

***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 ANONİM ŐİRKETİ

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR SIX-MONTH PERIOD ENDED
30 JUNE 2021**

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

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

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

Introduction

We have reviewed the accompanying consolidated balance sheet of ICBC Turkey Bank A.Ş. (“the Bank”) and its subsidiaries (together “the Group”) as at 30 June 2021, and the consolidated statement of balance sheet, consolidated statement of income and expense items under shareholders’ equity, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA, and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial

position of ICBC Turkey Bank A.Ş. as at 30 June 2021, and of the results of its operations and its cash flows for the six-month period then ended in accordance with the BRSA Accounting and Reporting Regulations.

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 were audited and as at and for the six month period ended 30 June 2020 were reviewed by another auditor who expressed an unqualified opinion and an unqualified conclusion on 24 February 2021 and 6 August 2020, respectively.

Report on Other Legal and Regulatory Requirements

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

Additional paragraph for English translation:

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

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

Müjde Aslan
Partner

İstanbul, 4 August 2021

ICBC TURKEY BANK A. Ş.
SIX MONTH CONSOLIDATED FINANCIAL REPORT AS OF 30 JUNE 2021

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
- EXPLANATIONS ON APPLIED ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION OF THE CONSOLIDATED GROUP AND RISK MANAGEMENT
- EXPLANATIONS AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT
- INTERIM CONSOLIDATED 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 auditors' review, are prepared in accordance with the "Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks", Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements, and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in **thousands of Turkish Lira**.

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

Contact information for questions on this financial report:

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

SECTION ONE
General Information

I.	Parent Bank's date of establishment, beginning statute, its history including changes on its statute	1
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	1
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	2
IV.	Explanations regarding the persons and organizations that have shares in the Bank	2
V.	Type of services provided and the areas of operations of the Parent Bank	2
VI.	Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods	2
VII.	The existing or potential, actual or legal obstacle on the transfer of shareholders' equity between the Parent Bank and its subsidiaries or the reimbursement of liabilities	2

SECTION TWO
Consolidated Financial Statements

I.	Consolidated Balance Sheet (Statement of Financial Position)	3
II.	Consolidated Statement of Off-Balance Sheet Items	5
III.	Consolidated Statement of Profit or Loss	6
IV.	Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
V.	Consolidated Statement of Changes In Shareholders' Equity	8
VI.	Consolidated Statement of Cash Flows	10

SECTION THREE
Accounting Policies

I.	Explanations on Basis of Presentation	11
II.	Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions	12
III.	Explanations on Subsidiaries and Associates	12
IV.	Explanations on Forwards, Options and Other Derivative Transactions	13
V.	Explanations on Interest Income and Expense	13
VI.	Explanations on Fees and Commissions Income and Expense	13
VII.	Explanations on Financial Assets	13
VIII.	Explanations on Impairment of Financial Assets	15
IX.	Explanations on Write-down Policy	16
X.	Explanations on Offsetting Financial Instruments	16
XI.	Explanations on Sale and Repurchase Agreements and Transactions Related to the Lending of Securities	16
XII.	Explanations on Assets Held For Sale and Discontinued Operations and Liabilities Related with These Assets	17
XIII.	Explanations on Goodwill and Other Intangible Assets	17
XIV.	Explanations on Tangible Assets	17
XV.	Explanations on Leasing Activities	18
XVI.	Explanations on Provisions and Contingent Liabilities	18
XVII.	Explanations on Contingent Assets	18
XVIII.	Explanations on Obligations Related to Employee Rights	18
XIX.	Explanations on Taxation	19
XX.	Additional Explanations on Borrowings	19
XXI.	Explanations on Issued Stock	19
XXII.	Explanations on Acceptances	20
XXIII.	Explanations on Government Grants	20
XXIV.	Profit Reserves and Profit Distribution	20
XXV.	Related Parties	20
XXVI.	Cash and Cash Equivalents	20
XXVII.	Explanations on Segment Reporting	20
XXVIII.	Earnings / Loss Per Share	20
XXIX.	Reclassifications	20
XXX.	Explanations on Other Matters	20

SECTION FOUR
Explanations on Consolidated Financial Position and Risk Management

I.	Explanations on Consolidated Equity	21
II.	Explanations and Footnotes on Consolidated Credit Risk	25
III.	Explanations and Footnotes on Consolidated Foreign Currency Exchange Rate Risk	25
IV.	Explanations and Footnotes on Consolidated Interest Rate Risk	27
V.	Explanations and Footnotes on Consolidated Liquidity Risk	30
VI.	Explanations on Consolidated Leverage Ratio	34
VII.	Explanations on Consolidated Securitization Position Risk	34
VIII.	Explanations on Consolidated Risk Management	34
IX.	Explanations and Footnotes on Consolidated Segment Reporting	43

SECTION FIVE
Explanations and Footnotes on Consolidated Financial Statements

I.	Explanations and Footnotes on Consolidated Assets	45
II.	Explanations and Footnotes on Consolidated Liabilities	57
III.	Explanations and Footnotes on Consolidated Off -Balance Sheet Items	63
IV.	Explanations and Footnotes on Consolidated Profit or Loss Statement	64
V.	Explanations and footnotes on consolidated cash flow statement	68
VI.	Explanations on the Parent Bank's Risk Group	69
VII.	Explanations and Footnotes on Subsequent Events	70

SECTION SIX
Explanations on the Auditors' Report

I.	Explanations on the auditors' reviewed report	71
II.	Explanations and Footnotes prepared by the independent auditors	71

SECTION SEVEN
Explanations on the Auditors' Report

I.	Capital Markets Board Communiqué on Principles Regarding Financial Reporting in Capital Markets	72
II.	General Information	73
III.	Financial Information and Evaluations	74
IV.	Information About Transactions of Bank with Risk Group	77
V.	Information on Risk Management Policies by Risk Types	77
VI.	Information Related to the Donations During the Period	77
VII.	Consolidated Auditors' Review Report	77

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

SECTION ONE

GENERAL INFORMATION

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

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

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

The capital of the Parent Bank is TL 860,000 as at 30 June 2021 and is fully paid. The Parent Bank was controlled by GSD Group until 21 May 2015. As at 29 April 2014, GSD Holding A.Ş., the major shareholder of the Parent Bank, has come to conclusion to sell 75.50% shares of the Parent Bank to Industrial and Commercial Bank of China (ICBC) and with respect to the sale transaction, it was declared to be approved by China Banking Regulatory Commission (CBRC) on 20 March 2015, and in Turkey, it was approved by Competition Authority in accordance with decision dated 20 August 2014 and numbered 14-29/593-259 and Banking Regulation and Supervision Agency (BRSA), in accordance with decision dated 2 April 2015 and numbered 6262.

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

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

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

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

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2021

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

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

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

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

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

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

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

The operations of the Parent Bank consist of corporate banking services, commercial banking services, SME, 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 2021, the Group has 59 branches close to industrial zones of Turkey. The Group has 812 employees as at 30 June 2021 (As at 31 December 2020 number of branches was 59, number of employees was 826).

The Group and its subsidiary, ICBC Turkey Yatırım Menkul Değerler A.Ş. (“ICBC Yatırım”) have been consolidated. As at 30 June 2021, ICBC Portföy Yönetimi A.Ş. has been consolidated in ICBC Yatırım by full consolidation method. “ICBC Yatırım”, the consolidated subsidiary of the Parent Bank, represents ICBC Portföy and ICBC Yatırım as a whole. The Parent Bank and its subsidiary are referred to as “the Group” as a whole.

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

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

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

ICBC TURKEY BANK A.Ş.

**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 JUNE 2021**

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

ASSETS	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/06/2021			Audited PRIOR PERIOD 31/12/2020		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		1,837,767	11,707,009	13,544,776	1,315,692	9,340,398	10,656,090
1.1 Cash and Cash Equivalents		1,137,660	6,079,202	7,216,862	618,882	4,647,341	5,266,223
1.1.1 Cash and Balances at Central Bank	(5.1.1)	173,995	3,952,519	4,126,514	113,485	3,047,428	3,160,913
1.1.2 Banks	(5.1.3)	132,279	2,127,952	2,260,231	2,592	1,604,376	1,606,968
1.1.3 Receivables from Money Markets		833,374	-	833,374	504,390	-	504,390
1.1.4 Allowance For Expected Credit Losses (-)		1,988	1,269	3,257	1,585	4,463	6,048
1.2 Financial Assets at Fair Value Through Profit or Loss		29,032	18,313	47,345	21,923	14,282	36,205
1.2.1 Public Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		67	18,313	18,380	77	14,282	14,359
1.2.3 Other Financial Assets		28,965	-	28,965	21,846	-	21,846
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.4)	670,619	5,586,809	6,257,428	674,573	4,677,593	5,352,166
1.3.1 Public Debt Securities		670,619	162,224	832,843	674,573	178,864	853,437
1.3.2 Equity Instruments		-	-	-	-	-	-
1.3.3 Other Financial Assets		-	5,424,585	5,424,585	-	4,498,729	4,498,729
1.4 Derivative Financial Assets	(5.1.2)	456	22,685	23,141	314	1,182	1,496
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		456	22,685	23,141	314	1,182	1,496
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		2,879,770	11,963,151	14,842,921	3,341,509	10,780,839	14,122,348
2.1 Loans	(5.1.5)	1,933,507	8,685,361	10,618,868	2,622,721	7,432,590	10,055,311
2.2 Receivables from Leasing Transactions	(5.1.10)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Financial Assets Measured at Amortised Cost	(5.1.6)	999,663	3,622,688	4,622,351	781,293	3,609,776	4,391,069
2.4.1 Public Debt Securities		999,663	2,799,278	3,798,941	781,293	2,415,287	3,196,580
2.4.2 Other Financial Assets		-	823,410	823,410	-	1,194,489	1,194,489
2.5 Allowance for Expected Credit Losses (-)		53,400	344,898	398,298	62,505	261,527	324,032
III. NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND FROM DISCOUNTED OPERATIONS (Net)	(5.1.14)	-	-	-	-	-	-
3.1 Held for Sale		-	-	-	-	-	-
3.2 Held from discontinued operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-	-	-	-
4.1 Investments in Associates (Net)	(5.1.7)	-	-	-	-	-	-
4.1.1 Associates accounted by using equity method		-	-	-	-	-	-
4.1.2 Non-Consolidated Associates		-	-	-	-	-	-
4.2 Investments in Subsidiaries (Net)	(5.1.8)	-	-	-	-	-	-
4.2.1 Non-Consolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Non-Consolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Joint Controlled Partnership (Joint Ventures) (Net)	(5.1.9)	-	-	-	-	-	-
4.3.1 Jointly Controlled Partnership Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Non-Consolidated Jointly Controlled Partnership		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)		110,250	-	110,250	113,423	-	113,423
VI. INTANGIBLE ASSETS AND GOODWILL (Net)		10,467	-	10,467	7,839	-	7,839
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		10,467	-	10,467	7,839	-	7,839
VII. INVESTMENT PROPERTIES (Net)	(5.1.12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		24	-	24	19	-	19
IX. DEFERRED TAX ASSETS	(5.1.13)	144,574	-	144,574	116,269	-	116,269
X. OTHER ASSETS (Net)	(5.1.15)	95,995	3,756	99,751	72,764	92,431	165,195
TOTAL ASSETS		5,078,847	23,673,916	28,752,763	4,967,515	20,213,668	25,181,183

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

ICBC TURKEY BANK A.Ş.

