

*(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 Six-Month Period Ended  
30 June 2020**

With Auditors' Review Report Thereon

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

6 August 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 June 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 six-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 June 2020 and of the results of its operations and its cash flows for the six-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

6 August 2020

Istanbul, Turkey



ICBC TURKEY BANK A. Ş.  
SIX-MONTH CONSOLIDATED FINANCIAL REPORT AS AT 30 JUNE 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 six-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 six-month consolidated financial report.

The six-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	 PEIGUO LIU Chairman of Audit Committee and Member of Board of Directors	 JINHONG LI Deputy General Manager Responsible for Credit Allocation, Legal Affairs Operations Center and Operations Management	 HÜSEYİN HASAN İMECE Deputy General Manager Responsible for Financial Control and Accounting, Asset and Liability and Economic Research Department	 YAFENG HE Managing Director
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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 JUNE 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 24 September 1985, to carry out all types of banking activities according to the Banking Law and later changes in the laws and regulations, with the permission of the Council of Ministers in accordance with the resolution numbered 85/9890 and dated 29 April 1986 and started its operations on 13 October 1986. “Articles of Association” of the Parent Bank was published in Turkish Trade Registry Gazette no.1511, dated 9 May 1986. The statute of the Parent Bank was not changed since its establishment. Trade name of the Parent Bank has been changed and registered as disclosed in Note No. II as ICBC Turkey Bank A.Ş. on 13 November 2015.

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

The capital of the Parent Bank is TL 860,000 as at 30 June 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 22 May 2015 for approving the resignation of members of Board of Directors and selecting new members on 28 April 2015 in the Public Disclosure Platform (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 JUNE 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 Yanık	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 April 3, 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.

(\*\*\*\*\*\*) Bozok EVRENOSOĞLU, the Bank's Assistant General Manager, has resigned from his position as of 30 April 2020.

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 Sompo Japan Sigorta A.Ş., Vakıf Emeklilik A.Ş., Fiba Emeklilik and Hayat A.Ş., HDI Sigorta A.Ş. and Axa Sigorta A.Ş..

As at 30 June 2020, the Parent Bank has 39 branches close to industrial zones of Turkey. The Parent Bank has 719 employees as at 30 June 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 June 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 JUNE 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 June 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 JUNE 2020

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

ASSETS	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/06/2020			Audited PRIOR PERIOD 31/12/2019		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>1,272,667</b>	<b>8,863,835</b>	<b>10,136,502</b>	<b>1,602,486</b>	<b>4,777,063</b>	<b>6,379,549</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>589,142</b>	<b>6,175,930</b>	<b>6,765,072</b>	<b>796,812</b>	<b>3,761,749</b>	<b>4,558,561</b>
1.1.1 Cash and Balances at Central Bank	(5.1.1)	109,817	3,372,293	3,482,110	135,417	1,938,038	2,073,455
1.1.2 Banks	(5.1.3)	6,617	2,814,745	2,821,362	1,115	1,836,919	1,838,034
1.1.3 Receivables from Money Markets		474,101	-	474,101	662,583	-	662,583
1.1.4 Allowance For Expected Credit Losses (-)		1,393	11,108	12,501	2,303	13,208	15,511
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>		<b>21,208</b>	<b>-</b>	<b>21,208</b>	<b>16,613</b>	<b>-</b>	<b>16,613</b>
1.2.1 Public Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		51	-	51	39	-	39
1.2.3 Other Financial Assets		21,157	-	21,157	16,574	-	16,574
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(5.1.4)	<b>655,364</b>	<b>2,685,088</b>	<b>3,340,452</b>	<b>788,543</b>	<b>1,015,163</b>	<b>1,803,706</b>
1.3.1 Public Debt Securities		655,364	152,795	808,159	788,543	531,683	1,320,226
1.3.2 Equity Instruments		-	11,910	11,910	-	10,057	10,057
1.3.3 Other Financial Assets		-	2,520,383	2,520,383	-	473,423	473,423
<b>1.4 Derivative Financial Assets</b>	(5.1.2)	<b>6,953</b>	<b>2,817</b>	<b>9,770</b>	<b>518</b>	<b>151</b>	<b>669</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		6,953	2,817	9,770	518	151	669
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>2,301,567</b>	<b>10,112,622</b>	<b>12,414,189</b>	<b>2,420,593</b>	<b>9,394,621</b>	<b>11,815,214</b>
<b>2.1 Loans</b>	(5.1.5)	<b>1,683,262</b>	<b>6,925,300</b>	<b>8,608,562</b>	<b>2,090,009</b>	<b>7,042,420</b>	<b>9,132,429</b>
<b>2.2 Receivables from Leasing Transactions</b>	(5.1.10)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3 Factoring Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4 Financial Assets Measured at Amortised Cost</b>	(5.1.6)	<b>666,113</b>	<b>3,361,850</b>	<b>4,027,963</b>	<b>454,464</b>	<b>2,436,763</b>	<b>2,891,227</b>
2.4.1 Public Debt Securities		666,113	2,254,261	2,920,374	454,464	1,491,780	1,946,244
2.4.2 Other Financial Assets		-	1,107,589	1,107,589	-	944,983	944,983
<b>2.5 Allowance for Expected Credit Losses (-)</b>		<b>47,808</b>	<b>174,528</b>	<b>222,336</b>	<b>123,880</b>	<b>84,562</b>	<b>208,442</b>
<b>III. NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND FROM DISCOUNTED OPERATIONS (Net)</b>	(5.1.14)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held for Sale		-	-	-	-	-	-
3.2 Held from discontinued operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4.1 Investments in Associates (Net)</b>	(5.1.7)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates accounted by using equity method		-	-	-	-	-	-
4.1.2 Non-Consolidated Associates		-	-	-	-	-	-
<b>4.2 Investments in Subsidiaries (Net)</b>	(5.1.8)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1 Non-Consolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Non-Consolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Controlled Partnership (Joint Ventures) (Net)</b>	(5.1.9)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Jointly Controlled Partnership Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Non-Consolidated Jointly Controlled Partnership		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>		<b>115,318</b>	<b>-</b>	<b>115,318</b>	<b>118,559</b>	<b>-</b>	<b>118,559</b>
<b>VI. INTANGIBLE ASSETS AND GOODWILL (Net)</b>		<b>7,431</b>	<b>-</b>	<b>7,431</b>	<b>8,194</b>	<b>-</b>	<b>8,194</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		7,431	-	7,431	8,194	-	8,194
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(5.1.12)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSETS</b>		<b>210</b>	<b>-</b>	<b>210</b>	<b>215</b>	<b>-</b>	<b>215</b>
<b>IX. DEFERRED TAX ASSETS</b>	(5.1.13)	<b>79,176</b>	<b>-</b>	<b>79,176</b>	<b>30,918</b>	<b>-</b>	<b>30,918</b>
<b>X. OTHER ASSETS (Net)</b>	(5.1.15)	<b>66,973</b>	<b>68,112</b>	<b>135,085</b>	<b>35,961</b>	<b>2,871</b>	<b>38,832</b>
<b>TOTAL ASSETS</b>		<b>3,843,342</b>	<b>19,044,569</b>	<b>22,887,911</b>	<b>4,216,926</b>	<b>14,174,555</b>	<b>18,391,481</b>

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

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

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

LIABILITIES	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/06/2020			Audited PRIOR PERIOD 31/12/2019		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSIT</b>	(5.II.1)	2,011,135	9,313,206	11,324,341	2,981,092	6,985,670	9,966,762
<b>II. LOANS RECEIVED</b>	(5.II.3)	6,133	6,628,122	6,634,255	2,052	4,235,955	4,238,007
<b>III. MONEY MARKET FUNDS</b>		13,188	-	13,188	18,841	-	18,841
<b>IV. MARKETABLE SECURITIES (Net)</b>		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. FUNDS</b>		-	-	-	-	-	-
5.1 Borrowers' Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(5.II.2)	6,349	47,242	53,591	66	3,864	3,930
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		6,349	47,242	53,591	66	3,864	3,930
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX. LEASE PAYABLES (Net)</b>	(5.II.5)	77,777	-	77,777	82,288	-	82,288
<b>X. PROVISIONS</b>	(5.II.7)	92,986	40,918	133,904	95,096	36,053	131,149
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Reserves for Employee Benefits		24,342	-	24,342	20,975	-	20,975
10.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4 Other Provisions		68,644	40,918	109,562	74,121	36,053	110,174
<b>XI. CURRENT TAX LIABILITIES</b>	(5.II.8)	62,869	-	62,869	23,915	-	23,915
<b>XII. DEFERRED TAX LIABILITIES</b>		-	-	-	-	-	-
<b>XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “DISCONTINUED OPERATIONS” (Net)</b>	(5.II.9)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT</b>	(5.II.10)	-	2,052,900	2,052,900	-	1,782,420	1,782,420
14.1 Loans		-	2,052,900	2,052,900	-	1,782,420	1,782,420
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	(5.II.4)	106,696	995,444	1,102,140	108,595	706,262	814,857
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.11)	1,439,045	(6,099)	1,432,946	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		16,115	(6,099)	10,016	(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		144,507	-	144,507	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 net Profit or Loss		98,200	-	98,200	71,510	-	71,510
16.7 Minority Shares'		-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>3,816,178</b>	<b>19,071,733</b>	<b>22,887,911</b>	<b>4,633,942</b>	<b>13,757,539</b>	<b>18,391,481</b>

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

ICBC TURKEY BANK A.Ş.

CONSOLIDATED STATEMENT OF OFF BALANCE SHEET ITEMS  
AS AT 30 JUNE 2020

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

	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/06/2020			Audited PRIOR PERIOD 31/12/2019		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS (I-II+III)</b>		<b>1,299,150</b>	<b>13,733,618</b>	<b>15,032,768</b>	<b>1,118,031</b>	<b>8,180,953</b>	<b>9,298,984</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(5.III.1)	<b>1,016,722</b>	<b>7,769,657</b>	<b>8,786,379</b>	<b>572,605</b>	<b>6,414,803</b>	<b>6,987,408</b>
1.1. Letters of Guarantee		989,565	2,557,823	3,547,388	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		989,565	2,557,823	3,547,388	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		27,157	108,376	135,533	-	294,068	294,068
1.3.1. Documentary Letters of Credit		27,157	63,201	90,358	-	104,396	104,396
1.3.2. Other Letters of Credit		-	45,175	45,175	-	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		-	5,103,458	5,103,458	-	4,419,976	4,419,976
1.9. Other Warranties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.III.1)	<b>123,955</b>	<b>11,634</b>	<b>135,589</b>	<b>121,766</b>	<b>12,185</b>	<b>133,951</b>
2.1. Irrevocable Commitments		123,955	11,634	135,589	121,766	12,185	133,951
2.1.1. Asset Purchase and Sales Commitments		5,484	11,634	17,118	2,975	12,185	15,160
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		29,372	-	29,372	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		5,469	-	5,469	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		83,173	-	83,173	80,622	-	80,622
2.1.10. Commitments for Credit Cards and Banking Services Promotions		195	-	195	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		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>158,473</b>	<b>5,952,327</b>	<b>6,110,800</b>	<b>423,660</b>	<b>1,753,965</b>	<b>2,177,625</b>
3.1. Derivative Financial Instruments Held for Hedging		-	-	-	-	-	-
3.1.1. Fair Value Hedges		-	-	-	-	-	-
3.1.2. Cash Flow Hedges		-	-	-	-	-	-
3.1.3. Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
3.2. Trading Transactions		158,473	5,952,327	6,110,800	423,660	1,753,965	2,177,625
3.2.1. Forward Foreign Currency Purchase and Sale Transactions		158,473	185,415	343,888	271,470	308,806	580,276
3.2.1.1. Forward Foreign Currency Purchase Transactions		68,359	103,707	172,066	270,804	19,763	290,567
3.2.1.2. Forward Foreign Currency Sale Transactions		90,114	81,708	171,822	666	289,043	289,709
3.2.2. Currency and Interest Rate Swaps		-	5,672,076	5,672,076	148,780	1,439,378	1,588,158
3.2.2.1. Currency Swap Purchase Transactions		-	2,815,195	2,815,195	148,780	643,754	792,534
3.2.2.2. Currency Swap Sale Transactions		-	2,856,881	2,856,881	-	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		-	94,836	94,836	3,410	5,781	9,191
3.2.3.1. Currency Purchase Options		-	47,418	47,418	1,709	2,900	4,609
3.2.3.2. Currency Sale Options		-	47,418	47,418	1,701	2,881	4,582
3.2.3.3. Interest Rate Purchase Options		-	-	-	-	-	-
3.2.3.4. Interest Rate Sale Options		-	-	-	-	-	-
3.2.3.5. Securities Purchase Options		-	-	-	-	-	-
3.2.3.6. Securities Sale Options		-	-	-	-	-	-
3.2.4. Currency Futures		-	-	-	-	-	-
3.2.4.1. Currency Purchase Futures		-	-	-	-	-	-
3.2.4.2. Currency Sale Futures		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Purchase Futures		-	-	-	-	-	-
3.2.5.2. Interest Rate Sale Futures		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		<b>18,198,860</b>	<b>40,035,136</b>	<b>58,233,996</b>	<b>13,436,713</b>	<b>29,456,396</b>	<b>42,893,109</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>8,015,630</b>	<b>7,375,960</b>	<b>15,391,590</b>	<b>5,418,774</b>	<b>4,641,317</b>	<b>10,060,091</b>
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Securities Held in Custody		1,507,948	21,132	1,529,080	1,546,929	18,892	1,565,821
4.3. Checks Received for Collection		33,863	14,439	48,302	28,928	12,131	41,059
4.4. Commercial Notes Received for Collection		4,170	12,175	16,345	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		6,467,795	7,323,682	13,791,477	3,831,407	4,602,827	8,434,234
4.8. Custodians		1,854	4,532	6,386	4,631	297	4,928
<b>V. PLEDGED ITEMS</b>		<b>10,183,230</b>	<b>32,659,176</b>	<b>42,842,406</b>	<b>8,017,939</b>	<b>24,815,079</b>	<b>32,833,018</b>
5.1. Marketable Securities		12,106	-	12,106	11,097	-	11,097
5.2. Guarantee Notes		921	411	1,332	921	59	980
5.3. Commodity		39,805	60,547	100,352	65,573	61,140	126,713
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		2,903,066	18,917,569	21,820,635	3,179,455	15,502,429	18,681,884
5.6. Other Pledged Items		7,227,332	13,680,649	20,907,981	4,760,893	9,251,451	14,012,344
5.7. Depositories Receiving Pledged Items		-	-	-	-	-	-
<b>VI. ACCEPTED BILL OF GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>19,498,010</b>	<b>53,768,754</b>	<b>73,266,764</b>	<b>14,554,744</b>	<b>37,637,349</b>	<b>52,192,093</b>

