

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

## **ICBC Turkey Bank Anonim Şirketi**

**Consolidated Financial Statements  
As at and For the Year Ended  
31 December 2019**

**With Independent Auditors' Report Thereon**

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

27 February 2020

*This report includes "Independent Auditors' Report" comprising 4 pages and;  
"Consolidated Financial Statements and Related Disclosures and Footnotes"  
comprising 101 pages.*

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

To the General Assembly of ICBC Turkey Bank A.Ş

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

*Opinion*

We have audited the consolidated financial statements of ICBC Turkey Bank A.Ş ("the Bank") and its subsidiaries (together will be referred as "the Group") which comprise the consolidated balance sheet as at 31 December 2019 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and consolidated notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

*Basis for Opinion*

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

### *Key Audit Matters*

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

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

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

<b>Key audit matter</b>	<b>How the matter is addressed in our audit</b>
<p>As of 31 December 2019, loans measured at amortised cost comprise 50% of the Group's total assets.</p> <p>The Group recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 and TFRS 9 Financial Instruments standard ("the Standard").</p> <p>As of 1 January 2018, due to the adoption of the Regulation and the Standard, in determining the impairment of loans the Group has begun to apply "expected credit loss model" instead of the "incurred loss model". The new model contains significant assumptions and estimates.</p> <p>The significant assumptions and estimates of the Group's management are as follows:</p> <ul style="list-style-type: none"><li>✓ assessment of significant increase in credit risk</li><li>✓ incorporating the forward looking macroeconomic information in calculation of credit risk; and</li><li>✓ design and implementation of expected credit loss model.</li></ul> <p>The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk subsequent to the initial recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an appropriate loans classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.</p> <p>The Group calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future cash flows and the fair value of the collateral provided for credit transactions.</p> <p>The collective provisions are modelled by using current and past data sets and forward looking expectations.</p> <p>Impairment on loans measured at amortised cost was considered to be a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above.</p>	<p>Our procedures for testing the expected credit loss included below:</p> <ul style="list-style-type: none"><li>• We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists.</li><li>• The contractual cash flow tests prepared for the financial assets of the Group were examined and the results of the tests were checked for compliance with the loan agreements.</li><li>• The conformity of the subjective and objective criteria defined in the Group's impairment model has been checked for compliance with the Regulation and the Standard.</li><li>• We evaluated the Group's business model and methodology and the evaluation of the calculations were carried out with the control testing and detailed analysis by the involvement of specialists.</li><li>• We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated by including prospective information and macroeconomic expectations.</li><li>• We evaluated the adequacy of the expected credit loss calculations by selecting sample for the loans which are assessed on individual basis.</li><li>• We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation has been tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters were recalculated.</li><li>• We assessed the macroeconomic models which are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method.</li><li>• We evaluated the criteria which are used in determining the significant increase in credit risk.</li><li>• Additionally, we also evaluated the adequacy of the consolidated financial statement disclosures related to impairment provisions.</li></ul>

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

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

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

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

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

Responsibilities of auditors in an audit are as follows:

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

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

We also:

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



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

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

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

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

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

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

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

Additional paragraph for convenience translation to English:

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.  
A member firm of KPMG International Cooperative

  
Orhan Akova  
Partner  
27 February 2020  
Istanbul, Turkey

**ICBC TURKEY BANK A. Ş.**  
**CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2019**

**Address of the Bank's**


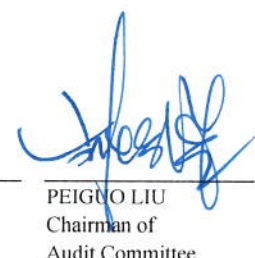
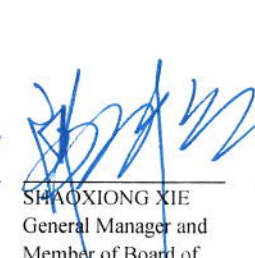

Headquarters : Maslak Mah. Dereboyu/2 Caddesi No:13 34398 Sarıyer - İstanbul  
Telephone Number : (0212) 335 53 35  
Fax Number : (0212) 328 13 28  
Website of the Bank : [www.icbc.com.tr](http://www.icbc.com.tr)  
E-mail : [info@icbc.com.tr](mailto:info@icbc.com.tr)

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

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS
- DISCLOSURES ON APPLIED ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION OF THE CONSOLIDATED GROUP AND RISK MANAGEMENT
- DISCLOSURES AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- EXPLANATIONS ON THE INDEPENDENT AUDIT REPORT

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

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

 <b>XIANGYANG GAO</b> Chairman of Board of Directors	 <b>PEIGUO LIU</b> Chairman of Audit Committee and Member of Board of Directors	 <b>SHAOXIONG XIE</b> General Manager and Member of Board of Directors	 <b>JINHONG LI</b> Deputy General Manager Responsible for Financial Control and Accounting, Operations Center, Operations Management and Legal Consultancy Group	 <b>YAFENG HE</b> Managing Director
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Contact information for questions on this financial report:

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



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## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

#### SECTION ONE GENERAL INFORMATION

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

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

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

The capital of the Parent Bank is TL 860,000 as at 31 December 2019 and is fully paid. The Parent Bank was controlled by GSD Group until 21 May 2015. As at 29 April 2014, GSD Holding A.Ş., the major shareholder of the Parent Bank, has come to conclusion to sell 75.50% shares of the Parent Bank to Industrial and Commercial Bank of China (ICBC) and with respect to the sale transaction, it was declared to be approved by China Banking Regulatory Commission (CBRC) on 20 March 2015, and in Turkey, it was approved by Competition Authority in accordance with decision dated 20 August 2014 and numbered 14-29/593-259 and Banking Regulation and Supervision Agency (BRSA), in accordance with decision dated 2 April 2015 and numbered 6262.

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

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

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

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

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



## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

Title	Name	Job Description	Education
Chairman of the Board of Directors:	Xiangyang Gao	Chairman of the Board of Directors	Graduate
Chairman of the Audit Committee:	Peiguo Liu	Chairman of the Audit Committee and Member of the Board of Directors	Graduate
Member of the Audit Committee:	Ying Wang	Audit Committee Member and Independent Member of the Board of Directors	Graduate
Member of the Board of Directors:	Shaoxiong Xie	General Manager and Member of the Board of Directors	Graduate
	Jianfeng Zheng	Independent Member of the Board of Directors	Graduate
	Serhat Yanık <sup>(*)</sup>	Independent Member of the Board of Directors	Doctorate
General Manager:	Shaoxiong Xie	General Manager and Member of the Board of Directors	Graduate
Assistant General Managers:	Jinhong Li	Deputy General Manager - Financial Reporting, Operations and Legal Consultancy Group	Graduate
	Yubao Chen <sup>(*)</sup>	Deputy General Manager - Cross Border Finance, Corporate and Commercial Banking Group	Graduate
	Hüseyin H. İmece	Treasury and Investor Relations Group	Under-Graduate
	Bozok Evrenosoğlu	Loans Group	Under-Graduate
	D.Halit Döner	International Relations Group	Graduate
	Kadir Karakurum	Retail Banking Group	Graduate
Head of the Board of Inspectors:	Celal Efe Şeran	President of Inspectors' Group	Under-Graduate

(\*) As of 31 January 2020, Yubao Chen who was Deputy General Manager and Assistant General Manager in-charge of Cross Border Finance, Corporate and Commercial Banking Group resigned from his position.

(\*\*) Upon resignation of Mr. Mehmet Hilmi Güler, the Board of Directors decided on 24 February 2020 to appoint Mr. Serhat Yanık as Independent Board Member representing (A) shares as of 24 February 2020 on the condition that his appointment to be submitted to the general meeting of shareholders for approval and to complete Mr. Mehmet Hilmi Güler's duty term pursuant to the Turkish Commercial Code, Article 363.

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

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

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

As at 31 December 2019, the Parent Bank has 43 branches close to industrial zones of Turkey. The Parent Bank has 731 employees as at 31 December 2019 (As at 31 December 2018 number of branches was 44, number of employees was 786).

The Parent Bank and its subsidiary, ICBC Turkey Yatırım Menkul Değerler A.Ş. ("ICBC Yatırım") have been consolidated. As at 31 December 2019, ICBC Portföy Yönetimi A.Ş. has been consolidated in ICBC Yatırım by full consolidation method. "ICBC Yatırım", the consolidated subsidiary of the Parent Bank, represents ICBC Portföy and ICBC Yatırım as a whole. The Parent Bank and its subsidiary are referred to as "the Group" as a whole.

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

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

None.

**VII. Other information**

Bank's Official Title	: ICBC Turkey Bank A.Ş.
Reporting Period	: 1 January – 31 December 2019
Address of Bank's Headquarters	: Maslak Mah. Dereboyu/2 Caddesi No:13 34398 Sarıyer - İstanbul
Telephone number	: (0212) 335 53 35
Fax number	: (0212) 328 13 28
Bank's Internet Address	: <a href="http://www.icbc.com.tr">www.icbc.com.tr</a>
Reporting Currency	: Thousands of Turkish Lira

## **SECTION TWO**

### **Consolidated Financial Statements**

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- 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
- VII. Parent Bank statement of profit distribution

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS AT 31 DECEMBER 2019

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

ASSETS	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Audited CURRENT PERIOD 31/12/2019			Audited RESTATEd PRIOR PERIOD (*) 31/12/2018		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>1,602,486</b>	<b>4,777,063</b>	<b>6,379,549</b>	<b>2,001,416</b>	<b>4,670,616</b>	<b>6,672,032</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>796,812</b>	<b>3,761,749</b>	<b>4,558,561</b>	<b>878,850</b>	<b>3,271,010</b>	<b>4,149,860</b>
1.1.1 Cash and Balances at Central Bank	(5.1.1)	135,417	1,938,038	2,073,455	529,798	1,277,101	1,806,899
1.1.2 Banks	(5.1.3)	1,115	1,836,919	1,838,034	339	2,000,440	2,000,779
1.1.3 Receivables from Money Markets		662,583	-	662,583	349,622	-	349,622
1.1.4 Expected Loss Provisions (-)		2,303	13,208	15,511	909	6,531	7,440
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>		<b>16,613</b>	<b>-</b>	<b>16,613</b>	<b>12,879</b>	<b>-</b>	<b>12,879</b>
1.2.1 Public Debt Securities		-	-	-	-	-	-
1.2.2 Equity Securities		39	-	39	46	-	46
1.2.3 Other Financial Assets		16,574	-	16,574	12,833	-	12,833
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(5.1.4)	<b>788,543</b>	<b>1,015,163</b>	<b>1,803,706</b>	<b>1,079,785</b>	<b>1,399,407</b>	<b>2,479,192</b>
1.3.1 Public Debt Securities		788,543	531,683	1,320,226	1,079,785	518,314	1,598,099
1.3.2 Equity Securities		-	10,057	10,057	-	6,255	6,255
1.3.3 Other Financial Assets		-	473,423	473,423	-	874,838	874,838
<b>1.4 Derivative Financial Assets</b>	(5.1.2)	<b>518</b>	<b>151</b>	<b>669</b>	<b>29,902</b>	<b>199</b>	<b>30,101</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		518	151	669	29,902	199	30,101
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>2,420,593</b>	<b>9,394,621</b>	<b>11,815,214</b>	<b>3,304,439</b>	<b>5,743,086</b>	<b>9,047,525</b>
<b>2.1 Loans</b>	(5.1.5)	<b>2,090,009</b>	<b>7,042,420</b>	<b>9,132,429</b>	<b>2,879,559</b>	<b>4,995,033</b>	<b>7,874,592</b>
2.2 Receivables from Leasing Transactions	(5.1.10)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	(5.1.6)	<b>454,464</b>	<b>2,436,763</b>	<b>2,891,227</b>	<b>533,733</b>	<b>850,266</b>	<b>1,383,999</b>
2.4.1 Public Debt Securities		454,464	1,491,780	1,946,244	533,733	459,739	993,472
2.4.2 Other Financial Assets		-	944,983	944,983	-	390,527	390,527
<b>2.5 Allowance for Expected Credit Losses (-)</b>		<b>123,880</b>	<b>84,562</b>	<b>208,442</b>	<b>108,853</b>	<b>102,213</b>	<b>211,066</b>
<b>III. NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(5.1.16)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held for Sale		-	-	-	-	-	-
3.2 Held from Discontinued Operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4.1 Investments in Associates (Net)</b>	(5.1.7)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Non-Consolidated Associates		-	-	-	-	-	-
<b>4.2 Investments in Subsidiaries (Net)</b>	(5.1.8)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1 Non-Consolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Non-Consolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Jointly Controlled Partnership (Joint Ventures) (Net)</b>	(5.1.9)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Jointly Controlled Partnerships Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Non-Consolidated Jointly Controlled Partnerships		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	(5.1.12)	<b>118,559</b>	<b>-</b>	<b>118,559</b>	<b>36,239</b>	<b>-</b>	<b>36,239</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(5.1.13)	<b>8,194</b>	<b>-</b>	<b>8,194</b>	<b>8,171</b>	<b>-</b>	<b>8,171</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		8,194	-	8,194	8,171	-	8,171
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(5.1.14)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSETS</b>		<b>215</b>	<b>-</b>	<b>215</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSETS</b>	(5.1.15)	<b>30,918</b>	<b>-</b>	<b>30,918</b>	<b>44,596</b>	<b>-</b>	<b>44,596</b>
<b>X. OTHER ASSETS (Net)</b>	(5.1.17)	<b>35,961</b>	<b>2,871</b>	<b>38,832</b>	<b>41,061</b>	<b>2,866</b>	<b>43,927</b>
<b>TOTAL ASSETS</b>		<b>4,216,926</b>	<b>14,174,555</b>	<b>18,391,481</b>	<b>5,435,922</b>	<b>10,416,568</b>	<b>15,852,490</b>

(\*) Details of prior period's restatement are explained on Section Three footnote XXVII.

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS AT 31 DECEMBER 2019

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

EQUITY AND LIABILITIES		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
			Audited CURRENT PERIOD 31/12/2019			Audited RESTATEMENT PRIOR PERIOD (*) 31/12/2018		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSIT</b>	(5.II.1)	2,981,092	6,985,670	9,966,762	2,282,066	5,740,176	8,022,242
<b>II.</b>	<b>FUNDS BORROWED</b>	(5.II.3)	2,052	4,235,955	4,238,007	1,162,755	2,919,795	4,082,550
<b>III.</b>	<b>MONEY MARKET FUNDS</b>		18,841	-	18,841	257,264	88,881	346,145
<b>IV.</b>	<b>MARKETABLE SECURITIES (Net)</b>		-	-	-	-	-	-
4.1	Bills		-	-	-	-	-	-
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
<b>V.</b>	<b>FUNDS</b>		-	-	-	-	-	-
5.1	Borrowers' Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
<b>VI.</b>	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>	(5.II.2)	66	3,864	3,930	749	373	1,122
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		66	3,864	3,930	749	373	1,122
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX.</b>	<b>LEASE PAYABLES (Net)</b>	(5.II.5)	82,288	-	82,288	-	-	-
<b>X.</b>	<b>PROVISIONS</b>	(5.II.7)	95,096	36,053	131,149	58,285	4,183	62,468
10.1	Provision for Restructuring		-	-	-	-	-	-
10.2	Reserves for Employee Benefits		20,975	-	20,975	17,917	-	17,917
10.3	Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4	Other Provisions		74,121	36,053	110,174	40,368	4,183	44,551
<b>XI.</b>	<b>CURRENT TAX LIABILITIES</b>	(5.II.8)	23,915	-	23,915	38,591	-	38,591
<b>XII.</b>	<b>DEFERRED TAX LIABILITIES</b>		-	-	-	-	-	-
<b>XIII.</b>	<b>LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “DISCONTINUED OPERATIONS” (Net)</b>	(5.II.9)	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV.</b>	<b>SUBORDINATED DEBT</b>	(5.II.10)	-	1,782,420	1,782,420	-	1,579,084	1,579,084
14.1	Loans		-	1,782,420	1,782,420	-	1,579,084	1,579,084
14.2	Other Debt Instruments		-	-	-	-	-	-
<b>XV.</b>	<b>OTHER LIABILITIES</b>	(5.II.4)	108,595	706,262	814,857	68,769	484,950	553,719
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	(5.II.11)	1,321,997	7,315	1,329,312	1,197,857	(31,288)	1,166,569
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		16,310	-	16,310	12,892	-	12,892
16.4	Other Accumulated Comprehensive Income that will be Reclassified in Profit or Loss		(2,733)	7,315	4,582	(51,945)	(31,288)	(83,233)
16.5	Profit Reserves		328,778	-	328,778	246,680	-	246,680
16.5.1	Legal Reserves		18,842	-	18,842	14,737	-	14,737
16.5.2	Statutory Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		252,570	-	252,570	174,577	-	174,577
16.5.4	Other Profit Reserves		57,366	-	57,366	57,366	-	57,366
16.6	Profit or Loss		120,229	-	120,229	130,817	-	130,817
16.6.1	Prior Years' Profit or Loss		48,719	-	48,719	47,268	-	47,268
16.6.2	Current Period Net Profit or Loss		71,510	-	71,510	83,549	-	83,549
16.7	Minority Shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>			<b>4,633,942</b>	<b>13,757,539</b>	<b>18,391,481</b>	<b>5,066,336</b>	<b>10,786,154</b>	<b>15,852,490</b>

(\*) Details of prior period's restatement are explained on Section Three footnote XXVII.

