

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

ICBC Turkey Bank Anonim Şirketi

**Consolidated Interim Financial Statements
As at and For Nine-Month Period Ended
30 September 2020**

With Auditors' Review Report Thereon

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

27 October 2020

*This report includes "Auditors' Review Report" comprising 2 pages
and; "Consolidated Financial Statements and Related Disclosures
and Footnotes" comprising 82 pages.*



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

REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the consolidated balance sheet of ICBC Turkey Bank A.Ş. (the "Bank") and its consolidated subsidiary (together the "Group") as at 30 September 2020 and the related consolidated income statement, consolidated statement of income and expenses recognized under equity and consolidated statement of changes in shareholders' equity and consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by the aforementioned legislations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures.



A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information does not present fairly the financial position of the Group as at 30 September 2020 and of the results of its operations and its cash flows for the nine-month period then ended in all aspects in accordance with the BRSA Accounting and Reporting Legislation.

Report on Other Legal and Regulatory Requirements

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of KPMG International Cooperative

Orhan Akova, SMMM

Partner

27 October 2020

Istanbul, Turkey

ICBC TURKEY BANK A. Ş.
NINE-MONTH CONSOLIDATED FINANCIAL REPORT AS AT 30 SEPTEMBER 2020

Address of the Bank's




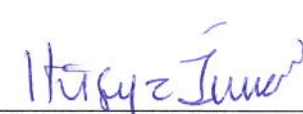

Headquarters : Maslak Mah. Dereboyu/2 Caddesi No:13 34398 Sarıyer - İstanbul
Telephone Number : (0212) 335 53 35
Fax Number : (0212) 328 13 28
Website of the Bank : www.icbc.com.tr
E-mail : info@icbc.com.tr

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

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

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

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

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

Contact information for questions on this financial report:

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ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

SECTION ONE

GENERAL INFORMATION

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

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

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

The capital of the Parent Bank is TL 860,000 as at 30 September 2020 and is fully paid. The Parent Bank was controlled by GSD Group until 21 May 2015. As at 29 April 2014, GSD Holding A.Ş., the major shareholder of the Parent Bank, has come to conclusion to sell 75.50% shares of the Parent Bank to Industrial and Commercial Bank of China (ICBC) and with respect to the sale transaction, it was declared to be approved by China Banking Regulatory Commission (CBRC) on 20 March 2015, and in Turkey, it was approved by Competition Authority in accordance with decision dated 20 August 2014 and numbered 14-29/593-259 and Banking Regulation and Supervision Agency (BRSA), in accordance with decision dated 2 April 2015 and numbered 6262.

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

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

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

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

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

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

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

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

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

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

(***) As of 16 April 2020, D. Halit Döver who was in charge of International Relations Group, has been appointed as an Assistant General Manager of International Business Department, Financial Institutions Department, Financial Market Department and Corporate Banking Department.

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

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

(*****) Since Bozok Evrenosoğlu, who served as Assistant General Manager left his position as of 30 April 2020, Deputy General Manager Responsible for Credit Allocation, Legal Affairs, Operations Management and Operation Center Departments, Jinhong Li, was appointed.

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

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

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

As at 30 September 2020, the Parent Bank has 39 branches close to industrial zones of Turkey. The Parent Bank has 739 employees as at 30 September 2020 (As at 31 December 2019 number of branches was 43, number of employees was 731).

The Parent Bank and its subsidiary, ICBC Turkey Yatırım Menkul Değerler A.Ş. ("ICBC Yatırım") have been consolidated. As at 30 September 2020, ICBC Portföy Yönetimi A.Ş. has been consolidated in ICBC Yatırım by full consolidation method. "ICBC Yatırım", the consolidated subsidiary of the Parent Bank, represents ICBC Portföy and ICBC Yatırım as a whole. The Parent Bank and its subsidiary are referred to as "the Group" as a whole.

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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

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

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

None.

VII. Other information

Bank’s Official Title	: ICBC Turkey Bank A.Ş. (Formerly named as Tekstil Bankası A.Ş.)
Reporting Period	: 1 January – 30 September 2020
Address of Bank’s Headquarters	: Maslak Mah. Dereboyu/2 Caddesi No:13 34398 Sarıyer - İstanbul
Telephone number	: (0212) 335 53 35
Fax number	: (0212) 328 13 28
Bank’s Internet Address	: www.icbc.com.tr
Reporting Currency	: Thousands of Turkish Lira

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

ICBC TURKEY BANK A.Ş.
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 30 SEPTEMBER 2020**

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

ASSETS		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
			Reviewed CURRENT PERIOD 30/09/2020			Audited PRIOR PERIOD 31/12/2019		
			TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)			714,795	8,591,904	9,306,699	1,602,486	4,777,063	6,379,549
1.1 Cash and Cash Equivalents			44,138	5,533,238	5,577,376	796,812	3,761,749	4,558,561
1.1.1 Cash and Balances at Central Bank	(5.1.1)		21,370	3,604,573	3,625,943	135,417	1,938,038	2,073,455
1.1.2 Banks	(5.1.3)		15,764	1,937,386	1,953,150	1,115	1,836,919	1,838,034
1.1.3 Receivables from Money Markets			8,628	-	8,628	662,583	-	662,583
1.1.4 Allowance For Expected Credit Losses (-)			1,624	8,721	10,345	2,303	13,208	15,511
1.2 Financial Assets at Fair Value Through Profit or Loss			20,726	-	20,726	16,613	-	16,613
1.2.1 Public Debt Securities			-	-	-	-	-	-
1.2.2 Equity Instruments			68	-	68	39	-	39
1.2.3 Other Financial Assets			20,658	-	20,658	16,574	-	16,574
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.4)		649,917	3,050,318	3,700,235	788,543	1,015,163	1,803,706
1.3.1 Public Debt Securities			649,917	169,540	819,457	788,543	531,683	1,320,226
1.3.2 Equity Instruments			-	14,578	14,578	-	10,057	10,057
1.3.3 Other Financial Assets			-	2,866,200	2,866,200	-	473,423	473,423
1.4 Derivative Financial Assets	(5.1.2)		14	8,348	8,362	518	151	669
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss			14	8,348	8,362	518	151	669
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income			-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)			2,887,773	11,807,978	14,695,751	2,420,593	9,394,621	11,815,214
2.1 Loans	(5.1.5)		2,239,424	8,247,642	10,487,066	2,090,009	7,042,420	9,132,429
2.2 Receivables from Leasing Transactions	(5.1.10)		-	-	-	-	-	-
2.3 Factoring Receivables			-	-	-	-	-	-
2.4 Financial Assets Measured at Amortised Cost	(5.1.6)		711,940	3,816,612	4,528,552	454,464	2,436,763	2,891,227
2.4.1 Public Debt Securities			711,940	2,558,663	3,270,603	454,464	1,491,780	1,946,244
2.4.2 Other Financial Assets			-	1,257,949	1,257,949	-	944,983	944,983
2.5 Allowance for Expected Credit Losses (-)			63,591	256,276	319,867	123,880	84,562	208,442
III. NON-CURRENT ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND FROM DISCOUNTED OPERATIONS (Net)	(5.1.14)		-	-	-	-	-	-
3.1 Held for Sale			-	-	-	-	-	-
3.2 Held from discontinued operations			-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES			-	-	-	-	-	-
4.1 Investments in Associates (Net)	(5.1.7)		-	-	-	-	-	-
4.1.1 Associates accounted by using equity method			-	-	-	-	-	-
4.1.2 Non-Consolidated Associates			-	-	-	-	-	-
4.2 Investments in Subsidiaries (Net)	(5.1.8)		-	-	-	-	-	-
4.2.1 Non-Consolidated Financial Subsidiaries			-	-	-	-	-	-
4.2.2 Non-Consolidated Non-Financial Subsidiaries			-	-	-	-	-	-
4.3 Joint Controlled Partnership (Joint Ventures) (Net)	(5.1.9)		-	-	-	-	-	-
4.3.1 Jointly Controlled Partnership Accounted by Using Equity Method			-	-	-	-	-	-
4.3.2 Non-Consolidated Jointly Controlled Partnership			-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)			107,667	-	107,667	118,559	-	118,559
VI. INTANGIBLE ASSETS AND GOODWILL (Net)			7,706	-	7,706	8,194	-	8,194
6.1 Goodwill			-	-	-	-	-	-
6.2 Others			7,706	-	7,706	8,194	-	8,194
VII. INVESTMENT PROPERTIES (Net)	(5.1.12)		-	-	-	-	-	-
VIII. CURRENT TAX ASSETS			127	-	127	215	-	215
IX. DEFERRED TAX ASSETS	(5.1.13)		86,339	-	86,339	30,918	-	30,918
X. OTHER ASSETS (Net)	(5.1.15)		75,640	9,154	84,794	35,961	2,871	38,832
TOTAL ASSETS			3,880,047	20,409,036	24,289,083	4,216,926	14,174,555	18,391,481

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

ICBC TURKEY BANK A.Ş.
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 30 SEPTEMBER 2020**

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

LIABILITIES		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
			Reviewed CURRENT PERIOD 30/09/2020			Audited PRIOR PERIOD 31/12/2019		
			TL	FC	Total	TL	FC	Total
I. DEPOSIT		(5.II.1)	1,983,208	9,213,926	11,197,134	2,981,092	6,985,670	9,966,762
II. LOANS RECEIVED		(5.II.3)	14,656	7,908,799	7,923,455	2,052	4,235,955	4,238,007
III. MONEY MARKET FUNDS			180,752	-	180,752	18,841	-	18,841
IV. MARKETABLE SECURITIES (Net)			-	-	-	-	-	-
4.1 Bills			-	-	-	-	-	-
4.2 Asset Backed Securities			-	-	-	-	-	-
4.3 Bonds			-	-	-	-	-	-
V. FUNDS			-	-	-	-	-	-
5.1 Borrowers' Funds			-	-	-	-	-	-
5.2 Other			-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS			-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES		(5.II.2)	167	592	759	66	3,864	3,930
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss			167	592	759	66	3,864	3,930
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income			-	-	-	-	-	-
VIII. FACTORING PAYABLES			-	-	-	-	-	-
IX. LEASE PAYABLES (Net)		(5.II.5)	74,497	-	74,497	82,288	-	82,288
X. PROVISIONS		(5.II.7)	103,100	49,247	152,347	95,096	36,053	131,149
10.1 Provision for Restructuring			-	-	-	-	-	-
10.2 Reserves for Employee Benefits			25,623	-	25,623	20,975	-	20,975
10.3 Insurance Technical Reserves (Net)			-	-	-	-	-	-
10.4 Other Provisions			77,477	49,247	126,724	74,121	36,053	110,174
XI. CURRENT TAX LIABILITIES		(5.II.8)	21,820	-	21,820	23,915	-	23,915
XII. DEFERRED TAX LIABILITIES			-	-	-	-	-	-
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)		(5.II.9)	-	-	-	-	-	-
13.1 Held for Sale			-	-	-	-	-	-
13.2 Related to Discontinued Operations			-	-	-	-	-	-
XIV. SUBORDINATED DEBT		(5.II.10)	-	2,355,300	2,355,300	-	1,782,420	1,782,420
14.1 Loans			-	2,355,300	2,355,300	-	1,782,420	1,782,420
14.2 Other Debt Instruments			-	-	-	-	-	-
XV. OTHER LIABILITIES		(5.II.4)	117,819	858,819	976,638	108,595	706,262	814,857
XVI. SHAREHOLDERS' EQUITY		(5.II.11)	1,414,518	(8,137)	1,406,381	1,321,997	7,315	1,329,312
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	16,310	-	16,310
16.4 Other Accumulated Comprehensive Income that will be Reclassified in Profit or Loss			3,926	(8,137)	(4,211)	(2,733)	7,315	4,582
16.5 Profit Reserves			402,700	-	402,700	328,778	-	328,778
16.5.1 Legal Reserves			22,538	-	22,538	18,842	-	18,842
16.5.2 Statutory Reserves			-	-	-	-	-	-
16.5.3 Extraordinary Reserves			322,099	-	322,099	252,570	-	252,570
16.5.4 Other Profit Reserves			58,063	-	58,063	57,366	-	57,366
16.6 Profit or Loss			132,169	-	132,169	120,229	-	120,229
16.6.1 Prior Years' Profits or Losses			46,307	-	46,307	48,719	-	48,719
16.6.2 Current Period's net Profit or Loss			85,862	-	85,862	71,510	-	71,510
16.7 Minority Shares'			-	-	-	-	-	-
TOTAL LIABILITIES			3,910,537	20,378,546	24,289,083	4,633,942	13,757,539	18,391,481

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

ICBC TURKEY BANK A.Ş.
**CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS AT 30 SEPTEMBER 2020**