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

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

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

INCOME STATEMENT		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA			
			Reviewed CURRENT PERIOD (01/01/2020- 30/06/2020)	Reviewed PRIOR PERIOD (01/01/2019- 30/06/2019)	Reviewed CURRENT PERIOD (01/04/2020- 30/06/2020)	Reviewed PRIOR PERIOD (01/04/2019- 30/06/2019)
<b>I.</b>	<b>INTEREST INCOME</b>	(5.IV.1)	<b>542,646</b>	<b>665,800</b>	<b>268,462</b>	<b>330,051</b>
1.1	Interest on Loans		294,895	390,384	150,606	176,891
1.2	Interest Received from Reserve Deposits		-	23,466	-	13,287
1.3	Interest Received from Banks		32,861	47,840	12,363	27,000
1.4	Interest Received from Money Market Transactions		1,338	17,579	808	904
1.5	Interest Received from Marketable Securities Portfolio		175,161	136,089	85,522	92,308
1.5.1	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		49,680	64,568	19,408	50,880
1.5.3	Financial Assets Measured at Amortised Cost		125,481	71,521	66,114	41,428
1.6	Finance Lease Interest Income		-	-	-	-
1.7	Other Interest Income		38,391	50,442	19,163	19,661
<b>II.</b>	<b>INTEREST EXPENSES</b>	(5.IV.2)	<b>324,329</b>	<b>466,808</b>	<b>173,168</b>	<b>234,145</b>
2.1	Interest on Deposits		171,858	316,483	91,094	160,388
2.2	Interest on Funds Borrowed		127,286	129,041	67,338	60,918
2.3	Interest on Money Market Transactions		2,376	14,647	1,196	9,576
2.4	Interest on Securities Issued		-	-	-	-
2.5	Financial Lease Interest Expense		6,674	6,271	3,205	3,103
2.6	Other Interest Expenses		16,135	366	10,335	160
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>218,317</b>	<b>198,992</b>	<b>95,294</b>	<b>95,906</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>67,633</b>	<b>50,344</b>	<b>43,700</b>	<b>26,967</b>
4.1	Fees and Commissions Received		73,952	52,490	46,708	27,775
4.1.1	Non-Cash Loans		9,176	8,395	5,015	4,402
4.1.2	Other		64,776	44,095	41,693	23,373
4.2	Fees and Commissions Paid		6,319	2,146	3,008	808
4.2.1	Non-Cash Loans		12	10	6	5
4.2.2	Other		6,307	2,136	3,002	803
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>90</b>	<b>1</b>	<b>90</b>	<b>1</b>
<b>VI.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	(5.IV.3)	<b>52,998</b>	<b>26,555</b>	<b>21,882</b>	<b>12,730</b>
6.1	Profit/Losses from Capital Market Transactions		10,311	5,176	5,850	1,963
6.2	Profit/Losses from Derivative Financial Transactions		(24,606)	6,055	(35,885)	305
6.3	Foreign Exchange Profit/Losses		67,293	15,324	51,917	10,462
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5.IV.4)	<b>123,705</b>	<b>42,400</b>	<b>15,098</b>	<b>13,181</b>
<b>VIII.</b>	<b>GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)</b>		<b>462,743</b>	<b>318,292</b>	<b>176,064</b>	<b>148,785</b>
<b>IX.</b>	<b>ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	(5.IV.5)	<b>105,064</b>	<b>58,972</b>	<b>49,245</b>	<b>23,594</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	(5.IV.5)	<b>2,574</b>	<b>11,123</b>	<b>(1,496)</b>	<b>10,851</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>135,053</b>	<b>96,122</b>	<b>65,952</b>	<b>46,816</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(5.IV.6)	<b>94,442</b>	<b>78,740</b>	<b>49,117</b>	<b>47,596</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT / LOSS (VIII-IX-X-XI-XII)</b>		<b>125,610</b>	<b>73,335</b>	<b>13,246</b>	<b>19,928</b>
<b>XIV.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-	-	-
<b>XV.</b>	<b>PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-	-	-
<b>XVI.</b>	<b>NET MONETARY POSITION GAIN / LOSS</b>		-	-	-	-
<b>XVII.</b>	<b>PROFIT / LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII + ... + XVI)</b>	(5.IV.7)	<b>125,610</b>	<b>73,335</b>	<b>13,246</b>	<b>19,928</b>
<b>XVIII.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.IV.8)	<b>27,410</b>	<b>25,696</b>	<b>10,650</b>	<b>9,186</b>
18.1	Current Tax Provision		78,620	42,844	44,702	10,948
18.2	Expense Effect of Deferred Tax (+)		2,535	24,755	2,257	(879)
18.3	Income Effect of Deferred Tax (-)		(53,745)	(41,903)	(36,309)	883
<b>XIX.</b>	<b>NET PROFIT/LOSS FROM CONTINUING OPERATIONS(XVII±XVIII)</b>	(5.IV.9)	<b>98,200</b>	<b>47,639</b>	<b>2,596</b>	<b>10,742</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
20.1	Income from Assets Held for Sale		-	-	-	-
20.2	Profit from Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3	Other Income from Discontinued Operations		-	-	-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
21.1	Expenses on assets held for sale		-	-	-	-
21.2	Losses from Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3	Other Expenses from Discontinued Operations		-	-	-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM DISCONTINUING OPERATIONS (±) (XX-XXI)</b>	(5.IV.7)	-	-	-	-
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	(5.IV.8)	-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Expense Effect of Deferred Tax (+)		-	-	-	-
23.3	Income Effect of Deferred Tax (-)		-	-	-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-	-	-
<b>XXV.</b>	<b>NET PROFIT/LOSSES (XIX+XXIV)</b>	(5.IV.9)	<b>98,200</b>	<b>47,639</b>	<b>2,596</b>	<b>10,742</b>
25.1	Group's Profit/Loss		98,200	47,639	2,596	10,742
25.2	Minority Shares' (-)		-	-	-	-
Profit/Loss of Per Share (Full TL)			0.0114	0.0055	0.0003	0.0012

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 JUNE 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 - 30/06/2020)	Reviewed PRIOR PERIOD (01/01/2019 - 30/06/2019)	Reviewed CURRENT PERIOD (01/04/2020 - 30/06/2020)	Reviewed PRIOR PERIOD (01/04/2019 - 30/06/2019)
<b>I.</b>	<b>PROFIT/ (LOSS)</b>	<b>98,200</b>	<b>47,639</b>	<b>2,596</b>	<b>10,742</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>5,434</b>	<b>45,553</b>	<b>40,740</b>	<b>35,136</b>
<b>2.1.</b>	<b>Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss</b>	-	(144)	-	-
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	-	36	-	-
<b>2.2.</b>	<b>Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	<b>5,434</b>	<b>45,697</b>	<b>40,740</b>	<b>35,136</b>
2.2.1.	Exchange Differences on Translation	-	-	-	-
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	8,386	57,421	51,895	44,220
2.2.3.	Income (Loss) Related with Cash Flow Hedges	-	-	-	-
2.2.4.	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-	-	-
2.2.5.	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-	-	-
2.2.6.	Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	(2,952)	(11,724)	(11,155)	(9,084)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)</b>	<b>103,634</b>	<b>93,192</b>	<b>43,336</b>	<b>45,878</b>

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

**ICBC TURKEY BANK A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE INTERIM PERIOD ENDED 30 JUNE 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
<b>PRIOR PERIOD</b>																
<b>30/06/2019</b>																
<b>I. Balances at Beginning of Period</b>	<b>860,000</b>	<b>(587)</b>	-	-	<b>13,268</b>	<b>(376)</b>	-	-	<b>(83,233)</b>	-	<b>246,680</b>	<b>47,268</b>	<b>83,549</b>	<b>1,166,569</b>	-	<b>1,166,569</b>
<b>II. Adjustment in accordance with TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New Balance (I+II)</b>	<b>860,000</b>	<b>(587)</b>	-	-	<b>13,268</b>	<b>(376)</b>	-	-	<b>(83,233)</b>	-	<b>246,680</b>	<b>47,268</b>	<b>83,549</b>	<b>1,166,569</b>	-	<b>1,166,569</b>
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	<b>(144)</b>	-	-	<b>45,697</b>	-	-	-	<b>47,639</b>	<b>93,192</b>	-	<b>93,192</b>
<b>V. Capital Increase in Cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase through internal reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Issued capital/ inflation adjustment difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Debt</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase/ (Decrease) through Other Changes, equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	<b>82,098</b>	<b>1,595</b>	<b>(83,549)</b>	<b>144</b>	-	<b>144</b>	
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers legal reserves	-	-	-	-	-	-	-	-	-	<b>82,098</b>	<b>(81,954)</b>	-	<b>144</b>	-	<b>144</b>	
11.3 Others	-	-	-	-	-	-	-	-	-	-	<b>83,549</b>	<b>(83,549)</b>	-	-	-	
<b>Balances at the end of Period (III+IV+...+X+XI) 30/06/2019</b>	<b>860,000</b>	<b>(587)</b>	-	-	<b>13,268</b>	<b>(520)</b>	-	-	<b>(37,536)</b>	-	<b>328,778</b>	<b>48,863</b>	<b>47,639</b>	<b>1,259,905</b>	-	<b>1,259,905</b>

1. Tangible and Intangible Assets Revaluation Reserve,

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

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

4. Exchange Differences on Translation,

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

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

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

**ICBC TURKEY BANK A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE INTERIM PERIOD ENDED 30 JUNE 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	
<b>CURRENT PERIOD</b>																	
<b>30/06/2020</b>																	
I.	Balances at Beginning of Period	860,000	(587)	-	-	15,094	1,216	-	-	4,582	-	328,778	48,719	71,510	1,329,312	-	1,329,312
II.	Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)	860,000	(587)	-	-	15,094	1,216	-	-	4,582	-	328,778	48,719	71,510	1,329,312	-	1,329,312
IV.	Total Comprehensive Income	-	-	-	-	-	-	-	-	5,434	-	-	-	98,200	103,634	-	103,634
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)	-	-	-
<b>Balances at the end of Period (III+IV...+X+XI) 30/06/2020</b>		<b>860,000</b>	<b>(587)</b>	<b>-</b>	<b>-</b>	<b>15,094</b>	<b>1,216</b>	<b>-</b>	<b>-</b>	<b>10,016</b>	<b>-</b>	<b>402,700</b>	<b>46,307</b>	<b>98,200</b>	<b>1,432,946</b>	<b>-</b>	<b>1,432,946</b>

1. Tangible and Intangible Assets Revaluation Reserve,

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

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

4. Exchange Differences on Translation,

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

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

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



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

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

		THOUSANDS OF TURKISH LIRA	
		Reviewed CURRENT PERIOD (01/01/2020 - 30/06/2020)	Reviewed PRIOR PERIOD (01/01/2019 - 30/06/2019)
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1</b>	<b>Operating profit before changes in operating assets and liabilities</b>	<b>332,007</b>	<b>207,709</b>
1.1.1	Interest Received	453,628	700,157
1.1.2	Interest Paid	(288,028)	(516,012)
1.1.3	Dividend Received	90	1
1.1.4	Fees And Commissions Received	111,283	53,026
1.1.5	Other Income	171,924	64,873
1.1.6	Collections from Previously Written-off Loans and Other Receivables	119,710	8,835
1.1.7	Cash Payments to Personnel and Service Suppliers	(132,535)	(95,379)
1.1.8	Taxes Paid	(52,708)	(63,260)
1.1.9	Other	(51,357)	55,468
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities Subject to Banking Operations</b>	<b>3,395,846</b>	<b>(151,592)</b>
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss	(4,583)	(17,143)
1.2.2	Net (Increase) Decrease in due from Banks	(810,355)	(309,947)
1.2.3	Net (Increase) Decrease in Loans	347,002	(693,785)
1.2.4	Net (Increase) Decrease in Other Assets	(96,281)	(7,909)
1.2.5	Net (Increase) Decrease in Bank Deposits	(57,900)	(602,260)
1.2.6	Net Increase (Decrease) in Other Deposits	1,419,313	1,482,166
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	2,350,460	(424,253)
1.2.9	Net Increase (Decrease) in Matured Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	248,190	421,539
<b>I.</b>	<b>Net Cash Provided by Banking Operations</b>	<b>3,727,853</b>	<b>56,117</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(2,468,400)</b>	<b>(92,113)</b>
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Joint Ventures	-	-
2.2	Cash Obtained From Sale of Associates, Subsidiaries and Joint Ventures	-	-
2.3	Cash Paid For the Purchase of Tangible and Intangible Asset	60,529	(16,775)
2.4	Cash Obtained from the Sale of Tangible and Intangible Asset	460	26
2.5	Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	39,518	(33,257)
2.6	Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income	(1,540,169)	532,322
2.7	Cash Paid for Purchase of Financial Assets Measured at Amortised Cost	(1,021,993)	(561,440)
2.8	Cash Obtained from Sale of Financial Asset Measured at Amortised Cost	-	-
2.9	Other	(6,745)	(12,989)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>	<b>-</b>	<b>-</b>
3.1	Cash Obtained from Loans and Securities Issued	-	-
3.2	Cash Outflow Arised From Loans and Securities Issued	-	-
3.3	Equity investments issued	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Liabilities Leases	-	-
3.6	Other	-	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>139,771</b>	<b>38,297</b>
<b>V.</b>	<b>Net Increase / Decrease in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>1,399,224</b>	<b>2,301</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of Period</b>	<b>3,866,345</b>	<b>3,854,231</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of Period (V+VI)</b>	<b>5,265,569</b>	<b>3,856,532</b>

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 JUNE 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 within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette numbered 26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made “Turkish Financial Reporting Standards” (“TFRS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”), all together referred to as BRSA Accounting and Financial Reporting Legislation.

