liability: As at 31 March 2021, corporate taxes payable of the Group after deductions of prepaid taxes is TL 6,904 (31 December 2020: TL 40,898).

b) Information on taxes payable:

	31 March 2021	31 December 2020
Corporate taxes payable	6,904	40,898
Taxation on securities	6,213	8,748
Property Tax	139	130
Booking and Insurance Transaction Tax (BITT)	4,842	4,057
Foreign Exchange Tax	-	-
Value added tax payable	2,256	2,322
Other	8,059	8,093
Total	28,413	64,248

c) Information on premiums payable:

	31 March 2021	31 December 2020
Social security premiums- employee	2,551	2,150
Social security premiums- employer	2,838	2,390
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	182	152
Unemployment insurance- employer	363	306
Other	-	-
Total	5,934	4,998

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.

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

None.

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

	31 March 2021		31 December 2020	
	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	-	2,510,902	-	2,202,640
Subordinated Loans ⁽¹⁾	-	2,510,902	-	2,202,640
Subordinated Debt Instruments	-	-	-	-
Total	-	2,510,902	-	2,202,640

(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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

II. Explanations and Footnotes on Consolidated Liabilities (Continued)

12. Information on shareholders’ equity:

a) Paid in capital:

	31 March 2021	31 December 2020
Common Stock	860,000	860,000

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 March 2021		31 December 2020	
	TL	FC	TL	FC
From investment in associates, subsidiaries and joint ventures	-	-	-	-
Revaluation difference	(6,445)	11,153	1,834	(6,377)
Foreign exchange difference	-	-	-	-
Total	(6,445)	11,153	1,834	(6,377)

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”.

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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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 March 2021	31 December 2020
Forward purchase and sale commitments	40,545	53,886
Commitment for use guaranteed credit allocation	29,854	29,704
Credit cards limit commitments	86,175	85,095
Payment commitments for cheques	6,811	6,294
Credit card commitments given with applications for promotion	-	-
Tax and fund obligations arising from export commitments	3	3
Other irrevocable commitments	286	446
Total	163,674	175,428

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

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

	31 March 2021	31 December 2020
Letters of guarantee	3,891,377	3,302,930
Bank acceptance loans	-	-
Letters of credit	818,475	465,371
Other guarantees	6,124,666	5,643,248
Total	10,834,518	9,411,549

c) Total amount of non-cash loans:

	31 March 2021	31 December 2020
Non-Cash Loans Given for Cash Loan Risks	93,385	93,385
With Original Maturity of 1 Year or Less	75,736	75,736
With Original Maturity of More Than 1 Year	17,649	17,649
Other Non-Cash Loans	10,741,133	9,318,164
Total	10,834,518	9,411,549

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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 March 2021		31 March 2020	
	TL	FC	TL	FC
Interest Income Received from Loans ⁽¹⁾				
Short Term Loans	40,413	16,502	17,827	3,557
Medium and Long Term Loans	41,177	102,566	46,465	71,690
Loans Under Follow-Up	1,564	-	4,750	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	80,154	119,068	69,042	75,247

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

b) Information on interest income received from banks:

	31 March 2021		31 March 2020	
	TL	FC	TL	FC
From Central Bank of The Republic of Turkey	5,017	-	-	-
From Domestic Banks	530	2,449	277	18,064
From Foreign Banks	-	313	-	2,157
From Foreign Offices and Branches	-	-	-	-
Total	5,547	2,762	277	20,221

c) Information on interest income received from securities portfolio:

	31 March 2021		31 March 2020	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit Or Loss	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	34,101	4,523	22,501	7,771
Financial Assets Measured at Amortized Cost	46,309	51,260	16,547	42,820
Total	80,410	55,783	39,048	50,591

d) Information on interest income received from associates and subsidiaries:

	31 March 2021	31 March 2020
Interest income received from associates and subsidiaries	386	-

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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

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 March 2021		31 March 2020	
	TL	FC	TL	FC
Banks ⁽¹⁾				
Central Bank of The Republic of Turkey	-	-	-	-
Domestic Banks	510	-	95	7
Foreign Banks	21,116	43,636	-	59,846
Foreign Branches and Offices Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	21,626	43,636	95	59,853

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

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

None.