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

	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/09/2020			Audited PRIOR PERIOD 31/12/2019		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I-II+III)		1,026,745	10,957,799	11,984,544	1,118,031	8,180,953	9,298,984
I. GUARANTEES AND WARRANTIES	(5.III.1)	858,224	8,811,484	9,669,708	572,605	6,414,803	6,987,408
1.1. Letters of Guarantee		832,777	2,730,723	3,563,500	572,605	1,700,759	2,273,364
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		832,777	2,730,723	3,563,500	572,605	1,700,759	2,273,364
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		25,447	171,246	196,693	-	294,068	294,068
1.3.1. Documentary Letters of Credit		25,447	73,398	98,845	-	104,396	104,396
1.3.2. Other Letters of Credit		-	97,848	97,848	-	189,672	189,672
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	5,909,515	5,909,515	-	4,419,976	4,419,976
1.9. Other Warranties		-	-	-	-	-	-
II. COMMITMENTS	(5.III.1)	129,984	23,057	153,041	121,766	12,185	133,951
2.1. Irrevocable Commitments		129,984	23,057	153,041	121,766	12,185	133,951
2.1.1. Asset Purchase and Sales Commitments		10,231	23,057	33,288	2,975	12,185	15,160
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		30,424	-	30,424	30,415	-	30,415
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7. Commitments for Checks Payments		6,014	-	6,014	6,989	-	6,989
2.1.8. Tax and Fund Liabilities from Export Commitments		6	-	6	9	-	9
2.1.9. Commitments for Credit Card Limits		82,862	-	82,862	80,622	-	80,622
2.1.10. Commitments for Credit Cards and Banking Services Promotions		191	-	191	192	-	192
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		256	-	256	564	-	564
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		38,537	2,123,258	2,161,795	423,660	1,753,965	2,177,625
3.1. Derivative Financial Instruments Held for Hedging		-	-	-	-	-	-
3.1.1. Fair Value Hedges		-	-	-	-	-	-
3.1.2. Cash Flow Hedges		-	-	-	-	-	-
3.1.3. Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
3.2. Trading Transactions		38,537	2,123,258	2,161,795	423,660	1,753,965	2,177,625
3.2.1. Forward Foreign Currency Purchase and Sale Transactions		38,537	70,900	109,437	271,470	308,806	580,276
3.2.1.1. Forward Foreign Currency Purchase Transactions		3,264	51,363	54,627	270,804	19,763	290,567
3.2.1.2. Forward Foreign Currency Sale Transactions		35,273	19,537	54,810	666	289,043	289,709
3.2.2. Currency and Interest Rate Swaps		-	1,976,942	1,976,942	148,780	1,439,378	1,588,158
3.2.2.1. Currency Swap Purchase Transactions		-	992,627	992,627	148,780	643,754	792,534
3.2.2.2. Currency Swap Sale Transactions		-	984,315	984,315	-	795,624	795,624
3.2.2.3. Interest Rate Swap Purchase Transactions		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap Sale Transactions		-	-	-	-	-	-
3.2.3. Currency, Interest Rate and Securities Options		-	75,416	75,416	3,410	5,781	9,191
3.2.3.1. Currency Purchase Options		-	37,708	37,708	1,709	2,900	4,609
3.2.3.2. Currency Sale Options		-	37,708	37,708	1,701	2,881	4,582
3.2.3.3. Interest Rate Purchase Options		-	-	-	-	-	-
3.2.3.4. Interest Rate Sale Options		-	-	-	-	-	-
3.2.3.5. Securities Purchase Options		-	-	-	-	-	-
3.2.3.6. Securities Sale Options		-	-	-	-	-	-
3.2.4. Currency Futures		-	-	-	-	-	-
3.2.4.1. Currency Purchase Futures		-	-	-	-	-	-
3.2.4.2. Currency Sale Futures		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Purchase Futures		-	-	-	-	-	-
3.2.5.2. Interest Rate Sale Futures		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		18,252,558	95,051,405	113,303,963	13,436,713	29,456,396	42,893,109
IV. ITEMS HELD IN CUSTODY		8,022,930	40,916,512	48,939,442	5,418,774	4,641,317	10,060,091
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Securities Held in Custody		1,589,816	24,307	1,614,123	1,546,929	18,892	1,565,821
4.3. Checks Received for Collection		30,034	21,230	51,264	28,928	12,131	41,059
4.4. Commercial Notes Received for Collection		4,216	17,952	22,168	6,879	7,170	14,049
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Securities Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		6,397,201	40,852,437	47,249,638	3,831,407	4,602,827	8,434,234
4.8. Custodians		1,663	4,802	6,465	4,631	297	4,928
V. PLEDGED ITEMS		10,229,628	54,134,893	64,364,521	8,017,939	24,815,079	32,833,018
5.1. Marketable Securities		11,093	-	11,093	11,097	-	11,097
5.2. Guarantee Notes		921	468	1,389	921	59	980
5.3. Commodity		43,846	70,600	114,446	65,573	61,140	126,713
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		2,891,557	38,362,728	41,254,285	3,179,455	15,502,429	18,681,884
5.6. Other Pledged Items		7,282,211	15,701,097	22,983,308	4,760,893	9,251,451	14,012,344
5.7. Depositories Receiving Pledged Items		-	-	-	-	-	-
VI. ACCEPTED BILL OF GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ITEMS (A+B)		19,279,303	106,009,204	125,288,507	14,554,744	37,637,349	52,192,093

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

ICBC TURKEY BANK A.Ş.
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA			
			Reviewed CURRENT PERIOD (01/01/2020- 30/09/2020)	Reviewed PRIOR PERIOD (01/01/2019- 30/09/2019)	Reviewed CURRENT PERIOD (01/07/2020- 30/09/2020)	Reviewed PRIOR PERIOD (01/07/2019- 30/09/2019)
I.	INTEREST INCOME	(5.IV.1)	822,013	977,069	279,367	311,269
1.1	Interest on Loans		456,036	549,506	161,141	159,122
1.2	Interest Received from Reserve Deposits		-	30,922	-	7,456
1.3	Interest Received from Banks		33,790	69,209	929	21,369
1.4	Interest Received from Money Market Transactions		1,338	17,754	-	175
1.5	Interest Received from Marketable Securities Portfolio		287,296	209,272	112,135	73,183
1.5.1	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		80,368	97,273	30,688	32,705
1.5.3	Financial Assets Measured at Amortised Cost		206,928	111,999	81,447	40,478
1.6	Finance Lease Interest Income		-	-	-	-
1.7	Other Interest Income		43,553	100,406	5,162	49,964
II.	INTEREST EXPENSES (-)	(5.IV.2)	488,653	701,111	164,324	234,303
2.1	Interest on Deposits		246,520	497,735	74,662	181,252
2.2	Interest on Funds Borrowed		199,650	177,232	72,364	48,191
2.3	Interest on Money Market Transactions		5,970	16,125	3,594	1,478
2.4	Interest on Securities Issued		-	-	-	-
2.5	Financial Lease Interest Expense		9,797	9,506	3,123	3,235
2.6	Other Interest Expenses		26,716	513	10,581	147
III.	NET INTEREST INCOME/EXPENSE (I - II)		333,360	275,958	115,043	76,966
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		97,364	76,403	29,731	26,059
4.1	Fees and Commissions Received		107,249	81,149	33,297	28,659
4.1.1	Non-Cash Loans		14,998	12,409	5,822	4,014
4.1.2	Other		92,251	68,740	27,475	24,645
4.2	Fees and Commissions Paid		9,885	4,746	3,566	2,600
4.2.1	Non-Cash Loans		16	14	4	4
4.2.2	Other		9,869	4,732	3,562	2,596
V.	DIVIDEND INCOME		90	1	-	-
VI.	TRADING PROFIT/LOSS (Net)	(5.IV.3)	112,009	33,296	59,011	6,741
6.1	Profit/Losses from Capital Market Transactions		17,269	7,596	6,958	2,420
6.2	Profit/Losses from Derivative Financial Transactions		(110,560)	7,757	(85,954)	1,702
6.3	Foreign Exchange Profit/Losses		205,300	17,943	138,007	2,619
VII.	OTHER OPERATING INCOME	(5.IV.4)	131,985	35,799	8,280	11,995
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		674,808	421,457	212,065	121,761
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(5.IV.5)	208,126	60,038	103,062	19,662
X.	OTHER PROVISION EXPENSES (-)	(5.IV.5)	3,528	8,181	954	(2,942)
XI.	PERSONNEL EXPENSES (-)		195,853	149,402	60,800	53,280
XII.	OTHER OPERATING EXPENSES (-)	(5.IV.6)	152,471	118,394	58,029	39,654
XIII.	NET OPERATING PROFIT / LOSS (VIII-IX-X-XI-XII)		114,830	85,442	(10,780)	12,107
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-	-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-	-	-
XVI.	NET MONETARY POSITION GAIN / LOSS		-	-	-	-
XVII.	PROFIT / LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII + ... + XVI)	(5.IV.7)	114,830	85,442	(10,780)	12,107
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.IV.8)	28,968	32,685	1,558	6,989
18.1	Current Tax Provision		82,742	36,975	4,122	(5,869)
18.2	Expense Effect of Deferred Tax (+)		10,405	19,775	7,870	(4,980)
18.3	Income Effect of Deferred Tax (-)		(64,179)	(24,065)	(10,434)	17,838
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS(XVII±XVIII)	(5.IV.9)	85,862	52,757	(12,338)	5,118
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1	Income from Assets Held for Sale		-	-	-	-
20.2	Profit from Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3	Other Income from Discontinued Operations		-	-	-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Expenses on assets held for sale		-	-	-	-
21.2	Losses from Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3	Other Expenses from Discontinued Operations		-	-	-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUING OPERATIONS (±)		-	-	-	-
(XX-XXI)	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(5.IV.7)	-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(5.IV.8)	-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Expense Effect of Deferred Tax (+)		-	-	-	-
23.3	Income Effect of Deferred Tax (-)		-	-	-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV.	NET PROFIT/LOSSES (XIX+XXIV)	(5.IV.10)	85,862	52,757	(12,338)	5,118
25.1	Group's Profit/Loss		85,862	52,757	(12,338)	5,118
25.2	Minority Shares' (-)		-	-	-	-
Profit/Loss of Per Share (Full TL)			0.0100	0.0061	(0.0014)	0.0006

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

ICBC TURKEY BANK A.Ş.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME TABLE		THOUSANDS OF TURKISH LIRA			
		Reviewed CURRENT PERIOD (01/01/2020 - 30/09/2020)	Reviewed PRIOR PERIOD (01/01/2019 - 30/09/2019)	Reviewed CURRENT PERIOD (01/07/2020 - 30/09/2020)	Reviewed PRIOR PERIOD (01/07/2019 - 30/09/2019)
I.	PROFIT/ (LOSS)	85,862	52,757	(12,338)	5,118
II.	OTHER COMPREHENSIVE INCOME	(8,793)	70,017	(14,227)	24,464
2.1.	Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	-	(73)	-	71
2.1.1.	Gains/(Losses) on Revaluation of Property, Plant and Equipment	-	-	-	-
2.1.2.	Gains/(losses) on Revaluation of Intangible Assets	-	-	-	-
2.1.3.	Gains/(losses) on Remeasurements of Defined Benefit Plans	-	(180)	-	-
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	-	107	-	71
2.2.	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(8,793)	70,090	(14,227)	24,393
2.2.1.	Exchange Differences on Translation	-	-	-	-
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	(10,441)	88,130	(18,827)	30,709
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	1,648	(18,040)	4,600	(6,316)
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	77,069	122,774	(26,565)	29,582

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

ICBC TURKEY BANK A.Ş.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

						Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss								
		Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period's Profit/ (Loss)	Current Period's Profit/ (Loss)	Total Equity Attributable to Equity Holders of the Parent	Minority Shares	Total Equity
PRIOR PERIOD																	
30/09/2019																	
I.	Balances at Beginning of 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	-	-	-	-	71	(144)	-	-	70,090	-	-	-	52,757	122,774	-	122,774
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	1,595	(83,549)	144	-	144
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers legal reserves	-	-	-	-	-	-	-	-	-	-	82,098	(81,954)	-	144	-	144
11.3	Others	-	-	-	-	-	-	-	-	-	-	-	83,549	(83,549)	-	-	-
Balances at the end of Period (III+IV+...+X+XI) 30/09/2019		860,000	(587)	-	-	13,339	(520)	-	-	(13,143)	-	328,778	48,863	52,757	1,289,487	-	1,289,487

1. Tangible Assets Revaluation Reserve,

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

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

4. Exchange Differences on Translation,

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

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

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

ICBC TURKEY BANK A.Ş.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss		Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss				Profit Reserves	Prior Period Profit/ (Loss)	Current Period Profit/ (Loss)	Total Equity Attributable to Equity Holders of the Parent	Minority Shares	Total Equity	
					1	2	3	4	5	6							
CURRENT PERIOD																	
30/09/2020																	
I.	Balances at Beginning of Period	860,000	(587)	-	-	15,094	1,216	-	-	4,582	-	328,778	48,719	71,510	1,329,312	-	1,329,312
II.	Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)	860,000	(587)	-	-	15,094	1,216	-	-	4,582	-	328,778	48,719	71,510	1,329,312	-	1,329,312
IV.	Total Comprehensive Income	-	-	-	-	-	-	-	-	(8,793)	-	-	-	85,862	77,069	-	77,069
V.	Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital/ inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/ (Decrease) through Other Changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	73,922	(2,412)	(71,510)	-	-	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers legal reserves	-	-	-	-	-	-	-	-	-	-	73,922	(73,922)	-	-	-	-
11.3	Others	-	-	-	-	-	-	-	-	-	-	-	71,510	(71,510)	-	-	-
Balances at the end of Period (III+IV...+X+XI) 30/09/2020		860,000	(587)	-	-	15,094	1,216	-	-	(4,211)	-	402,700	46,307	85,862	1,406,381	-	1,406,381

1. Tangible Assets Revaluation Reserve,

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

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

4. Exchange Differences on Translation,

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

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

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

ICBC TURKEY BANK A.Ş.
**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

		THOUSANDS OF TURKISH LIRA	
		Reviewed CURRENT PERIOD (01/01/2020 - 30/09/2020)	Reviewed PRIOR PERIOD (01/01/2019 - 30/09/2019)
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	318,286	359,873
1.1.1	Interest Received	711,780	1,026,120
1.1.2	Interest Paid	(408,323)	(717,407)
1.1.3	Dividend Received	90	1
1.1.4	Fees And Commissions Received	140,618	79,053
1.1.5	Other Income	237,916	65,125
1.1.6	Collections from Previously Written-off Loans and Other Receivables	122,051	12,533
1.1.7	Cash Payments to Personnel and Service Suppliers	(193,549)	(149,047)
1.1.8	Taxes Paid	(99,876)	(59,755)
1.1.9	Other	(192,421)	103,250
1.2	Changes in Operating Assets and Liabilities Subject to Banking Operations	2,257,795	1,157,780
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss	(4,101)	(10,039)
1.2.2	Net (Increase) Decrease in due from Banks	(1,377,017)	(260,498)
1.2.3	Net (Increase) Decrease in Loans	(1,525,972)	(26,932)
1.2.4	Net (Increase) Decrease in Other Assets	(46,872)	(12,296)
1.2.5	Net Increase (Decrease) in Bank Deposits	(53,272)	(576,237)
1.2.6	Net Increase (Decrease) in Other Deposits	1,287,584	2,298,300
1.2.7	Net Increase (Decrease) in Financial Liabilities at Fair Value Through Profit or Loss	-	-
1.2.8	Net Increase (Decrease) in Funds Borrowed	3,763,089	(594,688)
1.2.9	Net Increase (Decrease) in Matured Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	214,356	340,170
I.	Net Cash Provided by Banking Operations	2,576,081	1,517,653
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Flows from Investing Activities	(3,339,140)	(275,348)
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Joint Ventures	-	-
2.2	Cash Obtained From Sale of Associates, Subsidiaries and Joint Ventures	-	-
2.3	Cash Paid For the Purchase of Tangible and Intangible Asset	53,515	(23,201)
2.4	Cash Obtained from the Sale of Tangible and Intangible Asset	473	2,049
2.5	Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	23,043	4,596
2.6	Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income	(1,902,502)	650,418
2.7	Cash Paid for Purchase of Financial Assets Measured at Amortised Cost	(1,511,523)	(890,747)
2.8	Cash Obtained from Sale of Financial Asset Measured at Amortised Cost	-	-
2.9	Other	(2,146)	(18,463)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided from Financing Activities	-	-
3.1	Cash Obtained from Loans and Securities Issued	-	-
3.2	Cash Outflow Arised From Loans and Securities Issued	-	-
3.3	Equity Investments Issued	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Lease Liabilities	-	-
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	405,865	(11,041)
V.	Net Increase / Decrease in Cash and Cash Equivalents (I+II+III+IV)	(357,194)	1,231,264
VI.	Cash and Cash Equivalents at the Beginning of Period	3,866,345	3,854,231
VII.	Cash and Cash Equivalents at the End of Period (V+VI)	3,509,151	5,085,495

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

SECTION THREE ACCOUNTING POLICIES

I. Explanations on the Basis of Presentation

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

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 the requirements of “Turkish Financial Reporting Standards” (“TFRS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) for those matters not regulated by the aforementioned legislations. Consolidated financial statements have been prepared in TL, under the historical cost convention except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial assets and liabilities at fair value through profit or loss carried at fair value and revalued buildings.