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

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

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

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

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

## ICBC TURKEY BANK A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 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

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

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

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

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

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

##### Transactions denominated in foreign currencies:

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

As of 30 June 2020, foreign currency denominated balances are translated into Turkish Lira at fair value through (TL Full); USD: TL 6.8422, EUR: TL 7.7082, GBP: TL 8.4282, and JPY: TL 0.0637.

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

#### III. Explanations on Subsidiaries and Associates

As of 30 June 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 June 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 June 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 JUNE 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 Designated at Fair Value through Profit or Loss” in accordance with TFRS 9. The Parent Bank does not have any embedded derivatives.

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

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

Fair values of option agreements are calculated using option pricing models and unrealized profit and loss amounts are presented in 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.

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

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

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

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#### **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 no adjustment to earnings, losses (including impairment gain or loss) or interest received previously in the financial statements is made.

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

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

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

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

- Financial assets within a business model that 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 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 recorded as interest income in the statement of profit or loss.

#### **Loans**

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

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

##### Explanation on Expected Credit Losses

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

There is no provision for impairment of equity instruments.

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

As of the date of initial recognition, financial assets 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 experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from its default occurring over the earlier of the next 12 months or its maturity date.

**Stage 2:** An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument and measures the provision for impairment on this financial instrument at an amount equal to the lifetime expected credit losses. The purpose of impairment provisions matters are recognizing the risk of default occurring over the remaining life of the financial instrument that credit risk has increased significantly since initial recognition is performed at each reporting period.

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

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

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

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the 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 Bank’s claim to cash flows from specified assets
- Features that modify consideration for the time value of money

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#### IX. Explanations on Offsetting Financial Instruments

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

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

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

Securities sold under repurchase agreements (“Repo”) are classified as “fair value through profit or loss”, “fair value through other comprehensive income” or “financial assets measured at amortized cost” based on the Parent Bank management’s intention and measured with the same valuation principles of the portfolio above. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis based on the difference between selling and repurchase prices using effective interest rate (internal rate of return) method. Securities purchased under resale agreements (“Reverse repo”) are classified under “Receivables from Reverse Repurchase Agreements”. An income accrual using the effective interest rate method is accounted for the positive difference between the purchase and resale prices earned during the period. The Parent Bank does not have any securities related to the lending.

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

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

The Group does not have any assets held for sale as of 30 June 2020 (31 December 2019 : None).

The Group has no discontinued operations as of 30 June 2020 (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 June 2020 and 31 December 2019.

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

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

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

#### 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	The shorter of the economic life of lease term

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

In cases where the expected future benefits of the assets are less than their “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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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2020**

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

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

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

The Parent Bank applies revaluation model for the buildings as permitted by TAS 16 "Property, Plant and Equipment". For this purpose, fair values of the buildings are determined by a third party appraiser, which is commissioned by BRSA and Capital Markets Board. The fair value surplus is recognized in "Revaluation Fund on Tangible Assets" within the equity items. As at 30 June 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 "Turkey Accounting Standards Regarding 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 2019, 2020 and 2021 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

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

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

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

In accordance with the Turkish tax legislation, the tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses 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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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2020

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#### **XVIII. Explanations on Taxation (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 June 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, 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. The Parent Bank decided 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 the remained TL 38,129 to be transferred to extraordinary reserves.

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

For the purpose of the consolidated financial statements, shareholders, members of board of directors, related companies managed by their own and families, associates and jointly controlled entities are accepted as related party in accordance with the article 49 of the Banking Law No.5411. Transactions regarding related parties are presented in footnote 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 six 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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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2020

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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, the announcement dated 23 March 2020 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” obtained 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 June 2020, taking into consideration the aforementioned regulations of the BRSA.

On 5 June 2020, Public Oversight Authority has made amendments in “IFRS 16 Leases” standard by publishing “Concession right granted for lease payments -Amendments regarding to IFRS 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 statement 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 21.94% (31 December 2019: 18.71%).

<b>Current Period</b>	<b>Amount</b>	<b>Amounts related to treatment before 1/1/2014 <sup>(1)</sup></b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	
Share issue premiums	(587)	
Reserves	402,700	
Gains recognized in equity as per TAS	49,748	
Profit	144,507	
Current period profit	98,200	
Prior period profit	46,307	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>1,456,368</b>	
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1 <sup>st</sup> clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	
Improvement costs for operating leasing	3,846	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4,459	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,709	
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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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated)

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

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

	<b>Amount</b>	<b>Amounts related to treatment before 1/1/2014 <sup>(1)</sup></b>
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets arising from temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>10,014</b>	
<b>Total Common Equity Tier I Capital</b>	<b>1,446,354</b>	
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred stock not included in common equity and the related share premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
<b>Additional Tier I Capital before Deductions</b>	-	
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	

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I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued):

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	2,972	
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 (-)	1,137	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
<b>Total Deductions From Additional Tier I Capital</b>	<b>4,109</b>	
<b>Total Additional Tier I Capital</b>		
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1,442,245</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	2,052,900	
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)	201,597	
<b>Tier II Capital Before Deductions</b>	<b>2,254,497</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns %10 or more of the issued common share capital exceeding %10 of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	
<b>Total Tier II Capital</b>	<b>2,254,497</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>3,696,742</b>	
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA	181	
<b>Regulatory Adjustments which will be deducted from Total Capital during the transition period</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than %10 of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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

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

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds	-	
<b>TOTAL CAPITAL</b>		
Total capital (The Sum of Tier I Capital and Tier II)	3,696,561	
Total risk weighted amounts	16,850,821	
<b>CAPITAL ADEQUACY RATIOS <sup>(2)</sup></b>		
Consolidated Core Capital Adequacy Ratio (%)	8.56	
Consolidated Tier 1 Capital Adequacy Ratio (%)	8.56	
Consolidated Capital Adequacy Standard Ratio (%)	21.94	
<b>BUFFERS</b>		
Total buffer requirement	2.76	
Capital conservation buffer requirement (%)	2.50	
Bank specific countercyclical buffer requirement (%)	0.26	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	
<b>Amounts below the financial limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	-	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Temporary Article 4 (to be implemented between 1 January 2019 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

<sup>(2)</sup> As of 30 June 2020, the Parent Bank has taken into consideration subordinated loan amounting TL 2,052,900 from its main shareholder, Industrial and Commercial Bank of China Limited Company, for capital adequacy calculation.

As of 30 June 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 “Securities 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 June 2020, the Bank’s equity amount would be calculated as TL 3,673,140 and the capital adequacy standard ratio would be calculated as 18.31%.

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



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

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

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

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

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

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

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

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

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds	-	
The sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 Capital for the purposes of the first sub-paragraph of the provisional articles of the Regulation on Banks’ Own Funds	-	
<b>TOTAL CAPITAL<sup>(2)</sup></b>		
Total capital (The Sum of Tier I Capital and Tier II)	3,208,722	
Total risk weighted items	17,154,261	
<b>CAPITAL ADEQUACY RATIOS <sup>(2)</sup></b>		
Consolidated Core Capital Adequacy Ratio (%)	7.67	
Consolidated Tier 1 Capital Adequacy Ratio (%)	7.67	
Consolidated Capital Adequacy Standard Ratio (%)	18.71	
<b>BUFFERS</b>		
Total buffer requirement	2.77	
Capital conservation buffer requirement (%)	2.50	
Bank specific countercyclical buffer requirement (%)	0.27	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	
<b>Amounts below the financial limits as per the Deduction principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	-	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Temporary Article 4 (to be implemented between 1 January 2019 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

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

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

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

None.

**Information on the 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
<b>Consideration in equity calculation</b>	
Subject to 10% deduction as of 1 January 2015	No
Validity status on consolidated or unconsolidated basis or on both consolidated and unconsolidated basis	Consolidated and Unconsolidated Basis
Type of debt instrument	Secondary Subordinated Loan
Amount considered in the calculation of equity (as of the last reporting date)	2,052,900
Nominal value of debt instrument	300 M USD
Accountable account of the debt instrument	347
Date of issuance of debt instrument Maturity structure of debt instrument (Demand / Term)	28.12.2018
Maturity structure of debt instrument (Demand / Term)	Term
Maturity of debt instrument	28.12.2028
Whether the issuer has the right of reimbursement due to BRSA approval	In the case of a regulatory cause after the 5th anniversary, the BRSA has the right to reimbursement upon approval
Reimbursement option date, contingent repayment options and refund amount	-
Subsequent reimbursement option dates	-
<b>Interest / dividend payments</b>	
Fixed or variable interest / dividend payments	Variable interest
Interest rate and interest rate index value	6 M USD LIBOR +1.75%
Whether there are any restrictions that stop the payment of dividends	Payable in accordance with BRSA communiqués and regulations
Fully optional, partially optional or mandatory	Mandatory
Whether there is an element that will encourage repayment, such as interest rate increases	-
Being non-cumulative or cumulative	Non-cumulative
<b>Convertible to stock</b>	
Triggering events / events that can cause conversion if they can be converted to a stock	-Elimination of activity permit -Possibility of transfer to SDIF -In the event of regulatory reason, the decision of BRSA will be converted to share
Full or partial conversion if convertible	Subject to BRSA approval fully or partially
If convertible, conversion rate	Subject to BRSA approval and convertible
If forced to convert to stock, forced or optional conversion feature	Subject to BRSA approval
Convertible vehicle types if converted to stock	Stock
Issuer of a debt instrument to be converted	-
<b>Value reduction feature</b>	
Trigger events / events that will cause a reduction if it has a value reduction feature	-
Total or partial value reduction if value reduction is available	-
Continuous or transient feature	-
Value increment mechanism if the value can be temporarily reduced	-
In the case of the right to take in the case of liquidation in the order of the right (the vehicle just above this debt instrument)	Before the borrowing instruments to be included in the calculation of the additional capital of the owner to the owner, after the depositors and all other debts
Whether the banks do not have the requirements of Articles 7 and 8 of the Regulation on Shareholders' Equity	Although it has all the requirements of Article 8, it does not meet the requirements of Article 7
Which of the requirements of the articles 7 and 8 of the Regulation on Equity of Banks are not	Although it has all the requirements of Article 8, it does not meet the requirements of Article 7

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

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#### 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):

	23.06.2020	24.06.2020	25.06.2020	26.06.2020	29.06.2020	30.06.2020
<b>USD</b>	6.8422	6.8440	6.8452	6.8434	6.8417	6.8422
<b>GBP</b>	8.4723	8.5213	8.5450	8.4942	8.4717	8.4282
<b>EURO</b>	7.6713	7.7278	7.7363	7.6796	7.6776	7.7082
<b>JPY</b>	0.0638	0.0638	0.0641	0.0637	0.0638	0.0637

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

	Monthly Average FC Exchange Bid Rates
<b>USD</b>	6.8077
<b>GBP</b>	8.5164
<b>EURO</b>	7.6630
<b>JPY</b>	0.0631

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(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:**

<b>30 June 2020</b>	<b>EURO</b>	<b>USD</b>	<b>OTHER FC</b>	<b>TOTAL</b>
<b>Assets</b>				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey <sup>(1)</sup>	403,887	2,967,158	1,248	3,372,293
Banks	1,367,966	1,361,075	85,704	2,814,745
Financial assets at fair value through profit or loss	-	-	-	-
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	11,910	2,673,178	-	2,685,088
Loans <sup>(3)</sup>	3,998,677	3,034,208	-	7,032,885
Investment and associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortized cost	-	3,361,850	-	3,361,850
Hedging derivative financial assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	28,396	39,537	179	68,112
<b>Total assets</b> <sup>(2) (3) (7)</sup>	<b>5,810,836</b>	<b>13,437,006</b>	<b>87,131</b>	<b>19,334,973</b>
<b>Liabilities</b>				
Interbank deposits	-	1	31,767	31,768
Foreign currency deposits	2,148,368	7,037,729	95,341	9,281,438
Fund provided from money market	-	-	-	-
Funds provided from other financial institutions	1,310,911	7,370,111	-	8,681,022
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities held for hedging	-	-	-	-
Other liabilities	828,383	150,069	16,992	995,444
<b>Total liabilities</b> <sup>(2) (6) (8)</sup>	<b>4,287,662</b>	<b>14,557,910</b>	<b>144,100</b>	<b>18,989,672</b>
<b>Net On Balance Sheet Position</b>	<b>1,523,174</b>	<b>(1,120,904)</b>	<b>(56,969)</b>	<b>345,301</b>
<b>Net Off Balance Sheet Position</b>	<b>(2,231,517)</b>	<b>2,133,038</b>	<b>82,896</b>	<b>(15,583)</b>
Financial Derivatives Assets <sup>(5)</sup>	354,577	2,515,246	104,366	2,974,189
Financial Derivatives Liabilities <sup>(5)</sup>	2,586,094	382,208	21,470	2,989,772
<b>Non-cash Loans</b> <sup>(4)</sup>	<b>2,441,760</b>	<b>5,293,002</b>	<b>34,895</b>	<b>7,769,657</b>
<b>31 December 2019</b>				
<b>Total Assets</b> <sup>(2) (3) (7)</sup>	<b>3,543,013</b>	<b>10,810,265</b>	<b>21,457</b>	<b>14,374,735</b>
<b>Total Liabilities</b> <sup>(2) (6) (8)</sup>	<b>2,832,504</b>	<b>10,789,025</b>	<b>88,778</b>	<b>13,710,307</b>
<b>Net On Balance Sheet Position</b>	<b>710,509</b>	<b>21,240</b>	<b>(67,321)</b>	<b>664,428</b>
<b>Net Off Balance Sheet Position</b>	<b>(623,421)</b>	<b>135,000</b>	<b>70,249</b>	<b>(418,172)</b>
Financial Derivatives Assets <sup>(5)</sup>	665	588,028	85,296	673,989
Financial Derivatives Liabilities <sup>(5)</sup>	624,086	453,028	15,047	1,092,161
<b>Non-cash Loans</b> <sup>(4)</sup>	<b>2,133,845</b>	<b>4,260,459</b>	<b>20,499</b>	<b>6,414,803</b>

<sup>(1)</sup> As of 30 June 2020 and 31 December 2019, the Group does not have precious metals balancing in Central Bank accounts.