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS

AS AT 31 DECEMBER 2019

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

	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Audited CURRENT PERIOD 31/12/2019			Audited PRIOR PERIOD 31/12/2018		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>1,118,031</b>	<b>8,180,953</b>	<b>9,298,984</b>	<b>861,082</b>	<b>2,733,144</b>	<b>3,594,226</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(5.III.1)	<b>572,605</b>	<b>6,414,803</b>	<b>6,987,408</b>	<b>585,675</b>	<b>1,785,507</b>	<b>2,371,182</b>
1.1. Letters of Guarantee		572,605	1,700,759	2,273,364	585,675	1,454,768	2,040,443
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		572,605	1,700,759	2,273,364	585,675	1,454,768	2,040,443
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	-	-	-	-	-
1.3.1. Documentary Letters of Credit		-	294,068	294,068	-	217,850	217,850
1.3.2. Other Letters of Credit		-	104,396	104,396	-	100,678	100,678
1.4. Prefinancing Given as Guarantee		-	189,672	189,672	-	117,172	117,172
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		-	-	-	-	-	-
1.9. Other Warranties		-	4,419,976	4,419,976	-	112,889	112,889
<b>II. COMMITMENTS</b>	(5.III.1)	<b>121,766</b>	<b>12,185</b>	<b>133,951</b>	<b>122,855</b>	<b>107,531</b>	<b>230,386</b>
2.1. Irrevocable Commitments		121,766	12,185	133,951	122,855	107,531	230,386
2.1.1. Asset Purchase and Sales Commitments		2,975	12,185	15,160	5,020	107,531	112,551
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		30,415	-	30,415	29,325	-	29,325
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7. Commitments for Checks Payments		6,989	-	6,989	7,720	-	7,720
2.1.8. Tax and Fund Liabilities from Export Commitments		9	-	9	6	-	6
2.1.9. Commitments for Credit Expenditure Limits		80,622	-	80,622	73,480	-	73,480
2.1.10. Commitments for Credit Cards and Banking Services Promotions		192	-	192	199	-	199
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		564	-	564	7,105	-	7,105
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>423,660</b>	<b>1,753,965</b>	<b>2,177,625</b>	<b>152,552</b>	<b>840,106</b>	<b>992,658</b>
3.1. Derivative Financial Instruments Held for Hedging		-	-	-	-	-	-
3.1.1. Fair Value Hedges		-	-	-	-	-	-
3.1.2. Cash Flow Hedges		-	-	-	-	-	-
3.1.3. Hedges For Investment Made in Foreign Countries		-	-	-	-	-	-
3.2. Trading Transactions		423,660	1,753,965	2,177,625	152,552	840,106	992,658
3.2.1. Forward Foreign Currency Purchase and Sale Transactions		271,470	308,806	580,276	43,282	43,200	86,482
3.2.1.1. Forward Foreign Currency Purchase Transactions		270,804	19,763	290,567	42,372	1,308	43,680
3.2.1.2. Forward Foreign Currency Sale Transactions		666	289,043	289,709	910	41,892	42,802
3.2.2. Currency and Interest Rate Swaps		148,780	1,439,378	1,588,158	109,270	786,850	896,120
3.2.2.1. Currency Swap Purchase Transactions		148,780	643,754	792,534	-	460,472	460,472
3.2.2.2. Currency Swap Sale Transactions		-	795,624	795,624	109,270	326,378	435,648
3.2.2.3. Interest Rate Swap Purchase Transactions		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap Sale Transactions		-	-	-	-	-	-
3.2.3. Currency, Interest Rate and Securities Options		3,410	5,781	9,191	-	10,056	10,056
3.2.3.1. Currency Purchase Options		1,709	2,900	4,609	-	5,028	5,028
3.2.3.2. Currency Sale Options		1,701	2,881	4,582	-	5,028	5,028
3.2.3.3. Interest Rate Purchase Options		-	-	-	-	-	-
3.2.3.4. Interest Rate Sale Options		-	-	-	-	-	-
3.2.3.5. Securities Purchase Options		-	-	-	-	-	-
3.2.3.6. Securities Sale Options		-	-	-	-	-	-
3.2.4. Currency Futures		-	-	-	-	-	-
3.2.4.1. Currency Purchase Futures		-	-	-	-	-	-
3.2.4.2. Currency Sale Futures		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Purchase Futures		-	-	-	-	-	-
3.2.5.2. Interest Rate Sale Futures		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		<b>13,436,713</b>	<b>29,456,396</b>	<b>42,893,109</b>	<b>10,855,685</b>	<b>23,103,018</b>	<b>33,958,703</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>5,418,774</b>	<b>4,641,317</b>	<b>10,060,091</b>	<b>5,245,377</b>	<b>4,292,713</b>	<b>9,538,090</b>
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Securities Held in Custody		1,546,929	18,892	1,565,821	1,486,234	15,833	1,502,067
4.3. Checks Received for Collection		28,928	12,131	41,059	51,270	9,844	61,114
4.4. Commercial Notes Received for Collection		6,879	7,170	14,049	7,592	7,573	15,165
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Securities Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		3,831,407	4,602,827	8,434,234	3,694,639	4,257,204	7,951,843
4.8. Custodians		4,631	297	4,928	5,642	2,259	7,901
<b>V. PLEDGED ITEMS</b>		<b>8,017,939</b>	<b>24,815,079</b>	<b>32,833,018</b>	<b>5,610,308</b>	<b>18,810,305</b>	<b>24,420,613</b>
5.1. Marketable Securities		11,097	-	11,097	18,426	-	18,426
5.2. Guarantee Notes		921	59	980	921	53	974
5.3. Commodity		65,573	61,140	126,713	71,445	262,792	334,237
5.4. Warrant		-	-	-	230	-	230
5.5. Immovables		3,179,455	15,502,429	18,681,884	3,747,100	12,587,299	16,334,399
5.6. Other Pledged Items		4,760,893	9,251,451	14,012,344	1,772,186	5,960,161	7,732,347
5.7. Depositories Receiving Pledged Items		-	-	-	-	-	-
<b>VI. ACCEPTED GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>14,554,744</b>	<b>37,637,349</b>	<b>52,192,093</b>	<b>11,716,767</b>	<b>25,836,162</b>	<b>37,552,929</b>

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2019

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

INCOME AND EXPENSE ITEMS		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA	
			Audited CURRENT PERIOD (01/01/2019- 31/12/2019)	Audited PRIOR PERIOD (01/01/2018- 31/12/2018)
<b>I.</b>	<b>INTEREST INCOME</b>	(5.IV.1)	<b>1,288,325</b>	<b>1,240,100</b>
1.1	Interest on Loans		700,434	758,136
1.2	Interest Received from Reserve Deposits		30,994	36,097
1.3	Interest Received from Banks		89,435	8,740
1.4	Interest Received from Money Market Transactions		19,909	26,993
1.5	Interest Received from Marketable Securities Portfolio		307,297	396,554
1.5.1	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		141,555	302,028
1.5.3	Financial Assets Measured at Amortised Cost		165,742	94,526
1.6	Finance Lease Income		-	-
1.7	Other Interest Income		140,256	13,580
<b>II.</b>	<b>INTEREST EXPENSES</b>	(5.IV.2)	<b>888,831</b>	<b>764,529</b>
2.1	Interest on Deposits		627,504	459,053
2.2	Interest on Funds Borrowed		230,875	258,220
2.3	Interest on Money Market Transactions		16,815	46,770
2.4	Interest on Securities Issued		-	-
2.5	Interest on Leases		12,942	-
2.6	Other Interest Expenses		695	486
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>399,494</b>	<b>475,571</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>124,409</b>	<b>96,576</b>
4.1	Fees and Commissions Received		131,475	104,952
4.1.1	Non-Cash Loans		19,223	13,099
4.1.2	Other		112,252	91,853
4.2	Fees and Commissions Paid		7,066	8,376
4.2.1	Non-Cash Loans		18	66
4.2.2	Other		7,048	8,310
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>1</b>	<b>152</b>
<b>VI.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	(5.IV.3)	<b>57,920</b>	<b>(16,793)</b>
6.1	Profit/Losses from Capital Market Transactions		12,246	10,378
6.2	Profit/Losses from Derivative Financial Transactions		9,463	227,960
6.3	Foreign Exchange Profit/Losses		36,211	(255,131)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5.IV.4)	<b>42,984</b>	<b>59,371</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>624,808</b>	<b>614,877</b>
<b>IX.</b>	<b>ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	(5.IV.5)	<b>85,568</b>	<b>175,413</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	(5.IV.5)	<b>10,792</b>	<b>25,564</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>212,213</b>	<b>180,011</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(5.IV.6)	<b>194,685</b>	<b>110,976</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>121,550</b>	<b>122,913</b>
<b>XIV.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-
<b>XV.</b>	<b>PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-
<b>XVI.</b>	<b>NET MONETARY POSITION GAIN / LOSS</b>		-	-
<b>XVII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+XIV+XV+XVI)</b>	(5.IV.7)	<b>121,550</b>	<b>122,913</b>
<b>XVIII.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.IV.8)	<b>50,040</b>	<b>39,364</b>
18.1	Current Tax Provision		58,851	32,110
18.2	Expense Effect of Deferred Tax (+)		17,204	7,619
18.3	Income Effect of Deferred Tax (-)		(26,015)	(365)
<b>XIX.</b>	<b>NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	(5.IV.9)	<b>71,510</b>	<b>83,549</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
20.1	Income from Assets Held for Sale		-	-
20.2	Profit from Sale of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Other Income from Discontinued Operations		-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
21.1	Expenses on Assets Held for Sale		-	-
21.2	Losses from Sale of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Other Expenses from Discontinued Operations		-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)</b>	(5.IV.7)	-	-
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	(5.IV.8)	-	-
23.1	Current Tax Provision		-	-
23.2	Expense Effect of Deferred Tax (+)		-	-
23.3	Income Effect of Deferred Tax (-)		-	-
<b>XXIV.</b>	<b>CURRENT PERIOD NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-
<b>XXV.</b>	<b>CURRENT PERIOD NET PROFIT/(LOSS) (XIX+XXIV)</b>	(5.IV.10)	<b>71,510</b>	<b>83,549</b>
25.1	Group's Profit/Loss		71,510	83,549
25.2	Minority Shares (-)		-	-
	Profit/Loss of Per Share (Full TL)		0.0083	0.0097

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

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

	THOUSANDS OF TURKISH LIRA	
	Audited CURRENT PERIOD (01/01/2019- 31/12/2019)	Audited PRIOR PERIOD (01/01/2018- 31/12/2018)
<b>I. CURRENT PERIOD PROFIT / (LOSS)</b>	<b>71,510</b>	<b>83,549</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>91,233</b>	<b>(82,182)</b>
<b>2.1. Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss</b>	<b>3,418</b>	<b>1,064</b>
2.1.1. Gains (Losses) on Revaluation of Property, Plant and Equipment	1,672	1,708
2.1.2. Gains (Losses) on Revaluation of Intangible Assets	-	-
2.1.3. Gains (Losses) on Remeasurements of Defined Benefit Plans	1,849	(765)
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	(103)	121
<b>2.2. Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	<b>87,815</b>	<b>(83,246)</b>
2.2.1. Exchange Differences on Translation	-	-
2.2.2. Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value Through Other Comprehensive Income	110,201	(104,058)
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	(22,386)	20,812
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>162,743</b>	<b>1,367</b>

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



# ICBC TURKEY BANK ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

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

						Other Accumulated Comprehensive Income That Will Not Be Reclassified In		Other Accumulated Comprehensive Income That Will Be Reclassified In									
						Profit and Loss		Profit and Loss									
		Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit/ (Loss)	Current Period Profit/ (Loss)	Total Equity Without Minority Shares	Minority Shares	Total Equity
PRIOR PERIOD (31/12/2018)																	
I.	Balances at the Beginning of the Period	860,000	(587)	-	182	11,646	-	-	-	(5,596)	-	201,682	(3,316)	48,283	1,112,294	-	1,112,294
II.	Adjustment in Accordance with TAS 8	-	-	-	-	-	-	-	-	5,609	-	-	47,764	-	53,373	-	53,373
2.1	Effect of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	5,609	-	-	47,764	-	53,373	-	53,373
III.	New Balance (I+II)	860,000	(587)	-	182	11,646	-	-	-	13	-	201,682	44,448	48,283	1,165,667	-	1,165,667
IV.	Total Comprehensive Income	-	-	-	-	1,622	(558)	-	-	(83,246)	-	-	-	83,549	(82,182)	-	1,367
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	-	-	-	(182)	-	182	-	-	-	-	31	(496)	-	(465)	-	(465)
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	44,967	3,316	(48,283)	-	-	-
11.1	Dividends Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Legal Reserves	-	-	-	-	-	-	-	-	-	-	44,967	-	-	44,967	-	44,967
11.3	Others	-	-	-	-	-	-	-	-	-	-	-	3,316	(48,283)	(44,967)	-	(44,967)
Balances at the end of the Period (III+IV+...+X+XI) 31/12/2018		860,000	(587)	-	-	13,268	(376)	-	-	(83,233)	-	246,680	47,268	83,549	1,166,569	-	1,166,569

1. Tangible and Intangible 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 ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

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

						Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss		Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss									
		Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit/ (Loss)	Current Period Profit/ (Loss)	Total Equity Without Minority Shares	Minority Shares	Total Equity
<b>CURRENT PERIOD (31/12/2019)</b>																	
I.	Balances at the Beginning of the Period	860,000	(587)	-	-	13,268	(376)	-	-	(83,233)	-	246,680	47,268	83,549	1,166,569	-	1,166,569
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)	-	-	13,268	(376)	-	-	(83,233)	-	246,680	47,268	83,549	1,166,569	-	1,166,569
IV.	Total Comprehensive Income	-	-	-	-	1,826	1,592	-	-	87,815	-	-	-	71,510	162,743	-	162,743
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	-	-	-	-	-	-	-	-	-	-	82,098	1,451	(83,549)	-	-	-
11.1	Dividends Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Legal Reserves	-	-	-	-	-	-	-	-	-	-	82,098	(82,098)	-	-	-	-
11.3	Others	-	-	-	-	-	-	-	-	-	-	-	83,549	(83,549)	-	-	-
<b>Balances at the end of the Period (III+IV...+X+XI) 31/12/2019</b>		<b>860,000</b>	<b>(587)</b>	<b>-</b>	<b>-</b>	<b>15,094</b>	<b>1,216</b>	<b>-</b>	<b>-</b>	<b>4,582</b>	<b>-</b>	<b>328,778</b>	<b>48,719</b>	<b>71,510</b>	<b>1,329,312</b>	<b>-</b>	<b>1,329,312</b>

1. Tangible and Intangible 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 ANONİM ŞİRKETİ**
**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA	
		Audited CURRENT PERIOD (01/01/2019 - 31/12/2019)	Audited PRIOR PERIOD (01/01/2018 - 31/12/2018)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>334,858</b>	<b>(207,101)</b>
1.1.1 Interest Received		1,310,234	936,964
1.1.2 Interest Paid		(921,915)	(694,602)
1.1.3 Dividends Received		1	152
1.1.4 Fees And Commissions Received		125,276	105,241
1.1.5 Other Income		96,648	31,635
1.1.6 Collections from Previously Written-Off Loans and Other Receivables		17,308	8,329
1.1.7 Cash Payments to Personnel and Service Suppliers		(212,071)	(179,806)
1.1.8 Taxes Paid		(98,751)	(40,717)
1.1.9 Other	(5.VI.3)	18,128	(374,297)
<b>1.2 Changes in Operating Assets and Liabilities Subject to Banking Operations</b>		<b>275,346</b>	<b>1,665,268</b>
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(3,734)	17,686
1.2.2 Net (Increase) Decrease in Due From Banks		(413,811)	703,026
1.2.3 Net (Increase) Decrease in Loans		(1,367,590)	(45,078)
1.2.4 Net (Increase) Decrease in Other Assets	(5.VI.3)	7,721	42,825
1.2.5 Net (Increase) Decrease in Bank Deposits		(1,142,603)	1,247,814
1.2.6 Net Increase (Decrease) in Other Deposits		3,109,073	3,397,393
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		(160,714)	(3,747,302)
1.2.9 Net Increase (Decrease) in Matured Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(5.VI.3)	247,004	48,904
<b>I. Net Cash Provided from Banking Operations</b>		<b>610,204</b>	<b>1,458,167</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided from Investing Activities</b>		<b>(704,101)</b>	<b>(1,221,766)</b>
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Joint Ventures		-	-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint Ventures		-	-
2.3 Cash Paid For Tangible And Intangible Asset Purchases		(28,129)	(4,884)
2.4 Cash Obtained from the Sale of Tangible And Intangible Assets		2,054	914,547
2.5 Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		57,056	(871,755)
2.6 Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income		703,462	-
2.7 Cash Paid for Purchase of Financial Assets Measured at Amortised Cost		(1,407,720)	(830,911)
2.8 Cash Obtained from Sale of Financial Asset Measured at Amortised Cost		-	-
2.9 Other	(5.VI.3)	(30,824)	(428,763)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Flows from Financing Activities</b>		<b>-</b>	<b>1,579,084</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	1,579,084
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		-	-
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	(5.VI.3)	<b>106,011</b>	<b>70,377</b>
<b>V. Net Increase/Decrease in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>12,114</b>	<b>1,885,862</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>		<b>3,854,231</b>	<b>1,968,369</b>
<b>VII. Cash and Cash Equivalents at the End of the Period (V+VI)</b>	(5.VI.1)	<b>3,866,345</b>	<b>3,854,231</b>

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## PARENT BANK STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED 31 DECEMBER 2019

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

		THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD <sup>(1)(3)</sup> (01/01/2019-31/12/2019)	PRIOR PERIOD <sup>(2)</sup> (01/01/2018-31/12/2018)
<b>I.</b>	<b>DISTRIBUTION OF CURRENT YEAR PROFIT</b>		
1.1.	CURRENT YEAR INCOME	82,128	95,413
1.2.	TAXES AND LEGAL DUTIES PAYABLES (-)	41,259	33,344
1.2.1.	Corporate Tax (Income Tax)	49,173	25,758
1.2.2.	Income Withholding Tax	-	-
1.2.3.	Other Taxes and Duties	(7,914)	7,586
<b>A.</b>	<b>NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>40,869</b>	<b>62,069</b>
1.3.	PRIOR YEAR LOSSES (-)	-	-
1.4.	FIRST LEGAL RESERVES (-)	-	3,103
1.5.	OTHER STATUTORY RESERVES (-)	-	-
<b>B.</b>	<b>NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]</b>	<b>-</b>	<b>-</b>
1.6.	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1.	To Owners of Ordinary Shares	-	-
1.6.2.	To Owners of Preferred Shares	-	-
1.6.3.	To Owners of Redeemed Shares	-	-
1.6.4.	To Profit Sharing Bonds	-	-
1.6.5.	To Holders of Profit and Loss Sharing Certificates	-	-
1.7.	DIVIDENDS TO PERSONNEL (-)	-	-
1.8.	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9.	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1.	To Owners of Ordinary Shares	-	-
1.9.2.	To Owners of Preferred Shares	-	-
1.9.3.	To Owners of (preemptive rights) Shares	-	-
1.9.4.	To Profit Sharing Bonds	-	-
1.9.5.	To Holders Of Profit And Loss Sharing Certificates	-	-
1.10.	STATUTORY RESERVES (-)	-	-
1.11.	EXTRAORDINARY RESERVES	-	58,966
1.12.	OTHER RESERVES	-	-
1.13.	SPECIAL FUNDS	-	-
<b>II.</b>	<b>DISTRIBUTION OF RESERVES</b>		
2.1.	APPROPRIATED RESERVES	-	-
2.2.	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.2.1.	To Owners of Ordinary Shares	-	-
2.2.2.	To Owners of Preferred Shares	-	-
2.2.3.	To Owners of Redeemed Shares	-	-
2.2.4.	To Profit Sharing Bonds	-	-
2.2.5.	To Holders of Profit and Loss Sharing Certificates	-	-
2.3.	DIVIDENDS TO PERSONNEL (-)	-	-
2.4.	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE</b>		
3.1.	TO OWNERS OF ORDINARY SHARES (FULL TL)	0.0048	0.0072
3.2.	TO OWNERS OF ORDINARY SHARES (%)	4.8	7.2
3.3.	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4.	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>		
4.1.	TO OWNERS OF ORDINARY SHARES	-	-
4.2.	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3.	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4.	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

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

(2) The profit distribution table for the previous period has been finalized with the decision of the Ordinary General Assembly dated 29 March 2019, after the issuance of the audited financial statements dated 31 December 2018 and restated accordingly. At the Bank's Ordinary General Assembly Meeting held on 29 March 2019, a legal reserve fund of TL 3,103 was allocated at a rate of 5% and TL 58,966 remaining from 62,069 TL, which constitutes the profit after tax, has been decided to be transferred to extraordinary reserves.

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

### SECTION THREE EXPLANATIONS ON ACCOUNTING POLICIES

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

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

The 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 requirements of Turkish Financial Reporting Standards (“TFRS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) for the matters not regulated by the aforementioned legislations.

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 regulation 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.

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

As of 1 January 2019, the Parent Bank has started to apply for the first time the TFRS 16 Leases standard published in the Official Gazette dated 16 April 2018 and numbered 29826 and entered into force as of 1 January 2019. The application and effects for the transition of TFRS 16 are explained in footnote XXVII in Section Three.

In addition, some other changes in standards have also come into force since 1 January 2019. However, these changes do not have significant impact on the Bank’s financial statements.