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 JUNE 2021

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

LIABILITIES	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/06/2021			Audited PRIOR PERIOD 31/12/2020		
		TL	FC	Total	TL	FC	Total
I. DEPOSIT		2,243,139	13,089,662	15,332,801	1,783,716	9,854,981	11,638,697
II. LOANS RECEIVED	(5.II.1)	674,931	7,092,884	7,767,815	639,192	7,452,646	8,091,838
III. MONEY MARKET FUNDS	(5.II.2)	24,353	274,264	298,617	550,633	147,067	697,700
IV. MARKETABLE SECURITIES (Net)		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrowers' Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(5.II.3)	32	15,237	15,269	293	89,662	89,955
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss	(5.II.4)	32	15,237	15,269	293	89,662	89,955
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	(5.II.6)	69,629	-	69,629	72,700	-	72,700
X. PROVISIONS	(5.II.8)	181,048	73,283	254,331	144,829	59,169	203,998
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Reserves for Employee Benefits		33,049	-	33,049	27,024	-	27,024
10.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4 Other Provisions		147,999	73,283	221,282	117,805	59,169	176,974
XI. CURRENT TAX LIABILITIES	(5.II.9)	58,828	-	58,828	69,246	-	69,246
XII. DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “DISCONTINUED OPERATIONS” (Net)	(5.II.10)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	(5.II.11)	-	2,611,975	2,611,975	-	2,202,640	2,202,640
14.1 Loans		-	2,611,975	2,611,975	-	2,202,640	2,202,640
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	(5.II.5)	214,291	545,059	759,350	327,516	369,077	696,593
XVI. SHAREHOLDERS' EQUITY	(5.II.12)	1,591,670	(7,522)	1,584,148	1,424,193	(6,377)	1,417,816
16.1 Paid-in Capital		860,000	-	860,000	860,000	-	860,000
16.2 Capital Reserves		(587)	-	(587)	(587)	-	(587)
16.2.1 Equity Share Premiums		(587)	-	(587)	(587)	-	(587)
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		-	-	-	-	-	-
16.3 Other Accumulated Comprehensive Income that will not be Reclassified in Profit or Loss		18,428	-	18,428	18,248	-	18,248
16.4 Other Accumulated Comprehensive Income that will be Reclassified in Profit or Loss		(8,436)	(7,522)	(15,958)	1,834	(6,377)	(4,543)
16.5 Profit Reserves		491,598	-	491,598	402,700	-	402,700
16.5.1 Legal Reserves		26,983	-	26,983	22,538	-	22,538
16.5.2 Statutory Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		406,552	-	406,552	322,099	-	322,099
16.5.4 Other Profit Reserves		58,063	-	58,063	58,063	-	58,063
16.6 Profit or Loss		230,667	-	230,667	141,998	-	141,998
16.6.1 Prior Years' Profits or Losses		56,635	-	56,635	51,067	-	51,067
16.6.2 Current Period's net Profit or Loss		174,032	-	174,032	90,931	-	90,931
16.7 Minority Shares'		-	-	-	-	-	-
TOTAL LIABILITIES		5,057,921	23,694,842	28,752,763	5,012,318	20,168,865	25,181,183

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

ICBC TURKEY BANK A.Ş.

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS

AS OF 30 JUNE 2021

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

	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/06/2021			Audited PRIOR PERIOD 31/12/2020		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I-II+III)		1,154,676	14,583,434	15,738,110	1,045,835	14,679,666	15,725,501
I. GUARANTEES AND WARRANTIES	(5.III.1)	873,528	6,920,534	7,794,062	899,364	8,512,185	9,411,549
1.1. Letters of Guarantee		873,528	3,089,427	3,962,955	873,917	2,429,013	3,302,930
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		873,528	3,089,427	3,962,955	873,917	2,429,013	3,302,930
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	486,608	486,608	25,447	439,924	465,371
1.3.1. Documentary Letters of Credit		-	361,860	361,860	25,447	201,616	227,063
1.3.2. Other Letters of Credit		-	124,748	124,748	-	238,308	238,308
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	3,344,499	3,344,499	-	5,643,248	5,643,248
1.9. Other Warranties		-	-	-	-	-	-
II. COMMITMENTS	(5.III.1)	158,095	109,116	267,211	130,428	45,000	175,428
2.1. Irrevocable Commitments		158,095	109,116	267,211	130,428	45,000	175,428
2.1.1. Asset Purchase and Sales Commitments		36,569	109,116	145,685	8,886	45,000	53,886
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		-	-	-	-	-	-
2.1.5. Securities Issue Brokerage Commitments		30,050	-	30,050	29,704	-	29,704
2.1.6. Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7. Commitments for Checks Payments		5,874	-	5,874	6,294	-	6,294
2.1.8. Tax and Fund Liabilities from Export Commitments		3	-	3	3	-	3
2.1.9. Commitments for Credit Card Limits		85,321	-	85,321	85,095	-	85,095
2.1.10. Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		278	-	278	446	-	446
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		123,053	7,553,784	7,676,837	16,043	6,122,481	6,138,524
3.1. Derivative Financial Instruments Held for Hedging		-	-	-	-	-	-
3.1.1. Fair Value Hedges		-	-	-	-	-	-
3.1.2. Cash Flow Hedges		-	-	-	-	-	-
3.1.3. Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
3.2. Trading Transactions		123,053	7,553,784	7,676,837	16,043	6,122,481	6,138,524
3.2.1. Forward Foreign Currency Purchase and Sale Transactions		9,338	30,367	39,705	9,844	27,516	37,360
3.2.1.1. Forward Foreign Currency Purchase Transactions		3,142	16,741	19,883	7,132	11,708	18,840
3.2.1.2. Forward Foreign Currency Sale Transactions		6,196	13,626	19,822	2,712	15,808	18,520
3.2.2. Currency and Interest Rate Swaps		1,790	7,390,784	7,392,574	6,199	6,080,240	6,086,439
3.2.2.1. Currency Swap Purchase Transactions		-	3,700,955	3,700,955	-	3,000,604	3,000,604
3.2.2.2. Currency Swap Sale Transactions		1,790	3,689,829	3,691,619	6,199	3,079,636	3,085,835
3.2.2.3. Interest Rate Swap Purchase Transactions		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap Sale Transactions		-	-	-	-	-	-
3.2.3. Currency, Interest Rate and Securities Options		111,925	132,633	244,558	-	14,725	14,725
3.2.3.1. Currency Purchase Options		55,975	66,304	122,279	-	7,341	7,341
3.2.3.2. Currency Sale Options		55,950	66,329	122,279	-	7,384	7,384
3.2.3.3. Interest Rate Purchase Options		-	-	-	-	-	-
3.2.3.4. Interest Rate Sale Options		-	-	-	-	-	-
3.2.3.5. Securities Purchase Options		-	-	-	-	-	-
3.2.3.6. Securities Sale Options		-	-	-	-	-	-
3.2.4. Currency Futures		-	-	-	-	-	-
3.2.4.1. Currency Purchase Futures		-	-	-	-	-	-
3.2.4.2. Currency Sale Futures		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Purchase Futures		-	-	-	-	-	-
3.2.5.2. Interest Rate Sale Futures		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		18,050,183	117,606,417	135,656,600	18,199,177	91,152,523	109,351,700
IV. ITEMS HELD IN CUSTODY		7,922,005	63,454,447	71,376,452	7,896,731	38,703,770	46,600,501
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Securities Held in Custody		1,490,330	29,530	1,519,860	1,474,262	23,099	1,497,361
4.3. Checks Received for Collection		30,801	41,077	71,878	49,343	23,103	72,446
4.4. Commercial Notes Received for Collection		4,993	18,830	23,823	2,507	9,148	11,655
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Securities Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		6,393,082	63,356,914	69,749,996	6,369,985	38,648,016	45,018,001
4.8. Custodians		2,799	8,096	10,895	634	404	1,038
V. PLEDGED ITEMS		10,128,178	54,151,970	64,280,148	10,302,446	52,448,753	62,751,199
5.1. Marketable Securities		20,938	-	20,938	14,573	-	14,573
5.2. Guarantee Notes		921	87	1,008	921	440	1,361
5.3. Commodity		37,626	63,685	101,311	43,956	69,335	113,291
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		2,744,623	36,836,898	39,581,521	2,865,716	36,879,643	39,745,359
5.6. Other Pledged Items		7,324,070	17,251,300	24,575,370	7,377,280	15,499,335	22,876,615
5.7. Depositories Receiving Pledged Items		-	-	-	-	-	-
VI. ACCEPTED BILL OF GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ITEMS (A+B)		19,204,859	132,189,851	151,394,710	19,245,012	105,832,189	125,077,201

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

ICBC TURKEY BANK A.Ş.
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AS OF 30 JUNE 2021**