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

d) Maturity structure of the interest expense on deposits:

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

31 March 2021	Account Name	Demand Deposits	Time Deposits				Cumulative Deposits	Total
			Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year		
	TL							
	Bank Deposits	-	88	-	-	-	-	88
	Saving Deposits	-	5,949	59,831	8	10	2	65,800
	Public Sector Deposits	-	-	-	-	-	-	-
	Commercial Deposits	-	1,625	8,927	2	-	1	10,555
	Other Deposits	4	16	612	-	-	-	632
	Total	4	7,678	69,370	10	10	3	77,075
	Foreign Currency		1,120	59,987	229	526	229	62,091
	Foreign Currency Deposits	-	23	-	-	-	-	23
	Bank Deposits	-	-	-	-	-	-	-
	Precious Metal Deposits	-	-	-	-	-	-	-
	Total	-	1,143	59,987	229	526	229	62,114
	Grand Total	4	8,821	129,357	239	536	232	139,189

31 March 2020	Account Name	Demand Deposits	Time Deposits				Cumulative Deposits	Total
			Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year		
	TL							
	Bank Deposits	-	60	-	-	-	-	60
	Saving Deposits	-	8,207	33,284	458	381	7	42,337
	Public Sector Deposits	-	-	-	-	-	-	-
	Commercial Deposits	-	1,912	9,093	188	2	1	11,196
	Other Deposits	3	8	429	-	1	1	442
	Total	3	10,187	42,806	646	384	9	54,035
	Foreign Currency		1,584	24,148	270	547	85	26,634
	Foreign Currency Deposits	-	1,584	24,148	270	547	85	26,634
	Bank Deposits	-	95	-	-	-	-	95
	Precious Metal Deposits	-	-	-	-	-	-	-
	Total	-	1,679	24,148	270	547	85	26,729
	Grand Total	3	11,866	66,954	916	931	94	80,764

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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IV. Explanations and Footnotes on Consolidated Profit or Loss Statement (Continued)**3. Information on trading income / loss (net):**

	31 March 2021	31 March 2020
Profit	649,206	136,407
Capital Market Gains	10,648	4,461
Derivative Gains	239,365	51,707
Foreign Exchange Gains	399,193	80,239
Loss (-)	586,457	105,291
Capital Market Losses	1,472	-
Derivative Losses	125,683	40,428
Foreign Exchange Losses	459,302	64,863

Net profit related to derivative transactions resulting from foreign currency rate changes is amounting to TL 110,445 (31 March 2020: TL 10,620 net loss).

4. Information on other operating income:

The "Other operating income" item in the income statement mainly consists of the collections from the receivables that were allocated in previous periods, the provisions made in the previous years and the reversed provisions in the current year and the income obtained as a result of the sales made from the follow-up portfolio.

5. Impairment on loans and other receivables:

	31 March 2021	31 March 2020
Allowance for expected credit losses	45,207	55,819
12-Month expected credit losses (Stage 1)	13,651	(26,017)
Significant increase in credit risk (Stage 2)	28,148	81,333
Credit-Impaired (Stage 3)	3,408	503
Impairment provisions for securities	-	2,875
Financial assets at fair value through profit or loss	-	8
Financial assets at fair value through other comprehensive income	-	2,867
Impairment provisions related to investments in associates, subsidiaries and joint ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	664	1,195
Total	45,871	59,889

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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IV. Explanations and Footnotes on Consolidated Profit or Loss Statement (Continued)**6. Information related to other operating expenses:**

	31 March 2021	31 March 2020
Reserve for Employee Termination Benefits	1,927	2,165
Reserve for Bank’s Social Aid Fund Deficit	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	7,054	7,143
Impairment Expenses of Intangible Assets	-	-
Impairment Expenses of Goodwill	-	-
Depreciation Expenses on Intangible Assets	1,504	1,265
Impairment Expenses of Investments in Associates	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	22	27
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	16,588	14,298
Leasing Expenses related to TFRS 16 Exemptions	548	379
Repair and Maintenance Expenses	4,547	3,747
Advertisement Expenses	202	143
Other Expenses	11,291	10,029
Loss on Sale of Assets	-	19
Other ⁽¹⁾	41,066	20,408
Total	68,161	45,325

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

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

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

8. Taxes on income from continued and discontinued operations:

Current tax expenses belonging to period ending on 31 March 2021 is TL 5,982 (31 March 2020: TL 33,918).