<sup>(2)</sup> As of 30 June 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 2,817 and TL 47,242 respectively (31 December 2019 : TL 151 and TL 3,864) are not included in the table.

<sup>(3)</sup> As of 30 June 2020, “Loans” balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 107,585 (31 December 2019 : TL 102,561).

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

<sup>(5)</sup> As of 30 June 2020, value dated FX buying and FX selling transactions amounting to TL 7,869 and TL 3,765 respectively, presented under “Asset Purchase and Sale Commitments” of off-balance sheet items are included (31 December 2019 : TL 7,572 and TL 4,613).

<sup>(6)</sup> As of 30 June 2020, “Valuation Differences of Securities” amounting to TL (6,099), (31 December 2019 : TL 7,315) which is classified under shareholders' equity, is not included.

<sup>(7)</sup> As of 30 June 2020, assets amounting to TL 185,636 (31 December 2019 : TL 97,770) is not included “Expected Loss Provisions”.

<sup>(8)</sup> As of 30 June 2020, liabilities amounting to TL 40,918 (31 December 2019 : TL 36,053) is not included “Other Provisions”.

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(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 June 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 June 2020				31 December 2019			
	Statement of Profit or loss		Equity <sup>(1)</sup>		Statement of Profit or loss		Equity <sup>(1)</sup>	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	101,213	(101,213)	101,213	(101,213)	15,624	(15,624)	15,624	(15,624)
EURO	(70,834)	70,834	(70,834)	70,834	8,709	(8,709)	8,709	(8,709)
Other FC	2,593	(2,593)	2,593	(2,593)	293	(293)	293	(293)
<b>Total</b>	<b>32,972</b>	<b>(32,972)</b>	<b>32,972</b>	<b>(32,972)</b>	<b>24,626</b>	<b>(24,626)</b>	<b>24,626</b>	<b>(24,626)</b>

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

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 <sup>(1)</sup>	Total
<b>30 June 2020</b>							
<b>Assets</b>							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the CBRT	3,011,011	-	-	-	-	471,099	3,482,110
Banks	1,752,219	29,957	-	-	-	1,039,186	2,821,362
Financial assets at fair value through profit or loss	3,056	6,664	50	-	-	21,208	30,978
Money market placements	474,101	-	-	-	-	-	474,101
Financial assets at fair value through other comprehensive income	1,080,296	1,689,187	92,547	400,802	65,710	11,910	3,340,452
Loans	795,968	2,764,002	3,066,551	1,141,863	840,178	-	8,608,562
Financial assets measured at amortized cost	260,588	177,137	744,141	2,716,847	129,250	-	4,027,963
Other assets	7	-	-	-	-	102,376	102,383
<b>Total assets</b>	<b>7,377,246</b>	<b>4,666,947</b>	<b>3,903,289</b>	<b>4,259,512</b>	<b>1,035,138</b>	<b>1,645,779</b>	<b>22,887,911</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	118,552	118,552
Other Deposits	9,185,975	1,260,451	83,237	3,807	-	672,319	11,205,789
Interbank Money Market Borrowings	13,188	-	-	-	-	-	13,188
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	-	2,267,755	6,061,425	357,975	-	-	8,687,155
Other Liabilities	1,027,998	24,931	19	-	-	1,810,279	2,863,227
<b>Total Liabilities</b>	<b>10,227,161</b>	<b>3,553,137</b>	<b>6,144,681</b>	<b>361,782</b>	<b>-</b>	<b>2,601,150</b>	<b>22,887,911</b>
Balance Sheet Long Position	-	1,113,810	-	3,897,730	1,035,138	-	6,046,678
Balance Sheet Short Position	(2,849,915)	-	(2,241,392)	-	-	(955,371)	(6,046,678)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(2,849,915)</b>	<b>1,113,810</b>	<b>(2,241,392)</b>	<b>3,897,730</b>	<b>1,035,138</b>	<b>(955,371)</b>	<b>-</b>

<sup>(1)</sup> TL 122,749 of tangible and intangible assets, TL 79,386 of tax assets, TL (234,837) of expected loss provisions and TL 135,078 of other assets are included in other assets line in the interest-free column; provisions amounting to TL 133,904, tax liability of TL 62,869, other liabilities amounting to TL 180,560 and shareholders’ equity amounting to TL 1,432,946 are presented in other liabilities as non-interest bearing.

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

<sup>(1)</sup> TL 126,753 of tangible and intangible assets, TL 31,133 of tax assets, TL (223,953) of expected loss provisions TL 38,830 of other assets are classified under other assets as non-interest bearing; provisions amounting to TL 131,149, tax liability amounting to TL 23,915, other liabilities amounting to TL 127,949 and 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%
<b>30 June 2020 <sup>(1)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	-
Banks	0.01	0.19	-	-
Financial Assets at Fair Value Through Profit or Loss	-	5.00	-	-
Interbank Money Market Placements	-	-	-	8.21
Financial Assets at Fair Value Through Other Comprehensive Income	-	4.87	-	14.51
Loans	3.34	4.05	-	11.93
Financial Assets Measured at Amortised Cost	-	6.50	-	2.98
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	0.20	1.90	0.01	8.28
Interbank Money Market Borrowings	-	-	-	-
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0.23	2.91	-	8.84

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

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

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



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

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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. However, according to the Banks’ information reported to BRSA as of 31 March 2020, Banks has [Deposits in local currency+ Deposits in foreign currency] except for the bank deposits below 25 billion TL are allowed to comply with the regulation until 31 December 2020. In this context, the Bank is exempted from the regulation until the end of this year as of the reporting date.

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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 six months including the reporting period.

Liquidity Coverage Ratios		FC Liquidity Coverage Ratio	Total Liquidity Coverage Ratio
30 June 2020		530.72%	604.90%
Average		330.31%	375.29%

  

	Min FC (%)	Min Sum (%)	Max FC (%)	Max Sum (%)
Month	01 April 2020	11 June 2020	30 June 2020	30 June 2020
Ratio (%)	262.21%	251.96%	530.72%	604.90%

  

30 June 2020	Unweighted Amounts <sup>(2)</sup>		Weighted Amounts <sup>(2)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			<b>5,384,565</b>	<b>3,967,916</b>
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers Deposits	5,024,936	3,328,829	449,807	328,554
Stable deposits	1,053,729	86,570	52,686	4,328
Less stable deposits	3,971,207	3,242,259	397,121	324,226
Unsecured Funding other than Retail and Small Business Customer Deposits	8,583,342	7,641,604	4,011,265	3,475,014
Operational Deposits	1,790	-	322	-
Non-Operational Funding	7,725,324	6,957,828	3,165,631	2,791,238
Other Unsecured Funding	856,228	683,776	845,312	683,776
Secured funding	-	-	-	-
Other Cash Outflows	944,439	830,599	845,769	751,380
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	779,989	698,567	779,989	698,567
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	164,450	132,032	65,780	52,813
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	168,295	162,741	8,415	8,137
Other irrevocable or conditionally revocable commitments	2,110,455	1,526,766	205,868	152,704
<b>TOTAL CASH OUTFLOWS</b>			<b>5,521,124</b>	<b>4,715,789</b>
<b>CASH INFLOWS</b>				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	4,366,622	3,982,999	4,252,989	3,946,556
Other Contractual Cash Inflows	677,264	669,139	677,264	669,139
<b>TOTAL CASH INFLOWS</b>			<b>4,930,253</b>	<b>4,615,695</b>
			<b>Upper Limit Applied Accounts</b>	
<b>TOTAL HIGH LIQUIDITY ASSETS</b>			<b>5,384,565</b>	<b>3,967,916</b>
<b>TOTAL NET CASH OUTFLOWS <sup>(1)</sup></b>			<b>1,380,281</b>	<b>1,178,947</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>390.11%</b>	<b>336.56%</b>

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

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

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

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

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

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

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

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

Presentation of assets and liabilities according to their remaining maturities:

30 June 2020	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 Years	5 years and over	Undist. <sup>(1)</sup>	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,584,802	1,897,308	-	-	-	-	-	3,482,110
Banks	1,039,186	1,697,465	84,711	-	-	-	-	2,821,362
Financial Assets at Fair Value Through Profit or Loss	21,208	3,056	6,664	50	-	-	-	30,978
Interbank Money Market Placements	-	474,101	-	-	-	-	-	474,101
Financial Assets at Fair Value Through Other Comprehensive Income	11,910	-	-	126,873	3,135,960	65,709	-	3,340,452
Loans	-	218,187	710,452	1,884,129	3,040,243	2,755,551	-	8,608,562
Financial Assets Measured at Amortised Cost	-	-	-	515,753	3,382,961	129,249	-	4,027,963
Other Assets	-	118,948	3,191	7,867	495	79,176	(107,294)	102,383
<b>Total Assets</b>	<b>2,657,106</b>	<b>4,409,065</b>	<b>805,018</b>	<b>2,534,672</b>	<b>9,559,659</b>	<b>3,029,685</b>	<b>(107,294)</b>	<b>22,887,911</b>
<b>Liabilities</b>								
Bank Deposits	118,552	-	-	-	-	-	-	118,552
Other Deposits	672,319	9,185,975	1,260,451	83,237	3,807	-	-	11,205,789
Funds Borrowed from Other Financial Institutions	-	-	539,574	3,665,267	2,429,414	2,052,900	-	8,687,155
Interbank Money Markets	-	13,188	-	-	-	-	-	13,188
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	42,943	73,751	1,354	35,500	40,689	2,668,990	2,863,227
<b>Total Liabilities</b>	<b>790,871</b>	<b>9,242,106</b>	<b>1,873,776</b>	<b>3,749,858</b>	<b>2,468,721</b>	<b>2,093,589</b>	<b>2,668,990</b>	<b>22,887,911</b>
<b>Net Liquidity Gap</b>	<b>1,866,235</b>	<b>(4,833,041)</b>	<b>(1,068,758)</b>	<b>(1,215,186)</b>	<b>7,090,938</b>	<b>936,096</b>	<b>(2,776,284)</b>	<b>-</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>(25,426)</b>	<b>(16,024)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(41,450)</b>
Derivative financial assets <sup>(3)</sup>	-	1,059,940	1,935,876	47,418	-	-	-	3,043,234
Derivative financial liabilities <sup>(3)</sup>	-	1,085,366	1,951,900	47,418	-	-	-	3,084,684
<b>Non-cash loans <sup>(2)</sup></b>	<b>848,261</b>	<b>252,952</b>	<b>251,699</b>	<b>552,482</b>	<b>5,486,403</b>	<b>1,394,582</b>	<b>-</b>	<b>8,786,379</b>
<b>31 December 2019</b>								
<b>Total Assets</b>	<b>1,312,026</b>	<b>4,789,404</b>	<b>1,444,637</b>	<b>2,478,484</b>	<b>6,448,521</b>	<b>2,010,713</b>	<b>(92,304)</b>	<b>18,391,481</b>
<b>Total Liabilities</b>	<b>691,949</b>	<b>8,008,950</b>	<b>1,449,995</b>	<b>469,392</b>	<b>3,677,584</b>	<b>1,818,293</b>	<b>2,275,318</b>	<b>18,391,481</b>
<b>Net Liquidity Gap</b>	<b>620,077</b>	<b>(3,219,546)</b>	<b>(5,358)</b>	<b>2,009,092</b>	<b>2,770,937</b>	<b>192,420</b>	<b>(2,367,622)</b>	<b>-</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>(2,236)</b>	<b>51</b>	<b>(34)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,219)</b>
Derivative financial assets <sup>(3)</sup>	-	1,062,581	29,148	3,554	-	-	-	1,095,283
Derivative financial liabilities <sup>(3)</sup>	-	1,064,817	29,097	3,588	-	-	-	1,097,502
<b>Non-cash loans <sup>(2)</sup></b>	<b>863,011</b>	<b>263,979</b>	<b>110,602</b>	<b>603,120</b>	<b>1,864,379</b>	<b>3,282,317</b>	<b>-</b>	<b>6,987,408</b>

<sup>(1)</sup> The balance sheet is composed of TL 122,749 of tangible and intangible assets, TL 725 of the stationary supplies, TL 4,069 of assets to be disposed, TL (234,837) of expected loss provisions and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 133,904, other liabilities amounting to TL 1,102,140 and equity amounting to TL 1,432,946 are included here.