##### **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 the BRSA Accounting and Financial Reporting Legislation.

Since the Parent Bank made use of all the facilitative provisions in the first pass to TFRS 16, the Group has applied a partial retrospective approach resulting in the existence of right of use and the equal amount of the lease debt. Accordingly, the comparative information presented in accordance with TAS 17 and related comments for 2018 has not been restated.

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### II. Explanations on Strategy for the Use of Financial Instruments and the Foreign Currency Transactions

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

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

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

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

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

#### Transactions denominated in foreign currencies:

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

As of 31 December 2019, foreign currency denominated balances are translated into Turkish Lira at fair value through (TL Full); USD: TL 5.9402, EUR: TL 6.6506, GBP: TL 7.7765, and JPY: TL 0.0543.

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

### III. Explanations on Subsidiaries and Associates

As of 31 December 2018 and 31 December 2019, the Parent Bank has no associates.

On 21 April 2015, Tekstil Portföy Yönetimi A.Ş. was established with TL 2,000,000 - full amount - capital from ICBC Yatırım. On 23 November 2015, the trade name of the company has been changed and registered as ICBC Turkey Portföy Yönetimi A.Ş. (ICBC Portföy). ICBC Portföy is a subsidiary of ICBC Yatırım with 100% partnership and an indirect subsidiary of the Parent Bank. As at 31 December 2018, ICBC Portföy has been consolidated in ICBC Yatırım by full consolidation method. "ICBC Yatırım", the consolidated subsidiary of the Parent Bank, represents ICBC Portföy and ICBC Yatırım as a whole.

ICBC Yatırım, which is financial subsidiary of the Parent Bank is consolidated in the accompanying consolidated financial statements by using full consolidation method as at 31 December 2018 and 31 December 2019.

The Parent Bank and its consolidated subsidiary are referred to as "the Group".

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

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

The financial statements, which have been used in the consolidation, are prepared as at 31 December 2019 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 ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### IV. Derivative Financial Assets

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

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

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

The derivative transactions are initially recognized at fair value and measured at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" under the "Derivative Financial Assets" or "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" under the "Derivative Financial Liabilities" items of the balance sheet depending on the resulting positive or negative amounts of the fair value. Gains and losses arising from a change in the fair value of trading purpose derivatives are recognized in the consolidated statement of profit or loss. 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 statement of profit or loss 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.

### 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, cancels the accruals recorded and does not record until the collection is made.

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

Fees and commissions income and expenses are accounted on accrual or collection basis in accordance with the nature of the transaction. The advance commissions obtained from cash and non-cash loans are allocated to the related periods in accordance with the periodicity principle and recorded as income. Prepaid fees for loans are discounted by using effective interest rate method and recorded as income in the related period due to periodicity principle.

### VII. Explanations on Financial Assets

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

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

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

- 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 ANONİM ŞİRKETİ

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(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 and 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 aim to hold to collect contractual cash flows and aim to hold to sell,
- Financial assets 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 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 aim to hold to collect contractual cash flows,
- Financial assets 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 recorded as interest income in the statement of profit or loss.

#### **Loans:**

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



# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 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 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 or its maturity date.

**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 matters are recognizing the risk of default occurring over the remaining life of the financial instrument that credit risk has increased significantly since initial recognition is performed at each reporting period.

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

#### Review of the 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 Bank management
- 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.

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

The financial asset is classified on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. For this purpose, the 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 Bank's claim to cash flows from specified assets
- Features that modify consideration for the time value of money

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### IX. 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.

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

Securities sold under repurchase agreements ("repo") are classified as "fair value through profit or loss", "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 classified separately under liability accounts and the related interest expenses are accounted on an accrual basis based on the difference between selling and repurchase prices using effective interest rate (internal rate of return) method. Securities purchased under resale agreements ("reverse repo") are classified under "Receivables from Reverse Repurchase Agreements". An income accrual using the effective interest rate method is accounted for the positive difference between the purchase and resale prices earned during the period. The Parent Bank does not have any securities related to the lending.

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

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

The Group does not have any assets held for sale as of 31 December 2019 (31 December 2018 – None).

The Group has no discontinued operations as of 31 December 2019 (31 December 2018 – None).

### XII. Explanations on Goodwill and Other Intangible Assets

There is no goodwill in the accompanying consolidated financial statements as at 31 December 2018 and 31 December 2019.

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

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

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

### XIII. 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	Shorter of the economic life or lease term

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

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### XIII. Explanations on Tangible Assets (Continued)

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

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

The Parent Bank applies revaluation model for the buildings as permitted by TAS 16 "Property, Plant and Equipment". For this purpose, fair values of the buildings are determined by a third party appraiser, which is commissioned by BRSA and Capital Markets Board. The fair value surplus is recognized in "Revaluation Fund on Tangible Assets" within the equity items.

### XIV. 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 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 tangible assets and intangible assets that are of the same nature as their assets.

The Group takes into the financial statements the right of use and the obligation of the lessee on the date of the lease start. Tenure asset is initially measured at cost and subsequently accumulated depreciation and accumulated impairment losses deducted and the restated cost of the lessor's liability. Properties which are accounted for as right of use are subject to depreciation and related depreciation standards are used for TAS 16 "Property, Plant and Equipment" and TAS 38 "Intangible Assets". TAS 36 "Impairment of Assets" standard is applied to determine whether the immovable properties have been impaired and to account for impairment.

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.

### XV. 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 can not 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 can not be measured with sufficient reliability or the possibility of an outflow of resources embodying economic benefits is remote, such liabilities are disclosed in the notes to the consolidated financial statements.

### XVI. Contingent Assets

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

### XVII. Explanations on Obligations Related to Employee Rights

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### **XVII. Explanations on Obligations Related to Employee Rights (Continued)**

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 arising from this liability.

### **XVIII. Explanations on Taxation**

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

While the corporate tax rate was at the rate of 20% since 1 January 2006, for all companies, such rate has been set as 22% for the tax bases of the years 2019, 2020 and 2021 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

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

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

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

In accordance with the Turkish tax legislation, the tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses can not 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.

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 offset 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.

## **ICBC TURKEY BANK ANONİM ŞİRKETİ**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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

#### **XVIII. Explanations on Taxation (Continued)**

##### **c. Transfer Pricing (Continued):**

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

#### **XIX. Additional Explanations on Borrowings**

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

#### **XX. Explanations on Issued Stock**

There is no issued stock in the current period.

#### **XXI. Explanations on Acceptances**

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

#### **XXII. Explanations on Government Grants**

As at 31 December 2018 and 31 December 2019, the Group does not have any government grants.

#### **XXIII. 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 29 March 2019 it was decided TL 62,069 of the net income after the net tax for the year 2018 to be used for calculation of legal reserve of 5% of with amount of TL 3,103 in accordance with the TCC 519/1 and the remaining TL 58,966 to be transferred to extraordinary reserves.

#### **XXIV. Related Parties**

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

#### **XXV. Cash and Cash Equivalents**

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

#### **XXVI. 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, footnote XI.

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### XXVII. Reclassifications

#### a. First implementation of TFRS 16

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

TFRS 16 introduces a single leasing accounting model for tenants. As a result, the Bank, as a lessee, has acquired the lease rights representing the lease rights representing the right to use the underlying asset and the lease payments to the financial statements. Accounting for the lessor is similar to the previous accounting policies.

The Bank has applied a partial retrospective approach resulting from the use of all the facilitating provisions in the first pass to TFRS 16, resulting in the existence of right to use and the equal amount of the lease debt. Accordingly, the comparative information presented in accordance with TAS 17 and related comments for 2018 has not been restated.

The following table shows the classification and adjustment records for the first application of TFRS 16 Leases Standard as of 1 January 2019.

	31 December 2018	TFRS 16 Classification Effect	TFRS 16 Transition Effect	1 January 2019
Tangible Assets (Net)	35,357	2,855	77,478	115,690
Intangible Assets (Net)	7,914	93	1,644	9,651
Other Assets (Net)	31,067	(2,948)	-	28,119
Lease Payables (Net)	-	-	79,122	79,122

#### b. Uniform account plan change

Due to change in The Uniform Chart of Accounts as of 1 February 2019, expected loss provisions on financial assets at fair value through other comprehensive income are started to be recorded under equity. Restatements in prior period financial statements in accordance with "Communiqué on amendments to the communiqué on the financial statements and the related explanations and footnotes to be announced to public by banks" are presented below:

31 December 2018	Published	Reclassifications	Restated
<b>Financial Assets</b>			
Expected Loss Provisions	15,766	(8,326)	7,440
<b>Financial Assets Measured With Amortized Costs</b>			
Expected Loss Provisions	208,350	2,716	211,066
<b>Other Comprehensive Incomes or Expenses to be Reclassified in Profit or Loss</b>	(88,843)	5,610	(83,233)

### XXVIII. Explanations on Other Matters

The accounting policies applied in the prior period and which are not applicable together with the application of TFRS 16 standard in the current period are presented below:

#### Explanations on Leasing Activities:

Assets acquired by financial leasing are recorded by considering the lower of the fair value of the leased asset and the present value of leasing payments. Fixed assets obtained through financial leasing are classified as tangible asset and depreciated over their estimated useful lives. When there is a decrease in the value of the fixed assets obtained through financial leasing, the "provision for losses" is allocated. The obligations under financial leases arising from the lease contracts are presented under "Financial Lease Payables" account in the balance sheet. Interest expense and currency exchange rate differences related to leasing activities are recognized in the statement of profit or loss. The Group does not perform financial lease transactions as the "lessor".

In operating leases, the rent payments are charged accrual basis in accordance with the relevant contractual provisions.

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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".

The capital adequacy standard ratio of the Group is 18.71% (31 December 2018: 30.22%).

<b>Current Period</b>	<b>Amount</b>	<b>Amounts related to treatment before 1/1/2014 <sup>(1)</sup></b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	
Share issue premiums	(587)	
Reserves	328,778	
Gains recognized in equity as per TAS	20,892	
Profit	120,229	
Current period profit	71,510	
Prior period profit/loss	48,719	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>1,329,312</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1 <sup>st</sup> clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	
Improvement costs for operating leasing	2,966	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4,916	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,290	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	

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**I. Explanations on Consolidated Equity (Continued)****Information about consolidated total capital (Continued):**

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on from temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>9,172</b>	
<b>Total Common Equity Tier I Capital</b>	<b>1,320,140</b>	
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred stock not included in common equity and the related share premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary article 4)	-	
<b>Additional Tier I Capital before Deductions</b>	<b>-</b>	
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	



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

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

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning Provisional Article 2 of subsection of core capital not reduced from (-)	3,278	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	860	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	<b>4,138</b>	
<b>Total Additional Tier I Capital</b>	<b>-</b>	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1,316,002</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA <sup>(2)</sup>	1,782,420	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary article 4)	-	
Provisions (1 <sup>st</sup> clause of Article 8 of the Regulation on the Equity of Banks)	110,481	
<b>Tier II Capital Before Deductions</b>	<b>1,892,901</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	
<b>Total Tier II Capital</b>	<b>1,892,901</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>3,208,903</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA	181	
<b>Regulatory Adjustments which will be deducted from Total Capital during the transition period</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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

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

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
<b>TOTAL CAPITAL</b>		
Total capital (The Sum of Tier I Capital and Tier II)	3,208,722	
Total risk weighted amounts	17,154,261	
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated Core Capital Adequacy Ratio (%)	7.67	
Consolidated Tier 1 Capital Adequacy Ratio (%)	7.67	
Consolidated Capital Adequacy Standard Ratio (%)	18.71	
<b>BUFFERS</b>		
Total buffer requirement	2.77	
Capital conservation buffer requirement (%)	2.50	
Bank specific countercyclical buffer requirement (%)	0.27	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	-	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6 % of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Temporary article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary article 4	-	

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

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

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

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

Total capital has been calculated in accordance with the "Regulations regarding to changes on Regulation on Equity of Banks" effective from date 31 December 2018, the information given in the prior period has been calculated pursuant to former regulation.

Prior Period	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	
Share issue premiums	(587)	
Reserves	246,680	
Gains recognized in equity as per TAS	12,892	
Profit	130,817	
Current period profit	83,549	
Prior period profit/loss	47,268	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>1,249,802</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1 <sup>st</sup> clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	88,842	
Improvement costs for operating leasing	1,047	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4,903	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	800	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	

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

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

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on from temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>95,592</b>	
<b>Total Common Equity Tier I Capital</b>	<b>1,154,210</b>	
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred stock not included in common equity and the related share premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary article 4)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	

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

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

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning Provisional Article 2 of subsection of core capital not reduced from (-)	3,268	
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 (-)	533	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	<b>3,801</b>	
<b>Total Additional Tier I Capital</b>	<b>-</b>	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1,150,409</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA <sup>(2)</sup>	1,579,084	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary article 4)	-	
Provisions (1 <sup>st</sup> clause of Article 8 of the Regulation on the Equity of Banks)	145,529	
<b>Tier II Capital Before Deductions</b>	<b>1,724,613</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	
<b>Total Tier II Capital</b>	<b>1,724,613</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>2,875,022</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA	199	
<b>Regulatory Adjustments which will be deducted from Total Capital during the transition period</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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

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

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
<b>TOTAL CAPITAL</b>		
Total capital (The Sum of Tier I Capital and Tier II)	2,874,823	
Total risk weighted amounts	9,514,657	
<b>CAPITAL ADEQUACY RATIOS <sup>(2)</sup></b>		
Consolidated Core Capital Adequacy Ratio (%)	12.09	
Consolidated Tier 1 Capital Adequacy Ratio (%)	12.09	
Consolidated Capital Adequacy Standard Ratio (%)	30.22	
<b>BUFFERS</b>		
Total buffer requirement	9.08	
Capital conservation buffer requirement (%)	1.88	
Bank specific countercyclical buffer requirement (%)	7.20	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	-	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6 % of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Temporary article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary article 4	-	

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

<sup>(2)</sup> As of 31 December 2018, the Parent Bank has taken into consideration the subordinated loan amounting to TL 1,579,084 from its main shareholders, Industrial and Commercial Bank of China Limited Liability Company (ICBC) for capital adequacy calculation.

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

None.

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

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

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

Lender	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
Descriptive elements of debt instrument (CUSIP, ISIN, etc.)	-
Legislation subject to debt instrument	Implementing Regulation on the Equity of Banks published in the Official Gazette dated 5 September 2013 and numbered 28756
<b>Consideration in equity calculation</b>	
Subject to 10% deduction as of 1 January 2015	No
Validity status on consolidated or unconsolidated basis or on both consolidated and unconsolidated basis	Consolidated and Unconsolidated Basis
Type of debt instrument	Secondary Subordinated Loan
Amount considered in the calculation of equity (as of the last reporting date)	1,782,420
Nominal value of debt instrument	300 M USD
Accountable account of the debt instrument	347
Date of issuance of debt instrument Maturity structure of debt instrument (Demand / Term)	28.12.2018
Maturity structure of debt instrument (Demand / Term)	Term
Maturity of debt instrument	28.12.2028
Whether the issuer has the right of reimbursement due to BRSA approval	In the case of a regulatory cause after the 5th anniversary, the BRSA has the right to reimbursement upon approval
Reimbursement option date, contingent repayment options and refund amount	-
Subsequent reimbursement option dates	-
<b>Interest / dividend payments</b>	
Fixed or variable interest / dividend payments	Variable interest
Interest rate and interest rate index value	6 M USD LIBOR +1.75%
Whether there are any restrictions that stop the payment of dividends	Payable in accordance with BRSA communiqués and regulations
Fully optional, partially optional or mandatory	Mandatory
Whether there is an element that will encourage repayment, such as interest rate increases	-
Being non-cumulative or cumulative	Non-cumulative
<b>Convertible to stock</b>	
Triggering events / events that can cause conversion if they can be converted to a stock	-Elimination of activity permit -Possibility of transfer to SDIF -In the event of regulatory reason, the decision of BRSA will be converted to share
Full or partial conversion if convertible	Subject to BRSA approval
If convertible, conversion rate	Subject to BRSA approval and convertible
If forced to convert to stock, forced or optional conversion feature	Subject to BRSA approval
Convertible vehicle types if converted to stock	Stock
Issuer of a debt instrument to be converted	-
<b>Value reduction feature</b>	
Trigger events / events that will cause a reduction if it has a value reduction feature	-
Total or partial value reduction if value reduction is available	-
Continuous or transient feature	-
Value increment mechanism if the value can be temporarily reduced	-
In the case of the right to take in the case of liquidation in the order of the right (the vehicle just above this debt instrument)	Before the borrowing instruments to be included in the calculation of the additional capital of the owner to the owner, after the depositors and all other debts
Whether the banks do not have the requirements of Articles 7 and 8 of the Regulation on Shareholders' Equity	Although it has all the requirements of Article 8, it does not meet the requirements of Article 7
Which of the requirements of the articles 7 and 8 of the Regulation on Equity of Banks are not	Although it has all the requirements of Article 8, it does not meet the requirements of Article 7

## ICBC TURKEY BANK ANONİM ŞİRKETİ

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

#### II. Explanation on Consolidated Credit Risk

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

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

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

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



**ICBC TURKEY BANK ANONİM ŞİRKETİ****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**II. Explanation on Consolidated Credit Risk (Continued)**

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

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

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

2. The Parent Bank has control limits over the positions of forward transactions, options and other similar agreements. The credit risk arising from these instruments are managed together with other potential risks resulting from market fluctuations.
3. Regarding forward transactions, if it is required, reverse positions of the current positions are purchased to minimize the risk.
4. Indemnified non-cash loans are treated as non-performing loans. Standard loans, restructured and rescheduled loans are followed-up in accordance with the monitoring methods defined by banking regulations.
5. There is a risk evaluation structure within the Parent Bank for foreign funding transactions, where the countries and their market risks are analyzed although the Group’s credit portfolio does not include significant foreign operations and credit transactions yet. When the international interbank credit transactions of the Group are assessed, there is no significant international credit risk concentration.
6.
  - a) As at 31 December 2019, the shares of the top 100 and 200 cash loan customers of the Group constitute 91.5% and 92% of the total cash loans portfolio (31 December 2018 – 89.7% and 91.9%), respectively.
  - b) As at 31 December 2019, the shares of the top 100 and 200 non-cash loan customers of the Group constitute 99.9% and 100% of the total non-cash loans portfolio (31 December 2018 – 99.6% and 99.9%), respectively.
  - c) As at 31 December 2019, the Group’s total cash and non-cash loans from its top 100 and 200 loan customers comprise 21.73% and 21.80% of the aggregate of total assets and off-balance sheet items (31 December 2018 – 17% and 18%), respectively.
7. As at 31 December 2019, the Group’s 1<sup>st</sup> and 2<sup>nd</sup> stage expected loan loss provision amounts to TL 92,185 (31 December 2018 – TL 129,763).