For the period ended 31 March 2021, deferred tax expense amounts to TL 24,287 (31 March 2020: TL 278) and deferred tax income amounts to TL 21,085 TL (31 March 2020: TL 17,436).

The Bank does not have any discontinued operations.

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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IV. Explanations and Footnotes on Consolidated Profit or Loss Statement (Continued)

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

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

10. Information on net profit and loss:

- a) If it is required that the nature of the income and expense items arising from ordinary banking transactions, size and repetition rate for the understanding of the Parent Bank's performance over the period, the nature and amount of these items: None.
- b) The profit / loss effect of a change in the estimate made in relation to the financial statement items, if any, is likely to affect subsequent periods: None.
- c) There is no profit / loss associated with minority shares. (31 March 2020: None.)

11. 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.

V. Explanations and footnotes on consolidated cash flow statement

Explanation and footnotes have not been prepared in accordance with Article 25 of the Communiqué on Financial Statements to be Disclosed to the Public by Banks.

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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VI. 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 March 2021:

Current Period Parent Bank’s Risk Group ⁽¹⁾	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	-	-	3,867	997,502	6	-
Balance at the End of the Period	3	-	726	1,030,689	18	-
Interest and Commission Income Received	-	-	39	-	-	-

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

The Parent Bank has TL 14,727 placements in its risk group banks as at 31 March 2021 (31 December 2020: TL 114,722). Besides the Parent Bank has TL 424 irrevocable commitment in its risk group as at 31 March 2021 (31 December 2020: TL 424).

Prior Period Parent Bank’s Risk Group ⁽¹⁾	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	-	-	-	-	-	-

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

b) Information on deposits held by the Parent Bank’s risk group:

Current Period Parent Bank’s Risk Group ⁽¹⁾	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	-	-	62,865	-	2,621	-
Balance at the End of the Period	-	-	-	-	1,829	-
Interest on Deposits	-	-	-	-	-	28

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

Prior Period Parent Bank’s Risk Group ⁽¹⁾	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	-	-	-	-	-	7

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

The Parent Bank has borrowed loans from the Parent Bank’s Risk Group amounting TL 7,227,238 as at 31 March 2020 (31 December 2020: TL 8,070,829).

The Parent Bank has borrowed subordinated loans from the Parent Bank’s Risk Group amounting to TL 2,510,902 as at 31 March 2021 (31 December 2020: TL 2,202,640).

c) Information on forward transactions, option contracts and other similar agreements with the risk group of the Parent Bank:

None. (31 December 2020: None).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

VI. 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 March 2021, proportion of cash loans to risk group in total cash loans is 0.001% (31 December 2020: 0.001%) and proportion of deposits from its risk group in total deposits is 5.0% (31 December 2020: 3.8%). Proportion of borrowings from its risk group in total funds borrowed is 99.8% (31 December 2020: 99.9%)

As a result of other activities in the risk group of the Bank, other commission income is amounting to TL 2 (31 March 2020: TL 4), other operating income is amounting to TL 816 (31 March 2020: TL 817) and there are no other operating expenses (31 March 2020: None.). As of 31 March 2021, other commission expenses are amounting to TL 1 (31 March 2020: TL 2).

In the current period, benefits provided to the Group's key management amount to TL 8,766 (31 December 2020: TL 8,545).

VII. Explanation and Footnotes on Subsequent Events

As at 7 April 2021, the POA decided to extend the exemption granted to tenants for another year in order to evaluate whether there was a change in the lease of tenants due to COVID-19 in the lease payments, which were previously announced on 5 June, 2020, due to the high level of the epidemic. Concessions Continuing in Lease Payments Regarding COVID-19 After 30 June 2021-Changes to TFRS 16 will be applied by the tenants in the annual accounting periods starting from 1 April 2021 or after, and early application is also allowed. The change in question does not have a significant impact on the financial status or performance of the Bank.

Since January 1, 2006, corporate incomes in Turkey are subject to 20% corporate tax. Within the scope of the "Law on the Procedure of Collection of Public Receivables and the Law on Amendment of Certain Laws" published in the Official Gazette dated 22 April 2021, starting from 1 July 2021, corporate tax rate will be applied as 25% for 2021 taxation period and 23% for 2022 taxation period respectively.