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

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

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

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

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.

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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

Transactions denominated in foreign currencies:

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

As of 30 September 2020, foreign currency denominated balances are translated into Turkish Lira at fair value through (TL Full); USD: TL 7.8080, EUR: TL 9.1281, GBP: TL 10.0309, and JPY: TL 0.0737.

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

III. Explanations on Subsidiaries and Associates

As of 30 September 2020 and 31 December 2019, the Parent Bank has no associates.

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

ICBC Yatırım, which is financial subsidiary of the Parent Bank is consolidated in the accompanying consolidated financial statements by using full consolidation method as at 30 September 2020 and 31 December 2019.

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

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

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

The financial statements, which have been used in the consolidation, are prepared as at 30 September 2020 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in same circumstances. There is no obstacle on the transfer of shareholders' equity between the Parent Bank and its subsidiary or on the reimbursement of liabilities.

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

IV. Explanations on 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 at Fair Value through Profit or Loss" in accordance with TFRS 9. The Parent Bank does not have any embedded derivatives.

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

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

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

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

V. Explanations on Interest Income and Expense

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

VI. Explanations on Fees and Commissions Income and Expense

Fees and commissions 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.

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

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

VII. Explanations on Financial Assets (Continued)

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

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

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

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

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

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

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

c. Financial Assets Measured at Amortized Cost:

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

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

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

Loans

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

VIII. Explanations on Impairment of Financial Assets

Explanation on Expected Credit Losses

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

There is no provision for impairment of equity instruments.

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

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

Stage 1: From initial recognition of a financial asset to the date on which an asset has not experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from its default occurring over the earlier of the next 12 months.

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

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 Parent Bank's claim to cash flows from specified assets
- Features that modify consideration for the time value of money

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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 "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets at Fair Value Through Other Comprehensive Income" or "financial assets measured at amortized cost" based on the Parent Bank management's intention and measured with the same valuation principles of the portfolio above. Funds received through repurchase agreements are booked in liability account under "Funds provided under repurchase agreements" 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 (31 December 2019: None).

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

XII. Explanations on Goodwill and Other Intangible Assets

There is no goodwill in the accompanying consolidated financial statements as at 30 September 2020 and 31 December 2019.

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

Intangible assets are amortized on 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 costs	The shorter of the economic life of lease term

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

In cases of the cost value of tangible assets are more than their "net realizable value", the book values of such assets are reduced to their "net realizable values" and impairment losses are recorded as expense.

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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 once a year by an independent appraisal firm accredited by BRSA and Capital Markets Board. The fair value surplus is recognized in "Revaluation Fund on Tangible Assets" within the equity items. As at 30 September 2020, revaluation surplus on tangible assets before tax amounts to TL 14,390 (31 December 2019: TL 14,390).

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

The group takes into financial statements to 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. When properties which counted as only have usage right properties are subjected to depreciation, 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 cannot be measured, they are regarded as "Contingent". If the possibility of an outflow of resources embodying economic benefits becomes probable and the amount of the obligation can be measured with sufficient reliability, a provision is recognized. A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with "the periodicity principle". If the amount of the obligation cannot be measured with sufficient reliability or the possibility of an outflow of resources embodying economic benefits is remote, such liabilities are disclosed in the notes to the consolidated financial statements.

XVI. Explanations on Contingent Assets

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

XVII. Explanations on Obligations Related to Employee Rights

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

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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 2018, 2019 and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

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

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

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

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

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

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 offsetted with related equity accounts.

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

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

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

c. Transfer Pricing:

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

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

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 V of Section Five.

XXV. Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash and balances with central banks, deposits with banks and other financial institutions, other money market placements with an original maturity of 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, Note VIII.

XXVII. Reclassifications

There are no reclassifications in the current period.

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XXVIII. Explanations on Other Matters

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

The Bank regularly monitors and updates the developments regarding the macroeconomic expectations that uses in calculating the expected credit loss within the general approach method and applies it to its models. In 2020, starting from March, the Bank evaluated the negative effects of the COVID-19 outbreak in its models by updating the macroeconomic information for the future. As a result of the COVID-19 outbreak, the expectations of macroeconomic deterioration were reflected in the expected credit loss calculation, provisions were updated at a reasonable and predictable level against possible negative effects.

The loan portfolio of the Bank is predominantly composed of few loans with high amounts. Those with a high level of credit and risk are subject to individual evaluation. The Bank reflected the reasonable and supportable information available in estimating the probability weights and cash flows of the scenarios in which it uses the possible effects of COVID 19 in calculating the expected loan loss for its loans that it is subject to individual evaluation.

BRSA Decisions No 8948, 8949 and 8950 (“Board Decisions”) have been published by the BRSA in order to reduce the negative effects of the epidemic. BRSA extended the delays envisaged for the classification of loans in these decisions and was classified as live receivables due to restructuring, and principal and / or interest payments were delayed for more than 30 days in one year or restructured once.

In addition to these measures, with the announcement dated 23 March 2020 BRSA decided to implement the following measures by 31 December 2020:

According to the Regulation on Measurement and Assessment of Capital Adequacy of Banks in the calculation of the amount subject to credit risk; buying rate of exchange which were used on the preparation of the financial statements in 31 December 2019 can be used when calculating the valued amounts in accordance with Turkish Accounting Standards (TAS) related special provision amounts of the ones that remained out of the items in foreign currency measured in historical cost from non-monetary and monetary assets.

As of 23 March 2020, if the net valuation differences of the securities owned by banks in the portfolio of “Securities at Fair Value through Other Comprehensive Income” are negative, these differences will be calculated in accordance with the Regulation on Banks' Equity and may not be taken into account used for capital adequacy ratio. However, the implementation of the existing provisions of the Regulation for “Securities at Fair Value Differences through Other Comprehensive Income” acquired after 23 March 2020 continues.

As of 23 March 2020, the impairment of the securities owned by the banks may not be taken into account in the calculation of the foreign currency net general position within the scope of the Foreign Currency Net General Position / Equity Standard Calculation and Implementation Regulation. However, the existing provisions of this Regulation continue to be applied for portfolios acquired after 23 March 2020.

The Bank has prepared its financial statements dated 30 September 2020, taking into consideration the aforementioned regulations of the BRSA.

On 5 June 2020, POA has made amendments in “TFRS 16 Leases” standard by publishing “Concession right granted for lease payments -Amendments regarding to TFRS 16” in respect of COVID-19. With this amendment, exemptions were granted to tenants to assess whether concessions, which are recognized due to COVID-19 in rent payments, have been made to the lease. The arrangement does not have a significant impact on the financial position or performance of the Bank.

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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 Group's capital adequacy ratio is 24.91% (31 December 2019: 18.71%).

Current Period	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	
Share issue premiums	(587)	
Reserves	402,700	
Gains recognized in equity as per TAS	38,872	
Profit	132,169	
Current period profit	85,862	
Prior period profit/loss	46,307	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	1,433,154	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	
Improvement costs for operating leasing	3,768	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4,624	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,634	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	

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I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued):

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets arising from temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier I Capital	10,026	
Total Common Equity Tier I Capital	1,423,128	
ADDITIONAL TIER 1 CAPITAL		
Preferred stock not included in common equity and the related share premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-

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I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued):

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
Transition from the Core Capital to Continue to deduce Components		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	3,082	
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 (-)	1,087	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	4,169	
Total Additional Tier I Capital		
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1,418,959	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	2,355,300	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)		
Provisions (1st clause of Article 8 of the Regulation on the Equity of Banks)	294,728	
Tier II Capital Before Deductions	2,650,028	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	2,650,028	
Total Capital (The sum of Tier I Capital and Tier II Capital)	4,068,987	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA	177	
Regulatory Adjustments which will be deducted from Total Capital during the transition period		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued):

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
TOTAL CAPITAL		
Total capital (The Sum of Tier I Capital and Tier II)	4,068,810	
Total risk weighted amounts	16,335,649	
CAPITAL ADEQUACY RATIOS ⁽²⁾		
Consolidated Core Capital Adequacy Ratio (%)	8.69	
Consolidated Tier 1 Capital Adequacy Ratio (%)	8.69	
Consolidated Capital Adequacy Standard Ratio (%)	24.91	
BUFFERS		
Total buffer requirement	2.73	
Capital conservation buffer requirement (%)	2.50	
Bank specific countercyclical buffer requirement (%)	0.23	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	
Amounts below the financial limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	-	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Temporary Article 4 (to be implemented between 1 January 2019 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

⁽²⁾ As of 30 September 2020, the Parent Bank has taken into consideration subordinated loan amounting TL 2,355,300 from its main shareholder, Industrial and Commercial Bank of China Limited Company, for capital adequacy calculation.

As of 30 September 2020, the Bank has calculated the amount subject to credit risk in capital adequacy calculations by taking into account the foreign currency buying rate of 31 December 2019, based on the letter of the Banking Regulation and Supervision Agency dated 23 March 2020. As of April 2020, 0% risk weights have been applied to FC receivables from central government. In addition, as of 23 March 2020, the negative net valuation differences related to the securities in the "Financial assets at Fair Value Through Other Comprehensive Income" portfolio have not been taken into account in the equity calculation. If the regulations in question were not implemented, as of 30 September 2020, the Bank's equity amount would be calculated as TL 4,042,038 and the capital adequacy standard ratio would be calculated as 18.46%.

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I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued):

Prior Period	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	
Share issue premiums	(587)	
Reserves	328,778	
Gains recognized in equity as per TAS	20,892	
Profit	120,229	
Current period's profit	71,510	
Prior period's profit	48,719	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	1,329,312	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	
Improvement costs for operating leasing	2,966	
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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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued):

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued):

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued):

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
The Sum of net long positions of investments in the 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 articles of the Regulation on Banks' Own Funds	-	
TOTAL CAPITAL ⁽²⁾		
Total capital (The Sum of Tier I Capital and Tier II)	3,208,722	
Total risk weighted items	17,154,261	
CAPITAL ADEQUACY RATIOS ⁽²⁾		
Consolidated Core Capital Adequacy Ratio (%)	7.67	
Consolidated Tier 1 Capital Adequacy Ratio (%)	7.67	
Consolidated Capital Adequacy Standard Ratio (%)	18.71	
BUFFERS		
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 (%)	-	
Amounts below the financial limits as per the Deduction principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	-	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Temporary Article 4 (to be implemented between 1 January 2019 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 debt instruments those will be included in capital calculation:

None.

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

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

Information on borrowing instruments included in equity calculation:

Lender	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
Descriptive elements of debt instrument (CUSIP, ISIN, etc.)	-
Legislation subject to debt instrument	Implementing Regulation on the Equity of Banks published in the Official Gazette dated 5 September 2013 and numbered 28756
Consideration in equity calculation	
Subject to 10% deduction as of 1 January 2015	No
Validity status on consolidated or unconsolidated basis or on both consolidated and unconsolidated basis	Consolidated and Unconsolidated Basis
Type of debt instrument	Secondary Subordinated Loan
Amount considered in the calculation of equity (as of the last reporting date)	2,355,300 TL
Nominal value of debt instrument	300 M USD
Accountable account of the debt instrument	347
Date of issuance of debt instrument Maturity structure of debt instrument (Demand / Term)	28.12.2018
Maturity structure of debt instrument (Demand / Term)	Term
Maturity of debt instrument	28.12.2028
Whether the issuer has the right of reimbursement due to BRSA approval	In the case of a regulatory cause after the 5th anniversary, the BRSA has the right to reimbursement upon approval
Reimbursement option date, contingent repayment options and refund amount	-
Subsequent reimbursement option dates	-
Interest / dividend payments	
Fixed or variable interest / dividend payments	Variable interest
Interest rate and interest rate index value	6 M USD LIBOR +1.75%
Whether there are any restrictions that stop the payment of dividends	Payable in accordance with BRSA communiqués and regulations
Fully optional, partially optional or mandatory	Mandatory
Whether there is an element that will encourage repayment, such as interest rate increases	-
Being non-cumulative or cumulative	Non-cumulative
Convertible to stock	
Triggering events / events that can cause conversion if they can be converted to a stock	-Elimination of activity permit -Possibility of transfer to SDIF -In the event of regulatory reason, the decision of BRSA will be converted to share
Full or partial conversion if convertible	Subject to BRSA approval fully or partially
If convertible, conversion rate	Subject to BRSA approval and convertible
If forced to convert to stock, forced or optional conversion feature	Subject to BRSA approval
Convertible vehicle types if converted to stock	Stock
Issuer of a debt instrument to be converted	-
Value reduction feature	
Trigger events / events that will cause a reduction if it has a value reduction feature	-
Total or partial value reduction if value reduction is available	-
Continuous or transient feature	-
Value increment mechanism if the value can be temporarily reduced	-
In the case of the right to take in the case of liquidation in the order of the right (the vehicle just above this debt instrument)	Before the borrowing instruments to be included in the calculation of the additional capital of the owner to the owner, after the depositors and all other debts
Whether the banks do not have the requirements of Articles 7 and 8 of the Regulation on Shareholders' Equity	Although it has all the requirements of Article 8, it does not meet the requirements of Article 7
Which of the requirements of the articles 7 and 8 of the Regulation on Equity of Banks are not	Although it has all the requirements of Article 8, it does not meet the requirements of Article 7