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

### II. Explanation on Consolidated Credit Risk (Continued)

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

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

31 December 2018 <sup>(4)</sup>	Risk Classifications <sup>(1)</sup>																Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Domestic	4,485,288	-	40,125	-	-	6,045,620	4,238,589	144,674	1,330,070	14,820	-	-	-	-	-	123,718	16,422,904
European Union Countries	-	-	-	-	-	60,520	212,231	2	-	-	-	-	-	-	-	-	272,753
OECD Countries <sup>(2)</sup>	-	-	-	-	-	1,079	84,250	-	-	-	-	-	-	-	-	-	85,329
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	314,168	-	-	-	-	-	-	-	-	-	-	314,168
Other Countries	-	-	-	-	-	178,010	298,761	82	-	-	-	-	-	-	-	-	476,853
Investments and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,485,288</b>	<b>-</b>	<b>40,125</b>	<b>-</b>	<b>-</b>	<b>6,599,397</b>	<b>4,833,831</b>	<b>144,758</b>	<b>1,330,070</b>	<b>14,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>123,718</b>	<b>17,572,007</b>

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

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

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

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

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

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

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

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

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

31 December 2018 <sup>(2)</sup>	Risk Classifications <sup>(1)</sup>																TL	FC	Total
Industries/Counterparties	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16			
<b>Agriculture</b>	-	-	-	-	-	-	779	4	-	8	-	-	-	-	-	-	791	-	791
Farming and Raising Livestock	-	-	-	-	-	-	753	4	-	8	-	-	-	-	-	-	765	-	765
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	26	-	-	-	-	-	-	-	-	-	26	-	26
<b>Manufacturing</b>	-	-	40,125	-	-	-	2,382,429	1,383	141,027	1,510	-	-	-	-	-	-	315,180	2,251,294	2,566,474
Mining and Quarrying	-	-	-	-	-	-	9,620	85	-	221	-	-	-	-	-	-	9,686	240	9,926
Production	-	-	40,125	-	-	-	1,018,194	1,253	140,727	1,289	-	-	-	-	-	-	134,311	1,067,277	1,201,588
Electric, Gas and Water	-	-	-	-	-	-	1,354,615	45	300	-	-	-	-	-	-	-	171,183	1,183,777	1,354,960
<b>Construction</b>	-	-	-	-	-	-	570,675	410	120,219	1,486	-	-	-	-	-	-	404,334	288,456	692,790
<b>Services</b>	4,484,951	-	-	-	-	6,202,459	1,793,657	2,502	435,631	9,935	-	-	-	-	-	-	4,035,987	8,893,148	12,929,135
Wholesale and Retail Trade	-	-	-	-	-	-	100,526	1,502	838	9,935	-	-	-	-	-	-	40,709	72,092	112,801
Hotel, Food and Beverage	-	-	-	-	-	-	1,864	45	214,812	-	-	-	-	-	-	-	1,940	214,781	216,721
Transportation and Telecommunication	-	-	-	-	-	-	741,076	392	-	-	-	-	-	-	-	-	190,366	551,102	741,468
Financial Institutions	4,484,951	-	-	-	-	6,202,459	388,194	61	-	-	-	-	-	-	-	-	3,540,720	7,534,945	11,075,665
Real Estate and Rental Services	-	-	-	-	-	-	266,445	145	219,396	-	-	-	-	-	-	-	245,214	240,772	485,986
Self Employment Services	-	-	-	-	-	-	295,003	229	56	-	-	-	-	-	-	-	15,953	279,335	295,288
Educational Services	-	-	-	-	-	-	1	-	529	-	-	-	-	-	-	-	530	-	530
Health and Social Services	-	-	-	-	-	-	548	128	-	-	-	-	-	-	-	-	555	121	676
<b>Other</b>	337	-	-	-	-	396,938	86,291	140,459	633,193	1,881	-	-	-	-	-	123,718	986,494	396,323	1,382,817
<b>Total</b>	4,485,288	-	40,125	-	-	6,599,397	4,833,831	144,758	1,330,070	14,820	-	-	-	-	-	123,718	5,742,786	11,829,221	17,572,007

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

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

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

### II. Explanation on Consolidated credit risk (continued)

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

	Term to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	Over 1 Year
<b>Risk Classifications <sup>(1)</sup></b>					
Claims on central governments and Central Banks <sup>(3)</sup>	1,130,373	56,166	656,230	-	2,413,588
Claims on regional governments or local authorities	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-
Claims on international organizations	-	-	-	-	-
Claims on banks and intermediary institutions	1,692,904	43,225	1,835,405	997,178	3,854,342
Claims on corporate	861,491	1,396,629	607,192	91,769	5,146,710
Claims on retail portfolios	17,533	1,034	2,528	9,848	66,130
Claims secured by residential property	352	279	3,055	11,438	1,065,400
Past due loans <sup>(2)</sup>	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-
Secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term claims on banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-
Equity investments	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other receivables	-	-	-	-	-
<b>Total <sup>(2)</sup></b>	<b>3,702,653</b>	<b>1,497,333</b>	<b>3,104,410</b>	<b>1,110,233</b>	<b>12,546,170</b>

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

<sup>(2)</sup> Net impaired loans amounting to TL 54,388 and other risk amounts not bearing maturity exposures amounting to TL 3,260,244 are not included.

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

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

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

#### Risk amounts according to risk weights:

Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	Deducted From
										Equity <sup>(1)</sup>
Exposures Before Credit Risk Mitigation	3,347,701	-	305,622	478,461	9,808,883	121,449	11,140,142	1,725	-	11,341
Exposures After Credit Risk Mitigation	3,481,871	-	983,570	478,237	9,147,383	104,794	11,006,403	1,725	-	11,341

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

#### 8.e) Information of major industries or type of counterparties

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

Major Industries/Counterparties	Loans		Provisions
	Impaired (TFRS 9)		Expected Credit Loss Provisions (TFRS 9)
	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III)	
<b>Agriculture</b>	-	397	399
Farming and Raising Livestock	-	397	397
Forestry	-	-	-
Fishery	-	-	2
<b>Manufacturing</b>	218,126	3,934	58,404
Mining and Quarrying	-	-	33
Production	218,126	3,933	46,192
Electricity, Gas and Water	-	1	12,179
<b>Construction</b>	9,074	140,750	101,981
<b>Services</b>	13,029	15,684	41,047
Wholesale and Retail Trade	13,029	13,955	10,905
Accommodation and Dining Services	-	802	1,768
Transportation and Telecommunication	-	341	3,533
Financial Institutions	-	-	20,376
Real Estate and Lending Services	-	-	177
Self Employment Services	-	586	4,287
Educational Services	-	-	-
Health and Social Services	-	-	1
<b>Other</b>	5,667	7,289	4,020
<b>Total</b>	<b>245,896</b>	<b>168,054</b>	<b>205,851</b>

(1) Includes information related to cash loans

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

	Opening Balance	Provision within the Period	Provision Reversals	Other Adjustments <sup>(1)</sup>	Closing Balance
Stage III Provision <sup>(2)</sup>	78,587	92,695	(7,736)	(49,880)	113,666
Stage I and II Provisions	129,763	22,310	(59,888)	-	92,185

(1) Other adjustments in specific provisions includes amounts related to credits which are written off and sold from loans under follow-up portfolio.

(2) Includes information related to cash loan.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### III. Explanations on Consolidated Operational Risk

The Group used the "Basic Indicators Approach" in computation of its operational risk. In accordance with the 3<sup>rd</sup> section 'Computation of the Operational Risk' of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", published in the Official Gazette no. 29111 dated 6 September 2014, operational risk is computed using the gross income of the Group for the years ended 2019, 2018 and 2017. Operational risk used in computation of capital adequacy ratio per article I of this section is 8% of TL 769,103 which is TL 61,528. TL 61,528 represents also the minimum capital amount to eliminate the operational risk.

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

	2 PP Amount	1 PP Amount	CP Amount	Total/Number of years of positive gross	Rate (%)	Total
Gross Income	256,826	395,666	578,072	3	15	61,528
Value at Operational Risk (Total*12.5)						769,103

### IV. Explanation 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.

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

	24.12.2019	25.12.2019	26.12.2019	27.12.2019	30.12.2019	31.12.2019
USD	5.9291	5.9364	5.9293	5.9302	5.9370	5.9402
GBP	7.6979	7.6664	7.6773	7.6854	7.7375	7.7765
EURO	6.5714	6.5773	6.5755	6.5759	6.6117	6.6506
JPY	0.0541	0.0541	0.0541	0.0540	0.0541	0.0543

The basic arithmetical average of the Parent Bank's foreign exchange bid rates for the last thirty one days ending 31 December 2019 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	5.8377
GBP	7.6289
EURO	6.4806
JPY	0.0533

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

31 December 2019	EURO	USD	OTHER FC	TOTAL
<b>Assets</b>				
Cash (cash in vault, effectives, money in transit, checks purchased) and balances with the CBRT <sup>(1)</sup>	254,400	1,682,939	699	1,938,038
Banks	210,755	1,605,408	20,756	1,836,919
Financial assets at fair value through profit or loss	-	-	-	-
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	10,094	1,005,069	-	1,015,163
Loans <sup>(3)</sup>	3,067,513	4,077,468	-	7,144,981
Investment in associates, subsidiaries and joint ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	-	2,436,763	-	2,436,763
Hedging Derivative Financial Assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	251	2,618	2	2,871
<b>Total assets <sup>(2) (3) (7)</sup></b>	<b>3,543,013</b>	<b>10,810,265</b>	<b>21,457</b>	<b>14,374,735</b>
<b>Liabilities</b>				
Interbank deposits	28,931	59,883	3,639	92,453
Foreign currency deposits	2,124,700	4,698,868	69,649	6,893,217
Funds provided from Money Market	-	-	-	-
Funds provided from other financial institutions	801	6,017,574	-	6,018,375
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities held for hedging	-	-	-	-
Other liabilities	678,072	12,700	15,490	706,262
<b>Total liabilities <sup>(2) (6) (8)</sup></b>	<b>2,832,504</b>	<b>10,789,025</b>	<b>88,778</b>	<b>13,710,307</b>
<b>Net On Balance Sheet Position</b>	<b>710,509</b>	<b>21,240</b>	<b>(67,321)</b>	<b>664,428</b>
<b>Net Off Balance Sheet Position</b>	<b>(623,421)</b>	<b>135,000</b>	<b>70,249</b>	<b>(418,172)</b>
Financial Derivative Assets <sup>(5)</sup>	665	588,028	85,296	673,989
Financial Derivative Liabilities <sup>(5)</sup>	624,086	453,028	15,047	1,092,161
<b>Non-cash Loans <sup>(4)</sup></b>	<b>2,133,845</b>	<b>4,260,459</b>	<b>20,499</b>	<b>6,414,803</b>
<b>31 December 2018</b>				
<b>Total Assets <sup>(2) (3) (7)</sup></b>	<b>2,273,364</b>	<b>8,539,063</b>	<b>15,736</b>	<b>10,828,163</b>
<b>Total Liabilities <sup>(2) (6) (8)</sup></b>	<b>1,827,474</b>	<b>8,934,816</b>	<b>50,596</b>	<b>10,812,886</b>
<b>Net On Balance Sheet Position</b>	<b>445,890</b>	<b>(395,753)</b>	<b>(34,860)</b>	<b>15,277</b>
<b>Net Off Balance Sheet Position</b>	<b>(231,251)</b>	<b>291,313</b>	<b>36,359</b>	<b>96,421</b>
Financial Derivative Assets <sup>(5)</sup>	89,000	383,482	49,547	522,029
Financial Derivative Liabilities <sup>(5)</sup>	320,251	92,169	13,188	425,608
<b>Non-cash Loans <sup>(4)</sup></b>	<b>464,938</b>	<b>1,316,828</b>	<b>3,741</b>	<b>1,785,507</b>

<sup>(1)</sup> As at 31 December 2019 and 31 December 2018, the Group does not have precious metals balance in the Central Bank accounts.

<sup>(2)</sup> As at 31 December 2019, 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 151 and TL 3,864 respectively, (31 December 2018 – TL 199 and TL 373) are not included in the table.

<sup>(3)</sup> As at 31 December 2019, "Loans" balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 102,561 (31 December 2018 – TL 303,209).

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

<sup>(5)</sup> As at 31 December 2019, value dated FX buying and FX selling transactions amounting to TL 7,572 and TL 4,613 respectively, presented under "Asset Purchase and Sale Commitments" of off-balance sheet items are included (31 December 2018 – TL 55,221 and TL 52,310).

<sup>(6)</sup> "Valuation Differences of Securities" amounting to TL 7,315 (31 December 2018 – TL (31,288)) classified under Equity as at 31 December 2019 is not included.

<sup>(7)</sup> As at 31 December 2019, assets amounting to TL 97,770 (31 December 2018 – 108,744) are not included "Expected Credit Losses".

<sup>(8)</sup> As at 31 December 2019, liabilities amounting to TL 36,053 (31 December 2018 – TL 4,183) are not included "Other Provisions".



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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

The table below demonstrates prospective increase and decrease in equity and profit/loss as at 31 December 2019 and 31 December 2018 (excluding tax effect) on condition that 10% revaluation/devaluation of the foreign currencies below against TL. This analysis has been prepared assuming that other variables, particularly interest rates, remain constant.

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

<sup>(1)</sup> Equity effect includes statement of profit or loss effect in the table.

	31 December 2018			
	Statement of Profit or Loss		Equity <sup>(1)</sup>	
	10% increase	10% decrease	10% increase	10% decrease
USD	(10,444)	10,444	(10,444)	10,444
EURO	21,464	(21,464)	21,464	(21,464)
Other FC	150	(150)	150	(150)
<b>Total</b>	<b>11,170</b>	<b>(11,170)</b>	<b>11,170</b>	<b>(11,170)</b>

<sup>(1)</sup> Equity effect includes statement of profit or loss effect in the table.

### V. Explanation 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.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

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

	Up to 1 Month	1 – 3 Months	3 –12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing <sup>(1)</sup>	Total
<b>31 December 2018</b>							
Assets							
Cash (cash in vault, effectives, money in transit, checks purchased) and balances with the CBRT	-	1,757,893	-	-	-	49,006	1,806,899
Banks	1,659,503	-	-	-	-	341,276	2,000,779
Financial assets at fair value through profit or loss	239	29,862	-	-	-	12,879	42,980
Money market placements	349,622	-	-	-	-	-	349,622
Financial assets at fair value through other comprehensive income	315,476	490,012	644,186	916,984	106,279	6,255	2,479,192
Loans	685,954	2,048,483	2,575,320	1,383,072	1,181,763	-	7,874,592
Financial assets measured at amortized cost	1,605	130,093	328,395	824,434	99,472	-	1,383,999
Other assets	85	-	-	-	-	(85,658)	(85,573)
<b>Total Assets</b>	<b>3,012,484</b>	<b>4,456,343</b>	<b>3,547,901</b>	<b>3,124,390</b>	<b>1,387,514</b>	<b>323,758</b>	<b>15,852,490</b>
Liabilities							
Bank Deposits	664,060	-	605,719	-	-	52,774	1,322,553
Other Deposits	5,203,544	1,042,768	67,978	-	-	385,399	6,699,689
Interbank Money Market Borrowings	346,145	-	-	-	-	-	346,145
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	533,932	1,594,227	3,533,475	-	-	-	5,661,634
Other Liabilities	467,376	746	-	-	-	1,354,347	1,822,469
<b>Total Liabilities</b>	<b>7,215,057</b>	<b>2,637,741</b>	<b>4,207,172</b>	<b>-</b>	<b>-</b>	<b>1,792,520</b>	<b>15,852,490</b>
Balance Sheet Long Position	-	1,818,602	-	3,124,490	1,387,514	-	6,330,606
Balance Sheet Short Position	(4,202,573)	-	(659,271)	-	-	(1,468,762)	(6,330,606)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(4,202,573)</b>	<b>1,818,602</b>	<b>(659,271)</b>	<b>3,124,490</b>	<b>1,387,514</b>	<b>(1,468,762)</b>	<b>-</b>

<sup>(1)</sup> Tangible and intangible assets amounting to TL 44,410, tax assets amounting to TL 44,596, expected loan loss provisions amounting to TL (218,506), non-performing financial assets amounting to TL 160 and other assets amounting to TL 43,842 are presented within other assets as non-interest bearing; provisions amounting to TL 62,468, tax liability amounting to TL 38,591, other liabilities amounting to TL 86,719 and equity amounting to TL 1,160,960 are presented within other liabilities as non-interest bearing.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

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

	EURO %	USD %	JPY %	TL %
<b>31 December 2018 <sup>(1)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Checks Purchased) and				
Balances with the CBRT	-	1.56	-	8.79
Banks	-	5.35	-	27.08
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	24.21
Financial Assets at Fair Value Through Other Comprehensive Income	1.78	4.41	-	21.14
Loans	2.86	5.23	6.04	16.93
Financial Assets Measured at Amortized Cost	-	5.82	-	13.81
<b>Liabilities</b>				
Bank Deposits	1.16	2.49	-	23.33
Other Deposits	2.50	4.88	-	25.40
Interbank Money Market Borrowings	-	-	-	27.93
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	3.30	-	8.15

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

**ICBC TURKEY BANK ANONİM ŞİRKETİ****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**V. Explanation and Footnotes on Consolidated Interest Rate Risk (Continued)****The interest rate risk of the banking book items:**

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

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

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

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

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

The following table presents the economic value differences arising from fluctuations in interest rates in accordance with the Regulation on Measurement and Evaluation of Interest Rate on Banking Accounts by Standard Shock, divided by different currencies as of 31 December 2019. Tax effects are excluded in the study.

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

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

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

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

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

Liquidity management is not performed centrally. The Parent Bank does not function as a central funding institution in its relation with partners. Funding management of the Parent Bank is operated in the framework of ALC decisions. The liabilities of the Parent Bank are mainly liabilities provided in TL, USD and EUR currencies. Foreign currency funds are used to generate TL assets via swap transactions for the purpose of liquidity management. Derivative transactions are used in scope of liquidity reduction techniques. Cash flow analysis is made on the basis of TL and 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.

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

Liquidity coverage ratios calculated weekly on bank only basis and monthly on consolidated basis are subject to regulatory reporting starting from 1 January 2015 as per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette no. 28948, dated 21 March 2014. Liquidity coverage ratios should be at least 80% for foreign currency denominated assets and liabilities and 100% for total assets and liabilities for 2019. Monthly consolidated liquidity coverage ratios for the last three months including the reporting period are as follows:

Liquidity Coverage Ratios		FC Liquidity Coverage Ratio		Total Liquidity Coverage Ratio
31 December 2019		174.98%		235.46%
Average		386.04%		342.47%
Min FC (%)	Min Sum (%)	Max FC (%)	Max Sum (%)	
Month 30 December 2019	17 October 2019	11 December 2019	17 December 2019	
Ratio (%)	221.18%	149.95%	504.95%	516.96%
Current Period - 31 December 2019		Unweighted Amounts <sup>(2)</sup>		Weighted Amounts <sup>(2)</sup>
		TL+FC	FC	TL+FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets				4,705,539
CASH OUTFLOWS				3,333,548
Retail and Small Business Customers Deposits		4,227,757	2,361,046	359,842
Stable deposits		1,258,675	390,687	62,934
Less stable deposits		2,969,082	1,970,359	296,908
Unsecured Funding other than Retail and Small Business Customers Deposits		5,571,519	4,059,590	2,470,674
Operational Deposits		12,596	-	2,893
Non-Operational Deposits		5,266,734	4,042,663	2,197,516
Other Unsecured Funding		292,189	16,927	270,265
Secured funding		-	-	-
Other Cash Outflows		960,025	917,513	924,143
Liquidity needs related to derivatives and market valuation changes on derivatives transactions		900,222	895,296	900,222
Debts related to the structured financial products		-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities		59,803	22,217	23,921
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments		274,707	269,417	13,735
Other irrevocable or conditionally revocable commitments		1,812,253	1,115,613	176,487
TOTAL CASH OUTFLOWS				3,944,881
CASH INFLOWS				2,926,346
Secured Lending Transactions		-	-	-
Unsecured Lending Transactions		2,273,378	1,987,979	2,201,150
Other contractual cash inflows		241,283	218,834	241,283
TOTAL CASH INFLOWS		2,514,661	2,206,813	2,442,433
TOTAL HIGH LIQUIDITY ASSETS				4,705,539
TOTAL NET CASH OUTFLOWS <sup>(1)</sup>				1,502,448
LIQUIDITY COVERAGE RATIO (%)				313.19%
				447.08%

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

<sup>(2)</sup> Monthly simple arithmetic average of consolidated liquidity coverage ratios for the last three month of 2019 is calculated.