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SECTION SIX

Explanations on the Auditors’ Review Report

I. Explanations on the Auditors’ Review Report

The consolidated financial statements of the Parent Bank and its subsidiaries as at and for the year ended 31 March 2021 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the Auditors’ Report dated 28 April 2021 is presented in the introduction of this report.

II. Explanation and Footnotes Prepared by the Independent Auditors

None.

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SECTION SEVEN

EXPLANATIONS ON INTERIM CONSOLIDATED ACTIVITY REPORT

**I. Capital Markets Board Communiqué on Principles Regarding Financial Reporting in Capital Markets (II-14.1)
Consolidated Liability Statement in accordance with Article 9 of the Second Section**

The consolidated financial statements and consolidated board of directors’ report of our Bank “ICBC Turkey Bank A.Ş.” as at 31 March 2021 are examined by us.

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

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

Regards,

XIANGYANG GAO

Chairman of Board of Directors

PEIGUO LIU

Chairman of Audit Committee,
And Member of Board of
Directors

SHAOXIONG XIE

General Manager And Member of
Board of Directors

HÜSEYİN HASAN İMECE

Deputy General Manager
Responsible for Financial
Control and Accounting
Department, Asset and Liability
Department and Economic
Research Department

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

II. General Information

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

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

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

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

In 2008, the Bank’s share capital was increased from TL 300 million to TL 420 million, a total TL 120 million increase, TL 60 million out of this incremental share capital was obtained from the internal sources and the remaining TL 60 million was paid in cash.

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

The Bank belonged to GSD Group until 21 May 2015. With its resolution dated 2 April 2015 and numbered 6262, the Banking Regulation and Supervision Agency (the BRSA) authorized the transfer all of the shares owned by GSD Holding A.Ş. corresponding to 75.5% of the Tekstil Bankası A.Ş.’s shares to Industrial Commercial Bank of China Limited (ICBC), residing at the People’s Republic of China. On 28 April 2015, the Bank made an announcement in the “Public Disclosure Platform” related to the transfer transaction and calling for an Extraordinary General Assembly to be held on 22 May 2015 to resolve on the approval of the existing board of directors and reappoint the new ones to substitute them. 22 May 2015 was determined to the date on which the shares were to be transferred in accordance with the share purchase and sale agreement and the share transfer was realized on the same date. As at 22 May 2015, the Bank became one of the foreign banks incorporated in Turkey.

Pursuant to the Article 11, related to the mandatory bid offer transactions, of the Communiqué on Mandatory Bid Offers issued by the capital Markets Board with the Serial Number II. 26.1, ICBC became obligated to make a share purchase proposal to purchase the remaining shares belonging to the other shareholders as a result of its purchase of the shares owned by GSD Holding A.Ş. representing 75.5% of the share capital of Tekstil Bankası A.Ş.. In this context, ICBC, the majority shareholder of the Bank, made a mandatory bid offer pursuant to the “Communiqué on Mandatory Bid Offers” with Serial II, No.26.1, which expired on 14 August 2015 as a result of which the shares of the Bank held by ICBC increased from 75.50% to 92.82%. As a result of the capital increase in 2017, the shareholding ratio of ICBC in the bank increased from 92.82% to 92.84%.

ICBC was established in 1984 in the People's Republic of China. It offers clients a wide range of financial products and services. ICBC has established an international and integrated business model in cross-markets. ICBC's shares were simultaneously listed on both on the Hong Kong Stock Exchange and the Shanghai Stock Exchange in October 2006. After the years of international development, ICBC operations spread to six continents covering 42 countries and regions. With a widespread global coverage network, ICBC has established an extensive network of national and international organizations and correspondent banks around the world and an e-banking network consisting of a wide range of internet and telephone banking services and self-service banking centers, 8,1 million corporate clients and 650 million personal customers provide comprehensive financial products and services. The banking authority in the People's Republic of China is supervised and regulated by the China Banking Regulatory Commission (CBRC).

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

The Bank conducts its operations through its Headquarters located in Istanbul and 39 branches nationwide. Aside from its branches, the Bank also provides banking services through its online retail and corporate branches. On the other hand, capital markets and investment banking services are provided by ICBC Turkey Yatırım Menkul Değerler A.Ş., of which 99.9% is owned by the Bank.