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

II. Explanations and Footnotes on Consolidated Foreign Currency Exchange Rate Risk

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

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

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

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

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

	23.09.2020	24.09.2020	25.09.2020	28.09.2020	29.09.2020	30.09.2020
USD	7.6251	7.6570	7.6630	7.5546	7.7507	7.8080
GBP	9.7466	9.7185	9.7419	9.6166	9.9373	10.0309
EURO	8.9553	8.9590	8.9277	8.8050	9.0268	9.1281
JPY	0.0728	0.0727	0.0726	0.0715	0.0734	0.0737

The basic arithmetical average of the Parent Bank's foreign exchange bid rates for the last thirty days ending 30 September 2020 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	7.5079
GBP	9.7381
EURO	8.8551
JPY	0.0709

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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

Information on consolidated foreign currency exchange rate risk:

30 September 2020	EURO	USD	OTHER FC	TOTAL
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey ⁽¹⁾	21,212	3,582,160	1,201	3,604,573
Banks	95,624	1,749,467	92,295	1,937,386
Financial assets at fair value through profit or loss	-	-	-	-
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	14,578	3,035,740	-	3,050,318
Loans ⁽³⁾	4,801,879	3,450,387	-	8,252,266
Investment and associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortized cost	-	3,816,612	-	3,816,612
Hedging derivative financial assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	347	8,597	210	9,154
Total assets ^{(2) (3) (7)}	4,933,640	15,642,963	93,706	20,670,309
Liabilities				
Interbank deposits	8,672	782	19,633	29,087
Foreign currency deposits	2,089,364	6,964,077	131,398	9,184,839
Fund provided from money market	-	-	-	-
Funds provided from other financial institutions	1,827,498	8,436,601	-	10,264,099
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities held for hedging	-	-	-	-
Other liabilities	774,003	70,242	14,574	858,819
Total liabilities ^{(2) (6) (8)}	4,699,537	15,471,702	165,605	20,336,844
Net On Balance Sheet Position	234,103	171,261	(71,899)	333,465
Net Off Balance Sheet Position	(919,925)	881,226	74,816	36,117
Financial Derivatives Assets ⁽⁵⁾	37,425	952,214	101,578	1,091,217
Financial Derivatives Liabilities ⁽⁵⁾	957,350	70,988	26,762	1,055,100
Non-cash Loans ⁽⁴⁾	2,915,292	5,848,903	47,289	8,811,484
31 December 2019				
Total Assets ^{(2) (3) (7)}	3,543,013	10,810,265	21,457	14,374,735
Total Liabilities ^{(2) (6) (8)}	2,832,504	10,789,025	88,778	13,710,307
Net On Balance Sheet Position	710,509	21,240	(67,321)	664,428
Net Off Balance Sheet Position	(623,421)	135,000	70,249	(418,172)
Financial Derivatives Assets ⁽⁵⁾	665	588,028	85,296	673,989
Financial Derivatives Liabilities ⁽⁵⁾	624,086	453,028	15,047	1,092,161
Non-cash Loans ⁽⁴⁾	2,133,845	4,260,459	20,499	6,414,803

⁽¹⁾ As of 30 September 2020 and 31 December 2019, the Group does not have precious metals balancing in CBRT accounts.

⁽²⁾ As of 30 September 2020, accrual differences of derivative transactions presented in "Derivative Financial Assets at Fair Value Through Profit or Loss" and "Derivative Financial Liabilities at Fair Value Through Profit or Loss" amounting to TL 8,348 and TL 592 respectively (31 December 2019: TL 151 and TL 3,864) are not included in the table.

⁽³⁾ As of 30 September 2020, "Loans" balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 4,624 (31 December 2019: TL 102,561).

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

⁽⁵⁾ As of 30 September 2020, value dated FX buying and FX selling transactions amounting to TL 9,518 and TL 13,539 respectively, presented under "Asset Purchase and Sale Commitments" of off-balance sheet items are included (31 December 2019: TL 7,572 and TL 4,613).

⁽⁶⁾ As of 30 September 2020, "Valuation Differences of Securities" amounting to TL (8,137) (31 December 2019: TL 7,315) which is classified under shareholders' equity, is not included.

⁽⁷⁾ As of 30 September 2020, assets amounting to TL 264,997 (31 December 2019: TL 97,770) is not included "Expected Loss Provisions".

⁽⁸⁾ As of 30 September 2020, liabilities amounting to TL 49,247 (31 December 2019: TL 36,053) is not included "Other Provisions".

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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

The table below demonstrates prospective increase and decrease in equity and profit/loss as at 30 September 2020 and 31 December 2019 (excluding tax effect) on condition that 10 percent revaluation/devaluation of the foreign currencies below against TL. This analysis has been prepared assuming that other variables, particularly interest rates, remain constant.

	30 September 2020				31 December 2019			
	Statement of Profit or loss		Equity ⁽¹⁾		Statement of Profit or loss		Equity ⁽¹⁾	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	105,249	(105,249)	105,249	(105,249)	15,624	(15,624)	15,624	(15,624)
EURO	(68,582)	68,582	(68,582)	68,582	8,709	(8,709)	8,709	(8,709)
Other FC	292	(292)	292	(292)	293	(293)	293	(293)
Total	36,959	(36,959)	36,959	(36,959)	24,626	(24,626)	24,626	(24,626)

⁽¹⁾ Equity effect includes income statement effect in the table.

III. Explanations and Footnotes on Consolidated Interest Rate Risk

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

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

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

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

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing ⁽¹⁾	Total
30 September 2020							
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the CBRT	3,548,346	-	-	-	-	77,597	3,625,943
Banks	798,482	892,619	-	-	-	262,049	1,953,150
Financial assets at fair value through profit or loss	7,571	188	603	-	-	20,726	29,088
Money market placements	8,628	-	-	-	-	-	8,628
Financial assets at fair value through other comprehensive income	2,303	2,543,386	815,114	251,535	73,319	14,578	3,700,235
Loans	1,689,142	1,712,316	4,936,503	1,344,410	804,695	-	10,487,066
Financial assets measured at amortized cost	160,466	210,977	1,328,433	2,683,359	145,317	-	4,528,552
Other assets	18	-	-	-	-	(43,597)	(43,579)
Total assets	6,214,956	5,359,486	7,080,653	4,279,304	1,023,331	331,353	24,289,083
Liabilities							
Bank Deposits	4,801	-	-	-	-	118,381	123,182
Other Deposits	8,375,660	1,590,495	145,195	4,041	-	958,561	11,073,952
Money Market Borrowings	180,752	-	-	-	-	-	180,752
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	868,538	2,355,854	6,642,210	412,153	-	-	10,278,755
Other Liabilities	883,739	485	70	-	-	1,748,148	2,632,442
Total Liabilities	10,313,490	3,946,834	6,787,475	416,194	-	2,825,090	24,289,083
Balance Sheet Long Position	-	1,412,652	293,178	3,863,110	1,023,331	-	6,592,271
Balance Sheet Short Position	(4,098,534)	-	-	-	-	(2,493,737)	(6,592,271)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(4,098,534)	1,412,652	293,178	3,863,110	1,023,331	(2,493,737)	-

⁽¹⁾ Tangible and intangible assets amounting to TL 115,373, tax assets amounting to TL 86,466, expected loss provisions amounting to TL (330,212) and other assets amounting to TL 84,776, are included in other assets line in the interest-free column; provisions amounting to TL 152,347, tax liability of TL 21,820, other liabilities amounting to TL 167,600 and shareholders' equity amounting to TL 1,406,381 are presented in other liabilities as non-interest bearing.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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

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

	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non-Interest Bearing ⁽¹⁾	Total
31 December 2019							
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	1,781,633	-	-	-	-	291,822	2,073,455
Banks	1,685,168	-	-	-	-	152,866	1,838,034
Financial Assets at Fair Value Through Profit or Loss	582	86	1	-	-	16,613	17,282
Money Market Placements	662,583	-	-	-	-	-	662,583
Financial Assets at Fair Value Through Other Comprehensive Income	626,834	134,879	530,535	395,465	105,936	10,057	1,803,706
Loans	1,204,729	3,190,978	2,365,710	1,471,340	899,672	-	9,132,429
Financial Assets Measured at Amortized Cost	113,727	218,574	335,385	2,111,294	112,247	-	2,891,227
Other Assets ⁽¹⁾	2	-	-	-	-	(27,237)	(27,235)
Total Assets	6,075,258	3,544,517	3,231,631	3,978,099	1,117,855	444,121	18,391,481
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
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
Total Liabilities	8,761,557	2,942,997	2,545,948	1,836,705	-	2,304,274	18,391,481
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	-	-	-	-	-	-	-
Total Position	(2,686,299)	601,520	685,683	2,141,394	1,117,855	(1,860,153)	-

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

Interest rates applied to monetary financial instruments:

	EURO%	USD%	JPY%	TL%
30 September 2020 ⁽¹⁾				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	-
Banks	-	0.20	-	-
Financial Assets at Fair Value Through Profit or Loss	-	5.43	-	-
Interbank Money Market Placements	-	-	-	8.90
Financial Assets at Fair Value Through Other Comprehensive Income	-	4.87	-	13.82
Loans	3.35	3.73	-	12.80
Financial Assets Measured at Amortised Cost	-	6.51	-	3.38
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	0.29	1.89	0.01	11.50
Money Market Borrowings	-	-	-	-
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0.33	2.56	-	9.11

⁽¹⁾ Stated at compound interest rates.

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

⁽¹⁾ Stated at compound interest rates.

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IV. Explanations 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.

According to BRSA's resolution dated 18 April 2020, and the second paragraph of Article 43 and 93 of the Banking Law (Law) No. 5411, it has been decided that the Banks shall calculate Asset Ratio (AR) on a weekly basis, and as of the end of each month, the monthly average of the Asset Ratio should not fall below 100% for deposit banks and below 80% for participation banks. In accordance with subparagraph (a) of the first paragraph of Article 148 of the Law, as of the end of the relevant month, it was decided to calculate the excess amount that constitutes a contradiction to be taken as the amount of change in the share that will bring the ratio to 100% and 80%, respectively, for banks with an active ratio below 100% and participation banks below 80%. This regulation is valid as of 1 May 2020.

With the decision taken on 10 August 2020, as of 01.08.2020, it has been decided the AR, which have been changed to 95% for deposit banks and 75% for participation banks.

According to the data reported to the BRSA, as of 31 March 2020, banks with a total of Turkish Lira (TL) Deposits + Foreign Currency (FX) Deposits below TL 25 billion, excluding bank deposits, have been given time to comply with this regulation until 31 December 2020. The Bank is exempt from the relevant regulation as of the reporting period until the end of the year.

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

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

Liquidity Coverage Ratios		FC Liquidity Coverage Ratio		Total Liquidity Coverage Ratio
30 September 2020		508.46%		485.82%
Average		516.01%		577.86%
	Min FC (%)	Min Sum (%)	Max FC (%)	Max Sum (%)
Month	11 September 2020	3 September 2020	20 August 2020	24 July 2020
Ratio (%)	445.16%	472.12%	591.68%	664.83%
30 September 2020		Unweighted Amounts⁽²⁾		Weighted Amounts⁽²⁾
		TL+FC	FC	TL+FC
				FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets				6,567,422
				5,132,117
CASH OUTFLOWS				
Retail and Small Business Customers Deposits		5,020,608	3,515,348	457,231
Stable deposits		896,598	4,148	44,830
Less stable deposits		4,124,010	3,511,200	412,401
Unsecured Funding other than Retail and Small Business Customer Deposits		6,798,586	6,202,027	2,950,260
Operational Deposits		1,585	-	221
Non-Operational Funding		6,476,098	6,055,134	2,657,434
Other Unsecured Funding		320,903	146,893	292,605
Secured funding		-	-	-
Other Cash Outflows		1,002,609	924,835	907,035
Liquidity needs related to derivatives and market valuation changes on derivatives transactions		843,319	813,448	843,319
Debts related to the structured financial products		-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities		159,290	111,387	63,716
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments		162,744	139,155	8,137
Other irrevocable or conditionally revocable commitments		2,203,318	1,850,928	221,716
TOTAL CASH OUTFLOWS				4,544,379
				3,984,812
CASH INFLOWS				
Secured Lending Transactions		-	-	-
Unsecured Lending Transactions		3,353,893	3,129,894	3,284,826
Other Contractual Cash Inflows		795,032	786,207	795,032
TOTAL CASH INFLOWS				4,079,858
				3,909,597
				Upper Limit Applied Accounts
TOTAL HIGH LIQUIDITY ASSETS				6,567,422
TOTAL NET CASH OUTFLOWS ⁽¹⁾				1,136,095
LIQUIDITY COVERAGE RATIO (%)				578.07%
				515.17%

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

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

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

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

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

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

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

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IV. Explanations and Footnotes on Consolidated Liquidity Risk (Continued)
Presentation of assets and liabilities according to their remaining maturities:

30 September 2020	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 Years	5 years and over	Undist. ⁽¹⁾	Total
Assets								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,547,383	2,078,560	-	-	-	-	-	3,625,943
Banks	262,049	743,728	947,373	-	-	-	-	1,953,150
Financial Assets at Fair Value Through Profit or Loss	20,726	7,571	188	603	-	-	-	29,088
Interbank Money Market Placements	-	8,628	-	-	-	-	-	8,628
Financial Assets at Fair Value Through Other Comprehensive Income	14,577	-	-	668,298	2,944,042	73,318	-	3,700,235
Loans	-	546,164	457,825	2,832,584	3,488,713	3,161,780	-	10,487,066
Financial Assets Measured at Amortised Cost	-	80,504	-	1,147,219	3,155,513	145,316	-	4,528,552
Other Assets	-	72,279	3,331	4,320	488	86,339	(210,336)	(43,579)
Total Assets	1,844,735	3,537,434	1,408,717	4,653,024	9,588,756	3,466,753	(210,336)	24,289,083
Liabilities								
Bank Deposits	118,381	4,801	-	-	-	-	-	123,182
Other Deposits	958,561	8,375,660	1,590,495	145,195	4,041	-	-	11,073,952
Funds Borrowed from Other Financial Institutions	-	474,965	554	4,685,198	2,762,738	2,355,300	-	10,278,755
Interbank Money Markets	-	180,752	-	-	-	-	-	180,752
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	10,075	12,500	2,670	31,565	40,266	2,535,366	2,632,442
Total Liabilities	1,076,942	9,046,253	1,603,549	4,833,063	2,798,344	2,395,566	2,535,366	24,289,083
Net Liquidity Gap	767,793	(5,508,819)	(194,832)	(180,039)	6,790,412	1,071,187	(2,745,702)	-
Net off balance sheet position	-	7,535	(14)	598	-	-	-	8,119
Derivative financial assets ⁽³⁾	-	708,576	305,815	87,210	-	-	-	1,101,601
Derivative financial liabilities ⁽³⁾	-	701,041	305,829	86,612	-	-	-	1,093,482
Non-cash loans ⁽²⁾	707,185	184,037	126,946	727,565	6,272,433	1,651,541	-	9,669,707
31 December 2019								
Total Assets	1,312,026	4,789,404	1,444,637	2,478,484	6,448,521	2,010,713	(92,304)	18,391,481
Total Liabilities	691,949	8,008,950	1,449,995	469,392	3,677,584	1,818,293	2,275,318	18,391,481
Net Liquidity Gap	620,077	(3,219,546)	(5,358)	2,009,092	2,770,937	192,420	(2,367,622)	-
Net off balance sheet position	-	(2,236)	51	(34)	-	-	-	(2,219)
Derivative financial assets ⁽³⁾	-	1,062,581	29,148	3,554	-	-	-	1,095,283
Derivative financial liabilities ⁽³⁾	-	1,064,817	29,097	3,588	-	-	-	1,097,502
Non-cash loans ⁽²⁾	863,011	263,979	110,602	603,120	1,864,379	3,282,317	-	6,987,408

⁽¹⁾ The balance sheet is composed of TL 115,373 of tangible and intangible assets, TL 1,085 of the stationary supplies, TL 3,418 of assets held for sale, TL (330,212) of expected loss provisions and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 152,347, other liabilities amounting to TL 976,638 and equity amounting to TL 1,406,381 are included here.