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

INCOME STATEMENT		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA			
			Reviewed CURRENT PERIOD (01/01/2021- 30/06/2021)	Reviewed PRIOR PERIOD (01/01/2020- 30/06/2020)	Reviewed CURRENT PERIOD (01/04/2021- 30/06/2021)	Reviewed PRIOR PERIOD (01/04/2020- 30/06/2020)
I.	INTEREST INCOME	(5.IV.1)	734,211	542,646	368,714	268,462
1.1	Interest on Loans		404,072	294,895	201,850	150,606
1.2	Interest Received from Reserve Deposits		11,514	-	6,497	-
1.3	Interest Received from Banks		7,287	32,861	3,995	12,363
1.4	Interest Received from Money Market Transactions		46,036	1,338	29,147	808
1.5	Interest Received from Marketable Securities Portfolio		261,976	175,161	125,783	85,522
1.5.1	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		70,694	49,680	32,070	19,408
1.5.3	Financial Assets Measured at Amortised Cost		191,282	125,481	93,713	66,114
1.6	Finance Lease Interest Income		-	-	-	-
1.7	Other Interest Income		3,326	38,391	1,442	19,163
II.	INTEREST EXPENSES	(5.IV.2)	413,587	324,329	200,964	173,168
2.1	Interest on Deposits		272,878	171,858	133,689	91,094
2.2	Interest on Funds Borrowed		127,499	127,286	62,237	67,338
2.3	Interest on Money Market Transactions		6,503	2,376	1,687	1,196
2.4	Interest on Securities Issued		-	-	-	-
2.5	Financial Lease Interest Expense		5,703	6,674	2,785	3,205
2.6	Other Interest Expenses		1,004	16,135	566	10,335
III.	NET INTEREST INCOME/EXPENSE (I - II)		320,624	218,317	167,750	95,294
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		125,233	67,633	75,142	43,700
4.1	Fees and Commissions Received		133,749	73,952	79,630	46,708
4.1.1	Non-Cash Loans		15,325	9,176	6,310	5,015
4.1.2	Other		118,424	64,776	73,320	41,693
4.2	Fees and Commissions Paid		8,516	6,319	4,488	3,008
4.2.1	Non-Cash Loans		19	12	10	6
4.2.2	Other		8,497	6,307	4,478	3,002
V.	DIVIDEND INCOME	(5.IV.3)	201	90	201	90
VI.	TRADING PROFIT/LOSS (Net)	(5.IV.4)	90,649	52,998	27,900	21,882
6.1	Profit/Losses from Capital Market Transactions		14,814	10,311	5,638	5,850
6.2	Profit/Losses from Derivative Financial Transactions		67,193	(24,606)	(46,489)	(35,885)
6.3	Foreign Exchange Profit/Losses		8,642	67,293	68,751	51,917
VII.	OTHER OPERATING INCOME	(5.IV.5)	52,059	123,705	10,197	15,098
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		588,766	462,743	281,190	176,064
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(5.IV.6)	79,749	105,064	34,542	49,245
X.	OTHER PROVISION EXPENSES (-)	(5.IV.6)	1,300	2,574	636	(1,496)
XI.	PERSONNEL EXPENSES (-)		159,039	135,053	76,004	65,952
XII.	OTHER OPERATING EXPENSES (-)	(5.IV.7)	150,639	94,442	82,478	49,117
XIII.	NET OPERATING PROFIT / LOSS (VIII-IX-X-XI-XII)		198,039	125,610	87,530	13,246
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-	-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-	-	-
XVI.	NET MONETARY POSITION GAIN / LOSS		-	-	-	-
XVII.	PROFIT / LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII + ... + XVI)	(5.IV.8)	198,039	125,610	87,530	13,246
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.IV.9)	24,007	27,410	14,823	10,650
18.1	Current Tax Provision		48,493	78,620	42,511	44,702
18.2	Expense Effect of Deferred Tax (+)		24,549	2,535	262	2,257
18.3	Income Effect of Deferred Tax (-)		(49,035)	(53,745)	(27,950)	(36,309)
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	(5.IV.10)	174,032	98,200	72,707	2,596
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1	Income from Assets Held for Sale		-	-	-	-
20.2	Profit from Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3	Other Income from Discontinued Operations		-	-	-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Expenses on assets held for sale		-	-	-	-
21.2	Losses from Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3	Other Expenses from Discontinued Operations		-	-	-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUING OPERATIONS (±) (XX-XXI)	(5.IV.8)	-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(5.IV.9)	-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Expense Effect of Deferred Tax (+)		-	-	-	-
23.3	Income Effect of Deferred Tax (-)		-	-	-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV.	NET PROFIT/LOSSES (XIX+XXIV)	(5.IV.11)	174,032	98,200	72,707	2,596
25.1	Group's Profit/Loss		174,032	98,200	72,707	2,596
25.2	Minority Shares' (-)		-	-	-	-
	Profit/Loss of Per Share (Full TL)		0.0202	0.0114	0.0085	0.0003

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
AS OF 30 JUNE 2021**

(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 (01/01/2021 - 30/06/2021)	Reviewed PRIOR PERIOD (01/01/2020 - 30/06/2020)	Reviewed CURRENT PERIOD (01/04/2021 - 30/06/2021)	Reviewed PRIOR PERIOD (01/04/2020 - 30/06/2020)
I.	PROFIT/ (LOSS)	174,032	98,200	72,707	2,596
II.	OTHER COMPREHENSIVE INCOME	(11,235)	5,434	(20,486)	40,740
2.1.	Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	180	-	180	-
2.1.1.	Gains/(Losses) on Revaluation of Property, Plant and Equipment	180	-	180	-
2.1.2.	Gains/(losses) on Revaluation of Intangible Assets	-	-	-	-
2.1.3.	Gains/(losses) on Remeasurements of Defined Benefit Plans	-	-	-	-
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	-	-	-	-
2.1.5.	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	-	-	-	-
2.2.	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(11,415)	5,434	(20,666)	40,740
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	(15,233)	8,386	(27,193)	51,895
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	3,818	(2,952)	6,527	(11,155)
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	162,797	103,634	52,221	43,336

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

ICBC TURKEY BANK A.Ş.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF 30 JUNE 2021**

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

	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss		Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss		Profit Reserves	Prior Period's Profit/ (Loss)	Current Period's Profit/ (Loss)	Total Equity Attributable to Equity Holders of the Parent	Minority Shares	Total Equity		
					1	2	3	4							5	6
PRIOR PERIOD (30/06/2020)																
I. Balances at Beginning of Period	860,000	(587)	-	-	15,094	1,216	-	-	4,582	-	328,778	48,719	71,510	1,329,312	-	1,329,312
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effect of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. New Balance (I+II)	860,000	(587)	-	-	15,094	1,216	-	-	4,582	-	328,778	48,719	71,510	1,329,312	-	1,329,312
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	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)	-	-	-	
Balances at the end of Period (III+IV+...+X+XI) 30/06/2020	860,000	(587)	-	-	15,094	1,216	-	-	10,016	-	402,700	46,307	98,200	1,432,946	-	1,432,946

1. Tangible Assets Revaluation Reserve,

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

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

4. Exchange Differences on Translation,

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

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

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

ICBC TURKEY BANK A.Ş.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF 30 JUNE 2021**

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

	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss		Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss		Profit Reserves	Prior Period Profit/ (Loss)	Current Period Profit/ (Loss)	Total Equity Attributable to Equity Holders of the Parent	Minority Shares	Total Equity	
					1	2	3	4							5
CURRENT PERIOD (30/06/2021)															
I.	860,000	(587)	-	-	17,326	922	-	(4,543)	-	402,700	51,067	90,931	1,417,816	-	1,417,816
II.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	860,000	(587)	-	-	17,326	922	-	(4,543)	-	402,700	51,067	90,931	1,417,816	-	1,417,816
IV.	-	-	-	-	180	-	-	(11,415)	-	-	-	174,032	162,797	-	162,797
V.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	-	-	-	-	-	-	-	-	-	3,535	-	3,535	-	3,535	
XI.	-	-	-	-	-	-	-	-	88,898	2,033	(90,931)	-	-	-	
11.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2	-	-	-	-	-	-	-	-	88,898	(88,898)	-	-	-	-	
11.3	-	-	-	-	-	-	-	-	-	90,931	(90,931)	-	-	-	
Balances at the end of Period (III+IV...+X+XI) 30/06/2021	860,000	(587)	-	-	17,506	922	-	(15,958)	-	491,598	56,635	174,032	1,584,148	-	1,584,148

1. Tangible Assets Revaluation Reserve,

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

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

4. Exchange Differences on Translation,

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

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

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

ICBC TURKEY BANK A.Ş.
**CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF 30 JUNE 2021**

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

	THOUSANDS OF TURKISH LIRA	
	Reviewed CURRENT PERIOD (01/01/2021 - 30/06/2021)	Reviewed PRIOR PERIOD (01/01/2020 - 30/06/2020)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	370,256	436,026
1.1.1 Interest Received	605,189	553,136
1.1.2 Interest Paid	(332,001)	(288,028)
1.1.3 Dividends Received	201	90
1.1.4 Fees And Commissions Received	127,382	111,283
1.1.5 Other Income	76,051	171,924
1.1.6 Collections from Previously Written-Off Loans and Other Receivables	4,414	119,710
1.1.7 Cash Payments to Personnel and Service Suppliers	(153,014)	(132,535)
1.1.8 Taxes Paid	(59,701)	(52,708)
1.1.9 Other	101,735	(46,846)
1.2 Changes in Operating Assets and Liabilities Subject to Banking Operations	232,931	3,370,389
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	(11,151)	(4,583)
1.2.2 Net (Increase) Decrease in Due From Banks	(686,348)	(810,355)
1.2.3 Net (Increase) Decrease in Loans	(1,338,249)	347,002
1.2.4 Net (Increase) Decrease in Other Assets	(567,602)	(121,736)
1.2.5 Net (Increase) Decrease in Bank Deposits	(20,515)	(57,900)
1.2.6 Net Increase (Decrease) in Other Deposits	3,709,035	1,419,313
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	(400,025)	2,350,460
1.2.9 Net Increase (Decrease) in Matured Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(452,214)	248,188
I Net Cash Provided from Banking Operations	603,187	3,806,415
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II Net Cash Provided from Investing Activities	415,930	(2,542,452)
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Joint Ventures	-	-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint Ventures	-	-
2.3 Cash Paid For Tangible And Intangible Asset Purchases	(12,265)	(12,990)
2.4 Cash Obtained from the Sale of Tangible And Intangible Assets	2,529	-
2.5 Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(17,452)	(1,503,603)
2.6 Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income	29,862	2,952
2.7 Cash Paid for Purchase of Financial Assets Measured at Amortised Cost	(147,802)	(1,369,110)
2.8 Cash Obtained from Sale of Financial Asset Measured at Amortised Cost	555,948	345,021
2.9 Other	5,110	(4,722)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III Net Cash Provided by / (Used in) Financing Activities	(3,071)	(4,510)
3.1 Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2 Cash Outflow Arised from Funds Borrowed and Securities Issued	-	-
3.3 Equity Investments Issued	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Liabilities Leases	(3,071)	(4,510)
3.6 Other	-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	240,251	139,771
V. Net Increase/Decrease in Cash and Cash Equivalents (I+II+III+IV)	1,256,297	1,399,224
VI. Cash and Cash Equivalents at the Beginning of the Period	3,750,867	3,866,345
VII. Cash and Cash Equivalents at the End of the Period (V+VI)	5,007,164	5,265,569

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

SECTION THREE ACCOUNTING POLICIES

I. Explanations on the Basis of Presentation

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

Consolidated financial statements are prepared in accordance with the “Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation” which includes the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of “Turkish Financial Reporting Standards” (“TFRS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) for those matters not regulated by the aforementioned legislations.

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

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

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

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

While preparing its financial statements dated 30 June 2021 the Group reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements.

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

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

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

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

Accounting policies and valuation principles adopted when preparing financial statements are in line with the legislation, communiqué, explanation and circular released by BRSA concerning accounting and financial reporting, and, for matters which are not regulated by the foregoing, with the provisions of TAS/TFRS (together “BRSA Accounting and Financial Reporting Legislation”) put into force by Public Oversight, Accounting and Auditing Standards Authority (POA).

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

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

Strategy for the use of financial instruments:

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

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

Currency risk, interest rate risk and liquidity risk are monitored and measured instantly by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Asset-liability management and value at risk models, stress tests and scenario analysis are used for this purpose.

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

Transactions denominated in foreign currencies:

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

As of 30 June 2021, foreign currency denominated balances are translated into Turkish Lira at fair value through (TL Full); USD: TL 8.7052 EUR: TL 10.3645, GBP: TL 12.0343, and JPY: TL 0.0785.

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

III. Explanations on Subsidiaries and Associates

As of 30 June 2021 and 31 December 2020, the Parent Bank has no associates.