At the Extraordinary General Assembly Meeting of Tekstil Yatırım Menkul Değerler A.Ş. dated 30 May 2016; it has been decided that the commercial title of the Company is changed to “**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**” shortly as “**ICBC TURKEY YATIRIM**”.

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

II. General Information (Continued)

2. Capital and Shareholder Structure

The shareholder structure of the Bank as at 31 March 2021 is as follows:

Name of the Shareholder – 31 March 2021	Shareholding Amount (Full TL)	Percentage (%)
Industrial and Commercial Bank of China Limited (ICBC)	798,428,227	92.84
Publicly Traded	61,571,773	7.16
Grand Total	860,000,000	100.00

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

3. Shares Owned by the Officers

Based on the Bank’s share ledger records, none of the members of the Board of Directors, General Manager and Assistant General Managers of the Bank owns any shares within the shareholding structure of the Bank.

4. Amendments in Articles of Association During the Period

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

5. Chairman and the Member of the Board of Directors

Name and Surname	Position and Areas of Responsibility
Xiangyang Gao	Chairman of the Board of Directors, Chairman of the Credit Committee
Shaoxiong Xie	General Manager, Member of the Board of Directors, Vice Chairman of the Credit Committee
Peiguo Liu	Chairman of the Audit Committee, Member of the Board of Directors, Member of the Credit Committee
Jianfeng Zheng	Member of the Board of Directors, Member of the Corporate Governance Committee, Member of Remuneration Committee, Substitute Member of the Credit Committee
Ying Wang	Independent Member of the Board of Directors, Member of Audit Committee, Chairman of the Remuneration Committee, Substitute Member of the Credit Committee
Serhat Yanık	Independent Member of Board of Directors, Chairman of the Corporate Governance Committee

6. General Manager and Assistant General Managers

Name and Surname	Position and Areas of Responsibility
Shaoxiong Xie	General Manager - Member of the Board of Directors
Jinhong Li	Deputy General Manager – Credit Allocation, Legal Affairs, Operations Management and Operation Center
Hüseyin H. İmece	Deputy General Manager – Asset and Liability Department, Economic Research Department, Financial Control and Accounting Department
D.Halit Döver	Assistant General Manager - International Relatio International Business Department, Financial Institutions Department, Financial Market Department and Corporate Banking Department, Cross Border Finance Department
Kadir Karakurum	Deputy General Manager – Digital Banking Department, Financial Technology Department, Technology Center, Administrative Affairs Center, Public Relations and Advertisement Unit of Executive Office

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

II. General Information (Continued)

7. Information Regarding the Subsidiaries and Affiliates

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

ICBC Turkey Yatırım Menkul Değerler A.Ş. was incorporated in 1996 in Istanbul. The Company conducts capital market transactions within the scope of the Capital Markets Law and the related legislation provisions. ICBC Yatırım acts as an intermediary in providing capital markets products and offers alternatives in investment funds with different risk and return categories and portfolio management services. It creates financing solutions for its corporate customers by issuance of private sector bonds and commercial papers and prepares the ground for the investors and the corporations to meet through the IPO operations. ICBC Turkey Yatırım, providing daily and weekly reports and stock analyses for its customers prepared by its experienced research team, helps a wider range of customers via 20 branches.

III. Financial Information and Evaluations

1. Consolidated Financial Figures:

Financial Figures (TL Million)	31 March 2021	31 December 2020	%
Total Assets	26,672	25,181	6
Deposits ⁽¹⁾	13,910	11,459	21
Loans ⁽²⁾	15,656	14,241	10
Shareholders' Equity	1,532	1,418	8
Profit	101.3	95.6	5

⁽¹⁾ Excluding bank deposits.

⁽²⁾ Loans classified at Financial Assets at Fair Value Through Other Comprehensive Income are included.

⁽³⁾ Prior period profit figure is the balance on 31 March, 2020

Financial Ratios %	31 March 2021	31 December 2020	%
Return on Assets	1.56	0.42	275
Return on Equity	27.48	6.62	315
Capital Adequacy Ratio	20.27	19.61	3
Loans/ Total Assets ⁽²⁾	58.70	56.55	3.8
Deposits/ Total Assets ⁽¹⁾	52.15	45.51	15
NPL Ratio	0.28	0.32	(13)

⁽¹⁾ Excluding bank deposits.