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

⁽³⁾ As of 30 September 2020, the spot purchase transactions amounting to TL 16,639 which are shown under TL Forward Asset Commitment / Sale Commitments account in the off-balance sheet accounts are included in the receivables from derivative financial instruments and valued spot foreign exchange transactions amounting to TL 16,649 are included in liabilities of derivative financial instruments (31 December 2019 : TL 7,573 and TL 7,587).

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V. Explanations on Consolidated Leverage Ratio

Consolidated leverage ratio of the Parent Bank calculated based on 3 months average amounts is 4.33% as at 30 September 2020 (31 December 2019 : 5.39%). This rate is above the minimum rate.

	Current Period 30 September 2020 ⁽¹⁾	Prior Period 31 December 2019 ⁽¹⁾
On-Balance sheet exposures		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	23,419,324	17,363,797
(Assets amounts deducted in determining Tier 1 capital)	177	181
Total on-Balance sheet exposures	23,419,147	17,363,616
Derivative financial instruments and credit derivatives		
Replacements cost of derivative financial instruments and credit derivatives	-	-
Potential credit risk of derivative financial instruments and credit derivatives	21,672	7,724
Total derivative financial instruments and credit derivatives exposure	21,672	7,724
Securities financial instruments and credit derivatives		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	290,996	538
Agent transaction exposure	-	-
Total securities financing transactions exposures	290,996	538
Off-balance sheet items		
Off-balance sheet exposure at gross notional amount	9,501,149	7,045,035
(Adjustments for conversions to credit equivalent amounts)	-	-
Total risk of off-balance sheet items	9,501,149	7,045,035
Capital and total exposure		
Tier 1 capital	1,440,172	1,316,229
Total exposures	33,232,963	24,416,914
Leverage ratio	4.33%	5.39%

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

VI. Explanations on Consolidated Securitization Position Risk

As at 30 September 2020 and 31 December 2019, the Group has no share position risk arising from banking accounts.

VII. 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 chances to Asset-Liability Committee and Audit Committee.

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

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VII. Explanations on Consolidated Risk Management (Continued)
1. General Information on Consolidated Risk Management and Risk Weighted Amounts:

a) Overview of RWA:

		Risk Weighted Amount		Minimum capital requirement
		Current Period 30 September 2020	Prior Period 31 December 2019	Current Period 30 September 2020
1	Credit risk (excluding counterparty credit risk) (CCR)	14,846,373	15,881,894	1,187,710
2	Standardised approach (SA)	14,846,373	15,881,894	1,187,710
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	20,097	143,657	1,608
5	Standardised approach for counterparty credit risk (SA-CCR)	20,097	143,657	1,608
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies - look-through approach	-	-	-
9	Investments made in collective investment companies - mandate-based approach	-	-	-
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	515,275	359,607	41,222
17	Standardised approach (SA)	515,275	359,607	41,222
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	953,904	769,103	76,312
20	Basic Indicator Approach	953,904	769,103	76,312
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	16,335,649	17,154,261	1,306,852

2. Explanation of credit risk:

a) 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	10,368,501	46,792	55,126	28,019	28,019	-	-
2	Debt Instruments	8,224,540	-	-	-	-	-	-
3	Total	18,593,041	46,792	55,126	28,019	28,019	-	-
4	Of which defaulted	43,754	-	-	-	-	-	-

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VII. Explanations on Consolidated Credit Risk Management (Continued)

2. Explanation of credit risk (Continued):

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

To determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", international rating firm Japan Credit Rating Agency (JCR) is started to be used as a result of rotation with 31 October 2016 instead Fitch Ratings' external risk ratings which had been used since 31 December 2012. In this context, the note set for Turkey's rating countries of long-term foreign currency, foreign currency bond issued by Treasury of the Republic of Turkey, all other foreign currency risk associated with the Republic of Turkey Central Government and assess to corresponding risk weights with limited to receivables the opposite side from foreign banks. Rating notes issued by JCR and corresponding Fitch Ratings are presented in the table below:

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

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

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

		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Risk Classifications		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Claims on sovereigns and Central Banks	6,270,974	-	6,270,974	-	27,203	0%
2	Claims on regional governments or local authorities	28,019	-	28,019	-	-	0%
3	Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	0%
4	Claims on multilateral development banks	-	-	-	-	-	0%
5	Claims on international organizations	-	-	-	-	-	0%
6	Claims on banks and intermediary institutions	6,164,933	3,288,645	6,164,933	2,740,090	5,488,225	37%
7	Claims on corporates	5,229,265	4,017,038	5,229,265	3,206,779	8,229,087	55%
8	Claims included in the regulatory retail portfolios	93,023	100,629	93,023	20,311	76,548	1%
9	Claims secured by residential property	391,726	1,420	391,726	284	137,021	1%
10	Claims secured by commercial property	1,191,898	220,100	1,191,898	109,925	703,177	5%
11	Overdue loans	7,853	-	7,853	-	8,669	0%
12	Higher risk categories decided by the Board	-	-	-	-	-	0%
13	Secured by mortgages	-	-	-	-	-	0%
14	Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	0%
15	Undertakings for collective investments in mutual funds	-	-	-	-	-	0%
16	Other receivables	271,389	-	271,389	-	195,835	1%
17	Equity share investments	-	-	-	-	-	0%
18	Total	19,649,080	7,627,832	19,649,080	6,077,389	14,865,765	100%

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

VII. Explanations on Consolidated Credit Risk Management (Continued)

2. Explanation of credit risk (Continued):

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

Risk weight / Risk Classifications	0%	10%	20%	50% (Guaranteed with Real Estate Mortgage)	75%	100%	150%	Others	Total Risk Amount (After Credit Conversion Rate and Credit Risk Reduction)
Exposures to central governments or central banks	6,216,569	-	-	54,405	-	-	-	-	6,270,974
Exposures to regional governments or local authorities	-	-	-	28,019	-	-	-	-	28,019
Exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organisations	-	-	-	-	-	-	-	-	-
Exposures to banks and institutions	17,113	-	1,247,905	4,809,487	-	2,830,518	-	-	8,905,023
Exposures to corporates	-	-	-	279,645	-	8,156,399	-	-	8,436,044
Retail exposures	-	-	-	-	113,334	-	-	-	113,334
Exposures secured by residential property	-	-	-	-	-	-	-	392,010	392,010
Exposures secured by commercial real estate	-	-	-	1,197,292	-	104,531	-	-	1,301,823
Overdue loans	-	-	-	71	-	6,079	1,703	-	7,853
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-
Other receivables	75,554	-	-	-	-	195,835	-	-	271,389
Equity share investments	-	-	-	-	-	-	-	-	-
Total	6,309,236	-	1,247,905	6,368,919	113,334	11,293,362	1,703	392,010	25,726,469

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VII. Explanations on Consolidated Credit Risk Management (Continued)
3. Analysis of counterparty credit risk (CCR) exposure by approach

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

30 September 2020	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)	8,376	10,604	-	1.4	18,980	14,482
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	-	-	-	-	112,400	1,118
Total	8,376	10,604	-	-	131,380	15,600

b) Credit valuation adjustment (CVA) capital charge:

30 September 2020	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	14,482	276
4 Total subject to the CVA capital charge	14,482	276

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VII. Explanations on Consolidated Credit Risk Management (Continued)
3. Analysis of counterparty credit risk (CCR) exposure by approach (Continued):

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

Risk Weight /Regulatory Portfolio	0%	10%	20%	50%	75%	100%	150%	Others	Total Credit Risk ⁽¹⁾
Claims from central governments and central banks	33,038	-	-	-	-	-	-	-	-
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	-	-	-	-	-	14,482	-	-	14,482
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	-	-	-	-	-	-	-	-	-
Total	33,038	-	-	-	-	14,482	-	-	14,482

⁽¹⁾ 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 A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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VII. Explanations on Consolidated Credit Risk Management (Continued)**4. Securitization Explanations:** None.**5. Explanations on Market Risk**

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

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

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

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

6. Market risk disclosures**a) Standard Approach:**

	RWA
Outright products	
1 Interest rate risk (general and specific)	18,600
2 Equity risk (general and specific)	102,563
3 Foreign exchange risk	394,112
4 Commodity risk	-
Options	
5 Simplified approach	-
6 Delta-plus method	-
7 Scenario approach	-
8 Securitization	-
9 Total	515,275

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

VIII. Explanations and Footnotes on Consolidated Segment Reporting

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

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

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

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

Information related to the Group's segments:

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

30 September 2020	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group's Total Operations
Operating Income	68,025	325,371	281,412	674,808
Net profit of segment	25,119	280,309	(190,598)	114,830
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	25,119	280,309	(190,598)	114,830
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	25,119	280,309	(190,598)	114,830
Tax provision (-)	-	-	28,968	28,968
Profit / (Loss) after tax	25,119	280,309	(219,566)	85,862
Net Profit/ (Loss)	25,119	280,309	(219,566)	85,862
Segment assets ⁽¹⁾	557,866	12,459,127	11,272,090	24,289,083
Associate and subsidiaries	-	-	-	-
Total Assets	557,866	12,459,127	11,272,090	24,289,083
Segment liabilities ⁽¹⁾	5,400,889	6,142,380	11,339,433	22,882,702
Equity	-	-	1,406,381	1,406,381
Total Liabilities	5,400,889	6,142,380	12,745,814	24,289,083
Other Segment Items	1,267	12,066	166,503	179,836
Capital expenditure	-	-	(59,314)	(59,314)
Amortization	981	755	25,761	27,497
Impairment losses ⁽²⁾	286	11,311	200,056	211,653

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 52% for corporate banking, 2% for retail banking, 46% 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 48%, 42%, and 10%, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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

30 September 2019	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group's Total Operations
Operating Income	24,243	209,559	187,655	421,457
Net profit of segment	(15,529)	88,390	12,581	85,442
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	(15,529)	88,390	12,581	85,442
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	(15,529)	88,390	12,581	85,442
Tax provision (-)	-	-	32,685	32,685
Profit / (Loss) after tax	(15,529)	88,390	(20,104)	52,757
Net Profit/(Loss)	(15,529)	88,390	(20,104)	52,757
Segment Assets ⁽¹⁾	702,483	7,070,069	9,911,189	17,683,741
Associates and Subsidiaries	-	-	-	-
Total Assets	702,483	7,070,069	9,911,189	17,683,741
Segment Liabilities ⁽¹⁾	5,176,942	4,590,358	6,626,954	16,394,254
Equity	-	-	1,289,487	1,289,487
Total Liabilities	5,176,942	4,590,358	7,916,441	17,683,741
Other Segment Items	1,101	87,732	25,192	114,025
Capital Investment	-	-	21,171	21,171
Amortization	639	609	23,387	24,635
Value Decrease ⁽²⁾	462	87,123	(19,366)	68,219

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in prior period as; 40% for corporate banking, 4% for retail banking, 56% 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 50%, 44%, and 6%, respectively.

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

(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 balances with the Central Bank of the Republic of Turkey:****a) Cash and balances with the Central Bank of the Republic of Turkey:**

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Cash	16,297	61,258	15,274	37,085
Central Bank of the Republic of Turkey (CBRT) ⁽¹⁾	5,073	3,543,315	120,143	1,900,953
Others	-	-	-	-
Total	21,370	3,604,573	135,417	1,938,038

⁽¹⁾ As at 30 September 2020 and 31 December 2019, the Parent Bank does not keep precious metals as reserve deposits at CBRT.**b) Information related to the account of the Central Bank of Turkey:**

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Unrestricted Demand Deposits ⁽¹⁾	5,073	1,464,756	120,143	959,988
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	2,078,559	-	940,965
Total	5,073	3,543,315	120,143	1,900,953

⁽¹⁾ As at 30 September 2020 and 31 December 2019, the Parent Bank does not keep precious metals as reserve deposits at CBRT.**c) Explanation related to reserve deposits:**

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

The reserve rates for TL liabilities vary between 1% and 7% due their maturity profile as at 30 September 2020 (31 December 2019: between 1% and 7%); the reserve rates for foreign currency liabilities vary between 8% and 24% (31 December 2019: between 5% and 21%).