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

<sup>(3)</sup> As of 30 June 2020, the spot purchase transactions amounting to TL 8,555 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 8,563 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 4.41% as at 30 June 2020 (31 December 2019 : 5.39%).

	Current Period 30 June 2020 <sup>(1)</sup>	Prior Period 31 December 2019 <sup>(1)</sup>
<b>On-Balance sheet exposures</b>		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	23,806,259	17,363,797
(Assets amounts deducted in determining Tier 1 capital)	181	181
Total on-Balance sheet exposures	23,806,078	17,363,616
<b>Derivative financial instruments and credit derivatives</b>		
Replacements cost of derivative financial instruments and credit derivatives	-	-
Potential credit risk of derivative financial instruments and credit derivatives	40,533	7,724
Total derivative financial instruments and credit derivatives exposure	40,533	7,724
<b>Securities financial instruments and credit derivatives</b>		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	24,886	538
Agent transaction exposure	-	-
Total securities financing transactions exposures	24,886	538
<b>Off-balance sheet items</b>		
Off-balance sheet exposure at gross notional amount	8,787,750	7,045,035
(Adjustments for conversions to credit equivalent amounts)	-	-
Total risk of off-balance sheet items	8,787,750	7,045,035
<b>Capital and total exposure</b>		
Tier 1 capital	1,440,235	1,316,229
Total exposures	32,659,247	24,416,914
<b>Leverage ratio</b>	<b>4.41%</b>	<b>5.39%</b>

<sup>(1)</sup> 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 June 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 chance to Asset-Liability Committee and Audit Committee.

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

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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	Prior Period	Current Period
	30 June 2020	31 December 2019	30 June 2020
<b>1 Credit risk (excluding counterparty credit risk) (CCR)</b>	<b>15,219,315</b>	<b>15,881,894</b>	<b>1,217,545</b>
2 Standardised approach (SA)	15,219,315	15,881,894	1,217,545
3 Internal rating-based (IRB) approach	-	-	-
<b>4 Counterparty credit risk</b>	<b>133,940</b>	<b>143,657</b>	<b>10,716</b>
5 Standardised approach for counterparty credit risk (SA-CCR)	133,940	143,657	10,716
6 Internal model method (IMM)	-	-	-
<b>7 Basic risk weight approach to internal models equity position in the banking account</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8 Investments made in collective investment companies - look-through approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9 Investments made in collective investment companies - mandate-based approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10 Investments made in collective investment companies - 1250% weighted risk approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>11 Settlement risk</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>12 Securitization positions in banking accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
<b>16 Market risk</b>	<b>543,663</b>	<b>359,607</b>	<b>43,493</b>
17 Standardised approach (SA)	543,663	359,607	43,493
18 Internal model approaches (IMM)	-	-	-
<b>19 Operational risk</b>	<b>953,903</b>	<b>769,103</b>	<b>76,312</b>
20 Basic Indicator Approach	953,903	769,103	76,312
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
<b>23 The amount of the discount threshold under the equity (subject to a 250% risk weight)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24 Floor adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>16,850,821</b>	<b>17,154,261</b>	<b>1,348,066</b>

2. Explanation of credit risk:

a) Credit quality of assets:

	Gross carrying value as per TAS		Allowances /amortization and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	44,454	8,564,108	218,133	8,390,429
2 Debt instruments	-	7,368,415	4,203	7,364,212
3 Off-balance sheet exposures	7,021	8,914,947	46,462	8,875,506
<b>4 Total</b>	<b>51,475</b>	<b>24,847,470</b>	<b>268,798</b>	<b>24,630,147</b>

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

<b>1 Defaulted loans and debt securities at end of the previous reporting period</b>	<b>168,054</b>
2 Loans and debt securities defaulted since the last reporting period	15,369
3 Receivables back to non-defaulted status	-
4 Amounts written off	16,580
5 Other changes	(122,389)
<b>6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)</b>	<b>44,454</b>

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**VII. Explanations on Consolidated Credit Risk Management (Continued)**

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

c) Credit risk mitigation techniques – overview:

	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1 Loans	8,344,681	117,688	119,753	42,632	42,632	-	-
2 Debt Instruments	7,364,212	-	-	-	-	-	-
<b>3 Total</b>	<b>15,708,893</b>	<b>117,688</b>	<b>119,753</b>	<b>42,632</b>	<b>42,632</b>	-	-
4 Of which defaulted	44,454	-	-	-	-	-	-

d) 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.

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

Risk Classifications	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Claims on sovereigns and Central Banks	6,794,624	-	6,794,624	-	104,411	1%
2 Claims on regional governments or local authorities	29,093	-	29,093	-	-	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	7,543,237	3,451,725	7,543,237	2,828,657	6,480,897	42%
7 Claims on corporates	4,486,643	4,152,730	4,486,643	3,278,695	7,575,834	49%
8 Claims included in the regulatory retail portfolios	77,254	101,276	77,254	20,390	65,574	0%
9 Claims secured by residential property	400,502	1,495	400,502	299	140,054	1%
10 Claims secured by commercial property	1,215,726	221,356	1,215,726	110,556	718,710	5%
11 Overdue loans	9,886	-	9,886	-	10,678	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	338,120	-	338,120	-	253,851	2%
17 Equity share investments	-	-	-	-	-	0%
<b>18 Total</b>	<b>20,895,085</b>	<b>7,928,582</b>	<b>20,895,085</b>	<b>6,238,597</b>	<b>15,350,007</b>	<b>100%</b>

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**VII. Explanations on Consolidated Credit Risk Management (Continued)**

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

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

<b>Risk weight / Risk Classifications</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50% (Guaranteed with Real Estate Mortgage)</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total Risk Amount (After Credit Conversion Rate and Credit Risk Reduction)</b>
Exposures to central governments or central banks	6,773,843	-	-	20,781	-	-	-	-	6,794,624
Exposures to regional governments or local authorities	-	-	-	29,093	-	-	-	-	29,093
Exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organisations	-	-	-	-	-	-	-	-	-
Exposures to banks and institutions	96	-	1,377,501	5,193,015	-	3,801,282	-	-	10,371,894
Exposures to corporates	-	-	847	66,833	-	7,697,658	-	-	7,765,338
Retail exposures	-	-	-	-	97,644	-	-	-	97,644
Exposures secured by residential property	-	-	-	-	-	-	-	400,801	400,801
Exposures secured by commercial real estate	-	-	-	1,215,059	-	111,223	-	-	1,326,282
Overdue loans	-	-	-	119	-	8,064	1,703	-	9,886
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-
Other receivables	84,269	-	-	-	-	253,851	-	-	338,120
Equity share investments	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6,858,208</b>	<b>-</b>	<b>1,378,348</b>	<b>6,524,900</b>	<b>97,644</b>	<b>11,872,078</b>	<b>1,703</b>	<b>400,801</b>	<b>27,133,682</b>



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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 June 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)	9,899	29,795	-	1.4	39,694	34,644
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	-	-	-	-	483,754	94,253
<b>Total</b>	<b>9,899</b>	<b>29,795</b>	<b>-</b>	<b>-</b>	<b>523,448</b>	<b>128,897</b>

b) Credit valuation adjustment (CVA) capital charge:

30 June 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	34,644	897
4 Total subject to the CVA capital charge	34,644	897

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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:

<b>Risk Weight /Regulatory Portfolio</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Others</b>	<b>Total Credit Risk <sup>(1)</sup></b>
Claims from central governments and central banks	-	-	-	-	-	-	-	-	-
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	-	-	-	12	-	34,638	-	-	34,644
Corporates	-	-	-	-	-	-	-	-	-
Retail portfolios	-	-	-	-	-	-	-	-	-
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	<b>12</b>	-	<b>34,638</b>	-	-	<b>34,644</b>

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

d) Collaterals for counterparty credit risk: None.

e) Credit derivatives: None.

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

## ICBC TURKEY BANK A.Ş.

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

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

#### 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 administered 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

	<b>RWA</b>
<b>Outright products</b>	
1 Interest rate risk (general and specific)	93,137
2 Equity risk (general and specific)	105,063
3 Foreign exchange risk	345,463
4 Commodity risk	-
<b>Options</b>	
5 Simplified approach	-
6 Delta-plus method	-
7 Scenario approach	-
8 Securitization	-
<b>9 Total</b>	<b>543,663</b>

## ICBC TURKEY BANK A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 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 June 2020	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group’s Total Operations
Operating Income	41,346	235,966	185,431	462,743
Net profit of segment	11,885	202,817	(89,092)	125,610
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	11,885	202,817	(89,092)	125,610
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	11,885	202,817	(89,092)	125,610
Tax provision (-)	-	-	(27,410)	(27,410)
Profit / (Loss) after tax	11,885	202,817	(116,502)	98,200
Minority Shares	-	-	-	-
<b>Net Profit/ (Loss)</b>	<b>11,885</b>	<b>202,817</b>	<b>(116,502)</b>	<b>98,200</b>
Segment assets <sup>(1)</sup>	532,327	10,364,525	11,991,059	22,887,911
Associate and subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>532,327</b>	<b>10,364,525</b>	<b>11,991,059</b>	<b>22,887,911</b>
Segment liabilities <sup>(1)</sup>	4,841,727	6,694,255	9,918,983	21,454,965
Equity	-	-	1,432,946	1,432,946
<b>Total Liabilities</b>	<b>4,841,727</b>	<b>6,694,255</b>	<b>11,351,929</b>	<b>22,887,911</b>
<b>Other Segment Items</b>	<b>824</b>	<b>10,765</b>	<b>54,211</b>	<b>65,800</b>
Capital expenditure	-	-	(59,314)	(59,314)
Amortization	559	483	16,434	17,476
Impairment losses <sup>(2)</sup>	265	10,282	97,091	107,638

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 45% for corporate banking, 2% for retail banking, 53% 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 51%, 40%, and 9%, respectively.

ICBC TURKEY BANK A.Ş.

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

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

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

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

30 June 2019	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group's Total Operations
Operating Income	17,400	157,126	143,766	318,292
Net profit of segment	(9,270)	125,452	(42,847)	73,335
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	(9,270)	125,452	(42,847)	73,335
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	(9,270)	125,452	(42,847)	73,335
Tax provision (-)	-	-	25,696	25,696
Profit / (Loss) after tax	(9,270)	125,452	(68,543)	47,639
Minority Shares	-	-	-	-
<b>Net Profit/(Loss)</b>	<b>(9,270)</b>	<b>125,452</b>	<b>(68,543)</b>	<b>47,639</b>
Segment Assets <sup>(1)</sup>	730,218	7,812,222	8,482,324	17,024,764
Associates and Subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>730,218</b>	<b>7,812,222</b>	<b>8,482,324</b>	<b>17,024,764</b>
Segment Liabilities <sup>(1)</sup>	4,235,100	4,806,309	6,723,450	15,764,859
Equity	-	-	1,259,905	1,259,905
<b>Total Liabilities</b>	<b>4,235,100</b>	<b>4,806,309</b>	<b>7,983,355</b>	<b>17,024,764</b>
<b>Other Segment Items</b>	<b>1,021</b>	<b>9,290</b>	<b>86,601</b>	<b>96,912</b>
Capital Investment	-	-	10,414	10,414
Amortization	399	371	15,633	16,403
Value Decrease <sup>(2)</sup>	622	8,919	60,554	70,095

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in prior period as; 46% for corporate banking, 4% for retail banking, 50% for treasury, investment banking and others segment. Gross income (operational income) of the Group is distributed between corporate banking, treasury, investment banking and others segment and retail banking as 49%, 45%, and 6%, respectively.

**ICBC TURKEY BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 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 June 2020		31 December 2019	
	TL	FC	TL	FC
Cash	15,828	69,817	15,274	37,085
Central Bank of the Republic of Turkey (CBRT) <sup>(1)</sup>	93,989	3,302,476	120,143	1,900,953
Others	-	-	-	-
<b>Total</b>	<b>109,817</b>	<b>3,372,293</b>	<b>135,417</b>	<b>1,938,038</b>

<sup>(1)</sup> As at 30 June 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 June 2020		31 December 2019	
	TL	FC	TL	FC
Unrestricted Demand Deposits <sup>(1)</sup>	93,989	1,405,168	120,143	959,988
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	1,897,308	-	940,965
<b>Total</b>	<b>93,989</b>	<b>3,302,476</b>	<b>120,143</b>	<b>1,900,953</b>

<sup>(1)</sup> As at 30 June 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 June 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 June 2020 and 31 December 2019, the financial assets at fair value through profit or loss are kept under unrestricted account.

**ICBC TURKEY BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 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 June 2020		31 December 2019	
	TL	FC	TL	FC
Forward transactions	6,953	-	324	116
Swap transactions	-	2,767	171	35
Futures transactions	-	-	-	-
Options	-	50	23	-
Other	-	-	-	-
<b>Total</b>	<b>6,953</b>	<b>2,817</b>	<b>518</b>	<b>151</b>

**3. Information on banks:**

	30 June 2020		31 December 2019	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	6,617	1,586,102	1,115	1,691,394
Foreign	-	1,228,643	-	145,525
Foreign Offices and Branches	-	-	-	-
<b>Total</b>	<b>6,617</b>	<b>2,814,745</b>	<b>1,115</b>	<b>1,836,919</b>

**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 June 2020		31 December 2019	
	TL	FC	TL	FC
Given as collateral or blocked	500,235	166,036	704,702	191,784
Subject to repurchase agreements	-	-	-	-
<b>Total</b>	<b>500,235</b>	<b>166,036</b>	<b>704,702</b>	<b>191,784</b>

As of 30 June 2020, financial assets at fair value through other comprehensive income other than those given as collaterals or subject to repurchase agreements amounting to TL 2,674,181 are unrestricted (31 December 2019: TL 907,220).