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

Current Period - 31 December 2018	Unweighted Amounts <sup>(2)</sup>		Weighted Amounts <sup>(2)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			<b>3,922,664</b>	<b>2,031,262</b>
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers Deposits	2,887,734	1,435,693	289,684	150,818
Stable deposits	897,868	216,316	50,409	12,362
Less stable deposits	1,989,866	1,219,377	239,275	138,456
Unsecured Funding other than Retail and Small Business Customers Deposits	4,117,305	3,769,180	1,898,145	1,609,962
Operational Deposits	12,097	-	1,321	-
Non-Operational Deposits	3,540,018	3,306,974	1,851,007	1,602,001
Other Unsecured Funding	565,190	462,206	45,817	7,961
Secured funding	-	-	-	-
Other Cash Outflows	797,886	614,518	671,178	642,882
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	637,235	495,490	592,129	583,649
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	160,651	119,028	79,049	59,233
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	311,187	311,187	9,576	9,516
Other irrevocable or conditionally revocable commitments	1,857,622	1,408,478	174,955	124,617
<b>TOTAL CASH OUTFLOWS</b>			<b>3,043,538</b>	<b>2,537,795</b>
<b>CASH INFLOWS</b>				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	1,473,868	976,827	1,481,041	1,077,012
Other contractual cash inflows	640,564	636,633	281,570	275,861
<b>TOTAL CASH INFLOWS</b>	<b>2,114,432</b>	<b>1,613,460</b>	<b>1,762,611</b>	<b>1,352,873</b>
			<b>Upper Limit Applied Accounts</b>	
<b>TOTAL HIGH LIQUIDITY ASSETS</b>			<b>3,922,664</b>	<b>2,031,262</b>
<b>TOTAL NET CASH OUTFLOWS <sup>(1)</sup></b>			<b>1,280,927</b>	<b>1,184,922</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>306.24%</b>	<b>171.43%</b>

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

<sup>(2)</sup> Monthly simple arithmetic average of consolidated liquidity coverage ratios for the last three month of 2018 is calculated.

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

31 December 2019	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undist. <sup>(1)</sup>	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,132,490	940,965	-	-	-	-	-	2,073,455
Due from Banks	152,866	1,685,168	-	-	-	-	-	1,838,034
Financial Assets at Fair Value Through Profit or Loss	16,613	582	86	1	-	-	-	17,282
Interbank Money Market Placements	-	662,583	-	-	-	-	-	662,583
Financial Assets at Fair Value Through Other Comprehensive Income	10,057	266,881	-	528,470	892,363	105,935	-	1,803,706
Loans	-	1,089,480	1,385,460	1,734,642	3,161,233	1,761,614	-	9,132,429
Financial Assets Measured at Amortised Cost	-	113,727	57,488	213,222	2,394,544	112,246	-	2,891,227
Other Assets	-	30,018	1,603	2,149	381	30,918	(92,304)	(27,235)
<b>Total Assets</b>	<b>1,312,026</b>	<b>4,789,404</b>	<b>1,144,637</b>	<b>2,478,484</b>	<b>6,448,521</b>	<b>2,010,713</b>	<b>(92,304)</b>	<b>18,391,481</b>
<b>Liabilities</b>								
Interbank Deposits	117,050	59,408	-	-	-	-	-	176,458
Other Deposits	574,899	7,672,644	1,442,347	97,190	3,224	-	-	9,790,304
Funds Provided from Other Financial Institutions	-	237,622	260	367,763	3,632,362	1,782,420	-	6,020,427
Money Market Funds	-	18,841	-	-	-	-	-	18,841
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	20,435	7,388	4,439	41,998	35,873	2,275,318	2,385,451
<b>Total Liabilities</b>	<b>691,949</b>	<b>8,008,950</b>	<b>1,449,995</b>	<b>469,392</b>	<b>3,677,584</b>	<b>1,818,293</b>	<b>2,275,318</b>	<b>18,391,481</b>
<b>Net Liquidity Gap</b>	<b>620,077</b>	<b>(3,219,546)</b>	<b>(5,358)</b>	<b>2,009,092</b>	<b>2,770,937</b>	<b>192,420</b>	<b>(2,367,622)</b>	<b>-</b>
<b>Net Off Balance Sheet Position</b>	<b>-</b>	<b>(2,236)</b>	<b>51</b>	<b>(34)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,219)</b>
Derivative Financial Assets <sup>(3)</sup>	-	1,062,581	29,148	3,554	-	-	-	1,095,283
Derivative Financial Liabilities <sup>(3)</sup>	-	1,064,817	29,097	3,588	-	-	-	1,097,502
<b>Non-Cash Loans <sup>(2)</sup></b>	<b>863,011</b>	<b>263,979</b>	<b>110,602</b>	<b>603,120</b>	<b>1,864,379</b>	<b>3,282,317</b>	<b>-</b>	<b>6,987,408</b>
<b>31 December 2018</b>								
<b>Total Assets</b>	<b>1,879,577</b>	<b>2,418,086</b>	<b>1,240,856</b>	<b>3,326,142</b>	<b>5,298,400</b>	<b>1,652,140</b>	<b>37,289</b>	<b>15,852,490</b>
<b>Total Liabilities</b>	<b>438,173</b>	<b>6,231,154</b>	<b>1,330,629</b>	<b>2,363,369</b>	<b>798,660</b>	<b>2,907,749</b>	<b>1,782,756</b>	<b>15,852,490</b>
<b>Net Liquidity Gap</b>	<b>1,441,404</b>	<b>(3,813,068)</b>	<b>(89,773)</b>	<b>962,773</b>	<b>4,499,740</b>	<b>(1,255,609)</b>	<b>(1,745,467)</b>	<b>-</b>
<b>Net Off Balance Sheet Position</b>	<b>-</b>	<b>31</b>	<b>25,674</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,705</b>
Derivative Financial Assets <sup>(3)</sup>	-	423,070	142,387	-	-	-	-	565,457
Derivative Financial Liabilities <sup>(3)</sup>	-	423,039	116,713	-	-	-	-	539,752
<b>Non-Cash Loans <sup>(2)</sup></b>	<b>1,008,878</b>	<b>263,040</b>	<b>175,396</b>	<b>357,797</b>	<b>566,073</b>	<b>-</b>	<b>-</b>	<b>2,371,182</b>

<sup>(1)</sup> Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting to TL 126,753, stationary supplies amounting to TL 720, assets to be disposed of amounting to TL 4,176, expected loan loss provision amounting to TL (223,953) and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 131,149, other liabilities amounting to TL 814,857 and equity amounting to TL 1,329,312 are included here.

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

<sup>(3)</sup> As at 31 December 2019, spot foreign currency purchase and sale transactions with value date amounting to TL 7,573 and TL 7,587, respectively, are presented under "Asset Purchase and Sale Commitments" of off-balance sheet items (31 December 2018 – TL 56,277 and TL 56,274).



# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

##### Collaterals on Risk Classes:

<b>Risk Classification</b>	<b>Amount <sup>(**)</sup></b>	<b>Financial Collaterals</b>	<b>Other/Tangible Collaterals</b>	<b>Guarantees and Credit Derivatives</b>
Contingent and Non-Contingent Receivables from Central Governments or Central Banks	5,559,486	-	-	-
Contingent and Non-Contingent Receivables from Regional Governments or Local Authorities	-	-	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Receivables from International organizations	-	-	-	-
Contingent and Non-Contingent Receivables from banks and Intermediaries	9,507,851	679,051	-	-
Contingent and Non-Contingent Corporate Receivables	8,661,431	126,824	-	73,565
Contingent and Non-Contingent Retail Receivables	121,452	20,780	-	-
Contingent and Non-Contingent Receivables Secured by Residential Property <sup>(*)</sup>	1,081,452	309	-	-
Non-Performing Receivables	54,388	-	-	-
Receivables Identified as High Risk by the Board	-	-	-	-
Secured by Mortgages	-	-	-	-
Securitization Positions	-	-	-	-
Short-term Receivables from Banks, Brokerage Houses and Corporates	-	-	-	-
Investments Similar to Collective Investment Funds	-	-	-	-
Stock Investment	-	-	-	-
Other Receivables	217,923	-	-	-
<b>Total</b>	<b>25,203,983</b>	<b>826,964</b>	<b>-</b>	<b>73,565</b>

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

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

**ICBC TURKEY BANK ANONİM ŞİRKETİ****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**VII. Explanation on Consolidated Leverage Ratio**

Consolidated leverage ratio of the Group calculated based on last 3 months average amounts is 5.39% as at 31 December 2019 (31 December 2018 – 6.41%). This ratio is above the minimum ratio.

	<b>Current Period 31 December 2019<sup>(1)</sup></b>	<b>Prior Period 31 December 2018<sup>(1)</sup></b>
<b>On-balance sheet exposures</b>		
On-balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	17,363,797	15,662,768
(Assets amounts deducted in determining Tier 1 capital)	181	206
Total on-balance sheet exposures	17,363,616	15,662,562
<b>Derivative financial instruments and credit derivatives</b>		
Replacements cost of derivative financial instruments and credit derivatives	-	-
Potential credit risk of derivative financial instruments and credit derivatives	7,724	41,874
Total derivative financial instruments and credit derivatives exposure	7,724	41,874
<b>Securities financial instruments and credit derivatives</b>		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	538	91,701
Agent transaction exposure	-	-
Total securities financing transactions exposures	538	91,701
<b>Off-balance sheet items</b>		
Off-balance sheet exposure at gross notional amount	7,045,035	2,343,992
(Adjustments for conversions to credit equivalent amounts)	-	-
Total risk of off-balance sheet items	7,045,035	2,343,992
<b>Capital and total exposure</b>		
Tier 1 capital	1,316,229	1,162,658
Total exposures	24,416,913	18,140,129
<b>Leverage ratio</b>	<b>5.39%</b>	<b>6.41%</b>

<sup>(1)</sup> The arithmetic average of the last 3 months in the related periods.

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### VIII. Explanations and Footnotes on Consolidated Securitization Position Risk

As at 31 December 2019, Group has no securitization position risk generated by banking accounts.

### IX. Explanations on Consolidated Risk Management

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

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

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

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

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

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

Footnotes and related explanations are given in this section prepared based on “Communiqué 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.

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

#### 1. General Information on Risk Management and Risk Weighted Amount

##### a) Overview of RWA:

		Risk Weighted Amount		Minimum capital requirement
		Current Period 31 December 2019	Prior Period 31 December 2018	Current Period 31 December 2019
1	<b>Credit risk (excluding counterparty credit risk) (CCR)</b>	<b>15,881,894</b>	<b>8,762,255</b>	<b>1,270,552</b>
2	Standardised approach (SA)	15,881,894	8,762,255	1,270,552
3	Internal rating-based (IRB) approach	-	-	-
4	<b>Counterparty credit risk</b>	<b>143,657</b>	<b>38,477</b>	<b>11,493</b>
5	Standardised approach for counterparty credit risk (SA-CCR)	143,657	38,477	11,493
6	Internal model method (IMM)	-	-	-
7	<b>Basic risk weight approach to internal models equity position in the banking account</b>	<b>-</b>	<b>-</b>	<b>-</b>
8	<b>Investments made in collective investment companies - look-through approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
9	<b>Investments made in collective investment companies - mandate-based approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
10	<b>Investments made in collective investment companies - 1250% weighted risk approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
11	<b>Settlement risk</b>	<b>-</b>	<b>-</b>	<b>-</b>
12	<b>Securitization positions in banking accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB supervisory formula approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	<b>Market risk</b>	<b>359,607</b>	<b>187,425</b>	<b>28,769</b>
17	Standardised approach (SA)	359,607	187,425	28,769
18	Internal model approaches (IMM)	-	-	-
19	<b>Operational risk</b>	<b>769,103</b>	<b>526,500</b>	<b>61,528</b>
20	Basic indicator approach	769,103	526,500	61,528
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	<b>The amount of the discount threshold under the equity (subject to a 250% risk weight)</b>	<b>-</b>	<b>-</b>	<b>-</b>
24	<b>Floor adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>17,154,261</b>	<b>9,514,657</b>	<b>1,372,342</b>

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

#### 2. Connections between Financial Statements and Risk Amounts

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

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

#### 2. Connections between Financial Statements and Risk Amounts (continued):

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

Prior Period – 31 December 2018	Carrying values of items in accordance with Turkish Accounting Standards					
	Carrying values in financial statements	Subject to Credit Risk	Subject to Counterparty credit risk	Subject to Securitization positions	Subject to Market Risk	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>						
Cash and Cash Equivalents	4,149,860	4,149,860	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	12,879	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	2,479,192	2,479,192	-	-	-	-
Financial Assets Measured at Amortised Cost	1,383,999	1,383,999	-	-	-	-
Derivative Financial Asset	30,101	-	35,764	-	559,501	-
Non-Performing Asset	-	-	-	-	-	-
Expected Loss Provisions (-)	7,440	7,440	-	-	-	-
Loans (Net)	7,663,526	7,663,546	-	-	-	-
Loans	7,874,592	7,874,592	-	-	-	-
Leasing Receivables	-	-	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non-Performing Loans	93,407	93,407	-	-	-	-
Expected Credit Loss (-)	211,066	211,066	-	-	-	-
Assets Held For Sale And Discontinued Operations (Net)	-	-	-	-	-	-
Equity Investment	-	-	-	-	-	-
Tangible assets (Net)	36,239	36,239	-	-	-	-
Intangible assets (Net)	8,171	-	-	-	-	8,171
Investment Property (Net)	-	-	-	-	-	-
Current Tax Asset	-	-	-	-	-	-
Deferred Tax Asset	44,596	44,596	-	-	-	-
Other Assets (Net)	43,927	43,927	-	-	-	1,047
<b>Total Assets</b>	<b>15,852,490</b>	<b>15,801,339</b>	<b>35,764</b>	<b>-</b>	<b>559,501</b>	<b>9,218</b>
<b>Liabilities</b>						
Deposits	8,022,242	-	-	-	-	-
Funds Borrowed	4,082,550	-	-	-	-	-
Money Market Funds	346,145	262,690	2,713	-	-	-
Marketable Securities Issued (Net)	-	-	-	-	-	-
Funds	-	-	-	-	-	-
Financial Liabilities At Fair Value Through P/L	-	-	-	-	-	-
Derivative Financial Liabilities	1,122	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-
Lease Liabilities (Net)	-	-	-	-	-	-
Provisions	62,468	-	-	-	-	-
Current Tax Liability	38,591	-	-	-	-	-
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	1,579,084	-	-	-	-	-
Other Liabilities	553,719	-	-	-	-	-
Equity	1,166,569	-	-	-	-	-
<b>Total Liabilities</b>	<b>15,852,490</b>	<b>262,690</b>	<b>2,713</b>	<b>-</b>	<b>-</b>	<b>-</b>

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

##### 2. Connections between Financial Statements and Risk Amounts (continued):

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

Current Period – 31 December 2019		Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market Risk
1	Asset carrying value amount under scope of regulatory consolidation	18,391,481	18,381,517	-	11,373	1,089,547
2	Liabilities carrying value amount under regulatory scope of consolidation	-	679,534	-	132,284	-
3	Total net amount under regulatory scope of consolidation	18,391,481	19,061,051	-	143,657	1,089,547
4	Off-balance Sheet Amounts	9,298,984	5,829,085	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	-	-
10	Risk amounts	27,690,465	24,890,136	-	143,657	1,089,547

##### 3. Explanations of credit risk

a) Credit quality of assets:

		Gross carrying value as per TAS		Allowances/ amortization and impairments	Net values
		Defaulted	Non-defaulted		
1	Loans	168,054	8,964,376	198,221	8,934,208
2	Debt instruments	-	4,694,933	10,221	4,684,712
3	Off-balance sheet exposures	6,643	7,114,716	40,640	7,080,719
4	Total	174,697	20,774,025	249,082	20,699,639

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

1	Defaulted loans and debt securities at end of the previous reporting period	93,407
2	Loans and debt securities defaulted since the last reporting period	131,185
3	Receivables back to non-defaulted status	-
4	Amounts written off	35,422
5	Other changes	(21,116)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	168,054

c) Credit risk mitigation techniques – overview:

		Exposures unsecured of: (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	8,826,333	119,657	119,657	18,385	18,385	-	-
2	Debt Instruments	4,684,712	-	-	-	-	-	-
3	Total	13,511,045	119,657	119,657	18,385	18,385	-	-
4	Of which defaulted	168,054	-	-	-	-	-	-

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

d) Standard Approach - Exposure to credit risk and credit risk mitigation risks

Risk Classifications	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Claims on central governments and Central Banks	5,559,486	-	5,559,486	-	1,264,194	8%
Claims on regional governments or local authorities	-	-	-	-	-	0%
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	0%
Claims on multilateral development banks	-	-	-	-	-	0%
Claims on international organizations	-	-	-	-	-	0%
Claims on banks and intermediary institutions	6,950,136	2,903,692	6,950,136	2,557,715	5,693,362	36%
Claims on corporates	5,524,930	3,880,168	5,524,930	3,136,501	8,238,188	51%
Claims included in the regulatory retail portfolios	98,691	107,311	98,691	22,761	79,456	1%
Claims secured by residential property	478,217	1,219	478,217	244	167,388	1%
Claims secured by commercial property	491,127	223,868	491,127	111,864	362,069	2%
Overdue loans	54,388	-	54,388	-	55,156	0%
Higher risk categories decided by the Board	-	-	-	-	-	0%
Secured by mortgages	-	-	-	-	-	0%
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	0%
Undertakings for collective investments in mutual funds	-	-	-	-	-	0%
Other receivables	217,923	-	217,923	-	165,563	1%
Equity share investments	-	-	-	-	-	0%
<b>Total</b>	<b>19,374,898</b>	<b>7,116,258</b>	<b>19,374,898</b>	<b>5,829,085</b>	<b>16,025,376</b>	<b>100%</b>



# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

##### e) Standard Approach - Receivables by risk classes and risk weights

Risk Classifications	0%	10%	20%	50% <sup>(1)</sup>	75%	100%	150%	Others	Total Risk Amount <sup>(2)</sup>
Claims on central governments and Central Banks	3,295,181	-	-	2,264,305	-	-	-	-	5,559,486
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	160	-	150,208	6,782,841	-	2,574,642	-	-	9,507,851
Claims on corporates	-	-	155,414	279,784	-	8,226,233	-	-	8,661,431
Claims included in the regulatory retail portfolios	-	-	-	3	121,449	-	-	-	121,452
Claims secured by residential property	-	-	-	-	-	-	-	478,461	478,461
Receivables secured by commercial real estate mortgage	-	-	-	481,760	-	121,231	-	-	602,991
Overdue receivables	-	-	-	190	-	52,473	1,725	-	54,388
Overdue loans	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on Bank and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Other receivables	52,360	-	-	-	-	165,563	-	-	217,923
Equity share investments	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,347,701</b>	<b>-</b>	<b>305,622</b>	<b>9,808,883</b>	<b>121,449</b>	<b>11,140,142</b>	<b>1,725</b>	<b>478,461</b>	<b>25,203,983</b>

<sup>(1)</sup> Guaranteed with real estate mortgage.