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

As at 30 September 2020 and 31 December 2019, the financial assets at fair value through profit or loss are kept under unrestricted account.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

(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) (Continued):

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

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

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Forward transactions	14	52	324	116
Swap transactions	-	8,261	171	35
Futures transactions	-	-	-	-
Options	-	35	23	-
Other	-	-	-	-
Total	14	8,348	518	151

3. Information on banks:

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Banks				
Domestic	15,764	1,693,787	1,115	1,691,394
Foreign	-	243,599	-	145,525
Foreign Offices and Branches	-	-	-	-
Total	15,764	1,937,386	1,115	1,836,919

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:

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Given as collateral or blocked	288,796	189,472	704,702	191,784
Subject to repurchase agreements	-	-	-	-
Total	288,796	189,472	704,702	191,784

As of 30 September 2020, financial assets at fair value through other comprehensive income other than those given as collaterals or subject to repurchase agreements amounting to TL 3,221,968 are unrestricted (31 December 2019: TL 907,220).

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

	30 September 2020	31 December 2019
Debt instruments	3,717,531	1,848,637
Listed	841,153	1,373,848
Unlisted	2,876,378	474,789
Equity instruments	14,577	10,057
Listed	2,667	-
Unlisted	11,910	10,057
Impairment provision (-) / charge (+)	31,873	54,988
Total	3,700,235	1,803,706

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FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

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

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

	30 September 2020		31 December 2019	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	1,093,801	-	567,918
Corporate shareholders	-	1,093,801	-	567,918
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	3,852	-	2,782	-
Total	3,852	1,093,801	2,782	567,918

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

Cash Loans	Loans Under Close Monitoring			
	Standard Loans	Loans Not Subject to restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	9,809,377	351,424	265,024	17,488
Enterprise loans	-	-	265,007	17,100
Export loans	652,350	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	3,670,757	-	-	-
Consumer loans	514,484	4,939	17	388
Credit cards	15,406	49	-	-
Other	4,956,380	346,436	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	9,809,377	351,424	265,024	17,488

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

I. Explanations and Footnotes on Consolidated Assets (Continued)

5. Information related on loans (Continued):

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

	30 September 2020		31 December 2019	
	Standard Loans	Loans under close monitoring	Standard Loans	Loans under close monitoring
Allowances for Expected Credit Losses on Stage 1 and 2				
12 Months Expected Loss Provision	79,772	-	43,362	-
Significant Increase in Credit Risk	-	199,946	-	48,823
Total	79,772	199,946	43,362	48,823

	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Number of Amendments Related to the Extension of the Payment Plan		
Extended by 1 or 2 Times	9,671	282,308
Extended by 3, 4 or 5 Times	-	-
Extended by More than 5 Times	-	-

	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
The Time Extended via the Amendment on Payment Plan		
Up to 6 Months	6,431	216,506
6 Months - 12 Months	371	43,380
1-2 Years	832	8,947
2-5 Years	1,539	13,475
5 Years and Over	498	-

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

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

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

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans – TL	6,876	520,801	527,677
Mortgage Loans	-	407,667	407,667
Automotive Loans	-	5,054	5,054
Consumer Loans	6,876	108,080	114,956
Other	-	-	-
Consumer Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards – TL	12,864	-	12,864
With Installment	3,308	-	3,308
Without Installment	9,556	-	9,556
Consumer Credit Cards – FC	273	-	273
With Installment	-	-	-
Without Installment	273	-	273
Personnel Loans – TL	511	2,057	2,568
Mortgage Loans	-	202	202
Automotive Loans	-	-	-
Consumer Loans	511	1,855	2,366
Other	-	-	-
Personnel Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards – TL	1,238	-	1,238
With Installment	482	-	482
Without Installment	756	-	756
Personnel Credit Cards – FC	46	-	46
With Installment	-	-	-
Without Installment	46	-	46
Credit Deposit Account – TL (Real Person)	3,415	-	3,415
Credit Deposit Account – FC (Real Person)	-	-	-
Total	25,223	522,858	548,081

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

I. Explanations and Footnotes on Consolidated Assets (Continued)

5. Information related on loans (Continued):

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

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

ICBC TURKEY BANK A.Ş.
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

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

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

Current Period	Short Term	Medium and Long Term	Total
Commercial Installment Loans – TL	9	262,915	262,924
Business Residential Loans	-	-	-
Automotive Loans	-	3	3
Consumer Loans	9	237,749	237,758
Other	-	25,163	25,163
Commercial Installment Loans – Indexed to FC	-	4,624	4,624
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	4,624	4,624
Other	-	-	-
Commercial Installment Loans – FC	4,968	1,687,177	1,692,145
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	4,968	1,687,177	1,692,145
Other	-	-	-
Corporate Credit Cards – TL	933	-	933
With Installment	102	-	102
Without Installment	831	-	831
Corporate Credit Cards – FC	109	-	109
With Installment	-	-	-
Without Installment	109	-	109
Credit Deposit Account – TL (Legal Entity)	-	-	-
Credit Deposit Account – FC (Legal Entity)	-	-	-
Total	6,019	1,954,716	1,960,735

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

ICBC TURKEY BANK A.Ş.
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

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

e) Domestic and foreign loans:

	30 September 2020	31 December 2019
Domestic loans	9,700,531	8,438,533
Foreign loans	786,535	693,896
Total	10,487,066	9,132,429

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

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

	30 September 2020	31 December 2019
Loans and Receivables with Limited Collectibility	1	142
Loans and Receivables with Doubtful Collectibility	5,927	86,827
Uncollectible Loans and Receivables	29,972	26,697
Total	35,900	113,666

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

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

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
Current period			
Gross amounts before the specific reserves	-	-	742
Restructured Loans and other receivables	-	-	742
Prior period			
Gross amounts before the specific reserves	-	-	998
Restructured Loans and other receivables	-	-	998

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

	Group III Loans with Limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
Prior Period End Balance	448	133,177	34,428
Additions (+)	8,159	3,974	2,198
Transfers from Other Categories of Non- Performing Loans(+)	-	8,537	2,599
Transfers to Other Categories of Non-Performing Loans (-)	8,537	2,599	-
Collections (-)	69	117,692	4,290
Write-offs (-)	-	16,580	-
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balances at End of the Period	1	8,817	34,935
Provisions (-)	1	5,927	29,972
Net Balance on Balance Sheet	-	2,890	4,963

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

I. Explanations and Footnotes on Consolidated Assets (Continued)

5. Information related on loans (Continued):

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

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

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
Current Period (Net)	-	2,890	4,963
Loans Allowed to Real Persons and Corporate Entities (Gross)	1	8,817	34,935
Provision Amount (-)	1	5,927	29,972
Loans Allowed to Real Persons and Corporate Entities (Net)	-	2,890	4,963
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
Prior Period (Net)	306	46,350	7,731
Loans Allowed to Real Persons and Corporate Entities (Gross)	448	133,177	34,428
Provision Amount (-)	142	86,827	26,697
Loans Allowed to Real Persons and Corporate Entities (Net)	306	46,350	7,731
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

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

	Group III Loans with Limited Collectibility	Group IV Loans with doubtful Collectibility	Group V Uncollectible Loans
Current period (Net)	-	(4,328)	(4,907)
Interest accruals and rediscounts and valuation differences	-	1,528	7,256
Provision amount (-)	-	5,856	12,163
Prior period (Net)	-	(77,078)	(3,713)
Interest accruals and rediscounts and valuation differences	-	9,563	5,956
Provision amount (-)	-	86,641	9,669

i) 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.

j) 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 A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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:

	30 September 2020	31 December 2019
Government Bonds	3,270,603	1,946,244
Treasury bills	-	-
Other public sector debt securities	-	-
Total	3,270,603	1,946,244

c) Information on financial assets at amortized cost:

	30 September 2020	31 December 2019
Debt instruments	4,402,750	2,791,719
Listed	-	-
Unlisted	4,402,750	2,791,719
Impairment provision ⁽¹⁾	125,802	99,508
Total	4,528,552	2,891,227

⁽¹⁾ Consists of change in interest accruals.

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

	30 September 2020	31 December 2019
Beginning balance	2,889,131	1,380,504
Foreign currency differences on monetary assets	418,966	-
Purchases during year	1,476,994	1,748,151
Disposals through sales and redemptions	(382,341)	(336,936)
Impairment provision ⁽¹⁾	125,802	99,508
Total	4,528,552	2,891,227

⁽¹⁾ Consists of change in interest accruals.

7. Information on associates (net):

None.

8. Information on subsidiaries (net):

As at 30 September 2020, the Parent Bank has subsidiary as ICBC Turkey Yatırım Menkul Değerler A.Ş.. The Parent Bank does not have any capital needs due to its subsidiary which is included in the calculation of its consolidated capital adequacy standard ratio. The current equity amount of the subsidiary fulfils the minimum capital requirement entailed in accordance with the Capital Markets Board's regulations.

Information related to subsidiaries:

a) Information on unconsolidated subsidiaries:

None.

b) Information on unconsolidated subsidiaries according to information above:

None.

c) Movement of unconsolidated subsidiaries:

None.

d) Industrial distribution of unconsolidated subsidiaries:

As at 30 September 2020, the Parent Bank has no unconsolidated subsidiary.

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

I. Explanations and Footnotes on Consolidated Assets (Continued)

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

e) Information on consolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage- If different from voting percentage (%)	Banks Risk Group Share Percentage (%)
ICBC Turkey Yatırım Menkul Değerler A.Ş.(ICBC Yatırım)	İstanbul/Turkey	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
1,671,140	161,538	3,858	11,614	9	16,001	(1,487)	-

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

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

Total assets	Shareholders' Equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value
5,145	4,771	57	188	-	340	945	-

g) Movement of consolidated subsidiaries:

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

h) Sectorial distribution of consolidated subsidiaries:

	30 September 2020	31 December 2019
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	75,998	75,998
Total	75,998	75,998

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

I. Explanations and Footnotes on Consolidated Assets (Continued)

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

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

9. Information on joint ventures (net):

None.

10. Information on financial lease receivables (net):

None.

11. Information on hedging purpose derivatives:

None.

12. Information on investment properties:

None.

13. Information on deferred tax assets:

- a) As of 30 September 2020, the Group's net deferred tax asset arising from the deductible temporary differences except for general loan provisions is amounting to TL 86,339 (31 December 2019: TL 30,918). As of 30 September 2020, there is no deferred tax asset calculated on financial loss (31 December 2019: None).

If the differences between the book value of the assets subject to deferred tax and the tax basis are related to the shareholders' equity group, the deferred tax asset or liability is netted off with the related accounts in this group.

- b) Temporary differences and other deductible temporary differences that have not been accounted for in the prior periods and have not been accounted for in the balance sheet, the date of termination, financial losses and tax deductions and exceptions: None.

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

The Group has no asset held for sale and discontinued operation as at 30 September 2020 and 31 December 2019.

15. Information on other assets:

Commodities and immovable properties of the Group obtained with respect to non-performing loans are recognized under movable and immovable assets to be sold off and shown under other assets in the balance sheet. Net total carrying value of the aforementioned assets is TL 3,418 as at 30 September 2020 (31 December 2019: TL 4,176).

Sum of other assets amounting to TL 81,376 (31 December 2019: TL 34,657), excluding movable and immovable properties to be sold off, do not exceed 10% of the balance sheet total.

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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) 30 September 2020:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	48,680	197,734	1,106,321	1,855	1,844	250	-	1,356,684
Foreign Currency Deposits	847,076	432,158	7,712,686	55,096	124,399	13,424	-	9,184,839
Residents in Turkey	716,902	428,618	7,541,895	51,383	13,112	2,693	-	8,754,603
Residents Abroad	130,174	3,540	170,791	3,713	111,287	10,731	-	430,236
Public Sector Deposits	6,698	-	-	-	-	-	-	6,698
Commercial Deposits	52,716	127,072	332,808	144	58	2	-	512,800
Other Ins. Deposits	3,391	117	9,379	12	31	1	-	12,931
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	118,381	4,801	-	-	-	-	-	123,182
CBRT	-	-	-	-	-	-	-	-
Domestic Banks	5,394	4,801	-	-	-	-	-	10,195
Foreign Banks	112,987	-	-	-	-	-	-	112,987
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	1,076,942	761,882	9,161,194	57,107	126,332	13,677	-	11,197,134

a.2) 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	-	-	-	-	-	-	-	-
Bank Deposits	117,050	59,408	-	-	-	-	-	176,458
CBRT	-	-	-	-	-	-	-	-
Domestic Banks	4,154	59,408	-	-	-	-	-	63,562
Foreign Banks	112,896	-	-	-	-	-	-	112,896
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	691,949	1,549,880	7,544,063	81,581	86,852	12,437	-	9,966,762

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

II. Explanations and Footnotes on Consolidated Liabilities (Continued)

1. Information on deposits (Continued):

b) Information on Deposit Insurance:

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

Saving Deposits	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
	30 September 2020	30 September 2020
Saving Deposits	776,777	578,556
Foreign Currency Savings Deposits	620,076	3,342,808
Other Saving Deposits	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
Total	1,396,853	3,921,364

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	-	-
Total	1,511,753	2,863,648

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

b.3) The Group has saving deposits not covered by deposit insurance amounting to TL 6,464 (31 December 2019 : TL 7,710).

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

	30 September 2019	31 December 2019
Deposits and Other Accounts at Foreign Branches	-	-
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Care	-	-
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children under Their Care	6,464	7,710
Deposits and Other Accounts linked to Crimes Mentioned in 282 nd Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey	-	-

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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:

Derivative Financial Liabilities:

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Forwards Transactions	167	93	51	104
Swaps Transactions	-	485	-	3,760
Futures Transactions	-	-	-	-
Options	-	14	15	-
Other	-	-	-	-
Total	167	592	66	3,864

3. Information on funds borrowed:

a) Information on banks and other financial institutions:

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks and Institutions	14,656	554	2,052	801
Foreign Banks, Institutions and Funds	-	7,908,245	-	4,235,154
Total	14,656	7,908,799	2,052	4,235,955

b) Contractual maturities of funds borrowed:

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Short-Term	14,656	5,146,062	2,052	603,593
Medium and Long-Term	-	2,762,737	-	3,632,362
Total	14,656	7,908,799	2,052	4,235,955

c) Additional information on concentrations of Parents Bank's Liabilities:

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

4. Information on other external liabilities:

Other liabilities amount to TL 976,638 (31 December 2019 : TL 814,857) on the balance sheet and do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

5. Information on lease payables (net):

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Less than 1 Year	2,666	-	4,417	-
Between 1-4 Years	31,565	-	16,062	-
More Than 4 Years	40,266	-	61,809	-
Total	74,497	-	82,288	-

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

None.

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

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

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

The indemnity payable is one month's salary for each year of service and as of 30 September 2020, this amount is restricted with full TL 7,117.17 (31 December 2019: full TL 6,379.86). The liability is not funded, since there is no funding requirement.