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

	30 June 2020		31 December 2019	
	TL	FC	TL	FC
Debt instruments	3,346,930		1,848,637	
Listed	821,561		1,373,848	
Unlisted	2,525,369		474,789	
Equity instruments	11,910		10,057	
Listed	-		-	
Unlisted	11,910		10,057	
Impairment provision (-) / charge (+)	18,388		54,988	
<b>Total</b>	<b>3,340,452</b>		<b>1,803,706</b>	

**ICBC TURKEY BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 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 June 2020		31 December 2019	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	1,184,064	-	567,918
Corporate shareholders	-	1,184,064	-	567,918
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	2,811	-	2,782	-
<b>Total</b>	<b>2,811</b>	<b>1,184,064</b>	<b>2,782</b>	<b>567,918</b>

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

Cash Loans	Loans Under Close Monitoring			
	Standard Loans	Loans Not Subject to restructuring	Restructured Loans	
			Revised Contract Terms	Refinance
Non-specialized loans	8,002,470	320,789	226,431	14,418
Enterprise loans	-	-	226,412	14,204
Export loans	6,612	36,540	-	-
Import loans	-	-	-	-
Loans given to financial sector	2,887,254	-	-	-
Consumer loans	514,803	2,101	19	214
Credit cards	13,628	65	-	-
Other	4,580,173	282,083	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>8,002,470</b>	<b>320,789</b>	<b>226,431</b>	<b>14,418</b>



**ICBC TURKEY BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 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):**

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

	30 June 2020		31 December 2019	
	Standard Loans	Loans under close monitoring	Standard Loans	Loans under close monitoring
<b>Allowances for Expected Credit Losses on Stage 1 and 2</b>				
12 Months Expected Loss Provision	51,330	-	43,362	-
Significant Increase in Credit Risk	-	132,235	-	48,823
<b>Total</b>	<b>51,330</b>	<b>132,235</b>	<b>43,362</b>	<b>48,823</b>

	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
<b>Number of Amendments Related to the Extension of the Payment Plan</b>		
Extended by 1 or 2 Times	9,990	249,375
Extended by 3, 4 or 5 Times	-	-
Extended by More than 5 Times	-	-

	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
<b>The Time Extended via the Amendment on Payment Plan</b>		
Up to 6 Months	6,683	219,023
6 Months - 12 Months	394	1,909
1-2 Years	756	15,874
2-5 Years	1,572	12,569
5 Years and Over	585	-

**ICBC TURKEY BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 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:

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>5,280</b>	<b>500,499</b>	<b>505,779</b>
Mortgage Loans	-	411,212	411,212
Automotive Loans	4	2,604	2,608
Consumer Loans	5,276	86,683	91,959
Other	-	-	-
<b>Consumer Loans – Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans – FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards – TL</b>	<b>11,533</b>	-	<b>11,533</b>
With Installment	2,462	-	2,462
Without Installment	9,071	-	9,071
<b>Consumer Credit Cards – FC</b>	<b>220</b>	-	<b>220</b>
With Installment	-	-	-
Without Installment	220	-	220
<b>Personnel Loans – TL</b>	<b>264</b>	<b>1,435</b>	<b>1,699</b>
Mortgage Loans	-	217	217
Automotive Loans	-	-	-
Consumer Loans	264	1,218	1,482
Other	-	-	-
<b>Personnel Loans – Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>1,108</b>	-	<b>1,108</b>
With Installment	426	-	426
Without Installment	682	-	682
<b>Personnel Credit Cards – FC</b>	<b>20</b>	-	<b>20</b>
With Installment	-	-	-
Without Installment	20	-	20
<b>Credit Deposit Account – TL (Real Person)</b>	<b>2,707</b>	-	<b>2,707</b>
<b>Credit Deposit Account – FC (Real Person)</b>	-	-	-
<b>Total</b>	<b>21,132</b>	<b>501,934</b>	<b>523,066</b>

**ICBC TURKEY BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 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:

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

**ICBC TURKEY BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**I. Explanations and Footnotes on Consolidated Assets (Continued)**

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

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

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial Installment Loans – TL</b>	<b>35</b>	<b>168,772</b>	<b>168,807</b>
Business Residential Loans	-	-	-
Automotive Loans	-	12	12
Consumer Loans	35	140,103	140,138
Other	-	28,657	28,657
<b>Commercial Installment Loans – Indexed to FC</b>	<b>-</b>	<b>4,592</b>	<b>4,592</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	4,592	4,592
Other	-	-	-
<b>Commercial Installment Loans – FC</b>	<b>6,933</b>	<b>1,474,492</b>	<b>1,481,425</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	6,933	1,474,492	1,481,425
Other	-	-	-
<b>Corporate Credit Cards – TL</b>	<b>716</b>	<b>-</b>	<b>716</b>
With Installment	143	-	143
Without Installment	573	-	573
<b>Corporate Credit Cards – FC</b>	<b>96</b>	<b>-</b>	<b>96</b>
With Installment	-	-	-
Without Installment	96	-	96
<b>Credit Deposit Account – TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Credit Deposit Account – FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>7,780</b>	<b>1,647,856</b>	<b>1,655,636</b>

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 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 June 2020	31 December 2019
Domestic loans	7,881,115	8,438,533
Foreign loans	727,447	693,896
<b>Total</b>	<b>8,608,562</b>	<b>9,132,429</b>

f) Loans granted to subsidiaries and associates: TL 16 (31 December 2019 : TL 25).

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

	30 June 2020	31 December 2019
Loans and Receivables with Limited Collectibility	31	142
Loans and Receivables with Doubtful Collectibility	5,148	86,827
Uncollectible Loans and Receivables	29,388	26,697
<b>Total</b>	<b>34,567</b>	<b>113,666</b>

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	-	-	731
Restructured Loans and other receivables	-	-	731

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
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
<b>Prior Period End Balance</b>	<b>448</b>	<b>133,177</b>	<b>34,428</b>
Additions (+)	8,136	3,328	1,227
Transfers from Other Categories of Non- Performing Loans(+)	-	8,519	2,139
Transfers to Other Categories of Non-Performing Loans (-)	8,519	2,139	-
Collections (-)	57	117,524	2,129
Write-offs (-)	-	16,580	-
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balances at End of the Period</b>	<b>8</b>	<b>8,781</b>	<b>35,665</b>
Provisions (-)	31	5,148	29,388
<b>Net Balance on Balance Sheet</b>	<b>(23)</b>	<b>3,633</b>	<b>6,277</b>

**ICBC TURKEY BANK A.Ş.**

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

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

**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:

	<b>Group III Loans with limited collectibility</b>	<b>Group IV Loans with doubtful collectibility</b>	<b>Group V Uncollectible loans</b>
<b>Current Period (Net)</b>	<b>(23)</b>	<b>3,633</b>	<b>6,277</b>
Loans Allowed to Real Persons and Corporate Entities (Gross)	8	8,781	35,665
Provision Amount (-)	31	5,148	29,388
Loans Allowed to Real Persons and Corporate Entities (Net)	(23)	3,633	6,277
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>306</b>	<b>46,350</b>	<b>7,731</b>
Loans Allowed to Real Persons and Corporate Entities (Gross)	448	133,177	34,428
Provision Amount (-)	142	86,827	26,697
Loans Allowed to Real Persons and Corporate Entities (Net)	306	46,350	7,731
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

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:

	<b>Group III Loans with Limited Collectibility</b>	<b>Group IV Loans with doubtful Collectibility</b>	<b>Group V Uncollectible Loans</b>
<b>Current period (Net)</b>	<b>-</b>	<b>(3,770)</b>	<b>(5,150)</b>
Interest accruals and rediscounts and valuation differences	-	1,115	7,025
Provision amount (-)	-	4,885	12,175
<b>Prior period (Net)</b>	<b>-</b>	<b>(77,078)</b>	<b>(3,713)</b>
Interest accruals and rediscounts and valuation differences	-	9,563	5,956
Provision amount (-)	-	86,641	9,669

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

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

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

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

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

	<b>30 June 2020</b>	<b>31 December 2019</b>
Government Bonds	2,920,374	1,946,244
Treasury bills	-	-
Other public sector debt securities	-	-
<b>Total</b>	<b>2,920,374</b>	<b>1,946,244</b>

c) Information on financial assets at amortized cost:

	<b>30 June 2020</b>	<b>31 December 2019</b>
Debt instruments	3,913,220	2,791,719
Listed	-	-
Unlisted	3,913,220	2,791,719
Impairment provision <sup>(1)</sup>	114,743	99,508
<b>Total</b>	<b>4,027,963</b>	<b>2,891,227</b>

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

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

	<b>30 June 2020</b>	<b>31 December 2019</b>
Beginning balance	2,889,131	1,380,504
Foreign currency differences on monetary assets	-	-
Purchases during year	1,369,110	1,748,151
Disposals through sales and redemptions	(345,021)	(336,936)
Impairment provision <sup>(1)</sup>	114,743	99,508
<b>Total</b>	<b>4,027,963</b>	<b>2,891,227</b>

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

None.

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

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

**ICBC TURKEY BANK A.Ş.**

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

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

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

e) Information on consolidated subsidiaries:

Description	Address (City/Country)	Bank’s share percentage- If different from voting percentage (%)	Banks Risk Group Share Percentage (%)
ICBC Turkey Yatırım Menkul Değerler A.Ş. (ICBC Yatırım)	İstanbul/Turkey	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
1,164,028	154,864	4,079	7,292	9	9,328	(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
4,926	4,589	63	188	-	158	547	-

g) Movement of consolidated subsidiaries:

	30 June 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	-	-
<b>Balance at the End of the Period</b>	<b>75,998</b>	<b>75,998</b>

h) Sectorial distribution of consolidated subsidiaries:

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



**ICBC TURKEY BANK A.Ş.**

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

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

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

- 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 June 2020, the Group’s net deferred tax asset arising from the deductible temporary differences except for general loan provisions is amounting to TL 79,176 (31 December 2019 : TL 30,918). As of 30 June 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 June 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 4,069 as at 30 June 2020 (31 December 2019 : TL 4,176).

Sum of other assets amounting to TL 131,016 (31 December 2019 : TL 34,657), which are out of 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 JUNE 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 June 2020:

	<b>Demand</b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6 Months- 1 Year</b>	<b>1 Year and Over</b>	<b>Cumulative Deposits</b>	<b>Total</b>
Saving Deposits	51,170	434,356	1,061,000	31,321	9,973	260	-	1,588,080
Foreign Currency Deposits	541,670	496,067	8,065,599	53,617	110,796	13,689	-	9,281,438
Residents in Turkey	469,167	492,095	7,925,035	50,334	30,346	4,151	-	8,971,128
Residents Abroad	72,503	3,972	140,564	3,283	80,450	9,538	-	310,310
Public Sector Deposits	5,637	-	-	-	-	-	-	5,637
Commercial Deposits	67,490	61,249	185,577	147	58	1	-	314,522
Other Ins. Deposits	6,352	134	9,564	30	31	1	-	16,112
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	118,552	-	-	-	-	-	-	118,552
CBRT	-	-	-	-	-	-	-	-
Domestic Banks	4,556	-	-	-	-	-	-	4,556
Foreign Banks	113,996	-	-	-	-	-	-	113,996
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>790,871</b>	<b>991,806</b>	<b>9,321,740</b>	<b>85,115</b>	<b>120,858</b>	<b>13,951</b>	<b>-</b>	<b>11,324,341</b>

a.2) 31 December 2019:

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

**ICBC TURKEY BANK A.Ş.**

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

**1. Information on deposits (Continued):**

b) Information on Deposit Insurance:

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

<b>Saving Deposits</b>	<b>Covered by Deposit Insurance Fund</b>	<b>Exceeding the Deposit Insurance Limit</b>
	<b>30 June 2020</b>	<b>30 June 2020</b>
Saving Deposits	923,291	663,386
Foreign Currency Savings Deposits	542,424	2,683,266
Other Saving Deposits	-	-
Foreign branches’ Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
<b>Total</b>	<b>1,465,715</b>	<b>3,346,652</b>

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

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

b.3) The Group has saving deposits not covered by deposit insurance amounting to TL 5,373 (31 December 2019 : TL 7,710).

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

	<b>30 June 2019</b>	<b>31 December 2019</b>
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	5,373	7,710
Deposits and Other Accounts linked to Crimes Mentioned in 282 <sup>nd</sup> Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey	-	-

**ICBC TURKEY BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 JUNE 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 June 2020		31 December 2019	
	TL	FC	TL	FC
Forwards Transactions	6,349	26	51	104
Swaps Transactions	-	47,197	-	3,760
Futures Transactions	-	-	-	-
Options	-	19	15	-
Other	-	-	-	-
<b>Total</b>	<b>6,349</b>	<b>47,242</b>	<b>66</b>	<b>3,864</b>

**3. Information on funds borrowed:**

a) Information on banks and other financial institutions:

	30 June 2020		31 December 2019	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks and Institutions	6,133	464	2,052	801
Foreign Banks, Institutions and Funds	-	6,627,658	-	4,235,154
<b>Total</b>	<b>6,133</b>	<b>6,628,122</b>	<b>2,052</b>	<b>4,235,955</b>

b) Contractual maturities of funds borrowed:

	30 June 2020		31 December 2019	
	TL	FC	TL	FC
Short-Term	6,133	4,198,708	2,052	603,593
Medium and Long-Term	-	2,429,414	-	3,632,362
<b>Total</b>	<b>6,133</b>	<b>6,628,122</b>	<b>2,052</b>	<b>4,235,955</b>

c) Additional informations 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 1,102,140 (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 June 2020		31 December 2019	
	TL	FC	TL	FC
Less than 1 Year	1,588	-	4,417	-
Between 1-4 Years	35,500	-	16,062	-
More Than 4 Years	40,689	-	61,809	-
<b>Total</b>	<b>77,777</b>	<b>-</b>	<b>82,288</b>	<b>-</b>

**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 JUNE 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 June 2020, this amount is restricted with full TL 6,730.15 (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 June 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 June 2020	31 December 2019
Balance at Prior Period End	14,114	12,183
Current year provisions	2,899	6,570
Paid in current year	(1,212)	(4,639)
<b>Balance at Current Period End</b>	<b>15,801</b>	<b>14,114</b>

As at 30 June 2020, the Group has vacation pay liability amounting TL 8,541 (31 December 2019 : TL 6,861).