On 21 April 2015, Tekstil Portföy Yönetimi A.Ş. was established with TL 2.000.000 - full amount - capital from ICBC Yatırım. On 23 November 2015, the trade name of the company has been changed and registered as ICBC Turkey Portföy Yönetimi A.Ş. (ICBC Portföy). ICBC Portföy is a subsidiary of ICBC Yatırım with 100% partnership and an indirect subsidiary of the Parent Bank. As at 31 December 2016, ICBC Portföy has been consolidated in ICBC Yatırım by full consolidation method. "ICBC Yatırım", the consolidated subsidiary of the Parent Bank, represents ICBC Portföy and ICBC Yatırım as a whole.

ICBC Yatırım, which is financial subsidiary of the Parent Bank is consolidated in the accompanying consolidated financial statements by using full consolidation method as at 30 June 2021 and 31 December 2020.

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

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

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

The financial statements, which have been used in the consolidation, are prepared as at 30 June 2021 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in same circumstances. There is no obstacle on the transfer of shareholders’ equity between the Parent Bank and its subsidiary or on the reimbursement of liabilities.

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

IV. Explanations on Forwards, Options and Other Derivative Transactions

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

Derivative instruments are classified as “Derivative Financial Assets at Fair Value through Profit or Loss” in accordance with TFRS 9.

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

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

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

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

V. Explanations on Interest Income and Expense

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

VI. Explanations on Fees and Commissions Income and Expense

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

VII. Explanations on Financial Assets

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

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

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

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

VII. Explanations on Financial Assets (Continued)

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

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

Financial assets at fair value through profit/loss” are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement

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

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

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

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

c. Financial Assets Measured at Amortized Cost:

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

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

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

Loans:

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

VIII. Explanations on Impairment of Financial Assets

Explanation on Expected Credit Losses:

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

There is no provision for impairment of equity instruments.

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

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

Stage 1: From initial recognition of a financial asset to the date on which an asset has not experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from its default occurring over the earlier of the next 12 months. In accordance with the BRSA Decision numbered 8970 dated 27 March 2020, the Bank records a loss allowance for loans which have days past due between 30 to 90 days and classified under Stage 1 at an amount equal to 12-month expected credit losses until 31 December 2020. This decision has been extended until September 30, 2021, based on the decision dated 17 June 2021 and numbered 9624.

Stage 2: An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument and measures the provision for impairment on this financial instrument at an amount equal to the lifetime expected credit losses. The purpose of impairment provisions is to recognize the risk of default occurring over the remaining life of the financial instrument that credit risk has increased significantly since initial recognition. In accordance with the BRSA Decision numbered 8948 dated 17 March 2020, starting from 17 March 2020, the Bank records a loss allowance for loans which have days past due between 90-180 days and classified under Stage 2 at an amount equal to their lifetime expected credit losses where the probability of default is taken into account as 100% until 31 December 2020. Despite the 90-day delay, the provisions to be set aside for the loans that are still classified in the Second Group are separated according to the risk models used in the calculation of the expected credit loss within the scope of TFRS 9. Based on the BRSA Decision numbered 9624 dated 17 June 2021, this period was extended until 30 September 2021.

Stage 3: When one or more events that negatively affect future estimated cash flows of a financial asset occur, the related financial asset becomes credit-impaired. For these assets, expected lifetime loss of credit is recorded. In accordance with the BRSA, within the scope of the COVID-19 outbreak, the decision numbered 8948 dated 17 March 2020 until 31 December 2020, current definition of default in the Bank is based on a more than 180 days past due instead of a 90 days past due until 30 June 2021. The decision was extended until 30 September 2021, based on the BRSA Decision numbered 9624 dated 17 June 2021.

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

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

Review of the Parent Bank's Business Model :

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

VIII. Explanations on Impairment of Financial Assets (continued)

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

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

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

IX. Explanations on Write-down Policy

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

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

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

X. Explanations on Offsetting Financial Instruments

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

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

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

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

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

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

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

The Group does not have any assets held for sale (31 December 2020: None).

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

XIII. Explanations on Goodwill and Other Intangible Assets

There is no goodwill in the accompanying consolidated financial statements as at 30 June 2021 and 31 December 2020.

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

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

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

XIV. Explanations on Tangible Assets

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

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

Buildings	50 years
Furniture, office machinery and vehicles	3 – 50 years
Leasehold improvements costs	The shorter of the economic life of lease term

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

In scope of “Turkish Accounting Standards (“TAS 36”) on Impairment losses on Assets”, in cases of the cost value of tangible assets are more than their “net realizable value”, the book values of such assets are reduced to their “net realizable values” and impairment losses are recorded as expense.

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

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

The Parent Bank applies revaluation model for the buildings as permitted by TAS 16 “Property, Plant and Equipment”. For this purpose, fair values of the buildings are determined once a year by an independent appraisal firm accredited by BRSA and Capital Markets Board. The fair value surplus is recognized in “Revaluation Fund on Tangible Assets” within the equity items. As at 30 June 2021, revaluation surplus on tangible assets before tax amounts to TL 16,920 (31 December 2020: TL 16,740).

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

XV. Explanations on Leasing Activities

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

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

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

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

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

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

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

XVI. Explanations on Provisions and Contingent Liabilities

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

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

XVII. Explanations on Contingent Assets

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

XVIII. Explanations on Obligations Related to Employee Rights

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

Under the Turkish Labor Law, the Bank and its subsidiaries operating in Turkey are required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labor Law. According to the related regulation, the Bank is obliged to pay termination benefits for employees who retire, quit for their military service obligations, who have been dismissed as defined in the related regulation or who have completed at least one year of service. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Group was recorded under equity according to "TAS 19 – Employee Benefits". The discount rate has been applied as 4.11% as of 30 June 2021 (31 December 2020: 4.11%).

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

XIX. Explanations on Taxation

a. Current tax:

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

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

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

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

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

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

b. Deferred Tax:

In accordance with TAS 12 “Income Taxes”, the Group accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are based on tax rates that have been enacted at the balance sheet date.

As of 30 June 2021, for assets and liabilities subject to deferred tax calculation, enacted tax rates in accordance with the current tax legislation are used in accordance with their lifetime. In accordance with the Law No. 7316 published in the Official Gazette dated 22 April 2021, starting from the declarations that must be submitted and to be valid for the taxation period starting as of 1 July 2021, the corporate tax rate is 25% for the taxation period of 2021 and this rate will be applied as 23% for the taxation period of 2022. The Group calculated its deferred tax over 20% as of 31 December 2020.

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

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

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

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

c. Transfer Pricing:

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

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

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

XX. Additional Explanations on Borrowings

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

XXI. Explanations on Issued Stock

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

XXII. Explanations on Acceptances

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

XXIII. Explanations on Government Grants

As at 30 June 2021 and 31 December 2020, the Group does not have any government grants.

XXIV. Profit Reserves and Profit Distribution

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

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

At the Ordinary General Assembly Meeting of the Parent Bank held on March 25, 2021, it was decided to allocate a reserve of TL 58,048, which constitutes the net profit after tax for 2020, was decided to be allocated as reserve of legal reserves at the rate of 5% amounting to TL 2,902 in accordance with Article 519/1 of the TCC and the remaining entire TL 55,146 has been decided to be transferred to extraordinary reserves.

XXV. Related Parties

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

XXVI. Cash and Cash Equivalents

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

XXVII. Explanations on Segment Reporting

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

XXVIII. Earnings / Loss Per Share

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

	30 June 2021	30 June 2020
Net Profit / (Loss) for the Period	174,032	98,200
Number of Shares	8,600,000	8,600,000
Profit / (Loss) Per Share (*)	0.0202	0.0114

(*) Expressed as full TL

XXIX. Reclassifications

None.

XXX. Explanations on Other Matters

None.

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

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

I. Explanations on Consolidated Equity

Information about consolidated total capital:

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

The Group's capital adequacy ratio is 23.17% (31 December 2020: 19.57%).

Current Period	30 June 2021	31 December 2020
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	860,000
Share issue premiums	(587)	(587)
Reserves	491,598	402,700
Gains recognized in equity as per TAS	2,470	19,249
Profit	230,667	141,998
Current period profit	174,032	90,931
Prior period profit/loss	56,635	51,067
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	1,584,148	1,423,360
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	-
Improvement costs for operating leasing	4,323	4,545
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	10,467	7,839
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,185	1,537
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets arising from temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier I Capital	16,975	13,921
Total Common Equity Tier I Capital	1,567,173	1,409,439

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued):

	30 June 2021	31 December 2020
ADDITIONAL TIER I CAPITAL		
Preferred stock not included in common equity and the related share premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1,567,173	1,409,439
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	2,611,560	2,202,640
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (1st clause of Article 8 of the Regulation on the Equity of Banks)	211,633	295,824
Tier II Capital Before Deductions	2,823,193	2,498,464
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	2,823,193	2,498,464
Total Capital (The sum of Tier I Capital and Tier II Capital)	4,390,366	3,907,903
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	167	174
Regulatory Adjustments which will be deducted from Total Capital during the transition period		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued):

	30 June 2021	31 December 2020
TOTAL CAPITAL		
Total capital (The Sum of Tier I Capital and Tier II)	4,390,199	3,907,729
Total risk weighted amounts	18,949,901	19,964,381
CAPITAL ADEQUACY RATIOS ⁽²⁾		
Consolidated Core Capital Adequacy Ratio (%)	8.27	7.06
Consolidated Tier 1 Capital Adequacy Ratio (%)	8.27	7.06
Consolidated Capital Adequacy Standard Ratio (%)	23.17	19.57
BUFFERS		
Total buffer requirement	2.70	2.73
Capital conservation buffer requirement (%)	2.50	2.50
Bank specific countercyclical buffer requirement (%)	0.20	0.23
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	-
Amounts below the financial limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from mortgage servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	441,948	355,904
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	211,633	295,824
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Temporary Article 4 (to be implemented between 1 January 2019 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

⁽²⁾ As of 30 June 2021, the Parent Bank has taken into consideration subordinated loan amounting TL 2,611,560 (December 31, 2020: TL 2,202,640) from its main shareholder, Industrial and Commercial Bank of China Limited Company, for capital adequacy calculation.

As of 30 June 2021 in accordance with BRSA's decision dated 8 December 2020 and numbered 9312, the Bank, effective until 30 June 2021 the amount subject to credit risk in capital adequacy calculations calculated by taking into account the simple arithmetic average of the Central Bank foreign exchange buying rates for the last 252 business days before the calculation date. As of 30 June 2021 in accordance with BRSA's decision dated 17 June 2021 and numbered 9624, the regulation regarding to negative revaluation differences of the securities classified under “Financial Assets Measured at Fair Value through Other Comprehensive Income” was terminated and the bank took into calculation of the negative revaluation differences of the securities classified under “Financial Assets Measured at Fair Value through Other Comprehensive Income”. Since April 2020, 0% risk weight has been applied to FX receivables from the central government. As of 30 June 2021, had the Bank not applied these regulations, the equity amount would have been calculated as TL 4,434,621 (31 December 2020: 3,909,296) and the capital adequacy standard ratio would have been as 19.72% (31 December 2020: 17.37%).

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

I. Explanations on Consolidated Equity (Continued)

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

None.