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

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

Movement of ETI liability is as below:

	30 September 2020	31 December 2019
Balance at Prior Period End	14,114	12,183
Current year provisions	4,084	6,570
Paid in current year	(1,588)	(4,639)
Balance at Current Period End	16,610	14,114

As at 30 September 2020, the Group has vacation pay liability amounting TL 9,013 (31 December 2019: TL 6,861).

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

As at 30 September 2020, there is no foreign exchange differences on foreign currency indexed loans (31 December 2019: None) are netted with loans on the asset side.

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

As at 30 September 2020, the Group has specific provision amounting to TL 3,527 (31 December 2019: TL 3,232) for non-cash loans that are not indemnified and not converted into cash and irrevocable commitments amounting to TL 7,215 (31 December 2019: TL 6,643).

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

As at 30 September 2020, the Parent Bank has provision for credit card service promotions amounting TL 74 (31 December 2019: TL 96).

d.3) Information on other provisions:

As at 30 September 2020, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 12,924 (31 December 2019: TL 13,051).

As at 30 September 2020, the Group has provision for non-cash loans amounting to TL 51,450 (31 December 2019: TL 37,408).

As at 30 September 2020, there is provision for personnel bonus amounting TL 58,749 (31 December 2019: TL 56,387).

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

II. Explanations and Footnotes on Consolidated Liabilities (Continued)

8. Information on Tax Liabilities:

a) Information on current tax liability: As at 30 September 2020, corporate taxes payable of the Group after deductions of prepaid taxes is TL 3,695 (31 December 2019 : TL 2,292).

b) Information on taxes payable:

	30 September 2020	31 December 2019
Corporate taxes payable	3,695	2,292
Taxation on securities	4,768	6,411
Property Tax	132	325
Booking and Insurance Transaction Tax (BITT)	3,725	4,909
Foreign Exchange Tax	-	-
Value added tax payable	197	609
Other	6,837	6,288
Total	19,354	20,834

c) Information on premiums payable:

	30 September 2020	31 December 2019
Social security premiums- employee	1,062	1,322
Social security premiums- employer	1,177	1,478
Bank social aid pension fund premium - employee	-	-
Bank social aid pension fund premium - employer	-	-
Pension fund membership fees and provisions - employee	-	-
Pension fund membership fees and provisions - employer	-	-
Unemployment insurance- employee	76	94
Unemployment insurance- employer	151	187
Other	-	-
Total	2,466	3,081

d) Information on deferred tax liabilities:

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

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

None.

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

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital borrowing instruments	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt instruments to be included in the contribution capital calculation	-	2,355,300	-	1,782,420
Subordinated Loans ⁽¹⁾	-	2,355,300	-	1,782,420
Subordinated Debt Instruments	-	-	-	-
Total	-	2,355,300	-	1,782,420

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

II. Explanations and Footnotes on Consolidated Liabilities (Continued)

11. Information on shareholders' equity:

a) Paid in capital:

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

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

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

	30 September 2020		31 December 2019	
	TL	FC	TL	FC
From investment in associates, subsidiaries and joint ventures	-	-	-	-
Revaluation difference	3,926	(8,137)	(2,733)	7,315
Foreign exchange difference	-	-	-	-
Total	3,926	(8,137)	(2,733)	7,315

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

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

i) Explanations on the Parent Bank's 2019 profit distribution:

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

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

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

	30 September 2020	31 December 2019
Forward purchase and sale commitments	33,288	15,160
Commitment for use guaranteed credit allocation	30,424	30,415
Credit cards limit commitments	82,862	80,622
Payment commitments for cheques	6,014	6,989
Credit card commitments given with applications for promotion	191	192
Tax and fund obligations arising from export commitments	6	9
Other irrevocable commitments	256	564
Total	153,041	133,951

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

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

	30 September 2020	31 December 2019
Letters of guarantee	3,563,500	2,273,364
Bank acceptance loans	-	-
Letters of credit	196,693	294,068
Other guarantees	5,909,515	4,419,976
Total	9,669,708	6,987,408

c) Total amount of non-cash loans:

	30 September 2020	31 December 2019
Non-Cash Loans Given for Cash Loan Risks	97,083	93,003
With Original Maturity of 1 Year or Less	79,426	74,324
With Original Maturity of More Than 1 Year	17,657	18,679
Other Non-Cash Loans	9,572,625	6,894,405
Total	9,669,708	6,987,408

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

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

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

IV. Explanations and Footnotes on Consolidated Profit or Loss Statement

1. Information on Interest Income:

a) Information on interest income received from loans:

	30 September 2020		30 September 2019	
	TL	FC	TL	FC
Interest income received from loans ⁽¹⁾				
Short Term Loans	56,160	18,156	53,715	6,935
Medium and Long Term Loans	116,825	257,964	214,913	262,411
Loans Under Follow-Up	6,931	-	11,532	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	179,916	276,120	280,160	269,346

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

b) Information on interest income received from banks:

	30 September 2020		30 September 2019	
	TL	FC	TL	FC
From Domestic Banks	728	30,163	1,378	58,930
From Foreign Banks	-	2,899	-	8,901
From Foreign Offices and Branches	-	-	-	-
Total	728	33,062	1,378	67,831

c) Information on interest income received from securities portfolio:

	30 September 2020		30 September 2019	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit Or Loss	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	60,735	19,633	49,631	47,642
Financial Assets Measured at Amortized Cost	55,169	151,759	49,306	62,693
Total	115,904	171,392	98,937	110,335

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

ICBC TURKEY BANK A.Ş.
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

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

a) Information on interest expense related to funds borrowed:

	30 September 2020		30 September 2019	
	TL	FC	TL	FC
Banks ⁽¹⁾	442	199,208	29,823	147,409
Central Bank of The Republic of Turkey	-	-	-	-
Domestic Banks	442	17	302	12
Foreign Banks	-	199,191	29,521	147,397
Foreign Branches and Offices Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	442	199,208	29,823	147,409

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

b) There is no interest expense paid to associates and subsidiaries. (30 September 2019 : None).

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

d) Maturity structure of the interest expense on deposits:

The Parent Bank has no interest expense paid to deposits callable within 7 days. (30 September 2019: None)

30 September 2020		Time Deposits						Total
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over	Cumulative Deposits	
TL								
Bank Deposits	-	114	-	-	-	-	-	114
Saving Deposits	-	24,264	81,760	1,149	847	21	-	108,041
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	4,689	20,671	198	6	-	-	25,564
Other Deposits	3	16	973	1	3	-	-	996
Total	3	29,083	103,404	1,348	856	21	-	134,715
Foreign Currency								
Foreign Currency Deposits	1	2,809	106,305	786	1,548	253	-	111,702
Bank Deposits	-	103	-	-	-	-	-	103
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	1	2,912	106,305	786	1,548	253	-	111,805
Grand Total	4	31,995	209,709	2,134	2,404	274	-	246,520

30 September 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	-	6,855	-	-	-	-	-	6,855
Saving Deposits	-	11,366	237,613	6,004	1,108	305	-	256,396
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	23,066	63,864	579	1	-	-	87,510
Other Deposits	-	119	2,175	4	4	-	-	2,302
Total	-	41,406	303,652	6,587	1,113	305	-	353,063
Foreign Currency								
Foreign Currency Deposits	-	2,838	127,945	1,589	448	127	-	132,947
Bank Deposits	-	11,725	-	-	-	-	-	11,725
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	-	14,563	127,945	1,589	448	127	-	144,672
Grand Total	-	55,969	431,597	8,176	1,561	432	-	497,735

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

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

3. Information on trading income / loss (net):

	30 September 2020	30 September 2019
Profit	973,354	254,069
Capital Market Gains	17,269	7,596
Derivative Gains	377,800	122,890
Foreign Exchange Gains	578,285	123,583
Loss (-)	861,345	220,773
Capital Market Losses	-	-
Derivative Losses	488,360	115,133
Foreign Exchange Losses	372,985	105,640

Net loss related to derivative transactions resulting from foreign currency rate changes is amounting to TL 114,401 (30 September 2019 : TL 394 net profit).

4. Information on other operating income:

	30 September 2020	30 September 2019
Income from Collection of Prior Year Expenses	2,627	3,750
Collections of Prior Year Provisions	70,740	7,228
Income on Project Appraisal	13,068	3,278
Other Income	45,550	21,543
Total	131,985	35,799

5. Impairment on loans and other receivables:

	30 September 2020	30 September 2019
Allowance for expected credit losses	208,126	60,038
12-Month expected credit losses (Stage 1)	32,719	19,438
Significant increase in credit risk (Stage 2)	163,173	(44,211)
Credit-Impaired (Stage 3)	12,234	84,811
Impairment provisions for securities	3,528	7,546
Financial assets at fair value through profit or loss	-	15
Financial assets at fair value through other comprehensive income	3,528	7,531
Impairment provisions related to investments in associates, subsidiaries and joint ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	635
Total	211,654	68,219

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

IV. Explanations and Footnotes on Consolidated Profit or Loss Statement (Continued)**6. Information related to other operating expenses:**

	30 September 2020	30 September 2019
Reserve for Employee Termination Benefits	4,113	2,858
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	23,086	21,270
Impairment Expenses of Intangible Assets	-	-
Impairment Expenses of Goodwill	-	-
Depreciation Expenses on Intangible Assets	4,369	3,295
Impairment Expenses of Investments in Associates	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	42	70
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	45,731	41,292
Leasing Expenses related to TFRS 16 Exemptions	3,366	3,024
Repair and Maintenance Expenses	11,980	10,286
Advertisement Expenses	489	1,269
Other Expenses	29,896	26,713
Loss on Sale of Assets	35	16
Other ⁽¹⁾	75,095	49,593
Total	152,471	118,394

⁽¹⁾ Other line mainly includes taxes paid other than corporate income tax, customs and duties paid and SDIF premium expense.**7. Profit / loss before taxes from continued and discontinued operations:**

Profit before taxes for continued operations is TL 114,830 (30 September 2019 : TL 85,442 profit before tax). Profit before taxes consists of net interest income amounting to TL 333,360 (30 September 2019 : TL 275,958), net fees and commission income amounting to TL 97,364 (30 September 2019 : TL 76,403), personnel expenses amounting to TL 195,853 (30 September 2019 : TL 149,402) and other operating expenses amounting to TL 152,471 (30 September 2019 : TL 118,394).

8. Taxes on income from continued and discontinued operations:

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

Current tax expenses belonging to period ending on 30 September 2020 is TL 82,742 (30 September 2019: TL 36,975).

For the period ended 30 September 2020, deferred tax expense amounts to TL 10,405 (30 September 2019: TL 19,775) and deferred tax income amounts to TL 64,179 (30 September 2019: TL 24,065).

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

For the period ended 30 September 2020, deferred tax expense amounts to TL 10,405 (30 September 2019: TL 19,775) arising from the origination of temporary differences and deferred tax income amounts to TL 64,179 (30 September 2019: TL 24,065).

Additionally, for the period ended 30 September 2020, the current tax effect amounting to TL (4,443) and deferred tax effect amounting to TL 6,091, on an aggregate TL 1,648 tax effect (30 September 2019: TL (13,363)) current and TL (4,570) is deferred tax effect total TL (17,933)) which are related to transactions recognized under equity is accounted under equity accounts.

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

For the period ended 30 September 2020, the deferred tax expense arising from the origination of temporary differences amounts TL 10,405 (30 September 2019 : TL 19,755) and there is deferred tax income amounting TL 64,179 (30 September 2019: TL 24,065). There is no deferred tax income from financial loss as of 30 September 2020 (30 September 2019 : None).

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

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

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

Net profit from continued operations is TL 85,862 (30 September 2019 : TL 52,757 net profit).

10. Information on net profit and loss:

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

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

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

V. 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) 30 September 2020:

Parent Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	567,918	20	-
Balance at the End of the Period	8	-	-	1,093,801	21	-
Interest and Commission Income Received	-	-	-	-	-	-

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

The Parent Bank has TL 41,723 placements in its risk group banks as at 30 September 2020 (31 December 2019 : TL 20,056). Besides the Parent Bank has TL 277 irrevocable commitment in its risk group as at 30 September 2020 (31 December 2019 : TL 424).

b) 31 December 2019:

Parent Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	1	2	-	259,363	25	-
Balance at the End of the Period	-	-	-	567,918	20	-
Interest and Commission Income Received	-	-	-	-	-	-

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

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

Current Period Parent Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Deposits						
Balance at the beginning of the Period	-	-	203	-	2,261	-
Balance at the End of the Period	-	-	89,549	-	2,091	-
Interest on Deposits	-	-	-	-	-	27

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

Prior Period Parent Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Deposits						
Balance at the beginning of the Period	-	-	31,221	-	992	-
Balance at the End of the Period	-	-	203	-	2,261	-
Interest on Deposits	-	-	-	-	-	67

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

The Parent Bank has borrowed loans from the Parent Bank's Risk Group amounting TL 6,627,657 as at 30 September 2020 (31 December 2019: TL 4,235,154).

The Parent Bank has borrowed subordinated loans from the Parent Bank's Risk Group amounting to TL 2,355,300 as at 30 September 2020 (31 December 2019: TL 1,782,420).

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

None (31 December 2019: None).

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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V. Explanations on the Parent Bank's Risk Group (Continued)**2. The Parent Bank's transactions with the risk group:**

Besides nature of the relationship, transaction type, amount and its proportion in total transaction amount, amounts of primary transactions and their proportions in total amount, pricing policy and other matters:

In the Group's transactions with its risk group, pricing policy and other matters are determined and applied at market conditions. As at 30 September 2020, proportion of cash loans to risk group in total cash loans is 0.0002% (31 December 2019: 0.0002%) and proportion of deposits from its risk group in total deposits is 8.2% (31 December 2019: 0.02%). Proportion of borrowings from its risk group in total funds borrowed is 99.9% (31 December 2019: 99.9%)

As a result of other activities in the risk group of the Bank, there are no other commission income (30 September 2019: None), other operating income (30 September 2019: TL 252) and other operating expenses (30 September 2019: None). As of 30 September 2020, other operating expenses amount to TL 28 (30 September 2019: TL 11).

In the current period, benefits provided to the Group's key management amount to TL 22,561 (30 September 2019: TL 18,596).