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

As at 30 June 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 June 2020, the Group has specific provision amounting to TL 3,476 (31 December 2019 : TL 3,232) for non-cash loans and irrevocable commitments that are not indemnified and not converted into cash amounting to TL 7,021 (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 June 2020, the Parent Bank has provision for credit card service promotions amounting TL 77 (31 December 2019 : TL 96).

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

As at 30 June 2020, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 15,474 (31 December 2019 : TL 13,051).

As at 30 June 2020, the Group has provision for non-cash loans amounting to TL 42,986 (31 December 2019 : TL 37,408).

As at 30 June 2019, there is provision for personnel bonus amounting TL 47,549 (31 December 2019 : TL 56,387).

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

**8. Information on Tax Liabilities:**

- a) Information on current tax liability: As at 30 June 2020, corporate taxes payable of the Group after deductions of prepaid taxes is TL 41,654 (31 December 2019 : TL 2,292).
- b) Information on taxes payable:

	<b>30 June 2020</b>	<b>31 December 2019</b>
Corporate taxes payable	41,654	2,292
Taxation on securities	5,438	6,411
Property Tax	240	325
Booking and Insurance Transaction Tax (BITT)	3,690	4,909
Foreign Exchange Tax	-	-
Value added tax payable	642	609
Other	8,414	6,288
<b>Total</b>	<b>60,078</b>	<b>20,834</b>

- c) Information on premiums payable:

	<b>30 June 2020</b>	<b>31 December 2019</b>
Social security premiums- employee	1,201	1,322
Social security premiums- employer	1,333	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	86	94
Unemployment insurance- employer	171	187
Other	-	-
<b>Total</b>	<b>2,791</b>	<b>3,081</b>

- d) Information on deferred tax liabilities:

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

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

None.

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

	<b>30 June 2020</b>		<b>31 December 2019</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
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	-	2,052,900	-	1,782,420
Subordinated Loans <sup>(1)</sup>	-	2,052,900	-	1,782,420
Subordinated Debt Instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2,052,900</b>	<b>-</b>	<b>1,782,420</b>

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

## ICBC TURKEY BANK A.Ş.

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

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

##### 11. Informations on shareholders’ equity:

###### a) Paid in capital:

	30 June 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 June 2020		31 December 2019	
	TL	FC	TL	FC
From investment in associates, subsidiaries and joint ventures	-	-	-	-
Revaluation difference	16,115	(6,099)	(2,733)	7,315
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>16,115</b>	<b>(6,099)</b>	<b>(2,733)</b>	<b>7,315</b>

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

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

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

At the Ordinary General Assembly Meeting of the Parent Bank held on 27 March 2020, 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. The Parent Bank decided 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 the remained TL 38,129 to be transferred to extraordinary reserves.

**ICBC TURKEY BANK A.Ş.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**III. Explanations and Footnotes on Consolidated Off-Balance Sheet Items****1. Explanation on off-balance sheet items:**

## a) Type and amount of irrevocable commitments:

	<b>30 June 2020</b>	<b>31 December 2019</b>
Forward purchase and sale commitments	17,118	15,160
Commitment for use guaranteed credit allocation	29,372	30,415
Credit cards limit commitments	83,173	80,622
Payment commitments for cheques	5,469	6,989
Credit card commitments given with applications for promotion	195	192
Tax and fund obligations arising from export commitments	6	9
Other irrevocable commitments	256	564
<b>Total</b>	<b>135,589</b>	<b>133,951</b>

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

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

	<b>30 June 2020</b>	<b>31 December 2019</b>
Letters of guarantee	3,547,388	2,273,364
Bank acceptance loans	-	-
Letters of credit	135,533	294,068
Other guarantees	5,103,458	4,419,976
<b>Total</b>	<b>8,786,379</b>	<b>6,987,408</b>

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

	<b>30 June 2020</b>	<b>31 December 2019</b>
Non-Cash Loans Given for Cash Loan Risks	86,431	93,003
With Original Maturity of 1 Year or Less	68,876	74,324
With Original Maturity of More Than 1 Year	17,555	18,679
Other Non-Cash Loans	8,699,948	6,894,405
<b>Total</b>	<b>8,786,379</b>	<b>6,987,408</b>

**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.



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

**1. Information on Interest Income:**

a) Information on interest income received from loans:

	30 June 2020		30 June 2019	
	TL	FC	TL	FC
Interest income received from loans <sup>(1)</sup>				
Short Term Loans	35,685	8,510	40,779	4,289
Medium and Long Term Loans	84,910	160,044	141,896	198,083
Loans Under Follow-Up	5,746	-	5,337	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>126,341</b>	<b>168,554</b>	<b>188,012</b>	<b>202,372</b>

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

b) Information on interest income received from banks:

	30 June 2020		30 June 2019	
	TL	FC	TL	FC
From CBRT	-	-	-	58
From Domestic Banks	487	29,745	1,078	40,352
From Foreign Banks	-	2,629	-	6,352
From Foreign Offices and Branches	-	-	-	-
<b>Total</b>	<b>487</b>	<b>32,374</b>	<b>1,078</b>	<b>46,762</b>

c) Information on interest income received from securities portfolio:

	30 June 2020		30 June 2019	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit Or Loss	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	38,069	11,611	26,359	38,209
Financial Assets Measured at Amortized Cost	30,540	94,941	34,681	36,840
<b>Total</b>	<b>68,609</b>	<b>106,552</b>	<b>61,040</b>	<b>75,049</b>

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

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

2. Information on Interest Expense:

a) Information on interest expense related to funds borrowed:

	30 June 2020		30 June 2019	
	TL	FC	TL	FC
Banks <sup>(1)</sup>	251	127,035	29,567	99,474
Central Bank of The Republic of Turkey	-	-	-	-
Domestic Banks	251	12	132	4
Foreign Banks	-	127,023	29,435	99,470
Foreign Branches and Offices Abroad	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>251</b>	<b>127,035</b>	<b>29,567</b>	<b>99,474</b>

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

b) Information on interest expense paid to associates and subsidiaries: TL 7,141 (30 June 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 June 2019: None)

Account Name	30 June 2020							Cumulative Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over			
TL									
Bank Deposits	-	78	-	-	-	-	-	-	78
Saving Deposits	-	16,794	59,333	1,021	734	14	-	-	77,896
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	-	3,412	18,404	195	4	-	-	-	22,015
Other Deposits	3	15	770	1	2	2	-	-	793
<b>Total</b>	<b>3</b>	<b>20,299</b>	<b>78,507</b>	<b>1,217</b>	<b>740</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>100,782</b>
Foreign Currency									
Foreign Currency Deposits	-	2,025	67,060	685	1,043	168	-	-	70,981
Bank Deposits	-	95	-	-	-	-	-	-	95
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2,120</b>	<b>67,060</b>	<b>685</b>	<b>1,043</b>	<b>168</b>	<b>-</b>	<b>-</b>	<b>71,076</b>
<b>Grand Total</b>	<b>3</b>	<b>22,419</b>	<b>145,567</b>	<b>1,902</b>	<b>1,783</b>	<b>184</b>	<b>-</b>	<b>-</b>	<b>171,858</b>

Account Name	30 June 2019							Cumulative Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over			
TL									
Bank Deposits	-	2,869	-	-	-	-	-	-	2,869
Saving Deposits	-	5,562	155,262	5,953	672	198	-	-	167,647
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	-	13,140	25,717	579	-	-	-	-	39,436
Other Deposits	-	64	1,499	4	2	1	-	-	1,570
<b>Total</b>	<b>-</b>	<b>21,635</b>	<b>182,478</b>	<b>6,536</b>	<b>674</b>	<b>199</b>	<b>-</b>	<b>-</b>	<b>211,522</b>
Foreign Currency									
Foreign Currency Deposits	-	2,300	92,960	986	190	77	-	-	96,513
Bank Deposits	-	8,448	-	-	-	-	-	-	8,448
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>10,748</b>	<b>92,960</b>	<b>986</b>	<b>190</b>	<b>77</b>	<b>-</b>	<b>-</b>	<b>104,961</b>
<b>Grand Total</b>	<b>-</b>	<b>32,383</b>	<b>275,438</b>	<b>7,522</b>	<b>864</b>	<b>276</b>	<b>-</b>	<b>-</b>	<b>316,483</b>

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

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

	<b>30 June 2020</b>	<b>30 June 2019</b>
<b>Profit</b>	<b>473,707</b>	<b>217,411</b>
Capital Market Gains	10,311	5,176
Derivative Gains	172,017	108,304
Foreign Exchange Gains	291,379	103,931
<b>Loss (-)</b>	<b>420,709</b>	<b>190,856</b>
Capital Market Losses	-	-
Derivative Losses	196,623	102,249
Foreign Exchange Losses	224,086	88,607

Net loss related to derivative transactions resulting from foreign currency rate changes is amounting to TL 28,827 ( 30 June 2019 : TL 447 net profit).

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

	<b>30 June 2020</b>	<b>30 June 2019</b>
Income from Collection of Prior Year Expenses	3,021	3,735
Collections of Prior Year Provisions	70,784	6,678
Income on Project Appraisal	13,068	2,310
Other Income	36,832	29,677
<b>Total</b>	<b>123,705</b>	<b>42,400</b>

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

	<b>30 June 2020</b>	<b>30 June 2019</b>
Allowance for expected credit losses	105,064	58,972
12-Month expected credit losses (Stage 1)	698	33,764
Significant increase in credit risk (Stage 2)	93,516	18,402
Credit-Impaired (Stage 3)	10,850	6,806
Impairment provisions for financial assets	167	10,982
Financial assets at fair value through profit or loss	-	18
Financial assets at fair value through other comprehensive income	167	10,964
Impairment provisions related to investments in associates, subsidiaries and joint ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	2,407	141
<b>Total</b>	<b>107,638</b>	<b>70,095</b>

**ICBC TURKEY BANK A.Ş.**

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

**6. Information related to other operating expenses:**

	<b>30 June 2020</b>	<b>30 June 2019</b>
Reserve for Employee Termination Benefits	2,619	2,353
Reserve for Bank’s Social Aid Fund Deficit	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	14,636	14,163
Impairment Expenses of Intangible Assets	-	-
Impairment Expenses of Goodwill	-	-
Depreciation Expenses on Intangible Assets	2,786	2,196
Impairment Expenses of Investments in Associates	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	54	44
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	28,946	27,210
Leasing Expenses related to TFRS 16 Exemptions	856	2,099
Repair and Maintenance Expenses	7,650	6,403
Advertisement Expenses	301	1,093
Other Expenses	20,139	17,615
Loss on Sale of Assets	32	6
Other <sup>(1)</sup>	45,369	32,768
<b>Total</b>	<b>94,442</b>	<b>78,740</b>

<sup>(1)</sup> 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 125,610 (30 June 2019 : TL 73,335 profit before tax). Profit before taxes consists of net interest income amounting to TL 218,317 (30 June 2019 : TL 198,992), net fees and commission income amounting to TL 67,633 (30 June 2019 : TL 50,344), personnel expenses amounting to TL 135,053 (30 June 2019 : TL 96,122) and other operating expenses amounting to TL 94,442 (30 June 2019 : TL 78,740).

**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 June 2020 is TL 78,620 (30 June 2019: TL 42,844).

There is a deferred tax expense on 30 June 2020 amounting to TL 2,535 (30 June 2019: TL 24,755) related with the reversal of the temporary differences and deferred tax income amounting to TL 53,745 (30 June 2019: TL 41,903).

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

Temporary differences amounting to TL 2,535 (30 June 2019: TL 24,755 deferred tax expense) for the period ended 30 June 2020 deferred tax expense and deferred tax income amounting to TL 53,745 (30 June 2019: TL 41,903) are included.

Additionally, for the period ended 30 June 2020, the current tax effect amounting to TL (8,892) and deferred tax effect amounting to TL 5,940, on an aggregate TL (2,952) tax effect (30 June 2019: TL (8,839) current and TL (3,335) is deferred tax effect total TL (11,724)) 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 June 2020, the deferred tax expense arising from the origination of temporary differences amounts TL 2,535 (30 June 2019 : TL 24,755) and there is deferred tax income amounting TL 53,745 (30 June 2019: TL 41,903). There is no deferred tax income from financial loss as of 30 June 2020 (30 June 2019 : None).