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

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

Information on borrowing instruments included in equity calculation:

Lender	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
Descriptive elements of debt instrument (CUSIP, ISIN, etc.)	-
Legislation subject to debt instrument	Implementing Regulation on the Equity of Banks published in the Official Gazette dated 5 September 2013 and numbered 28756
Consideration in equity calculation	
Subject to 10% deduction as of 1 January 2015	No
Validity status on consolidated or unconsolidated basis or on both consolidated and unconsolidated basis	Consolidated and Unconsolidated Basis
Type of debt instrument	Secondary Subordinated Loan
Amount considered in the calculation of equity (as of the last reporting date)	TL 2,611,560
Nominal value of debt instrument	300 M USD
Accountable account of the debt instrument	347
Date of issuance of debt instrument Maturity structure of debt instrument (Demand / Term)	28.12.2018
Maturity structure of debt instrument (Demand / Term)	Term
Maturity of debt instrument	28.12.2028
Whether the issuer has the right of reimbursement due to BRSA approval	In the case of a regulatory cause after the 5th anniversary, the BRSA has the right to reimbursement upon approval
Reimbursement option date, contingent repayment options and refund amount	-
Subsequent reimbursement option dates	-
Interest / dividend payments	
Fixed or variable interest / dividend payments	Variable interest
Interest rate and interest rate index value	6 M USD LIBOR +1.75%
Whether there are any restrictions that stop the payment of dividends	Payable in accordance with BRSA communiqués and regulations
Fully optional, partially optional or mandatory	Mandatory
Whether there is an element that will encourage repayment, such as interest rate increases	-
Being non-cumulative or cumulative	Non-cumulative
Convertible to stock	
Triggering events / events that can cause conversion if they can be converted to a stock	-Elimination of activity permit -Possibility of transfer to SDIF -In the event of regulatory reason, the decision of BRSA will be converted to share
Full or partial conversion if convertible	Subject to BRSA approval fully or partially
If convertible, conversion rate	Subject to BRSA approval and convertible
If forced to convert to stock, forced or optional conversion feature	Subject to BRSA approval
Convertible vehicle types if converted to stock	Stock
Issuer of a debt instrument to be converted	-
Value reduction feature	
Trigger events / events that will cause a reduction if it has a value reduction feature	-
Total or partial value reduction if value reduction is available	-
Continuous or transient feature	-
Value increment mechanism if the value can be temporarily reduced	-
In the case of the right to take in the case of liquidation in the order of the right (the vehicle just above this debt instrument)	Before the borrowing instruments to be included in the calculation of the additional capital of the owner to the owner, after the depositors and all other debts
Whether the banks do not have the requirements of Articles 7 and 8 of the Regulation on Shareholders' Equity	Although it has all the requirements of Article 8, it does not meet the requirements of Article 7
Which of the requirements of the articles 7 and 8 of the Regulation on Equity of Banks are not	Although it has all the requirements of Article 8, it does not meet the requirements of Article 7

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

II. Explanations and Footnotes on Consolidated Credit Risk

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

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

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

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

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

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

Among the securities owned by banks, as of 23 March 2020, the depreciation provisions in their portfolios may not be taken into account in the calculation of foreign currency net general position within the scope of the Regulation on Calculation and Application of Foreign Currency Net General Position / Equity Standard Ratio by Banks on a Consolidated and Non-Consolidated Basis. However, the current position of this Regulation was terminated in accordance with BRSA’s decision dated 17 June 2021 and numbered 9624.

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

	24.06.2021	25.06.2021	28.06.2021	29.06.2021	30.06.2021
USD	8.6139	8.6593	8.6772	8.7219	8.7052
GBP	12.0866	12.0641	12.0479	12.1165	12.0343
EURO	10.3722	10.3356	10.3646	10.4077	10.3645
JPY	0.0775	0.0779	0.0782	0.0786	0.0785

The basic arithmetical average of the Parent Bank’s foreign exchange bid rates for the last thirty-one days ending 30 June 2021 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	8.6001
GBP	12.0591
EURO	10.3744
JPY	0.0779

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

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

Information on consolidated foreign currency exchange rate risk:

30 June 2021	EURO	USD	OTHER FC	TOTAL
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the CBRT ⁽¹⁾	34,824	3,915,499	2,196	3,952,519
Banks	676,109	1,379,480	72,363	2,127,952
Financial assets at fair value through profit or loss	18,313	-	-	18,313
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	2,065,079	3,515,224	6,506	5,586,809
Loans ⁽³⁾	5,393,522	3,291,839	-	8,685,361
Investment and associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortized cost	-	3,622,688	-	3,622,688
Hedging derivative financial assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	391	3,354	11	3,756
Total assets ^{(2) (3) (7)}	8,188,238	15,728,084	81,076	23,997,398
Liabilities				
Interbank deposits	187	18	37,029	37,234
Foreign currency deposits	3,000,042	9,775,652	276,734	13,052,428
Fund provided from money market	-	274,264	-	274,264
Funds provided from other financial institutions	2,490,045	7,214,814	-	9,704,859
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities held for hedging	-	-	-	-
Other liabilities	118,916	277,171	148,972	545,059
Total liabilities ^{(2) (6) (8)}	5,609,190	17,541,919	462,735	23,613,844
Net On Balance Sheet Position	2,579,048	(1,813,835)	(381,659)	383,554
Net Off Balance Sheet Position	(2,571,271)	2,224,192	384,805	37,726
Financial Derivatives Assets ⁽⁵⁾	466,127	2,927,469	456,717	3,850,313
Financial Derivatives Liabilities ⁽⁵⁾	3,037,398	703,277	71,912	3,812,587
Non-cash Loans ⁽⁴⁾	3,056,942	3,834,349	29,243	6,920,534
31 December 2020				
Total Assets ^{(2) (3) (7)}	6,900,860	13,489,201	92,379	20,482,440
Total Liabilities ^{(2) (6) (8)}	3,849,559	15,976,985	199,867	20,026,411
Net On Balance Sheet Position	3,051,301	(2,487,784)	(107,488)	456,029
Net Off Balance Sheet Position	(3,034,712)	2,863,917	93,460	(77,335)
Financial Derivatives Assets ⁽⁵⁾	24,321	2,899,707	121,045	3,045,073
Financial Derivatives Liabilities ⁽⁵⁾	3,059,033	35,790	27,585	3,122,408
Non-cash Loans ⁽⁴⁾	2,845,476	5,617,723	48,986	8,512,185

⁽¹⁾ As of 30 June 2021 and 31 December 2020, the Group does not have precious metals in CBRT accounts.

⁽²⁾ As of 30 June 2021, accrual differences of derivative transactions presented in “Derivative Financial Assets at Fair Value Through Profit or Loss” and “Derivative Financial Liabilities at Fair Value Through Profit or Loss” amounting to TL 22,685 and TL 15,237 respectively (31 December 2020: TL 1,182 and TL 89,662) are not included in the table.

⁽³⁾ As of 30 June 2021, there are no foreign currency loans and rediscount amounts included under the TL column in the “Loans” line in the assets. (31 December 2020: TL 3,964).

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

⁽⁵⁾ As of 30 June 2021, value dated FX buying and FX selling transactions amounting to TL 66,313 and TL 42,803 respectively, presented under “Asset Purchase and Sale Commitments” of off-balance sheet items are included (31 December 2020: TL 25,420 and TL 19,580).

⁽⁶⁾ As of 30 June 2021, “Valuation Differences of Securities” amounting to TL (7,522) (31 December 2020: TL (4,543) which are classified under shareholders' equity, are not included.

⁽⁷⁾ As of 30 June 2021, assets amounting to TL 346,167 (31 December 2020: TL 262,529) are not included “Expected Loss Provisions”.

⁽⁸⁾ As of 30 June 2021, liabilities amounting to TL 73,283 (31 December 2020: TL 59,170) are not included “Other Provisions”.

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

IV. Explanations and Footnotes on Consolidated Interest Rate Risk

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

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

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

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

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

	Up to 1 Month	1– 3 Months	3 –12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing ⁽¹⁾	Total
30 June 2021							
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the CBRT	2,212,769	-	-	-	-	1,913,745	4,126,514
Banks	1,972,424	-	-	-	-	287,807	2,260,231
Financial assets at fair value through profit or loss	6,276	16,171	694	-	-	47,345	70,486
Money market placements	833,374	-	-	-	-	-	833,374
Financial assets at fair value through other comprehensive income	392,744	5,477,811	38,115	260,784	87,974	-	6,257,428
Loans	1,734,563	3,462,816	3,646,265	1,253,067	522,157	-	10,618,868
Financial assets measured at amortized cost	426,363	650,802	307,300	3,073,554	164,332	-	4,622,351
Other assets	29	-	-	-	-	(36,518)	(36,489)
Total assets	7,578,542	9,607,600	3,992,374	4,587,405	774,463	2,212,379	28,752,763
Liabilities							
Bank Deposits	-	-	-	-	-	159,029	159,029
Other Deposits	10,291,046	3,207,133	488,679	4,502	-	1,182,412	15,173,772
Money Market Borrowings	298,617	-	-	-	-	-	298,617
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	418,329	4,340,325	5,621,136	-	-	-	10,379,790
Other Liabilities	686,627	9,243	-	-	-	2,045,685	2,741,555
Total Liabilities	11,694,619	7,556,701	6,109,815	4,502	-	3,387,126	28,752,763
Balance Sheet Long Position	-	2,050,899	-	4,582,903	774,463	-	7,408,265
Balance Sheet Short Position	(4,116,077)	-	(2,117,441)	-	-	(1,174,747)	(7,408,265)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(4,116,077)	2,050,899	(2,117,441)	4,582,903	774,463	(1,174,747)	-

⁽¹⁾ Tangible and intangible assets amounting to TL 120,717, deferred tax assets amounting to 144,574 TL tax assets amounting to TL 24, expected loss provisions amounting to TL (401,555) and other assets amounting to TL 99,722, are included in other assets line in the interest-free column; provisions amounting to TL 254,331, tax liability amounting to TL 58,828, lease liabilities amounting to TL 69,629, other liabilities amounting to TL 78,749 and shareholders' equity amounting to TL 1,584,148 are presented in other liabilities as non-interest bearing.

⁽²⁾ Derivative financials instruments are included.