VI. Information on domestic, foreign, offshore branches and foreign representative offices of Parent Bank

	Number	Employees			
Domestic Branches	39	739			
			Country		
Foreign Representative Offices	-	-	-		
				Total Assets	Legal Capital
Foreign Branches	-	-	-	-	-
Off-Shore Branches	-	-	-	-	-

VII. Explanation and Footnotes on Subsequent Events

According to BRSA's resolution dated 28 September 2020, effective from 1 October 2020, it has been decided that the Banks shall calculate Asset Ratio (AR) on a weekly basis, and as of the end of each month, the monthly average of the Asset Ratio should not fall below 90% for deposit banks and below 70% for participation banks. In accordance with subparagraph (a) of the first paragraph of Article 148 of the Law, as of the end of the relevant month, it was decided to calculate the excess amount that constitutes a contradiction to be taken as the amount of change in the share that will bring the ratio to 90% and 70%, respectively, for banks with an active ratio below 90% and participation banks below 70%.

With the decision of the BRSA dated 26 October 2020, within the framework of the steps for the calculation of the Asset Ratio (AR) from the conditions of the pandemic period to the new normalization, in addition to the explanations in the previous Board decisions, as of 1 November 2020; it was decided to include

Loans extended by domestic banks to other domestic banks

- FX loans with a maturity of more than 1 year, in proportion to the loan amount directly extended
- The syndicated loans, in proportion to the share of the lending bank in the syndication

in the "Loans" item in numerator section of AR with a coefficient of 1.00, taking into account the original terms at the time of use. The decision is effective as of 1 November 2020, however, according to the data reported to the BRSA, as of 31 March 2020, banks with a total of Turkish Lira (TL) Deposits + Foreign Currency (FX) Deposits below TL 25 billion, excluding bank deposits, have been given time to comply with this regulation until 31 December 2020. The Bank is exempt from the relevant regulation as of the reporting period until the end of the year.

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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SECTION SIX

Explanations on the Auditors’ Review Report

I. Explanations on the Auditors’ Review Report

The consolidated financial statements of the Parent Bank and its subsidiary as at and for the nine-month period ended 30 September 2020 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member of KPMG International Cooperative, a Swiss entity) and the Auditors’ Review Report dated 27 October 2020 is presented in the introduction of this report.

II. Explanation and Footnotes Prepared by the Independent Auditors

None.

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SECTION SEVEN

EXPLANATIONS ON INTERIM CONSOLIDATED ACTIVITY REPORT

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

The consolidated financial statements and consolidated board of directors’ report of our Bank “ICBC Turkey Bank A.Ş.” as at 30 September 2020 are examined by us.

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

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

Regards,

XIANGYANG GAO

Chairman of Board of Directors

PEIGUO LIU

Chairman of Audit Committee,
And Member of Board of
Directors

SHAOXIONG XIE

General Manager And Member of
Board of Directors

HÜSEYİN HASAN İMECE

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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II. General Information

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

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

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

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

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

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

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

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

ICBC was established in 1984 in the People's Republic of China. It offers clients a wide range of financial products and services. ICBC has established an international and integrated business model in cross-markets. ICBC's shares were simultaneously listed on both on the Hong Kong Stock Exchange and the Shanghai Stock Exchange in October 2006. After the years of international development, ICBC operations spread to six continents covering 42 countries and regions. With a widespread global coverage network, ICBC has established an extensive network of national and international organizations and correspondent banks around the world and an e-banking network consisting of a wide range of internet and telephone banking services and self-service banking centers, 8,089 thousand corporate clients and 650 million personal customers provide comprehensive financial products and services. The banking authority in the People's Republic of China is supervised and regulated by the China Banking Regulatory Commission (CBRC).

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

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

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

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

II. General Information (Continued)

2. Capital and Shareholder Structure

The shareholder structure of the Bank as at 30 September 2020 is as follows:

Name of the Shareholder – 30 September 2020	Shareholding Amount (Full TL)	Percentage (%)
Industrial and Commercial Bank of China Limited (ICBC)	798,428,227	92.84
Publicly Traded	61,571,773	7.16
Grand Total	860,000,000	100.00

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

Shares Owned by the Officers; Based on the Bank's share ledger records, none of the members of the Board of Directors, General Manager and Assistant General Managers of the Bank owns any shares within the shareholding structure of the Bank.

3. Amendments in Articles of Association During the Period

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

4. Chairman and the Member of the Board of Directors

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

5. General Manager and Assistant General Managers

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

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

II. General Information (Continued)**6. Information Regarding the Subsidiaries and Affiliates**

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

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

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

Financial Figures (TL Million)	30 September 2020	31 December 2019	%
Total Assets	24,289	18,391	32%
Deposits ⁽¹⁾	11,074	9,790	13%
Loans ⁽²⁾	13,030	9,132	43%
Shareholders' Equity	1,406	1,329	6%
Profit / (Loss)	85.9	71.5	20%

⁽¹⁾ Excluding bank deposits.⁽²⁾ Loans classified at Financial Assets at Fair Value Through Other Comprehensive Income are included.

Financial Ratios %	30 September 2020	31 December 2019	%
Return on Assets	0.5%	0.4%	28%
Return on Equity	8.4%	5.7%	46%
Capital Adequacy Ratio	24.91%	18.7%	33%
Loans/ Total Assets ⁽²⁾	53.6%	49.7%	8.0%
Deposits/ Total Assets ⁽¹⁾	45.6%	53.2%	(14)%
NPL Ratio	0.3%	1.8%	(82)%

⁽¹⁾ Excluding bank deposits.⁽²⁾ Loans classified at Financial Assets at Fair Value Through Other Comprehensive Income are included.**Five Years Summary Financial Information:**

TL Thousand	30 September 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Total Assets	24,289,083	18,391,481	15,852,490	13,315,560	8,308,619
Total Deposits ⁽¹⁾	11,073,951	9,790,304	6,699,689	3,273,860	2,850,077
Total Loans ⁽²⁾	13,030,453	9,132,429	7,874,592	7,680,821	5,098,106
Shareholders' Equity	1,406,381	1,329,312	1,166,569	1,112,294	607,007
Profit/ (Loss)	85,862	71,510	83,549	48,283	18,749

⁽¹⁾ Excluding bank deposits.⁽²⁾ Loans classified at Financial Assets at Fair Value Through Other Comprehensive Income are included.

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

III. Financial Information and Evaluations (Continued)

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

The third quarter of 2020 has seen a recovery from trough of the previous period. Although the uncertainty around the progress of COVID-19 outbreak continued, countries around the globe continued their attempts to renormalize from the measures taken between March – June earlier in the quarter. As number of cases increased and faced with a second wave of the outbreak, some countries had to regress their normalization processes. Much gratitude goes to healthcare professionals, who have tirelessly worked to help those fallen ill as we optimistically wait for a vaccine.

The developments about studies for a vaccine kept the spirits high in global financial markets, along with a stimulus driven recovery in the world economy. Finding a vaccine and making it available for the world population will take time and uncertainty about the COVID-19 should be expected to continue to linger over global economy and financial markets. The process could require fresh stimulus. Implementation of further stimulus should focus on effectively utilizing resources and directing them where they are needed the most.

In Turkey, following a period of lockdowns and a sharp contraction, the third quarter saw a rapid recovery in economic activity especially thanks to the pick-up in manufacturing. The prudent approach maintained from the initial stages of the outbreak allowed Turkish economy to weather through this unprecedented period.

The damage that this outbreak has caused on global economy is expected to take a long time to overcome and return to pre-pandemic levels will be challenging. Preliminary data indicate that Turkish economy stands on a relatively well point in its recovery and hopefully with a second wave out of the picture, normalization will pick up pace in the remainder of this year. ICBC has maintained its commitment to Turkey throughout this difficult time. Our team’s well laid out strategy with the guidance of our head office and a flexible business model that is able to adopt to even the most challenging of times continued to be fruitful as our bank’s financial performance, the support we provide to our clients and counterparties and the value we create for our stakeholders remain robust.

Yours Sincerely,

XIANGYANG GAO

Chairman of the Board of Directors

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

III. Financial Information and Evaluations (Continued)

3. Letter from the General Manager

Esteemed shareholders of our Bank,

The signs of improvement in Turkish economy that started to emerge in late second quarter paved the way to a rapid recovery in the third quarter of the year. While around the world, there has been an uneven normalization process, Turkey has been able to re-open her economy. The unpredictable progress of the pandemic still necessitates a prudent approach and close watch. However, barring a second wave, Turkey’s recovery could be extended to last quarter of the year and beyond.

Policymakers continued to keep a meticulous eye on developments and adjusted policy as required. Following the rapid recovery of economic activity, monetary policy tightening started from August onwards in order to maintain price and financial stability. This should be regarded as an affirmative sign that an all-around normalization is on the way, not just in economic growth. Hands-on and responsive policymaking should help improve Turkey’s vulnerabilities, namely the current account deficit and higher than targeted inflation.

Banking sector’s role in this rapid recovery cannot go overlooked. Turkish banks have shown their commitment to supporting Turkish households and real sector once again through these uncharted times. As ICBC Turkey, we kept our priority as the health of our employees and clients. Thanks to our digital infrastructure, our services ran uninterrupted with social distancing measures fully in place. Our commitment to Turkey remains unaltered through this unprecedented period. ICBC Turkey will continue to support Turkish economy and bolster Turkey – China relations.

Yours Sincerely,

SHAOXIONG XIE

General Manager

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

III. Financial Information and Evaluations (Continued)

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

Based on the comparison of the Bank's position in sector with data in "Daily Banking Sector Report" (as at December 2019 and August 2020) announced by Banking Regulation and Supervision Agency (BRSA);

- Cash and balances with CBRT increase in the sector by 34.6%, at bank increased by 74.87%.
- Securities increased in the sector by 51.5%, at bank increased by 21.2%.
- Loans increased by 31%, at bank increased by 42.7% (Loans classified as financial assets at fair value through other comprehensive income are included.)
- NPLs (gross) decreased by 0.1%, at bank decreased by 74%.
- Total deposits of the sector increased by 29.3% and total deposits of bank increased by 13%. (Banks deposits are included.)
- Total non-cash loans of the sector increased by 16.6%, bank's total non-cash loans increased by 38.4%.

TL Million	30 September 2020		31 December 2019		Change %	
	ICBC Turkey	Sector ⁽¹⁾	ICBC Turkey	Sector	ICBC Turkey	Sector ⁽¹⁾
Cash and Balances with CBRT	3,626	320,298	2,073	237,952	74.87%	34.6%
Placement to Banks	1,826	216,475	2,300	211,399	(20.6)%	2.4%
Securities Portfolio	5,686	1,029,412	4,693	679,476	21.2%	51.5%
Loans ⁽²⁾	12,973	3,480,125	9,088	2,656,132	42.7%	31.0%
Loans (including NPL)	12,981	3,521,069	9,142	2,708,700	42.0%	30.0%
NPL (Gross)	44	150,867	168	150,763	(74.0)%	0.1%
Provisions for NPLs	36	109,923	114	98,195	(68.5)%	11.9%
Total Deposits and Funds	11,999	3,317,790	10,614	2,566,897	13.0%	29.3%
Non-cash Loans	9,670	950,223	6,987	814,961	38.4%	16.6%
Total Assets	24,113	5,845,786	18,191	4,491,090	32.6%	30.2%

⁽¹⁾ The data is taken from the Monthly Sector Bulletin of the BRSA dated 19 October 2020 for August end 2020.

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

Comparison of Sector	30 September 2020		31 December 2019		Change %	
	ICBC Turkey	Sector ⁽¹⁾	ICBC Turkey	Sector	ICBC Turkey	Sector ⁽¹⁾
Total Loans/Total Assets ⁽²⁾	54%	60%	50%	59%	7.7%	0.7%
Total Deposits/Total Liabilities	50%	57%	58%	57%	(14.7)%	(0.7)%
Securities/ Total Assets	24%	18%	26%	15%	(8.6)%	16.4%
NPL Ratio ⁽²⁾	0.3%	4%	1.8%	5%	(81.5)%	(22.6)%
Liquid Values/Total Assets	23%	9%	24%	10%	(5.9)%	(8.2)%
Non-Cash Loans/Total Cash Loans ⁽²⁾	74%	27%	76%	30%	(2.5)%	(10.3)%

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

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

III. Financial Information and Evaluations (Continued)

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

According to Bank's consolidated financial statements as at September 2020 prepared in accordance with the regulations of Banking Regulation and Supervision Agency;

- Consolidated asset size exceeded 24.2 billion TL.
- Total consolidated loans reached 13 billion TL and its share in the balance sheet was realized at the level of 53.6%.
- Total consolidated deposits were realized as 11.1 billion TL.
- The share of our consolidated deposits in total consolidated assets is 45.6%.
- Consolidated net profit for the nine months of 2020 was realized as 85.9 million TL
- Consolidated return on assets was 0.4% at the end of 2019, 0.5% for the current period. Consolidated return on equity reached 8.4% in the current period from 5.7% at the end of 2019.
- Consolidated capital adequacy ratio was realized as 24.91%.

6. Explanations about Bank's Credit Ratings

Fitch Ratings affirmed ICBC Turkey Bank A.Ş.'s Long Term FC IDR rating at "B+" level and revised the viability ratings to "b" from "bt" on 13 October 2020.

The current rating notes of the bank have been mentioned below

International Rating Institution- Fitch Ratings	
Long-Term FC IDR	'B+'; Negative Outlook
Long-Term LC IDR	'BB-'; Negative Outlook
National Long-Term Rating	'AA(tur); Stable Outlook
Short-Term FC and LC IDRs	'B'
Viability Rating	'b'
Support Rating	'4'

IV. Information About Transactions of Bank with Risk Group

Bank's relations with risk group covers all kind of banking transactions in accordance with Banking Law, within the framework of normal bank-customer relationship and market conditions. Detailed explanations in these transactions are at Section 5 and V. Footnote of "Consolidated Financial Statements to Be Announced to Public and Related Explanations and Footnotes with Auditors' Review Report as at 30 September 2020".

V. Information on Risk Management Policies by Risk Types

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

VI. Information Related to the Donations During the Period

The list of donations as of the end of 30 September 2020 is given below:

Donation Institution	TL
Türk Eğitim Vakfı	250.00
Total	250.00

VII. Consolidated Auditors' Review Report

ICBC Turkey's all material disclosures to BIST, Consolidated Financial Statements, Explanations and Footnotes Related Thereon and the Auditors' Review Report for the nine-month period ended at 30 September 2020 are published under the "Financial Information" heading in the "Investor Relations" section of the Bank's website addressed www.icbc.com.tr.