⁽²⁾ Loans classified at Financial Assets at Fair Value Through Other Comprehensive Income are included.

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

III. Financial Information and Evaluations (Continued)

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

After the optimistic start to a year, the first quarter has continued to be overshadowed by uncertainty caused by the progress of the pandemic. There have been significant challenges to achieving mass vaccination and major economies have fallen behind their initially stated vaccination schedules. On the other hand, fiscal and monetary policymakers have continued to provide accommodative policies in order for the economic recovery to continue without losing pace. The headline development has been the \$1.9 trillion stimulus program in the US. This package has significantly improved the outlook for US and therefore the global economy. Overcoming the pandemic requires global cooperation and the way out is cumbersome. Efforts to bring the world out should, however, create opportunities to sustain the global cooperation further into the list of problems that await solutions, such as climate change and inequality.

In Turkey, a new wave of COVID-19 has been effective in the first quarter of the year. The rapid recovery in economic activity that started in the second half of 2020 extended into 2021. However, as per the case in most economies, recovery has been uneven. Manufacturing sector has reached its pre-pandemic levels, while service sector, which makes up a significant portion of Turkish economy is yet to recover to pre-pandemic levels. The policy shift towards reinstating price stability has been a welcome development, helping to improve investment sentiment. Going forward, achieving price stability will allow Turkish economy’s sustainable growth.

ICBC’s commitment to Turkish market continued in 2021. ICBC Global Matchmaking Platform was launched in Turkey as well. This platform offers a new business model minimizing barriers across countries. This platform will not only improve trade and business relations with China but enable Turkish companies of any size to better integrate into global industry and supply chains. With new products and services and continuing the financial support that we have been giving over the last 5 years, ICBC Turkey remains committed to value creation for Turkish economy and our stakeholders.

Yours Sincerely,

XIANGYANG GAO

Chairman of the Board of Directors

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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

III. Financial Information and Evaluations (Continued)

3. Letter from the General Manager

The way of conducting business has been significantly altered over the course of the last year because of the pandemic. A digital transformation that was in the making and was expected several years down the line has been expedited. Thanks to Turkish banking sector’s decades of investment into technological progress, a year after the pandemic has started, no interruption to financial services has been observed. With utmost care for our employee’s and customer’s health, a year into the pandemic financial services sector offers its products to its clients in a seamless fashion.

The challenges and the hardship that was experienced in conducting business surely caused short term spikes. However, as we continue to battle the pandemic, we are on our way to reach the other hand stronger than before. As for the previous episodes of shocks to economic activity, Turkish economy has proven once again its resiliency and ability to recover. Turkey has been able to register a positive GDP growth rate in 2020. Along with China, these two economies were the only two to achieve such performance among major economies. Pandemic-related and other challenges remain ahead.

As ICBC Turkey, we cannot stress enough the significance we put on our employee’s and customers’ health. That remains out top priority throughout 2021 as well. The technologic know-how and regulations that boost transforming banking and financial services to digital platforms allowed us to continue offering our products and financial support to businesses, ideas and projects that will help Turkey to progress on a sustainable growth path.

Yours Sincerely,

SHAOXIONG XIE
General Manager

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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

III. Financial Information and Evaluations (Continued)

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

Based on the comparison of the Bank's position in sector with data in "Daily Banking Sector Report" (as at December 2020 and February 2021) announced by Banking Regulation and Supervision Agency (BRSA);

- Cash and balances with CBRT decrease in the sector by 5.5%, at bank increased by 33%.
- Securities increased in the sector by 1.6%, at bank there was no increase in the securities of our bank.
- Loans increased by 4.9%, at bank increased by 5.9% (Loans classified as financial assets at fair value through other comprehensive income are included.)
- NPLs (gross) decreased by 0.9%, at bank decreased by 5.4%.
- Total deposits of the sector decreased by 0.1% and total deposits of bank increased by 23%. (Banks deposits are included)
- Total non-cash loans of the sector increased by 2.71%, bank's total non-cash loans increased by 15.1%.