<sup>(2)</sup> Amount after Credit Conversion Rate ("CCR") and Credit Risk Reduction ("CRR")

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

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

Current Period – 31 December 2019	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory Exposure at Default	Exposure at Default post-CRM	RWA
Standard Approach-CCR (for derivatives)	660	10,885	-	1.4	11,545	11,616
Internal Model Method (Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	679,534	132,284
<b>Total</b>	<b>660</b>	<b>10,885</b>	<b>-</b>	<b>-</b>	<b>691,079</b>	<b>143,900</b>

b) Credit valuation adjustment (CVA) capital charge:

Current Period – 31 December 2019	EAD (post-CRM)	RWA
Total portfolios subject to the Advanced CVA capital charge	-	-
1 (i) VaR component (including the 3×multiplier)	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-
3 All portfolios subject to the Standardized CVA capital charge	11,616	55
4 Total subject to the CVA capital charge	11,616	55

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

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

Risk Weight	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk <sup>(1)</sup>
<b>Risk Classifications</b>									
Claims from central governments and central banks	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from banks and intermediary institutions	-	-	-	831	-	11,200	-	-	11,616
Corporates	-	-	-	-	-	-	-	-	-
Retail portfolios	-	-	-	-	-	-	-	-	-
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	<b>831</b>	-	<b>11,200</b>	-	-	<b>11,616</b>

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

d) Collaterals for counterparty credit risk: None.

e) Credit derivatives: None.

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

5. **Securitization Explanations:** None.

### 6. Market risk disclosures

a) Standard approach:

	RWA
<b>Outright products</b>	
1 Interest rate risk (general and specific)	50
2 Equity risk (general and specific)	95,600
3 Foreign exchange risk	263,963
4 Commodity risk	-
<b>Options</b>	
5 Simplified approach	-
6 Delta-plus method	-
7 Scenario approach	-
8 Securitization	-
<b>9 Total</b>	<b>359,613</b>

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

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

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

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

	Carrying value	Fair value
	31 December 2019	31 December 2019
<b>Financial Assets</b>	<b>16,327,979</b>	<b>16,425,599</b>
Interbank money market	662,583	662,583
Banks	1,838,034	1,838,034
Financial Assets at Fair Value Through Other Comprehensive Income	1,803,706	1,803,706
Financial Assets measured at amortized cost	2,891,227	2,965,212
Loans and receivables <sup>(1)</sup>	9,132,429	9,156,064
<b>Financial Liabilities</b>	<b>16,802,046</b>	<b>17,381,119</b>
Bank deposits	176,458	176,458
Other deposits	9,790,304	10,372,229
Funds borrowed from other financial institutions	6,020,427	6,017,575
Bonds Issued	-	-
Other debts	814,857	814,857

(1) Non-performing loans and specific provisions are not included.

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

	Carrying value	Fair value
	31 December 2018	31 December 2018
<b>Financial Assets</b>	<b>13,994,618</b>	<b>13,994,747</b>
Interbank Money Market	349,622	349,622
Banks	2,000,779	2,000,779
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	2,479,033	2,479,033
Financial Assets Measured at Amortized Cost (Net)	1,383,999	1,349,154
Loans and Receivables <sup>(1)</sup>	7,781,185	7,816,159
<b>Financial Liabilities</b>	<b>14,423,447</b>	<b>14,494,347</b>
Bank Deposits	1,322,553	1,322,553
Other Deposits	6,885,541	7,090,959
Funds Borrowed from Other Financial Institutions	5,661,634	5,660,107
Bonds Issued	-	-
Other Debts	553,719	420,728

(1) Non-performing loans and specific provisions are not included.

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

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

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

31 December 2019	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>	<b>1,330,322</b>	<b>490,666</b>	-	<b>1,820,988</b>
<b>Financial Assets At Fair Value Through Profit/Loss</b>	<b>39</b>	<b>16,574</b>	-	<b>16,613</b>
Equity Instruments	39	-	-	39
Other Financial Assets	-	16,574	-	16,574
Derivative Financial Assets at Fair Value Through Profit or Loss	-	669	-	669
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>1,330,283</b>	<b>473,423</b>	-	<b>1,803,706</b>
Equity Instruments	10,057	-	-	10,057
Government Debt Securities	1,320,226	-	-	1,320,226
Other Financial Assets	-	473,423	-	473,423
<b>Financial Liabilities</b>	-	<b>3,930</b>	-	<b>3,930</b>
Derivative financial liabilities	-	3,930	-	3,930

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

31 December 2018	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>	<b>1,604,400</b>	<b>887,512</b>	-	<b>2,491,912</b>
<b>Financial Assets At Fair Value Through Profit/Loss</b>	<b>46</b>	<b>12,833</b>	-	<b>12,879</b>
Equity Instruments	46	-	-	46
Government Debt Securities	-	-	-	-
Derivative Financial Assets at Fair Value Through Profit or Loss	-	30,101	-	30,101
Other Financial Assets	-	12,833	-	12,833
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>1,604,354</b>	<b>874,679</b>	-	<b>2,479,033</b>
Equity Instruments	6,255	-	-	6,255
Government Debt Securities	1,598,099	-	-	1,598,099
Other Financial Assets	-	874,679	-	874,679
<b>Financial Liabilities</b>	-	<b>1,122</b>	-	<b>1,122</b>
Derivative financial liabilities	-	1,122	-	1,122

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

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

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

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

### Information related to the segments of the Group:

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

### XI. Explanation and Footnotes on Consolidated Segment Reporting (Continued)

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

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

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

Based on information that is presented in the table above as at 31 December 2019, 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 45%, 50%, and 5%, respectively.

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

#### XI. Explanations and Footnotes on Consolidated Segment Reporting (Continued)

##### Information related to the Group's segments (Continued):

<b>31 December 2018</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Treasury, Investment Banking and Others</b>	<b>Group's Total Operations</b>
Operating Income	89,174	255,284	90,408	434,866
Net profit of segment	51,968	167,029	(96,084)	122,913
Operating Profit / (Loss)	-	-	-	-
Profit / (Loss) before tax	51,968	167,029	(96,084)	122,913
Tax provision (-)	-	-	39,364	39,364
Profit / (Loss) after tax	51,968	167,029	(135,448)	83,549
Minority Shares	-	-	-	-
<b>Current Period Net Profit/ (Loss)</b>	<b>51,968</b>	<b>167,029</b>	<b>(135,448)</b>	<b>83,549</b>
Segment assets <sup>(1)</sup>	803,381	7,093,472	7,955,637	15,852,490
Associate and subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>803,381</b>	<b>7,093,472</b>	<b>7,955,637</b>	<b>15,852,490</b>
Segment liabilities <sup>(1)</sup>	3,485,400	4,096,472	7,104,049	14,685,921
Equity	-	-	1,166,569	1,166,569
<b>Total Liabilities</b>	<b>3,485,400</b>	<b>4,096,472</b>	<b>8,270,618</b>	<b>15,852,490</b>
<b>Other Segment Items</b>	<b>1,873</b>	<b>31,119</b>	<b>205,465</b>	<b>238,457</b>
Capital investment	-	-	53,041	53,041
Amortization	766	675	8,562	10,003
Impairment <sup>(2)</sup>	1,107	30,444	143,862	175,413

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

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

Based on information that is presented in the table above as at 31 December 2018, segments of the Group are distributed based on their asset sizes as percentages in current period as; 45% for corporate banking, 5% for retail banking, 50% 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 59%, 21%, and 20%, respectively.



**ICBC TURKEY BANK ANONİM ŞİRKETİ****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

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

	<b>31 December 2019</b>		<b>31 December 2018</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Cash	15,274	37,085	12,783	36,187
Central Bank of the Republic of Turkey (CBRT) <sup>(1)</sup>	120,143	1,900,953	517,015	1,240,914
Others	-	-	-	-
<b>Total</b>	<b>135,417</b>	<b>1,938,038</b>	<b>529,798</b>	<b>1,277,101</b>

<sup>(1)</sup> As at 31 December 2019 and 31 December 2018, the Parent Bank does not keep precious metals as reserve deposits at CBRT.**b) Information related to the account of the CBRT:**

	<b>31 December 2019</b>		<b>31 December 2018</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Unrestricted Demand Deposits <sup>(1)</sup>	120,143	959,988	517,015	953,182
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	940,965	-	287,732
<b>Total</b>	<b>120,143</b>	<b>1,900,953</b>	<b>517,015</b>	<b>1,240,914</b>

<sup>(1)</sup> As at 31 December 2019 and 31 December 2018, the Parent Bank does not keep precious metals as reserve deposits at CBRT.**c) Explanation on reserve deposits:**

In accordance with the “Communiqué Regarding the Reserve Requirements no. 2005/1”, the Parent Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and/or standard gold. Interest payments are made to required reserves held as TL as at November 2014 and required reserves held as USD as at May 2015, reserve options and free/open accounts.

The reserve rates for TL liabilities vary between 1% and 7% due their maturity profile as at 31 December 2019 (31 December 2018 – between 1.5% and 8%); the reserve rates for foreign currency liabilities vary between 5% and 21% (31 December 2018 – 4% and 20%).

**ICBC TURKEY BANK ANONİM ŞİRKETİ****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**I. Explanations and Footnotes on Consolidated Assets (Continued)****2. Financial assets at fair value through profit or loss (net):**

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

As at 31 December 2019 and 31 December 2018, the financial assets at fair value through profit or loss are kept under unrestricted account.

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

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

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Forward transactions	324	116	725	-
Swap transactions	171	35	29,177	199
Future transactions	-	-	-	-
Options	23	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>518</b>	<b>151</b>	<b>29,902</b>	<b>199</b>

**3. Information on banks:**

- a) Information on banks:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Banks				
Domestic	1,115	1,691,394	339	1,660,524
Foreign	-	145,525	-	339,916
Foreign Offices and Branches	-	-	-	-
<b>Total</b>	<b>1,115</b>	<b>1,836,919</b>	<b>339</b>	<b>2,000,440</b>

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

#### 3. Information on banks (Continued):

##### b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
EU Countries	16,816	14,554	-	-
USA, Canada	110,618	314,168	-	-
OECD Countries <sup>(1)</sup>	8,037	1,079	-	-
Off shore banking regions	-	-	-	-
Other	10,054	10,115	-	-
<b>Total</b>	<b>145,525</b>	<b>339,916</b>	<b>-</b>	<b>-</b>

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

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

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

Financial assets measured at amortized cost:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Given as collateral or blocked	704,702	191,784	150,244	231,262
Subject to repurchase agreements	-	-	255,363	-
<b>Total</b>	<b>704,702</b>	<b>191,784</b>	<b>405,607</b>	<b>231,262</b>

As of 31 December 2019, financial assets at fair value through other comprehensive income other than those given as collateral or subject to repurchase agreements amounting to TL 907,220 are unrestricted (31 December 2018 – TL 1,842,164).

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

	31 December 2019	31 December 2018
Debt instruments	1,848,637	2,584,771
Listed	1,373,848	1,674,523
Unlisted	474,789	910,248
Equity instruments	10,057	6,414
Listed	-	-
Unlisted	10,057	6,414
Impairment provision (-) / charge (+)	54,988	111,993
<b>Total</b>	<b>1,803,706</b>	<b>2,479,192</b>

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

#### 5. Information on loans:

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

	31 December 2019		31 December 2018	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	567,918	-	259,363
Corporate shareholders	-	567,918	-	259,363
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	2,782	-	2,692	-
<b>Total</b>	<b>2,782</b>	<b>567,918</b>	<b>2,692</b>	<b>259,363</b>

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

	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
<b>Cash Loans</b>				
Non-specialized loans	8,718,478	53,237	177,476	15,184
Enterprise loans	-	-	177,452	14,681
Export loans	2,856	33,886	-	-
Import loans	-	-	-	-
Loans given to financial sector	3,984,225	-	-	-
Consumer loans	599,997	5,055	24	503
Credit cards	17,998	85	-	-
Other	4,113,402	14,211	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>8,718,478</b>	<b>53,237</b>	<b>177,476</b>	<b>15,184</b>

	31 December 2019		31 December 2018	
	Standard Loans	Loans under close monitoring	Standard Loans	Loans under close monitoring
<b>Allowances for Expected Credit Losses on Stage 1 and 2</b>				
12 Months Expected Loss Provision	43,362	-	46,509	-
Significant Increase in Credit Risk	-	48,823	-	83,254
<b>Total</b>	<b>43,362</b>	<b>48,823</b>	<b>46,509</b>	<b>83,254</b>

**ICBC TURKEY BANK ANONİM ŞİRKETİ**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

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

**5. Information on loans (continued):**

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

Information on changes in the payment schedule and payment terms of standard loans and other receivables and loans and other receivables under close monitoring:

<b>Number of Amendments Related to the Extension of the Payment Plan</b>	<b>Standard Loans and Other Receivables</b>	<b>Loans and Other Receivables Under Close Monitoring</b>
Extended by 1 or 2 Times	4,330	190,627
Extended by 3,4 or 5 Times	-	-
Extended by More than 5 Times	-	-

<b>The Time Extended via the Amendment on Payment Plan</b>	<b>Standard Loans and Other Receivables</b>	<b>Loans and Other Receivables Under Close Monitoring</b>
Up to 6 Months	150	162,907
6 Months – 1 Year	2,053	-
1-2 Years	461	16,645
2-5 Years	1,069	11,075
5 Years and Over	597	-

c) Distribution of cash loans by maturity:

	<b>Standard Loans and Other Receivables</b>		<b>Loans and Other Receivables Under Close Monitoring</b>	
	<b>Loans and Other Receivables</b>	<b>Changes to the Extension of the Payment Plan</b>	<b>Loans and Other Receivables</b>	<b>Changes to the Extension of the Payment Plan</b>
<b>Cash Loans</b>				
Short Term Loans and Other Receivables	4,354,650	-	34,542	-
Midterm and Long Term Loans and Other Receivables	4,363,828	-	18,695	192,660
<b>Total</b>	<b>8,718,478</b>	<b>-</b>	<b>53,237</b>	<b>192,660</b>

**ICBC TURKEY BANK ANONİM ŞİRKETİ**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

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

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

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

**ICBC TURKEY BANK ANONİM ŞİRKETİ**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

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

**5. Information on loans (continued):**

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

<b>Prior Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>5,731</b>	<b>762,122</b>	<b>767,853</b>
Mortgage Loans	109	618,602	618,711
Automotive Loans	-	3,442	3,442
Consumer Loans	5,622	140,078	145,700
Other	-	-	-
<b>Consumer Loans – Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards – TL</b>	<b>16,231</b>	<b>-</b>	<b>16,231</b>
With Installment	3,870	-	3,870
Without Installment	12,361	-	12,361
<b>Consumer Credit Cards – FC</b>	<b>469</b>	<b>-</b>	<b>469</b>
With Installment	-	-	-
Without Installment	469	-	469
<b>Personnel Loans – TL</b>	<b>80</b>	<b>1,222</b>	<b>1,302</b>
Mortgage Loans	-	289	289
Automotive Loans	-	-	-
Consumer Loans	80	933	1,013
Other	-	-	-
<b>Personnel Loans – Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>1,381</b>	<b>-</b>	<b>1,381</b>
With Installment	452	-	452
Without Installment	929	-	929
<b>Personnel Credit Cards – FC</b>	<b>33</b>	<b>-</b>	<b>33</b>
With Installment	-	-	-
Without Installment	33	-	33
<b>Credit Deposit Account – TL (Real Person)</b>	<b>5,198</b>	<b>-</b>	<b>5,198</b>
<b>Credit Deposit Account – FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>29,123</b>	<b>763,344</b>	<b>792,467</b>

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

#### 5. Information on loans (continued):

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

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



**ICBC TURKEY BANK ANONİM ŞİRKETİ**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

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

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

e) Information on commercial installment loans and corporate credit cards (Continued):

<b>Prior Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial Installment Loans – TL</b>	<b>305</b>	<b>343,234</b>	<b>343,539</b>
Business Residential Loans	-	-	-
Automotive Loans	-	9,093	9,093
Consumer Loans	305	334,141	334,446
Other	-	-	-
<b>Commercial Installment Loans – Indexed to FC</b>	<b>-</b>	<b>40,861</b>	<b>40,861</b>
Business Residential Loans	-	-	-
Automotive Loans	-	11,573	11,573
Consumer Loans	-	29,288	29,288
Other	-	-	-
<b>Commercial Installment Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards – TL</b>	<b>1,617</b>	<b>-</b>	<b>1,617</b>
With Installment	282	-	282
Without Installment	1,335	-	1,335
<b>Corporate Credit Cards – FC</b>	<b>66</b>	<b>-</b>	<b>66</b>
With Installment	-	-	-
Without Installment	66	-	66
<b>Credit Deposit Account – TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Credit Deposit Account – FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,988</b>	<b>384,095</b>	<b>386,083</b>

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

#### 5. Information on loans (continued):

f) Loan concentration based on counterparties:

	31 December 2019	31 December 2018
Public	447,710	702,964
Private	8,684,719	7,078,221
<b>Total</b>	<b>9,132,429</b>	<b>7,781,185</b>

g) Distribution of domestic and foreign loans:

	31 December 2019	31 December 2018
Domestic loans	8,438,533	7,278,648
Foreign loans	693,896	595,944
<b>Total</b>	<b>9,132,429</b>	<b>7,874,592</b>

h) Loans granted to subsidiaries and associates: TL 25 (31 December 2018 – TL 24).

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

	31 December 2019	31 December 2018
Loans and Receivables with Limited Collectibility	142	928
Loans and Receivables with Doubtful Collectibility	86,827	28,759
Uncollectible Loans and Receivables	26,697	48,900
<b>Total</b>	<b>113,666</b>	<b>78,587</b>

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

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

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
<b>Current period</b>			
Gross amounts before the specific reserves	-	-	998
Restructured Loans and other receivables	-	-	998
	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
<b>Prior period</b>			
Gross amounts before the specific reserves	-	-	483
Restructured Loans and other receivables	-	-	483

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

#### 5. Information on loans (continued):

j.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
<b>Prior Period End Balance</b>	<b>2,817</b>	<b>39,676</b>	<b>50,914</b>
Additions (+)	135,087	2,889	3,858
Transfers from Other Categories of Non- Performing Loans (+)	-	135,814	43,584
Transfers to Other Categories of Non-Performing Loans (-)	135,814	43,584	-
Collections (-)	1,623	1,583	14,102
Write-offs (-)	16	2	35,404
Sales (-)	3	33	14,422
Corporate and Commercial Loans	-	-	10,810
Retail Loans	-	-	3,539
Credit Cards	3	33	73
Other	-	-	-
<b>Balances at End of the Current Period</b>	<b>448</b>	<b>133,177</b>	<b>34,428</b>
Specific Provisions (-)	142	86,827	26,697
<b>Net Balance on Balance Sheet</b>	<b>306</b>	<b>46,350</b>	<b>7,731</b>

j.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
<b>Current Period</b>			
Balances at the end of the period	-	100,596	119
Provision Amount (-)	-	72,337	72
Net Balance on Balance Sheet	-	28,259	47
<b>Prior Period</b>			
Balances at the end of the period	-	-	657
Provision Amount (-)	-	-	626
Net Balance on Balance Sheet	-	-	-

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

#### 5. Information on loans (continued):

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

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
<b>Current Period (Net)</b>	<b>306</b>	<b>46,350</b>	<b>7,731</b>
Loans Allowed to Real Persons and Corporate Entities (Gross)	448	133,177	34,428
Specific provision (-)	142	86,827	26,697
Loans Allowed to Real Persons and Corporate Entities (Net)	306	46,350	7,731
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>1,889</b>	<b>10,917</b>	<b>2,014</b>
Loans Allowed to Real Persons and Corporate Entities (Gross)	2,817	39,676	50,914
Specific provision (-)	928	28,759	48,900
Loans Allowed to Real Persons and Corporate Entities (Net)	1,889	10,917	2,014
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

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

	Group III Loans with Limited Collectibility	Group IV Loans with Doubtful Collectibility	Group V Uncollectible Loans
<b>Current period (Net)</b>	<b>-</b>	<b>(77,078)</b>	<b>(3,713)</b>
Interest accruals and rediscounts with valuation differences	-	9,563	5,956
Provision amount (-)	-	86,641	9,669
<b>Prior period (Net)</b>	<b>(386)</b>	<b>(23,160)</b>	<b>-</b>
Interest accruals and rediscounts with valuation differences	420	5,231	-
Provision amount (-)	806	(28,391)	-

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

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

l) Information on write-off from assets policy:

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

**ICBC TURKEY BANK ANONİM ŞİRKETİ****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

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

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

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

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

	31 December 2019	31 December 2018
Government bonds	1,946,244	993,472
Treasury bills	-	-
Other public sector debt securities	-	-
<b>Total</b>	<b>1,946,244</b>	<b>993,472</b>

c) Information on financial assets at amortized cost:

	31 December 2019	31 December 2018
Debt instruments	2,791,719	1,324,326
Listed	-	-
Unlisted	2,791,719	1,324,326
Impairment provision <sup>(1)</sup>	99,508	59,673
<b>Total</b>	<b>2,891,227</b>	<b>1,383,999</b>

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

d) Movements of investment securities held-to-maturity during the year:

	31 December 2019	31 December 2018
Beginning balance	1,380,504	493,413
Foreign currency differences on monetary assets	-	-
Purchases during year	1,748,151	830,913
Disposals through sales and redemptions	(336,936)	-
Impairment provision <sup>(1)</sup>	99,508	59,673
<b>Total</b>	<b>2,891,227</b>	<b>1,383,999</b>

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

None.