ICBC TURKEY BANK A.Ş.
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

IV. Explanations and Footnotes on Consolidated Interest Rate Risk (Continued)
Interest sensitivity of assets, liabilities and off-balance sheet items (based on repricing date) (Continued):

	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non-Interest Bearing ⁽¹⁾	Total
31 December 2020							
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	1,393,298	-	-	-	-	1,767,615	3,160,913
Banks	950,086	369,237	-	-	-	287,645	1,606,968
Financial Assets at Fair Value Through Profit or Loss	15,532	-	246	-	-	21,923	37,701
Money Market Placements	504,390	-	-	-	-	-	504,390
Financial Assets at Fair Value Through Other Comprehensive Income	407,338	4,377,304	263,991	226,351	77,182	-	5,352,166
Loans	1,100,217	3,539,787	3,622,556	1,337,210	455,541	-	10,055,311
Financial Assets Measured at Amortized Cost	349,438	785,399	585,866	2,531,749	138,617	-	4,391,069
Other Assets ⁽¹⁾	8	-	-	-	-	72,657	72,665
Total Assets	4,720,307	9,071,727	4,472,659	4,095,310	671,340	2,149,840	25,181,183
Liabilities							
Bank Deposits	92,512	-	-	-	-	87,036	179,548
Other Deposits	8,549,813	1,902,087	168,389	3,760	-	835,100	11,459,149
Money Market Borrowings	697,700	-	-	-	-	-	697,700
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	-	3,418,377	6,485,165	390,936	-	-	10,294,478
Other Liabilities	626,556	60,322	2,456	-	-	1,860,974	2,550,308
Total Liabilities	9,966,581	5,380,786	6,656,010	394,696	-	2,783,110	25,181,183
Balance Sheet Long Position	-	3,690,941	-	3,700,614	671,340	-	8,062,895
Balance Sheet Short Position	(5,246,274)	-	(2,183,351)	-	-	(633,270)	(8,062,895)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(5,246,274)	3,690,941	(2,183,351)	3,700,614	671,340	(633,270)	-

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

⁽²⁾ Derivative financial instruments are included.

Interest rates applied to monetary financial instruments:

	EURO%	USD%	JPY%	TL%
30 June 2021 ⁽¹⁾				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	13.50
Banks	0.01	0.17	-	20.61
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	21.07
Financial Assets at Fair Value Through Other Comprehensive Income	2.65	3.64	-	18.62
Loans	3.18	4.04	-	14.07
Financial Assets Measured at Amortised Cost	-	-	-	18.28
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	0.88	1.70	0.01	19.72
Money Market Borrowings	-	1.30	-	20.94
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0.16	1.68	-	14.34

⁽¹⁾ Stated at compound interest rates.

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

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

	EURO%	USD%	JPY%	TL%
31 December 2020 ⁽¹⁾				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	12.00
Banks	0.86	0.65	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	12.13
Financial Assets at Fair Value Through Other Comprehensive Income	2.65	4.87	-	16.19
Loans	3.05	3.69	-	14.12
Financial Assets Measured at Amortized Cost	-	6.51	-	3.42
Liabilities				
Bank Deposits	-	0.20	-	-
Other Deposits	2.11	3.25	0.01	16.81
Money Market Borrowings	-	-	-	18.62
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0.33	2.27	-	14.25

⁽¹⁾ Stated at compound interest rates.

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

V. Explanation and Footnotes on Consolidated Liquidity Risk

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

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

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

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

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

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

Liquidity management is not performed centrally. The Parent Bank does not function as a central funding institution in its relation with partners. Funding management of the Parent Bank is operated in the framework of ALCO decisions. The liabilities of the Parent Bank are mainly liabilities provided in TL, USD and EUR currencies. Foreign currency funds are used to generate TL assets via swap transactions for the purpose of liquidity management. Derivative transactions are used in scope of liquidity reduction techniques. Cash flow analysis is made on the basis of TL and FC and estimated liquidity requirement is calculated. The action plans are prepared and the liquidity position is evaluated through warnings applied to assets and liabilities of the Parent Bank to determine stresses which can occur on the liquidity position of the Parent Bank. The Parent Bank makes scenario analysis taking delays and non-payment in credit payments, deposit withdrawn, and non-liquidation of securities into consideration as stress cases. It is detailed in emergency liquidity management process and Liquidity Emergency Funding Plan. This plan determines the gradation of resources which shall be used for responsibilities, communication channels, funding sources and urgent requirements.

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

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

Liquidity coverage ratios are calculated on a weekly and monthly basis as of 1 January 2015 in accordance with the Regulation on Banks’ Liquidity Coverage Ratio Calculation published in the Official Gazette No. 28948 dated 21 March 2014 and are subject to legal reporting. Liquidity coverage ratios should be at least 80% in foreign currency assets and liabilities for 2021 and at least 100% in total assets and liabilities. The ratios in the table show the rates for the twelve months including the reporting period.

	Min FC (%)	Min Sum (%)	Max FC (%)	Max Sum (%)
Month	07 June 2021	07 June 2021	10 May 2021	10 May 2021
Ratio (%)	83.82%	98.45%	585.73%	582.46%

30 June 2021	Unweighted Amounts⁽²⁾		Weighted Amounts⁽²⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			7,470,951	5,619,888
CASH OUTFLOWS				
Retail and Small Business Customers Deposits	6,858,962	5,002,551	634,924	499,986
Stable deposits	1,019,428	5,378	50,971	269
Less stable deposits	5,839,534	4,997,173	583,953	499,717
Unsecured Funding other than Retail and Small Business Customer Deposits	9,439,320	8,186,572	4,933,816	3,838,080
Operational Deposits	2,296	-	391	-
Non-Operational Funding	7,598,524	7,212,998	3,127,076	2,899,789
Other Unsecured Funding	1,838,500	973,574	1,806,349	938,291
Secured funding	-	-	-	-
Other Cash Outflows	1,694,898	1,641,374	1,514,482	1,478,784
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1,394,205	1,370,390	1,394,205	1,370,390
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	300,693	270,984	120,277	108,394
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	602,231	602,231	30,112	30,112
Other irrevocable or conditionally revocable commitments	2,614,033	2,232,755	273,012	223,299
TOTAL CASH OUTFLOWS			7,386,346	6,070,261
CASH INFLOWS				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	2,749,048	2,612,821	2,648,665	2,534,889
Other Contractual Cash Inflows	969,509	965,679	969,509	965,679
TOTAL CASH INFLOWS	3,718,557	3,578,500	3,618,174	3,500,568
			Upper Limit Applied Accounts	
TOTAL HIGH LIQUIDITY ASSETS			7,470,951	5,619,888
TOTAL NET CASH OUTFLOWS⁽¹⁾			3,768,172	2,569,693
LIQUIDITY COVERAGE RATIO (%)			198.26%	218.70%

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

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

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

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

31 December 2020	Unweighted Amounts ⁽¹⁾		Weighted Amounts ⁽²⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			4,705,539	3,333,548
CASH OUTFLOWS				
Retail and Small Business Customers Deposits	6,432,691	4,870,636	600,172	486,640
Stable deposits	861,953	8,463	43,098	423
Less stable deposits	5,570,738	4,862,173	557,074	486,217
Unsecured Funding other than Retail and Small Business Customer Deposits	6,505,043	5,186,765	3,111,569	2,111,291
Operational deposits	1,686	-	228	-
Non-Operational Funding	5,705,849	5,138,983	2,350,473	2,068,398
Other Unsecured Funding	797,508	47,782	760,868	42,893
Secured funding	-	-	-	-
Other Cash Outflows	892,225	807,456	787,436	734,388
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	717,577	685,676	717,577	685,676
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	174,648	121,780	69,859	48,712
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	333,992	302,159	16,700	15,108
Other irrevocable or conditionally revocable commitments	2,404,431	2,026,802	246,020	202,701
TOTAL CASH OUTFLOWS			4,761,897	3,550,128
CASH INFLOWS				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	2,161,737	1,975,379	2,084,325	1,944,107
Other Contractual Cash Inflows	664,946	657,050	664,946	657,050
TOTAL CASH INFLOWS	2,862,683	2,632,429	2,749,271	2,601,157
			Upper Limit Applied Accounts	
TOTAL HIGH LIQUIDITY ASSETS			7,781,515	6,397,774
TOTAL NET CASH OUTFLOWS⁽¹⁾			2,012,625	948,972
LIQUIDITY COVERAGE RATIO (%)			%386.64	%674.18

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

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

Since except of the real person deposit and retail deposits, the increase in unsecured debts caused the increase of cash outflows, the liquidity coverage ratio of the Parent Bank's decreased. The Parent Bank accepts required reserves, deposit and drawing accounts in Central Bank of Republic of Turkey, cash and borrowing instruments issued by Undersecretariat of Treasury as premium quality as liquid assets. Deposits are the main fund resources while loans provided from abroad, and repo are other resources regarding funding. The opposite parties of repo transactions are the Central Bank of the Republic of Turkey and banks and there is no concentration. A significant part of funds, provided from abroad, is provided by the risk group of the Bank.

ICBC TURKEY BANK A.Ş.
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

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

30 June 2021	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 Years	5 years and over	Undist. ⁽⁴⁾	Total
Assets								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	1,920,241	2,206,273	-	-	-	-	-	4,126,514
Banks	287,807	1,972,424	-	-	-	-	-	2,260,231
Financial Assets at Fair Value Through Profit or Loss ⁽⁴⁾	47,345	6,276	16,171	694	-	-	-	70,486
Interbank Money Market Placements	-	833,374	-	-	-	-	-	833,374
Financial Assets at Fair Value Through Other Comprehensive Income	-	392,746	191,661	3,256,605	2,328,443	87,973	-	6,257,428
Loans	-	724,803	980,970	2,492,358	3,280,173	3,140,564	-	10,618,868
Financial Assets Measured at Amortised Cost	-	243,338	400,093	300,052	3,461,289	217,579	-	4,622,351
Other Assets	-	80,995	3,800	10,049	1,963	144,574	(277,870)	(36,489)
Total Assets	2,255,393	6,460,229	1,592,695	6,059,758	9,071,868	3,590,690	(277,870)	28,752,763
Liabilities								
Bank Deposits	159,029	-	-	-	-	-	-	159,029
Other Deposits	1,182,412	10,291,046	3,207,133	488,679	4,502	-	-	15,173,772
Funds Borrowed from Other Financial Institutions	-	3,500	2,141,412	3,009,162	2,613,741	2,611,975	-	10,379,790
Interbank Money Markets	-	298,617	-	-	-	-	-	298,617
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	16,631	57,700	2,175	25,433	41,787	2,597,829	2,741,555
Total Liabilities	1,341,441	10,609,794	5,406,245	3,500,016	2,643,676	2,653,762	2,597,829	28,752,763
Net Liquidity Gap	913,952	(4,149,565)	(3,813,550)	2,559,742	6,428,192	936,928	(2,875,699)	-
Net off balance sheet position	-	3	-	9,399	-	-	-	9,402
Derivative financial assets ⁽³⁾	-	72,844	-	3,843,118	-	-	-	3,915,962
Derivative financial liabilities ⁽³⁾	-	72,841	-	3,833,719	-	-	-	3,906,560
Non-cash loans ⁽²⁾	3,920,271	580,614	236,804	1,486,933	1,567,264	2,176	-	7,794,062
31 December 2020								
Total Assets	1,964,839	3,733,134	1,757,041	4,198,835	10,428,760	3,304,401	(205,827)	25,181,183
Total Liabilities	922,136	9,394,884	3,572,834	4,098,937	2,635,348	2,238,637	2,318,407	25,181,183
Net Liquidity Gap	1,042,703	(5,661,750)	(1,815,793)	99,898	7,793,412	1,065,764	(2,524,234)	-
Net off balance sheet position	-	(25,631)	(58,003)	(1,418)	-	-	-	(85,052)
Derivative financial assets ⁽³⁾	-	1,039,698	1,683,624	330,357	-	-	-	3,053,679
Derivative financial liabilities ⁽³⁾	-	1,065,329	1,741,627	331,775	-	-	-	3,138,731
Non-cash loans ⁽²⁾	571,067	310,488	349,075	931,702	7,244,532	4,685	-	9,411,549

⁽¹⁾ The balance sheet is composed of TL 120,717 of tangible and intangible assets, TL 1,212 of the stationary supplies, TL 1,756 of assets held for sale, TL (401,555) of expected loss provisions and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 254,331 TL, other liabilities amounting to TL 759,350 and equity amounting to TL 1,584,148 TL are included here.