TL Million	31 March 2021		31 December 2020		Change %	
	ICBC Turkey	Sector ⁽¹⁾	ICBC Turkey	Sector	ICBC Turkey	Sector ⁽¹⁾
Cash and Balances with CBRT	4,196	353,748	3,161	374,433	32.75%	(5.5)%
Placement to Banks	1,083	244,704	1,870	210,796	(42.1)%	16.1%
Securities Portfolio	5,571	1,037,905	5,572	1,021,894	0.0%	1.6%
Loans ⁽²⁾	15,496	3,598,986	14,669	3,422,065	5.6%	5.2%
Loans (including NPL)	15,539	3,750,104	14,679	3,574,625	5.9%	4.9%
NPL (Gross)	43	151,118	46	152,560	(5.4)%	(0.9)%
Provisions for NPLs	39	114,661	36	114,324	8.8%	0.3%
Total Deposits and Funds	14,798	3,451,502	12,036	3,455,314	23.0%	(0.1)%
Non-cash Loans	10,835	1,029,471	9,412	1,002,242	15.1%	2.7%
Total Assets	26,431	6,108,595	24,863	6,106,415	6.3%	0.0%

⁽¹⁾ The data is taken from the Monthly Sector Bulletin of the BRSA for February end 2021.

⁽²⁾ Loans classified at Financial Assets at Fair Value Through Other Comprehensive Income are included.

Comparison of Sector	31 March 2021		31 December 2020		Change %	
	ICBC Turkey	Sector ⁽¹⁾	ICBC Turkey	Sector	ICBC Turkey	Sector ⁽¹⁾
Total Loans/Total Assets ⁽²⁾	59%	59%	59%	56%	(0.6)%	5.1%
Total Deposits/Total Liabilities	56%	57%	48%	57%	15.7%	(0.1)%
Securities/ Total Assets	21%	17%	22%	17%	(5.9)%	1.5%
NPL Ratio ⁽²⁾	0.3%	4%	0.3%	4%	(10.4)%	(5.6)%
Liquid Values/Total Assets	20%	10%	20%	10%	(1.3)%	2.2%
Non-Cash Loans/Total Cash Loans ⁽²⁾	70%	27%	64%	28%	8.7%	(2.1)%

⁽¹⁾ Evaluations are given on non-consolidated basis.

⁽²⁾ Loans classified at Financial Assets at Fair Value Through Other Comprehensive Income are included.

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

III. Financial Information and Evaluations (Continued)

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

According to Bank’s consolidated financial statements as at 31 March 2021 prepared in accordance with the regulations of Banking Regulation and Supervision Agency;

- Consolidated asset size exceeded 26.6 billion TL.
- Total consolidated loans reached 15.6 billion TL and its share in the balance sheet was realized at the level of 57%.
- Total consolidated deposits were realized as 13,9 billion TL (Banks deposits are not included).
- The share of our consolidated deposits in total consolidated assets is 52.15% (Banks deposits are not included).
- Consolidated net profit for the three months of 2021 was realized as 101.3 million TL
- Consolidated return on assets was 0.4% at the end of 2020, 1.56% for the current period. Consolidated return on equity reached 27.4% in the current period from 6.6% at the end of 2020.
- Consolidated capital adequacy ratio was realized as 20.27%.

IV. Information About Transactions of Bank with Risk Group

Bank’s relations with risk group covers all kind of banking transactions in accordance with Banking Law, within the framework of normal bank-customer relationship and market conditions. Detailed explanations in these transactions are at Section 5 and V. Footnote of “Consolidated Financial Statements to Be Announced to Public and Related Explanations and Footnotes with Auditors’ Review Report as at 31 March 2021”.

V. Information on Risk Management Policies by Risk Types

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

VI. Information Related to the Donations During the Period

The list of donations as of the end of 31 March 2021 is given below:

Donation Institution	TL
Türk Eğitim Vakfı	100.00
Total	100.00

VII. Consolidated Auditors’ Review Report

ICBC Turkey’s all material disclosures to BIST, Consolidated Financial Statements, Explanations and Footnotes Related Thereon and the Auditors’ Review Report for the nine-month period ended at 31 March 2021 are published under the “Financial Information” heading in the “Investor Relations” section of the Bank’s website addressed www.icbc.com.tr