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

As at 31 December 2019, the Parent Bank has subsidiary as ICBC Turkey Yatırım Menkul Değerler A.Ş.. The Parent Bank does not have any capital needs due to its subsidiary which is included in the calculation of its consolidated capital adequacy standard ratio. The current equity amount of the subsidiary fulfils the minimum capital requirement entailed in accordance with the Capital Markets Board's regulations.

Information related to subsidiaries:

- a) Information on unconsolidated subsidiaries: None.
- b) Information on unconsolidated subsidiaries according to information above: None.
- c) Movement of unconsolidated subsidiaries: None.
- d) Industrial distribution of unconsolidated subsidiaries:

As at 31 December 2019, the Parent Bank has no unconsolidated subsidiary.

- e) Information on consolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage- If different from voting percentage (%)	Banks Risk Group Share Percentage (%)
ICBC Turkey Yatırım Menkul Değerler A.Ş. (ICBC Yatırım)	İstanbul/Turkey	99.998	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
923,623	145,537	1,558	16,675	374	30,641	925	-

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

The solo financial information of ICBC Portföy company, which is consolidated to ICBC Yatırım, is also listed below:

Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit/ (loss)	Prior period profit / (loss)	Fair Value
5,132	4,431	70	772	-	799	82	-

- g) Movement of consolidated subsidiaries:

	31 December 2019	31 December 2018
Balance at the Beginning of the Period	75,998	75,998
Movements During the Period	-	-
Purchases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
<b>Balance at the End of the Period</b>	<b>75,998</b>	<b>75,998</b>

**ICBC TURKEY BANK ANONİM ŞİRKETİ****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**I. Explanations and Footnotes on Consolidated Assets (Continued)****8. Investments in subsidiaries (net) (continued):****h) Sectoral distribution of consolidated subsidiaries:**

	<b>31 December 2019</b>	<b>31 December 2018</b>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	75,998	75,998
<b>Total</b>	<b>75,998</b>	<b>75,998</b>

i) Listed subsidiaries: None.

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

k) Subsidiaries purchased in the current period: None.

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

#### 9. Information on joint ventures (net):

None.

#### 10. Information on financial lease receivables (net):

None.

#### 11. Information on hedging purpose derivatives (net):

None.

#### 12. Information on tangible assets (net):

31 December 2019	Buildings <sup>(1)</sup>	Tangible assets from finance lease	Vehicles	Right of use	Other tangible assets	Total
Prior Period End: 31/12/2018						
Cost	23,590	3,160	36	-	54,986	81,772
Accumulated Depreciation (-)	4,010	3,160	36	-	38,237	45,533
Net Book Value	19,580	-	-	-	16,659	36,329
Current Period End: 31/12/2019						
Net Book Value at the Beginning of the Period	19,580	-	-	-	16,659	36,239
TFRS 16 Opening Balance	-	-	-	80,333	-	80,333
Additions	-	-	-	15,385	12,294	28,129
Disposals, net (-)	2,390	-	-	-	46	2,436
Revaluation / (Impairment) <sup>(1)</sup>	1,846	-	-	-	-	1,846
Depreciation (-)	178	-	-	17,648	7,310	25,136
Cost at period end	23,046	2,269	-	95,313	67,280	187,908
Accumulated Depreciation at period end (-)	3,795	2,269	-	17,648	45,637	69,349
<b>Closing Net Book Value</b>	<b>19,251</b>	<b>-</b>	<b>-</b>	<b>77,665</b>	<b>21,643</b>	<b>118,559</b>

(1) There is a capital gain amounting to TL 14,390 as of 31 December 2019 as a result of change in fair value of buildings, which is determined by licensed immovable property valuation companies.

31 December 2018	Buildings <sup>(1)</sup>	Tangible assets from finance lease	Vehicles	Other tangible assets	Total
Prior Period End: 31/12/2017					
Cost	21,882	3,160	36	50,102	75,180
Accumulated Depreciation (-)	3,812	3,160	36	31,407	38,415
Net Book Value	18,070	-	-	18,695	36,765
Current Period End: 31/12/2018					
Net Book Value at the Beginning of the Period	18,070	-	-	18,695	36,765
Additions	-	-	-	4,884	4,884
Disposals, net (-)	-	-	-	-	-
Revaluation / (Impairment) <sup>(1)</sup>	1,708	-	-	-	1,708
Depreciation (-)	198	-	-	6,937	7,135
Cost at period end	23,590	3,160	36	54,986	81,772
Accumulated Depreciation at period end (-)	4,010	3,160	36	38,327	45,533
<b>Closing Net Book Value</b>	<b>19,580</b>	<b>-</b>	<b>-</b>	<b>16,659</b>	<b>36,239</b>

(1) There is a capital gain amounting to TL 13,967 as of 31 December 2018 as a result of change in fair value of buildings, which is determined by licensed immovable property valuation companies.



**ICBC TURKEY BANK ANONİM ŞİRKETİ**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

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

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

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

<b>31 December 2019</b>	<b>Buildings</b>	<b>Tangible assets from finance lease</b>	<b>Vehicles</b>	<b>Other tangible assets</b>	<b>Total</b>
Cost	2,784	886	-	773	1,917
Accumulated Depreciation (-)	394	886	-	727	1,917
<b>Net disposal amount</b>	<b>577</b>	<b>-</b>	<b>-</b>	<b>46</b>	<b>-</b>

<b>31 December 2018</b>	<b>Buildings</b>	<b>Tangible assets from finance lease</b>	<b>Vehicles</b>	<b>Other tangible assets</b>	<b>Total</b>
Cost	-	886	-	1,031	1,917
Accumulated Depreciation (-)	-	886	-	1,031	1,917
<b>Net disposal amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

	<b>31 December 2019</b>	<b>31 December 2018</b>
Gross Book Value	35,553	30,407
Accumulated Amortization (-)	27,359	22,236
<b>Total</b>	<b>8,194</b>	<b>8,171</b>

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

	<b>31 December 2019</b>	<b>31 December 2018</b>
Beginning of the period	8,171	5,194
Additions Resulting from Mergers, Acquisitions and Purchases	1,736	5,526
Disposals (-)	-	-
Accumulated Amortization (-)	1,713	2,549
<b>Period End</b>	<b>8,194</b>	<b>8,171</b>

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

#### 14. Information on investment properties:

None.

#### 15. Information on deferred tax assets:

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

	(1 January – 31 December 2019)	(1 January – 31 December 2018)
<b>Balance at the beginning of the previous period</b>	<b>44,596</b>	<b>10,619</b>
TFRS 9 effect	-	9,239
<b>Balance at the beginning of the current period</b>	<b>44,596</b>	<b>19,858</b>
Deferred tax income / (expense) (net)	8,811	7,254
Deferred tax recognized in other comprehensive income	(22,489)	17,484
<b>Balance at the end of the period</b>	<b>30,918</b>	<b>44,596</b>

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

	Current period		Prior period	
Timing differences from a basis for deferred tax	Accumulated temporary differences	Deferred tax asset / (debt)	Accumulated temporary differences	Deferred tax asset / (debt)
Provisions (*)	29,555	5,952	27,523	5,568
Financial assets and liabilities valuation differences	10,968	2,194	40,227	8,045
Derivative valuation differences	3,275	655	(28,975)	(5,795)
Loan provisions on stage 1 and 2	151,620	33,357	151,266	33,278
Other	(66,131)	(11,240)	7,638	3,500
<b>Total net deferred tax asset / (liability)</b>	<b>129,287</b>	<b>30,918</b>	<b>197,679</b>	<b>44,596</b>

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

As at 31 December 2019, the Group's deferred tax asset arising from the deductible temporary differences except for general loan provisions is amounting to TL 30,918 (31 December 2018 – TL 44,596). As at 31 December 2019, there is no deferred tax asset arising from financial losses (31 December 2018 – None).

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

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

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

The Parent Bank has no asset held for sale and discontinued operation as at 31 December 2019 and 31 December 2018.

#### 17. Information on other assets:

Commodities and immovable properties of the Group obtained with respect to non-performing loans are recognized under movable and immovable assets to be sold off and shown under other assets in the balance sheet. Net total carrying value of the aforementioned assets is TL 4,176 as at 31 December 2019 (31 December 2018 – TL 2,058).

Sum of other assets amounting to TL 34,657 (31 December 2018 – TL 41,869), which are out of movable and immovable properties to be sold off, do not exceed 10% of the balance sheet total.

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

### II. Explanations and Footnotes on Consolidated Liabilities

#### 1. Information on deposits:

a) Information on maturity profile of deposits:

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

a.1) 31 December 2019:

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

a.2) 31 December 2018:

	Demand	Up to 1 Month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	24,938	36,896	1,635,517	108,563	6,507	1,967	-	1,814,388
Foreign Currency Deposits	315,403	287,300	3,946,995	68,698	16,337	4,487	-	4,639,220
Residents in Turkey	302,244	284,863	3,837,081	63,256	4,637	515	-	4,492,596
Residents Abroad	13,159	2,437	109,914	5,442	11,700	3,972	-	146,624
Public Sector Deposits	7,544	-	-	-	-	-	-	7,544
Commercial Deposits	33,478	26,058	125,273	37,862	-	-	-	222,671
Other Ins. Deposits	4,036	42	11,716	30	41	1	-	15,866
Precious Metal Deposits	-	-	-	-	-	-	-	-
Interbank Deposits	52,774	1,269,779	-	-	-	-	-	1,322,553
CBRT	-	-	-	-	-	-	-	-
Domestic Banks	1,775	1,269,779	-	-	-	-	-	1,271,554
Foreign Banks	50,999	-	-	-	-	-	-	50,999
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>438,173</b>	<b>1,620,075</b>	<b>5,719,501</b>	<b>215,153</b>	<b>22,885</b>	<b>6,455</b>	<b>-</b>	<b>8,022,242</b>

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

b) Information on Deposit Insurance:

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

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

Saving Deposits	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
	31 December 2018	31 December 2018
Saving Deposits	807,156	1,005,237
Foreign Currency Savings Deposits	272,089	1,283,059
Other Saving Deposits	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
<b>Total</b>	<b>1,079,245</b>	<b>2,288,296</b>

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

b.3) Saving deposits not covered by deposit insurance: The group has saving deposits not covered by deposit insurance amounting to TL 7,710 (31 December 2018 – TL 5,588).

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

	31 December 2019	31 December 2018
Deposits and Other Accounts at Foreign Branches	-	-
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Care	-	-
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children under Their Care	7,710	5,588
Deposits and Other Accounts linked to Crimes Mentioned in 282 <sup>nd</sup> Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-Shore Banks which are established to be engaged in off-shore banking in Turkey	-	-

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

##### i. Derivative Financial Liabilities:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Forward Transactions	51	104	4	-
Swap Transactions	-	3,760	745	373
Future Transactions	-	-	-	-
Options	15	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>66</b>	<b>3,864</b>	<b>749</b>	<b>373</b>

#### 3. Information on funds borrowed:

##### a) Information on banks and other financial institutions:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks and Institutions	2,052	801	1,527	-
Foreign Banks, Institutions and Funds	-	4,235,154	1,161,228	2,919,795
<b>Total</b>	<b>2,052</b>	<b>4,235,955</b>	<b>1,162,755</b>	<b>2,919,795</b>

##### b) Contractual maturities of funds borrowed:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Short-Term	2,052	603,593	1,162,755	792,471
Medium and Long-Term	-	3,632,362	-	2,127,324
<b>Total</b>	<b>2,052</b>	<b>4,235,955</b>	<b>1,162,755</b>	<b>2,919,795</b>

##### c) Additional information on concentrations of the Parent Bank's liabilities:

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

#### 4. Information on other liabilities:

Other liabilities are amounting to TL 814,857 (31 December 2018 – TL 553,719) and do not exceed 10% of total liabilities excluding the off-balance sheet items.

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

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Less Than 1 Year	4,417	-	-	-
Between 1-4 Years	16,062	-	-	-
More Than 4 Years	61,809	-	-	-
<b>Total</b>	<b>82,288</b>	<b>-</b>	<b>-</b>	<b>-</b>

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

None.

#### 7. Information on provisions:

##### a) Information on reserve for employee rights:

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

The indemnity payable is one month's salary for each year of service and as of 31 December 2019, this amount is restricted with TL-full 6,379.86 (31 December 2018 – TL-full 5,434.42). 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.

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

	31 December 2019	31 December 2018
Discount Ratio (%)	4.39	4.11
Expected Salary/ETI Liability Ceiling Increase Rate (%)	8.30	9.50
Rate for the Probability of Retirement (%)	93.00	93.00

Movement of ETI liability is as below:

	31 December 2019	31 December 2018
Balance at prior period end	12,183	10,735
Current year provisions	6,570	3,706
Paid in current year	(4,639)	(2,258)
<b>Balance at Current Period End</b>	<b>14,114</b>	<b>12,183</b>

As at 31 December 2019, the Group has vacation pay liability amounting TL 6,861 (31 December 2018 – TL 5,734).

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

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

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

As at 31 December 2019, there is no foreign exchange differences on foreign currency indexed loans (31 December 2018 – none) are netted with loans on the asset side.

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

As at 31 December 2019, the Group has provision amounting to TL 3,232 (31 December 2018 – TL 2,964) for non-cash loans and irrevocable commitments that are not indemnified and not converted into cash amounting to TL 6,643 (31 December 2018 – TL 6,060).

##### d) Information on other provisions:

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

d.2) Information on banking services promotion provisions:

As of 31 December 2019, the Parent Bank has a provision amounting to TL 96 (31 December 2018 – TL 91) that it recognized for promotional practices regarding credit card services.

d.3) Information on other provisions:

As at 31 December 2019, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 13,051 (31 December 2018 – TL 12,515). As at 31 December 2019, there is provision for non-cash loans is amounting to TL 37,408 (31 December 2018 – TL 5,737). As at 31 December 2019, there is provision for personnel bonus amounting TL 56,387 (31 December 2018 – TL 23,244).

#### 8. Information on tax liabilities:

##### a) Information on current tax liability: As at 31 December 2019, corporate taxes payable of the Group after deductions of prepaid taxes is TL 2,292 (31 December 2018 – TL 18,001).

##### b) Information on taxes payable:

	31 December 2019	31 December 2018
Corporate Taxes Payable	2,292	18,001
Taxation on Securities	6,411	5,391
Property Tax	325	256
Booking and Insurance Transaction Tax (BITT)	4,909	2,976
Foreign Exchange Tax	-	-
Value Added Tax Payable	609	744
Other	6,288	8,892
<b>Total</b>	<b>20,834</b>	<b>36,260</b>

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

### 8. Information on tax liabilities (continued):

#### c) Information on premiums payable:

	31 December 2019	31 December 2018
Social security premiums - employee	1,322	1,009
Social security premiums - employer	1,478	1,135
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	94	62
Unemployment insurance - employer	187	124
Other	-	1
<b>Total</b>	<b>3,081</b>	<b>2,331</b>

#### d) Information on deferred tax liabilities:

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

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

None.

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

	31 December 2019		31 December 2018	
	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	-	1,782,420	-	1,579,084
Subordinated Loans <sup>(1)</sup>	-	1,782,420	-	1,579,084
Subordinated Debt Instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,782,420</b>	<b>-</b>	<b>1,579,084</b>

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



**ICBC TURKEY BANK ANONİM ŞİRKETİ****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**II. Explanations and Footnotes on Consolidated Liabilities (Continued)****11. Information on shareholders' equity:****a) Paid in capital:**

	<b>31 December 2019</b>	<b>31 December 2018</b>
Common Stock	860,000	860,000
Preferred Stock	-	-

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

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

	<b>31 December 2019</b>		<b>31 December 2018</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From investment in associates, subsidiaries and joint ventures	-	-	-	-
Revaluation difference	(2,733)	7,315	(51,945)	(31,288)
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>(2,733)</b>	<b>7,315</b>	<b>(51,945)</b>	<b>(31,288)</b>

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

Portion of 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 the effective interest rate (internal rate of return) method.

**i) Information on the Parent Bank's 2018 profit distribution:**

At the Ordinary Assembly Meeting of the Parent Bank held on 29 March 2019 it was decided, TL 62,029 of the net income after the net tax for the year 2018 to be used for calculation of legal reserve of 5% of with amount of TL 3,103 in accordance with the TCC 519/1 and the remaining TL 58,966 to be transferred to extraordinary reserves.