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

⁽³⁾ As of 30 June 2021, the spot purchase transactions amounting to TL 72,845 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 72,840 are included in liabilities of derivative financial instruments (31 December 2020 : TL 26,894 and TL 26,992).

⁽⁴⁾ Receivables from derivative transactions are included.

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

VI. Explanations on Consolidated Leverage Ratio

Consolidated leverage ratio of the Parent Bank calculated based on 3 months average amounts is 4.13% as at 30 June 2021 (31 December 2020: 4.05%). This rate is above the minimum rate.

	Current Period 30 June 2021 ⁽¹⁾	Prior Period 31 December 2020 ⁽¹⁾
On-Balance sheet exposures		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	27,670,938	25,061,759
(Assets amounts deducted in determining Tier 1 capital)	(167)	(174)
Total on-Balance sheet exposures	27,670,771	25,061,585
Derivative financial instruments and credit derivatives		
Replacements cost of derivative financial instruments and credit derivatives	-	-
Potential credit risk of derivative financial instruments and credit derivatives	43,780	29,700
Total derivative financial instruments and credit derivatives exposure	43,780	29,700
Securities financial instruments and credit derivatives		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	377,056	496,542
Agent transaction exposure	-	-
Total securities financing transactions exposures	377,056	496,542
Off-balance sheet items		
Off-balance sheet exposure at gross notional amount	10,364,434	10,043,577
(Adjustments for conversions to credit equivalent amounts)	-	-
Total risk of off-balance sheet items	10,364,434	10,043,577
Capital and total exposure		
Tier 1 capital	1,587,192	1,442,087
Total exposures	38,456,041	35,631,404
Leverage ratio	4.13%	4.05%

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

VII. Explanations on Consolidated Securitization Position Risk

As at 30 June 2021 and 31 December 2020, the Group has no share position risk arising from banking accounts.

VIII. Explanations on Consolidated Risk Management

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

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

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

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

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

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

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

VIII. Explanations on Consolidated Risk Management (Continued)

1. General Information on Consolidated Risk Management and Risk Weighted Amounts:

a) Overview of RWA:

	Risk Weighted Amount		Minimum capital requirement
	Current Period 30 June 2021	Prior Period 31 December 2020	Current Period 30 June 2021
1 Credit risk (excluding counterparty credit risk)	16,611,790	18,223,670	1,328,943
2 Standardised approach	16,611,790	18,223,670	1,328,943
3 Internal rating-based approach	-	-	-
4 Counterparty credit risk	318,821	156,494	25,506
5 Standardised approach for counterparty credit risk	318,821	156,494	25,506
6 Internal model method	-	-	-
-7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
8 Investments made in collective investment companies - look-through approach	-	-	-
9 Investments made in collective investment companies - mandate-based approach	-	-	-
10 Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach	-	-	-
14 IRB Supervisory Formula Approach	-	-	-
15 SA/simplified supervisory formula approach	-	-	-
16 Market risk	844,163	630,313	67,533
17 Standardised approach	844,163	630,313	67,533
18 Internal model approaches)	-	-	-
19 Operational risk	1,175,127	953,904	94,010
20 Basic Indicator Approach	1,175,127	953,904	94,010
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	18,949,901	19,964,381	1,515,992

2. Explanation of credit risk:

a) Credit quality of assets:

Current Period 30 June 2021	Gross carrying value as per TAS		Allowances /amortization and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	43,157	10,575,712	369,644	10,249,225
2 Debt instruments	-	10,879,778	28,654	10,851,124
3 Off-balance sheet exposures	7,688	8,053,584	78,806	7,982,466
4 Total	50,845	29,509,074	477,104	29,082,815

Prior Period 31 December 2020	Gross carrying value as per TAS		Allowances /amortization and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	45,743	10,009,568	294,462	9,760,849
2 Debt instruments	-	9,743,235	29,571	9,713,664
3 Off-balance sheet exposures	7,070	9,579,907	65,217	9,521,760
4 Total	52,813	29,332,710	389,250	28,996,273

b) Changes in Stock of Default Loans and Debt Securities

	Current Period 30 June 2021	Prior Period 31 December 2020
1 Defaulted loans and debt securities at end of the previous reporting period	52,813	168,054
2 Loans and debt securities defaulted since the last reporting period	2,446	18,264
3 Receivables back to non-defaulted status	-	-
4 Amounts written off	-	17,284
5 Other changes	(4,414)	(123,291)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	50,845	45,743

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

VIII. Explanations on Consolidated Risk Management (Continued)

2. Explanation of credit risk (Continued):

c) Credit risk mitigation techniques – overview:

	Current Period 30 June 2021	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	10,191,925	57,300	53,091	24,520	24,520	-	-
2	Debt Instruments	10,851,124	-	-	-	-	-	-
3	Total	21,043,049	57,300	53,091	24,520	24,520	-	-
4	Of which defaulted	50,845	-	-	-	-	-	-

	Prior Period 31 December 2020	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	9,926,679	55,984	55,984	26,905	26,905	-	-
2	Debt Instruments	9,713,664	-	-	-	-	-	-
3	Total	19,640,343	55,984	55,984	26,905	26,905	-	-
4	Of which defaulted	45,743	-	-	-	-	-	-

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

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

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

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

VIII. Explanations on Consolidated Risk Management (Continued)

2 Explanation of credit risk (Continued):

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

30 June 2021		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Risk Classifications		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Claims on sovereigns and Central Banks	7,996,931	-	8,607,818	-	122,177	1%
2	Claims on regional governments or local authorities	24,520	-	-	-	-	0%
3	Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	0%
4	Claims on multilateral development banks	-	-	-	-	-	0%
5	Claims on international organizations	-	-	-	-	-	0%
6	Claims on banks and intermediary institutions	8,467,225	1,764,087	9,010,417	1,118,233	4,947,812	29%
7	Claims on corporates	6,732,043	5,035,782	6,734,654	3,990,115	10,552,471	62%
8	Claims included in the regulatory retail portfolios	73,285	101,873	70,720	20,396	62,393	0%
9	Claims secured by residential property	335,965	1,603	335,965	321	117,532	1%
10	Claims secured by commercial property	1,572,770	280,544	1,572,771	140,048	922,538	5%
11	Overdue loans	43,157	-	6,727	-	7,575	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	312,606	-	310,862	349	196,794	1%
17	Equity share investments	-	-	-	-	-	0%
18	Total	25,558,502	7,183,889	26,649,934	5,269,462	16,929,292	100%

31 December 2020		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Risk Classifications		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Claims on sovereigns and Central Banks	7,529,189	-	7,529,189	-	60,030	0%
2	Claims on regional governments or local authorities	26,905	-	26,905	-	-	0%
3	Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	0%
4	Claims on multilateral development banks	-	-	-	-	-	0%
5	Claims on international organizations	-	-	-	-	-	0%
6	Claims on banks and intermediary institutions	8,713,961	3,876,891	8,713,961	3,296,610	7,141,093	39%
7	Claims on corporates	6,293,277	4,745,243	6,293,277	3,787,955	9,857,080	54%
8	Claims included in the regulatory retail portfolios	95,550	107,444	95,550	22,405	77,643	0%
9	Claims secured by residential property	381,096	1,519	381,096	304	133,305	1%
10	Claims secured by commercial property	1,423,632	258,018	1,423,632	128,866	838,294	5%
11	Overdue loans	9,824	-	9,824	-	9,540	0%
12	Higher risk categories decided by the Board	-	-	-	-	-	0%
13	Secured by mortgages	-	-	-	-	-	0%
14	Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	0%
15	Undertakings for collective investments in mutual funds	-	-	-	-	-	0%
16	Other receivables	346,329	-	346,329	-	262,132	1%
17	Equity share investments	-	-	-	-	-	0%
18	Total	24,819,763	8,989,115	24,819,763	7,236,140	18,379,117	100%

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

VIII. Explanations on Consolidated Risk Management (Continued)

2 Explanation of credit risk (Continued):

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

30 June 2021										Total Risk Amount (After Credit Conversion Rate and Credit Risk Reduction)
Risk weight / Risk Classifications	0%	10%	20%	50% (Guaranteed with Real Estate Mortgage)	75%	100%	150%	Others		
Exposures to central governments or central banks	7,996,931	-	610,887	-	-	-	-	-	-	8,607,818
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
Exposures to international organisations	-	-	-	-	-	-	-	-	-	-
Exposures to banks and institutions	267,223	-	1,740,677	7,042,147	-	1,078,603	-	-	-	10,128,650
Exposures to corporates	23,060	-	32,768	246,048	-	10,422,893	-	-	-	10,724,769
Retail exposures	4,905	-	4,118	-	82,093	-	-	-	-	91,116
Exposures secured by residential property	415	-	152	-	-	-	-	335,719	-	336,286
Exposures secured by commercial real estate	-	-	-	1,580,562	-	132,257	-	-	-	1,712,819
Overdue loans	-	-	-	3	-	5,026	1,698	-	-	6,727
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	114,417	-	-	-	-	196,794	-	-	-	311,211
Equity share investments	-	-	-	-	-	-	-	-	-	-
Total	8,406,951	-	2,388,602	8,868,760	82,093	11,835,573	1,698	335,719	-	31,919,396

31 December 2020										Total Risk Amount (After Credit Conversion Rate and Credit Risk Reduction)
Risk weight / Risk Classifications	0%	10%	20%	50% (Guaranteed with Real Estate Mortgage)	75%	100%	150%	Others		
Exposures to central governments or central banks	7,529,189	-	-	-	-	-	-	-	-	7,529,189
Exposures to regional governments or local authorities	-	-	-	26,905	-	-	-	-	-	26,905
Exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
Exposures to international organisations	-	-	-	-	-	-	-	-	-	-
Exposures to banks and institutions	99	-	1,235,579	7,256,663	-	3,518,230	-	-	-	12,010,571
Exposures to corporates	-	-	-	295,147	-	9,786,085	-	-	-	10,081,232
Retail exposures	-	-	-	-	117,955	-	-	-	-	117,955
Exposures secured by residential property	-	-	-	-	-	-	-	381,400	-	381,400
Exposures secured by commercial real estate	-	-	-	1,428,341	-	124,157	-	-	-	1,552,498
Overdue loans	-	-	-	2,262	-	5,865	1,697	-	-	9,824
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
Other receivables	84,197	-	-	-	-	262,132	-	-	-	346,329
Equity share investments	-	-	-	-	-	-	-	-	-	-
Total	7,613,485	-	1,235,579	9,009,318	117,955	13,696,469	1,697	381,400	-	32,055,903