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

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

Net profit from continued operations is TL 98,200 (30 June 2019 : TL 47,639 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.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**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 June 2020:

<b>Parent Bank’s Risk Group <sup>(1)</sup></b>	<b>Associates, Subsidiaries and Joint Ventures</b>		<b>Bank’s Direct and Indirect Shareholders</b>		<b>Other Components in Risk Group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	567,918	20	-
Balance at the End of the Period	-	-	-	1,184,064	24	-
Interest and Commission Income Received	-	-	-	-	-	-

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

The Parent Bank has TL 87,764 placements in its risk group banks as at 30 June 2020 (31 December 2019 : TL 20,056). Besides, the Parent Bank has TL 274 irrevocable commitment in its risk group as at 30 June 2020 (31 December 2019 : TL 424).

b) 31 December 2019:

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

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

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

<b>Current Period Parent Bank’s Risk Group <sup>(1)</sup></b>	<b>Associates, Subsidiaries and Joint Ventures</b>	<b>Bank’s Direct and Indirect Shareholders</b>	<b>Other Components in Risk Group</b>
Deposits			
Balance at the beginning of the Period	-	203	2,261
Balance at the End of the Period	-	87,005	2,413
Interest on Deposits	-	-	16

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

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

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

The Parent Bank has borrowed loans from the Parent Bank’s Risk Group amounting TL 6,627,657 as at 30 June 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 2,052,900 as at 30 June 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 JUNE 2020

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

#### 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 June 2020, proportion of cash loans to risk group in total cash loans is 0.0003% (31 December 2019: 0.0002%) and proportion of deposits from its risk group in total deposits is 0.79% (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 is no other commission income (30 June 2019: None), other operating income (30 June 2019: None), and other operating expenses (30 June 2019: None). As of 30 June 2020, other commission expenses with amount of TL 10 (30 June 2019: TL 252).

In the current period, benefits provided to the Group's key management amount to TL 18,591 (30 June 2019: TL 11,251).

#### VI. Information on domestic, foreign, off-shore branches and foreign representative offices of Parent Bank

	Number of Branches	Number of Employees			
Domestic Branches	39	719			
Foreign Representative Offices	-	-	Country	-	
				Total Assets	Legal Capital
Foreign Branches	-	-	-	-	-
Off-Shore Branches	-	-	-	-	-

#### VII. Explanation and Footnotes on Subsequent Events

With the Public Disclosure Platform statement dated 16 June 2020, the Bank's application for the issuance of financing bills and / or bonds up to a nominal amount of TL 350 million in different maturities to qualified investors without public offering in the country, has been approved by the Capital Markets Board's decision dated 9 July 2020 and numbered 41/840.

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

By the decision of the Board of Directors of the Bank dated 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.

**ICBC TURKEY BANK A.Ş.**

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

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

**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 six-month period ended 30 June 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 6 August 2020 is presented in the introduction of this report.

**II. Explanation and Footnotes Prepared by the Independent Auditors**

None.



**ICBC TURKEY BANK A.Ş.**

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

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

**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 June 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,

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**XIANGYANG GAO**

Chairman of Board of Directors

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**PEIGUO LIU**

Chairman of Audit Committee,  
And Member of Board of  
Directors

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**JINHONG LI**

Deputy General Manager  
Responsible for  
Credit Allocation, Legal Affairs,  
Operations Management and  
Operation Center

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**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 JUNE 2020

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

#### II. General Information

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

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

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

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

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

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

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

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

ICBC was established in 1984 in the People's Republic of China. It offers clients a wide range of financial products and services. ICBC has established an international and integrated business model in cross-markets. ICBC's shares were simultaneously listed on both on the Hong Kong Stock Exchange and the Shanghai Stock Exchange in October 2006. After the years of international development, ICBC operations spread to six continents covering 42 countries and regions. With a widespread global coverage network, ICBC has established an extensive network of national and international organizations and correspondent banks around the world and an e-banking network consisting of a wide range of internet and telephone banking services and self-service banking centers, 5,784 thousand corporate clients and 530 million personal customers provide comprehensive financial products and services. The banking authority in the People's Republic of China is supervised and regulated by the China Banking Regulatory Commission (CBRC).

The corporate name of the Bank has been changed from “Tekstil Bankası A.Ş.” to “ICBC Turkey Bank A.Ş.” pursuant to the general assembly resolution taken on 5 November 2015 and this matter was registered with the trade registry on November 13<sup>th</sup> 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 JUNE 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 June 2020 is as follows:

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

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

<b>Name and Surname</b>	<b>Position and Areas of Responsibility</b>
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 Yanik	Independent Member of Board of Directors, Chairman of the Corporate Governance Committee

##### 5. General Manager and Assistant General Managers

<b>Name and Surname</b>	<b>Position and Areas of Responsibility</b>
Shaoxiong Xie	General Manager - Member of the Board of Directors
Jinhong Li	Deputy General Manager – Credit Allocation, Legal Affairs, Operations Management and Operation Center
Hüseyin H. İmece	Deputy General Manager – Asset and Liability Department, Economic Research Department, Financial Control and Accounting Department
D.Halit Döver	Assistant General Manager - International 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
Selçuk İçten	President of Inspectors’ Group

## ICBC TURKEY BANK A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 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 June 2020	31 December 2019	%
Total Assets	22,888	18,391	24%
Deposits <sup>(1)</sup>	11,206	9,790	14%
Loans <sup>(2)</sup>	10,842	9,132	19%
Shareholders' Equity	1,433	1,329	8%
Profit / (Loss)	98.2	71.5	37%

<sup>(1)</sup> Excluding bank deposits.

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

Financial Ratios %	30 June 2020	31 December 2019	%
Return on Assets	1.0%	0.4%	128%
Return on Equity	14.2%	5.7%	148%
Capital Adequacy Ratio	21.9%	18.7%	17%
Loans/ Total Assets <sup>(2)</sup>	47.4%	49.7%	(4.6)%
Deposits/ Total Assets <sup>(1)</sup>	49.0%	53.2%	(8)%
NPL Ratio	0.4%	1.8%	(78)%

<sup>(1)</sup> Excluding bank deposits.

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

##### Five Years Summary Financial Information:

TL Thousand	30 June 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Total Assets	22,887,911	18,391,481	15,852,490	13,315,560	8,308,619
Total Deposits <sup>(1)</sup>	11,205,789	9,790,304	6,699,689	3,273,860	2,850,077
Total Loans <sup>(2)</sup>	10,842,129	9,132,429	7,874,592	7,680,821	5,098,106
Shareholders' Equity	1,432,946	1,329,312	1,166,569	1,112,294	607,007
Profit/ (Loss)	98,200	71,510	83,549	48,283	18,749

<sup>(1)</sup> Excluding bank deposits.

<sup>(2)</sup> 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 JUNE 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 second quarter of 2020 proved to be a challenging period, as the world continued to try and contain the pandemic. Countries across the globe had put in measures including total or partial lockdowns, travel bans, business shutdowns and other social distancing measures to stem the outbreak. The measures taken in the previous quarter were gradually rolled back, as COVID – 19 cases started to slow. Countries in Europe and Asia that were harshly hit by the pandemic could start re-normalization processes. With the ease of measures starting late in the quarter, there have been signs that the economic activity may be recovering from its trough. The recovery was also driven by policymakers’ continued support all around the globe. While central banks around the globe maintained their loose monetary policies, additional asset purchase programs kept global liquidity in place. European Commission called for a plan to borrow €750 billion for a recovery fund to support the worst affected EU regions. This would be in addition to a €540 billion rescue package agreed in April. The European Central Bank also offered support, expanding its pandemic emergency purchase programme to €1.35 trillion. Thanks to measures taken Turkey was able to start its normalization process in June, after a partial lockdown in April and May. Policymakers took necessary steps to minimize the impact of the outbreak and as of June, signs of a recovery were observed. Going forward, prudent approach should be maintained so that the process will not regress. This quarter once again showed the continued dedication of ICBC Turkey’s staff to helping our clients and counterparties navigate a very challenging environment. We have made the health and safety of our staff, as well as their families, and clients our priority. Until the COVID 19 is totally eradicated, we will adopt and overcome the challenges that this new era brings. ICBC Turkey’s financial performance throughout this quarter has remained robust thanks to the inherit benefits of our diversified business model and delicately laid out long term strategy. We will remain committed to creating value for Turkish economy and our stakeholders.

Sincerely yours,

XIANGYANG GAO

Chairman of the Board of Directors

## **ICBC TURKEY BANK A.Ş.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 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,

While the adverse impact of the COVID – 19 continued earlier the second quarter of the year, there have been positive developments in the latter part of the quarter. Thanks to a slowdown in new cases, most countries including Turkey have been able to re-open their economies and activity has seen a gradual recovery. Uncertainty remains and economic activity still has not returned to its pre-pandemic level. Caution is still necessary, yet there is also room for optimism as this recovery remains to be underway.

Turkish economy, in line with the globe, has seen a sharp contraction this quarter. The rebalancing and recovery that was underway since 2019 as well as the first quarter of 2020 has been sharply reversed in the quarter we leave behind. However, with the start of normalization in June, economic activity is showing signs of recovery. While prudence should be maintained, thanks to the policy steps taken, the negative impact may be restrained to the second quarter and a gradual recovery could be sustained. On the other hand, some of Turkey’s longer term vulnerabilities still remain. The increased demand in the second half the last quarter caused a surge in inflation. Monetary easing thus far has been conducive for economic activity and with inflation ticking up, CBRT has opted to pause its easing cycle in June.

Along with our counterparties in the banking sector, ICBC Turkey has acted in a way that would prioritize the health and safety of our workforce and clients. ICBC Turkey’s digital channels allowed clients to access banking services in an uninterrupted fashion. Our digital channels have taken up 76% of our transactions. The COVID – 19 has taken expedited the transformation of financial services and once again proved the importance of technology in every aspect of our lives. The new era will offer new and unique challenges and opportunities to our sector. With its experienced management and human resources, Turkish banking sector is ready to take on the new era.

As we are striding through one period after another filled with challenges and opportunities, Turkey remains a strategically important market for ICBC. As we continue to enhance our financial performance, improve asset quality and increase risk resilience, we will seek new opportunities that will foster economic and trade relations in the region as well as between Turkey and China.

SHAOXIONG XIE

General Manager

## ICBC TURKEY BANK A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 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 May 2020) announced by Banking Regulation and Supervision Agency (BRSA);

- Cash and balances with CBRT increase in the sector by 32.1%, at bank increased by 67.9%.
- Securities increased in the sector by 33.9%, at bank increased by 9.4%.
- Loans increased by 19%, at bank increased by 18.6%.
- NPLs (gross) decreased by 0.1%, at bank decreased by 73.6%.
- Total deposits of the sector increased by 15.9% and total deposits of bank increased by 16.3%. (Banks deposits are included.)
- Total non-cash loans of the sector increased by 8.1%, bank's total non-cash loans increased by 25.7%.

TL Million	30 June 2020		31 December 2019		Change %	
	ICBC Turkey	Sector <sup>(1)</sup>	ICBC Turkey	Sector	ICBC Turkey	Sector <sup>(1)</sup>
Cash and Balances with CBRT	3,482	314,313	2,073	237,952	67.9%	32.1%
Placement to Banks	3,255	192,247	2,300	211,399	41.5%	(9.1)%
Securities Portfolio	5,134	910,009	4,693	679,476	9.4%	33.9%
Loans <sup>(2)</sup>	10,783	3,159,925	9,088	2,656,132	18.6%	19.0%
Loans (including NPL)	10,793	3,204,050	9,142	2,708,700	18.1%	18.3%
NPL (Gross)	44	150,680	168	150,763	(73.6)%	(0.1)%
Provisions for NPLs	34	106,555	114	98,195	(69.7)%	8.5%
Total Deposits and Funds	12,341	2,974,026	10,614	2,566,897	16.3%	15.9%
Non-cash Loans	8,786	880,822	6,987	814,961	25.7%	8.1%
<b>Total Assets</b>	<b>22,817</b>	<b>5,282,890</b>	<b>18,191</b>	<b>4,491,090</b>	<b>25.4%</b>	<b>17.6%</b>

<sup>(1)</sup> The data is taken from the Monthly Sector Bulletin of the BRSA dated 21 July 2020 for May end 2020.

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

Comparison of Sector	30 June 2020		31 December 2019		Change %	
	ICBC Turkey	Sector <sup>(1)</sup>	ICBC Turkey	Sector	ICBC Turkey	Sector <sup>(1)</sup>
Total Loans/Total Assets <sup>(2)</sup>	47%	60%	50%	59%	(5.4)%	1.1%
Total Deposits/Total Liabilities	54%	56%	58%	57%	(7.3)%	(1.5)%
Securities/ Total Assets	23%	17%	26%	15%	(12.8)%	13.9%
NPL Ratio	0.4%	5%	1.8%	5%	(77.4)%	(15.3)%
Liquid Values/Total Assets	30%	10%	24%	10%	22.8%	(4.2)%
Non-Cash Loans/Total Cash Loans	81%	27%	76%	30%	6.5%	(8.6)%

<sup>(1)</sup> Evaluations are given on non-consolidated basis.

<sup>(2)</sup> 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 JUNE 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 June 2020 prepared in accordance with the regulations of Banking Regulation and Supervision Agency;

- Consolidated total assets reached TL 22.8 billion.
- Total consolidated loans reached TL 10.8 billion while the share in the balance sheet was realized as 47.4%.
- Total consolidated deposits are TL 11,3 billion.
- Consolidated deposits’ share in consolidated total assets is 49.4%.
- Consolidated net profit of the first six-month of 2020 is realized as TL 98,2 million.
- Consolidated return on assets was 0.4% at the end of 2019, 0.4% for the current period. Consolidated return on equity reached 14.2% in the current period from 5.7% at the end of 2019.
- Consolidated capital adequacy ratio is realized as 21.9%.

##### 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 outlook from stable to negative on 20 May 2020.

The current rating notes of the bank have been mentioned below

<b>International Rating Institution- Fitch Ratings</b>	
Long-Term FC IDR	‘B+’; Negative Outlook
Long-Term LC IDR	‘BB-’; Stable 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 June 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

As of the end of 30 June 2020, there are no donations.

#### 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 six-month period ended at 30 June 2020 are published under the “Financial Information” heading in the “Investor Relations” section of the Bank’s website addressed [www.icbc.com.tr](http://www.icbc.com.tr).