**ICBC TURKEY BANK ANONİM ŞİRKETİ****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**III. Explanations and Footnotes on Consolidated Off-Balance Sheet Items:****1. Disclosures on off - balance sheet items:****a) Type and amount of irrevocable commitments:**

	<b>31 December 2019</b>	<b>31 December 2018</b>
Forward purchase and sale commitments	15,160	112,551
Commitment for use guaranteed credit allocation	30,415	29,325
Credit cards limit commitments	80,622	73,480
Payment commitments for cheques	6,989	7,720
Credit card commitments given with applications for promotion	192	199
Tax and fund obligations arising from export commitments	9	6
Other irrevocable commitments	564	7,105
<b>Total</b>	<b>133,951</b>	<b>230,386</b>

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

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

	<b>31 December 2019</b>	<b>31 December 2018</b>
Letters of guarantee	2,273,364	2,040,443
Bank acceptance loans	-	-
Letters of credit	294,068	217,850
Other guarantees	4,419,976	112,889
<b>Total</b>	<b>6,987,408</b>	<b>2,371,182</b>

**c) Total amount of non-cash loans:**

	<b>31 December 2019</b>	<b>31 December 2018</b>
Non-Cash Loans Given for Cash Loan Risks	93,003	166,824
With Original Maturity of 1 Year or Less	74,324	108,737
With Original Maturity of More Than 1 Year	18,679	58,087
Other Non-Cash Loans	6,894,405	2,204,358
<b>Total</b>	<b>6,987,408</b>	<b>2,371,182</b>

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

### III. Explanations and Footnotes on Consolidated Off-Balance Sheet Items (Continued):

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

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

	31 December 2019				31 December 2018			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agriculture</b>	222	0.04	-	-	894	0.15	31,782	1.78
Farming and Raising	204	0.04	-	-	876	0.15	31,782	1.78
Forestry	-	-	-	-	-	-	-	-
Fishery	18	-	-	-	18	-	-	-
<b>Manufacturing</b>	97,476	17.02	529,001	8.25	29,925	5.11	533,939	29.91
Mining and Quarrying	490	0.09	542	0.01	4,578	0.78	480	0.03
Production	19,441	3.39	516,210	8.05	24,911	4.25	522,611	29.27
Electricity, Gas and Water	77,545	13.54	12,249	0.19	436	0.07	10,848	0.61
<b>Construction</b>	101,001	17.64	220,202	3.43	154,178	26.32	149,704	8.38
<b>Services</b>	370,760	64.75	5,665,600	88.32	399,180	68.16	1,069,862	59.92
Wholesale and Retail Trade	20,596	3.60	21,292	0.33	16,048	2.74	58,941	3.30
Accommodation and Dining	2,515	0.44	-	-	2,582	0.44	-	-
Transportation and	205,399	35.87	2,540,527	39.60	322,955	55.14	239,905	13.44
Financial Institutions	141,109	24.64	3,022,201	47.11	54,711	9.34	456,227	25.55
Real Estate and Lending	17	-	-	-	17	-	-	-
Self Employment Services	1,032	0.18	81,314	1.27	1,615	0.28	314,548	17.62
Educational Services	1	-	-	-	1	0.00	-	-
Health and Social Services	91	0.02	266	0.01	1,251	0.21	241	0.01
<b>Other</b>	3,146	0.55	-	-	1,498	0.26	220	0.01
<b>Total</b>	<b>572,605</b>	<b>100.00</b>	<b>6,414,803</b>	<b>100.00</b>	<b>585,675</b>	<b>100.00</b>	<b>1,785,507</b>	<b>100.00</b>

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

	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	566,917	1,573,302	2,037	124,465
Bank Acceptances	-	-	-	-
Letters of Credit	-	294,068	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	4,419,976	-	-
<b>Total</b>	<b>566,917</b>	<b>6,287,346</b>	<b>2,037</b>	<b>124,465</b>

The Parent Bank has recorded a provision amounting to TL 3,232 (31 December 2018 – TL 2,964), for the unearned non-cash loans and irrevocable commitments amounting to TL 6,643 (31 December 2018 – TL 6,060).

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

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

### IV. Explanation and Footnotes on Consolidated Profit or Loss Statement

#### 1. Information on interest income:

##### a) Information on interest income received from loans:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Interest Income Received from Loans <sup>(1)</sup>				
Short Term Loans	62,996	8,775	192,988	6,306
Medium and Long Term Loans	279,594	331,518	309,211	242,075
Loans Under Follow-Up	17,551	-	7,556	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>360,141</b>	<b>340,293</b>	<b>509,755</b>	<b>248,381</b>

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

##### b) Information on interest income received from banks:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
From CBRT	-	-	-	-
From Domestic Banks	1,654	77,075	1,059	5,260
From Foreign Banks	-	10,706	-	2,421
From Headquarters and Branches Abroad	-	-	-	-
<b>Total</b>	<b>1,654</b>	<b>87,781</b>	<b>1,059</b>	<b>7,681</b>

##### c) Information on interest income received from securities portfolio:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit Or Loss	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	82,439	59,116	228,831	73,197
Financial Assets Measured at Amortized Cost	70,850	94,892	69,305	25,221
<b>Total</b>	<b>153,289</b>	<b>154,008</b>	<b>298,136</b>	<b>98,418</b>

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

#### 2. Information on interest expense:

##### a) Information on interest expense related to funds borrowed:

	31 December 2019		31 December 2018	
	TL	FC	TL	FC
Banks <sup>(1)</sup>	30,020	200,855	80,913	177,307
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	431	20	216	96
Foreign Banks	29,589	200,835	80,697	177,211
Foreign Branches and Offices Abroad	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>30,020</b>	<b>200,855</b>	<b>80,913</b>	<b>177,307</b>

<sup>(1)</sup> Also includes fees and commission expenses related with funds borrowed.

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

### IV. Explanation and Footnotes on Consolidated Profit or Loss Statement (Continued)

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

Information on interest expense paid to affiliates and subsidiaries: TL 8,971 (31 December 2018 – TL 2,566).

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

d) Maturity structure of the interest expense on deposits:

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

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

31 December 2018		Time Deposits						
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over	Cumulative Deposits	Total
TL								
Bank Deposits	-	847	-	-	-	-	-	847
Saving Deposits	-	4,478	251,299	6,851	540	44	-	263,212
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	6,986	43,759	916	-	1	-	51,662
Other Deposits	-	21	1,868	4	4	-	-	1,897
<b>Total</b>	-	<b>12,332</b>	<b>296,926</b>	<b>7,771</b>	<b>544</b>	<b>45</b>	-	<b>317,618</b>
FC								
Foreign Currency Deposits	-	1,353	133,643	1,690	189	126	-	137,001
Bank Deposits	-	4,434	-	-	-	-	-	4,434
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>5,787</b>	<b>133,643</b>	<b>1,690</b>	<b>189</b>	<b>126</b>	-	<b>141,435</b>
<b>Grand Total</b>	-	<b>18,119</b>	<b>430,569</b>	<b>9,461</b>	<b>733</b>	<b>171</b>	-	<b>459,053</b>

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

#### IV. Explanation and Footnotes on Consolidated Profit or Loss Statement (Continued)

##### 3. Explanation on dividend income:

	31 December 2019	31 December 2018
Financial Assets at Fair Value Through Profit/Loss	1	152
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Other	-	-
<b>Total</b>	<b>1</b>	<b>152</b>

##### 4. Information on trading profit / loss (net):

	31 December 2019	31 December 2018
<b>Profit</b>	<b>321,480</b>	<b>1,392,785</b>
Capital Market Gains	12,246	10,378
Derivative Gains	141,061	715,708
Foreign Exchange Gains	168,173	666,699
<b>Loss (-)</b>	<b>263,560</b>	<b>1,409,578</b>
Capital Market Losses	-	-
Derivative Losses	131,598	487,748
Foreign Exchange Losses	131,962	921,830

Net profit related to derivative transactions resulting from foreign currency rate changes is amounting to TL 1,083 TL (31 December 2018 – TL 320,412 net profit).

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

	31 December 2019	31 December 2018
Collection of Prior Year Provisions	4,213	-
Reverse of Prior Year Expenses	8,190	23,014
Income on Project Appraisal	3,636	12,862
Income from Held for Sales Assets	186	6,542
Other Income	26,759	16,953
<b>Total</b>	<b>42,984</b>	<b>59,371</b>

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

	31 December 2019	31 December 2018
Allowance for expected credit losses	85,567	149,850
12-Month expected credit losses (Stage 1)	38,145	17,863
Significant increase in credit risk (Stage 2)	(37,792)	79,051
Credit-Impaired (Stage 3)	85,214	52,936
Impairment provisions for financial assets	10,256	22,596
Financial assets at fair value through profit or loss	8	-
Financial assets at fair value through other comprehensive income	10,248	22,596
Impairment provisions related to investments in associates, subsidiaries and joint ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	537	2,967
<b>Total</b>	<b>96,360</b>	<b>175,413</b>

**ICBC TURKEY BANK ANONİM ŞİRKETİ****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**IV. Explanation and Footnotes on Consolidated Profit or Loss Statement (Continued)****7. Information on other operational expenses:**

	31 December 2019	31 December 2018
Reserve for Employee Termination Benefits	3,554	589
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	28,129	7,118
Impairment Expenses of Intangible Assets	-	-
Impairment Expenses of Goodwill	-	-
Depreciation Expenses on Intangible Assets	5,504	2,549
Impairment Expenses of Investments in Associates	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	98	336
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	58,972	70,999
Leasing Expenses related to TFRS 16 Exemptions	3,563	28,185
Repair and Maintenance Expenses	14,073	9,424
Advertisement Expenses	1,530	850
Other Expenses	39,806	32,540
Loss on Sale of Assets	27	-
Other <sup>(1)</sup>	98,401	29,385
<b>Total</b>	<b>194,685</b>	<b>110,976</b>

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

Profit before taxes for continued operations is TL 121,550 (31 December 2018 – TL 122,913 profit before tax). Profit before taxes consists of net interest income amounting to TL 399,494 (31 December 2018 – TL 475,571), net fees and commission income amounting to TL 124,409 (31 December 2018 – TL 96,576), personnel expenses amounting to TL 212,213 (31 December 2018 – TL 180,011) and other operating expenses amounting to TL 194,685 (31 December 2018 – TL 110,976).

**9. Explanations on tax provision of continued and discontinued operations:****a) Information on current tax income or expense and deferred tax income or expense:**

Current tax expenses belonging to period ending on 31 December 2019 is TL 58,851 (31 December 2018 – TL 32,110).

There is a deferred tax expense on 31 December 2019 amounting to TL 17,204 (31 December 2018 – TL 7,619) and there is deferred tax income on 31 December 2019 amounting to TL 26,015 (31 December 2018 – TL 365).

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

For the period ended 31 December 2019, the deferred tax expense arising from the origination of temporary differences amounts TL 17,204 (31 December 2018 – TL 7,619) and there is deferred tax income on 31 December 2019 amounting to TL 26,015 (31 December 2018 – TL 365).

Additionally, for the period ended 31 December 2019, the current tax effect amounting to TL (16,294) and deferred tax effect amounting to TL (6,349), on an aggregate TL (22,643) tax effect (31 December 2018 – TL 12,982 current and TL 7,662 is deferred tax effect total TL 20,644) which are related to transactions recognized under equity is accounted under equity accounts).

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

For the period ended 31 December 2019, the deferred tax expense amounting to TL 17,204 (31 December 2018 – TL 7,619) and deferred tax income amounting to TL 26,015 (31 December 2018 – TL 365) arising from the origination of temporary differences. There is no deferred tax income from financial loss in period ending on 31 December 2019 (31 December 2018 – None).

## ICBC TURKEY BANK ANONİM ŞİRKETİ

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

##### 10. Explanations on continued and discontinued operations net profit/loss:

Net profit from continued operations is TL 71,510 (31 December 2018 – TL 83,549 net profit).

##### 11. Explanations on net profit and loss:

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

##### 12. Explanations on the components of other items in the statement of profit loss exceeding 10% of the group total, or at least 20% of the sub-accounts belonging to this group:

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 of mainly income received and expenses paid to customers and third parties regarding banking activities.



# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

### V. Explanations and footnotes on consolidated statement of changes in shareholders' equity

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

The decrease amounting to TL 87,815 (31 December 2018 – TL 83,246 increase) resulting from the remeasurement of the Bank's available-for-sale investments is recognized in the statement of changes in equity accumulated gains/(losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income as period movement.

Information on cash flow hedge: None.

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

Surplus amounting to TL 1,826 (31 December 2018 – TL 1,622) that occurs after purged tax effect arise from revaluation of buildings fair value included tangible fixed assets of the Parent Bank is represented as period transaction of "Tangible / Intangible Assets Revaluation Reserves" on statement of changes in equity.

#### 3. Information on the foreign exchange differences: None.

#### 4. Information on profit shares noticed after balance sheet date but previous to announcement of financial statements:

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

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

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

#### Amounts transferred to the reserves:

	31 December 2019	31 December 2018
Amount transferred to legal reserves from non-distributed profits	3,103	1,958
Extraordinary Reserves from Unallocated Profit and Other		
Amount transferred to profit reserves	58,966	37,210

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

None.

#### 6. Information on other share capital increase accounts in statements of changes in equity: None.

#### 7. Other explanations:

The Group has presented actuarial difference amounting to TL 1,592 (31 December 2018 – TL (558)) arising from the changes in actuarial assumptions of the employee severance pay liability, Total Comprehensive Income section.

**ICBC TURKEY BANK ANONİM ŞİRKETİ****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**VI. Explanations and footnotes on consolidated cash flow statement****1. Information on cash and cash equivalents:**

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

Cash in vault, foreign currencies, cash in transit, cheques purchased, demand deposits in banks including demand deposit balances with the Central Bank of Turkey are described as "Cash"; interbank money market placements, time deposits in banks which have original maturities shorter than three months and reverse repo receivables are described as "Cash Equivalents". The reserve requirement amounts within the Central Bank are not considered as "cash equivalent assets" in the statement of cash flows.

**a) Cash and cash equivalents at the beginning of the period:**

	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Cash</b>	<b>1,846,590</b>	<b>1,493,478</b>
Cash in Vault, Foreign Currencies and Other	48,969	36,626
Demand Deposits at Banks	1,797,621	1,456,852
<b>Cash Equivalents</b>	<b>2,007,641</b>	<b>474,891</b>
Interbank Money Market	349,216	9,600
Time Deposits at Banks	1,658,425	465,291
<b>Total Cash and Cash Equivalents</b>	<b>3,854,231</b>	<b>1,968,369</b>

**b) Cash and cash equivalents at the end of the period:**

	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Cash</b>	<b>1,524,706</b>	<b>1,846,590</b>
Cash in Vault, Foreign Currencies and Other	52,359	48,969
Demand Deposits at Banks	1,472,347	1,797,621
<b>Cash Equivalents</b>	<b>2,341,640</b>	<b>2,007,641</b>
Interbank Money Market	662,376	349,216
Time Deposits at Banks	1,679,264	1,658,425
<b>Total Cash and Cash Equivalents</b>	<b>3,866,346</b>	<b>3,854,231</b>

**2. Information on cash and cash equivalent assets of the Group that are not available for free use due to legal restrictions or other reasons:**

As mentioned in the first item above, the reserve requirement amounts held under blockage within the Central Bank is not considered as cash equivalent assets in the statement of cash flows.

**3. Disclosures for "other" items in the statement of cash flows and effect of changes in foreign currency exchange rates on cash and cash equivalents:**

As at 31 December 2019, "Other" item amounting to TL 18,128 (31 December 2018 – TL 374,297) presented under "Operating Profit Before Changes in Operating Assets and Liabilities" comprises other operating expenses except personnel expenses, other taxes paid, fees and commissions paid.

As at 31 December 2019 "Net Decrease in Other Liabilities" item amounting to TL 247,004 (31 December 2018 – TL 48,904) presented under "Changes in Operating Assets and Liabilities" is comprised of changes in miscellaneous payables, other external resources and tax liabilities. As at 31 December 2019, "Net Increase/decrease in Other Assets" amounting to TL 7,721 (31 December 2018 – TL 42,825) is comprised of miscellaneous receivables and other assets.

The cash outflow of TL (30,824) (31 December 2018 – TL (428,763)) is presented in the "net cash flows from investments" as of 31 December 2019 results from the differences arising from cash outflows and actuarial differences of financial assets from fair value other comprehensive income.

The effect of the change of foreign exchange rates on the cash and cash equivalents is TL 106,011 for the year 2019 (2018 – TL 70,377).

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

### VII. Explanations on the Parent Bank's Risk Group

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

a) 31 December 2019:

Parent Bank's Risk Group <sup>(1)</sup>	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	1	2	-	259,363	25	-
Balance at the End of the Period	-	-	-	567,918	20	-
Interest and Commission Income Received	-	-	-	-	-	-

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

The Parent Bank has TL 20,056 placements at its risk group banks as at 31 December 2019 (31 December 2018 – TL 19,259). Also the Parent Bank has TL 424 irrevocable commitment at its risk group as at 31 December 2019 (31 December 2018 – TL 93).

b) 31 December 2018:

Parent Bank's Risk Group <sup>(1)</sup>	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	548,329	168,694	88	-
Balance at the End of the Period	1	2	-	259,363	25	-
Interest and Commission Income Received	-	-	2,597	-	-	-

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

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

Current Period Parent Bank's Risk Group <sup>(1)</sup>	Associates, Subsidiaries and Joint Ventures	Bank's Direct and Indirect Shareholders	Other Components in Risk Group
Deposits			
Balance at the beginning of the Period	-	31,221	992
Balance at the End of the Period	-	203	2,261
Interest on Deposits	-	-	67

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

Prior Period Parent Bank's Risk Group <sup>(1)</sup>	Associates, Subsidiaries and Joint Ventures	Bank's Direct and Indirect Shareholders	Other Components in Risk Group
Deposits			
Balance at the beginning of the Period	-	70,367	519
Balance at the End of the Period	-	31,221	992
Interest on Deposits	-	-	33

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

### VII. Explanations on the Parent Bank's Risk Group (Continued)

#### 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 (continued):

The Parent Bank has borrowed loans from the Parent Bank's Risk Group amounting TL 4,235,154 as at 31 December 2019 (31 December 2018 – TL 3,815,471). The Parent Bank has borrowed subordinated loan from the Parent Bank's Risk Group amounting TL 1,782,420 (31 December 2018 – TL 1,579,084).

d) Information on forward transactions and option agreements and similar other agreements related with the Parent Bank's risk group as at 31 December 2019 – None (31 December 2018 – None).

#### 2. Information on the Parent Bank's transactions with the risk group:

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

In the Group's transactions with its risk group, pricing policy and other matters are determined and applied at market conditions. As at 31 December 2019, proportion of cash loans to risk group in total cash loans is 0.0002% (31 December 2018 – 0.0004%) and proportion of deposits from its risk group in total deposits is 0.02% (31 December 2018 – 0.4%). Proportion of subordinated loans from its risk group in total subordinated loans is 99.9% (31 December 2018 – 93.5%).

As a result of other activities in the risk group of the Bank, other commission income with amount of TL 7 (31 December 2018 – TL 28), other operating income with amount of TL 3,312 (31 December 2018 – TL 2,768), other commission expenses with amount of TL 2 (31 December 2018 – TL 17) and other operating expenses with amount of TL 260 (31 December 2018 – 102) are recognized in the records.

In the current period, benefits provided to the Group's key management amount to TL 24,799 (2018 – TL 19,709).

### VIII. Information on domestic, foreign, off-shore branches and foreign representative offices of Parent Bank

	Number of Branches	Number of Employees			
Domestic Branches	43	731			
			Country		
Foreign Representative Offices	-	-	-		
				Total Assets	Legal Capital
Foreign Branches	-	-	-	-	-
Off-Shore Branches	-	-	-	-	-

### IX. Explanations and footnotes on subsequent events

Upon resignation of Mr. Mehmet Hilmi Güler, the Board of Directors decided on 24 February 2020 to appoint Mr. Serhat Yanık as Independent Board Member representing (A) shares as of 24 February 2020 on the condition that his appointment to be submitted to the general meeting of shareholders for approval and to complete Mr. Mehmet Hilmi Güler's duty term pursuant to the Turkish Commercial Code, Article 363.

**ICBC TURKEY BANK ANONİM ŞİRKETİ**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**SECTION SIX**

**EXPLANATIONS ON THE INDEPENDENT AUDIT REPORT**

**I. Explanations on the independent audit report**

The consolidated financial statements of the Parent Bank and its subsidiary as at and for the year ended 31 December 2019 have been audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member of KPMG International Cooperative, a Swiss entity) and the Independent Auditors’ Report dated 27 February 2020 is presented in the introduction of this report.

**II. Explanations and footnotes prepared by the independent auditors**

None.