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

VIII. Explanations on Consolidated 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 2021	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) 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)	23,147	37,136	-	1.4	60,282	59,063
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	1,070,533	259,759
Total	23,147	37,136	-	-	1,130,815	318,821

31 December 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) 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)	1,521	30,403	-	1.4	31,924	30,311
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	1,062,222	126,183
Total	1,521	30,403	-	-	1,094,146	156,494

b) Credit valuation adjustment (CVA) capital charge:

30 June 2021	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	59,063	1,260
4 Total subject to the CVA capital charge	59,063	1,260

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

VIII. Explanations on Consolidated Risk Management (Continued)

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

b) Credit valuation adjustment (CVA) capital charge: (continued)

	31 December 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		30,311	867
4 Total subject to the CVA capital charge		30,311	867

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

30 June 2021									
Risk Weight /Risk Portfolio	0%	10%	20%	50%	75%	100%	150%	Others	Total Credit Risk
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	-	-	610,887	109,902	-	141,693	-	-	318,821
Corporates	-	-	-	-	-	-	-	-	-
Retail portfolios	-	-	-	-	-	-	-	-	-
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	610,887	109,902	-	141,693	-	-	318,821

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

VIII. Explanations on Consolidated 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: (continued)

31 December 2020									
Risk Weight /Risk Portfolio	0%	10%	20%	50%	75%	100%	150%	Others	Total Credit Risk
Claims from central governments and central banks	537,493	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from banks and intermediary institutions	-	-	300,149	667	-	96,131	-	-	156,494
Corporates	-	-	-	-	-	-	-	-	-
Retail portfolios	-	-	-	-	-	-	-	-	-
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	537,493	-	300,149	667	-	96,131	-	-	156,494

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 SIX MONTH PERIOD 30 JUNE 2021**

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

VIII. Explanations on Consolidated Risk Management (Continued)**4. Explanations on Market Risk**

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

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

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

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

RWA	30 June 2021
Outright products	
1 Interest rate risk (general and specific)	67,313
2 Equity risk (general and specific)	180,725
3 Foreign exchange risk	596,125
4 Commodity risk	-
Options	
5 Simplified approach	-
6 Delta-plus method	-
7 Scenario approach	-
8 Securitization	-
9 Total	844,163

RWA	31 December 2020
Outright products	
1 Interest rate risk (general and specific)	118,488
2 Equity risk (general and specific)	108,512
3 Foreign exchange risk	403,313
4 Commodity risk	-
Options	
5 Simplified approach	-
6 Delta-plus method	-
7 Scenario approach	-
8 Securitization	-
9 Total	630,313

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

IX. Explanations and Footnotes on Consolidated Segment Reporting

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

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

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

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

Information related to the Group’s segments:

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

30 June 2021	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group’s Total Operations
Operating Income	56,397	237,073	295,296	588,766
Net profit of segment	24,587	223,672	(50,220)	198,039
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	-	-	-	-
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	24,587	223,672	(50,220)	198,039
Tax provision (-)	-	-	24,007	24,007
Profit / (Loss) after tax	24,587	223,672	(74,227)	174,032
Net Profit/ (Loss)	24,587	223,672	(74,227)	174,032
Segment assets ⁽¹⁾	474,120	15,219,880	13,058,763	28,752,763
Associate and subsidiaries	-	-	-	-
Total Assets	474,120	15,219,880	13,058,763	28,752,763
Segment liabilities ⁽¹⁾	6,960,485	8,574,227	11,633,902	27,168,614
Equity	-	-	1,584,149	1,584,149
Total Liabilities	6,960,485	8,574,227	13,218,051	28,752,763
Other Segment Items	316	(4,998)	116,948	112,266
Capital expenditure	-	-	11,945	11,945
Amortization	739	582	16,483	17,804
Impairment losses ⁽²⁾	(423)	(5,580)	87,052	81,049

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 53% for corporate banking, 2% for retail banking, 45% 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 40%, 50%, and 10%, respectively.

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

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

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

31 December 2020	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group’s Total Operations
Operating Income	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 ⁽³⁾	11,885	202,817	(116,502)	98,200
Net Profit/(Loss)	11,885	202,817	(116,502)	98,200
Segment Assets ⁽¹⁾	545,506	13,680,789	10,954,888	25,181,183
Associates and Subsidiaries	-	-	-	-
Total Assets	545,506	13,680,789	10,954,888	25,181,183
Segment Liabilities ⁽¹⁾	6,521,744	5,555,603	11,686,020	23,763,367
Equity	-	-	1,417,816	1,417,816
Total Liabilities	6,521,744	5,555,603	13,103,836	25,181,183
Other Segment Items	2,492	12,529	195,509	210,530
Capital Investment	-	-	(52,851)	(52,851)
Amortization	1,523	1,217	31,962	34,702
Value Decrease ⁽²⁾	969	11,312	216,398	228,679

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

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

⁽³⁾ Balances related to the income statement include the amounts as of 30 June 2020.

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 42% for corporate banking, 4% for retail banking, 54% for treasury, investment banking and others segment. Gross income (operational income) of the Group is distributed between corporate banking, treasury, investment banking and others segment and retail banking as 51%, 40%, and 9%, respectively.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

(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 2021		31 December 2020	
	TL	FC	TL	FC
Cash	19,289	96,370	15,781	69,067
Central Bank of the Republic of Turkey (CBRT) ⁽¹⁾	154,706	3,856,149	97,704	2,978,361
Others	-	-	-	-
Total	173,995	3,952,519	113,485	3,047,428

⁽¹⁾ As at 30 June 2021 and 31 December 2020, the Parent Bank does not keep precious metals as reserve deposits at CBRT.

b) Information related to the account of the Central Bank of Turkey:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Unrestricted Demand Deposits ⁽¹⁾	154,706	1,649,877	97,704	1,458,436
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	2,206,272	-	1,519,925
Total	154,706	3,856,149	97,704	2,978,361

⁽¹⁾ As at 30 June 2021 and 31 December 2020, the Parent Bank does not keep precious metals as reserve deposits at CBRT.

c) Explanation related to reserve deposits:

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

The reserve rates for TL liabilities vary between 3% and 8% due their maturity profile as at 30 June 2021 (31 December 2020: between 1% and 6%); the reserve rates for foreign currency liabilities vary between 5% and 22% (31 December 2020: between 5% and 22%).

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

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

As at 30 June 2021 and 31 December 2020, the financial assets at fair value through profit or loss are kept under unrestricted account.

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

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

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Forward transactions	44	91	314	247
Swap transactions	-	22,594	-	935
Futures transactions	-	-	-	-
Options	412	-	-	-
Other	-	-	-	-
Total	456	22,685	314	1,182

3. Information on banks:

a) Information on banks:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Banks				
Domestic	132,279	1,863,706	2,592	1,331,622
Foreign	-	264,246	-	272,754
Foreign Offices and Branches	-	-	-	-
Total	132,279	2,127,952	2,592	1,604,376

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

I. Explanations and Footnotes on Consolidated Assets (Continued)**4. Information on financial assets at fair value through other comprehensive income:**

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

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Given as collateral or blocked	414,941	163,733	401,444	180,440
Subject to repurchase agreements	-	-	176,641	-
Total	414,941	163,733	578,085	180,440

As of 30 June 2021, financial assets at fair value through other comprehensive income other than those given as collaterals or subject to repurchase agreements amounting to TL 5,678,754 are unrestricted (31 December 2020: TL 4,593,641).

Financial Assets at Fair Value Through Other Comprehensive Income includes loans of TL 5,121,018 (31 December 2020: TL 4,185,757).

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

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

	30 June 2021	31 December 2020
Debt instruments	1,150,644	1,176,791
Listed	844,103	861,645
Unlisted	306,541	315,146
Equity instruments	-	-
Listed	-	-
Unlisted	-	-
Impairment provision (-)/ charge (+)	14,234	10,382
Total	1,136,410	1,166,409

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

(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 2021		31 December 2020	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	1,035,169	3,867	997,502
Corporate shareholders	-	1,035,169	3,867	997,502
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	-	10	-	-
Loans granted to employees	3,243	-	3,962	-
Total	3,243	1,035,179	7,829	997,502

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

Cash Loans	Loans Under Close Monitoring			
	Standard Loans	Loans Not Subject to restructuring	Restructured Loans	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	9,866,569	48,733	650,813	9,596
Enterprise loans	6,866,078	-	650,813	9,413
Export loans	674,701	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	1,088,562	-	-	-
Consumer loans	446,580	1,488	-	183
Credit cards	16,677	76	-	-
Other	773,971	47,169	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	9,866,569	48,733	650,813	9,596

	30 June 2021		31 December 2020	
	Standard Loans	Loans under close monitoring	Standard Loans	Loans under close monitoring
Allowances for Expected Credit Losses on Stage 1 and 2				
12 Months Expected Loss Provision	92,816	-	54,822	-
Significant Increase in Credit Risk	-	262,574	-	203,719
Total	92,816	262,574	54,822	203,719

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

I. Explanations and Footnotes on Consolidated Assets (Continued)

5. Information related on loans (Continued):

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

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans – TL	9,018	440,573	449,591
Mortgage Loans	52	343,828	343,880
Automotive Loans	34	6,403	6,437
Consumer Loans	8,932	90,342	99,274
Other	-	-	-
Consumer Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards – TL	14,465	-	14,465
With Installment	3,463	-	3,463
Without Installment	11,002	-	11,002
Consumer Credit Cards – FC	425	-	425
With Installment	-	-	-
Without Installment	425	-	425
Personnel Loans – TL	94	1,840	1,934
Mortgage Loans	-	164	164
Automotive Loans	-	-	-
Consumer Loans	94	1,676	1,770
Other	-	-	-
Personnel Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards – TL	1,283	-	1,283
With Installment	500	-	500
Without Installment	783	-	783
Personnel Credit Cards – FC	26	-	26
With Installment	-	-	-
Without Installment	26	-	26
Credit Deposit Account – TL (Real Person)	2,753	-	2,753
Credit Deposit Account – FC (Real Person)	-	-	-
Total	28,064	442,413	470,477

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

(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 (Continued):

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

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

I. Explanations and Footnotes on Consolidated Assets (Continued)

5. Information related on loans (Continued):

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

Current Period	Short Term	Medium and Long Term	Total
Commercial Installment Loans – TL	51	171,351	171,402
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	51	156,890	156,941
Other	-	14,461	14,461
Commercial Installment Loans – Indexed to FC	-	-	-
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans – FC	3,195	1,705,694	1,708,889
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	3,195	1,705,694	1,708,889
Other	-	-	-
Corporate Credit Cards – TL	775	-	775
With Installment	105	-	105
Without Installment	670	-	670
Corporate Credit Cards – FC	124	-	124
With Installment	-	-	-
Without Installment	124	-	124
Credit Deposit Account – TL (Legal Entity)	-	-	-
Credit Deposit Account – FC (Legal Entity)	-	-	-
Total	4,145	1,877,045	1,881,190

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

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

(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 2021	31 December 2020
Domestic loans	9,848,332	9,266,426
Foreign loans	770,536	788,885
Total	10,618,868	10,055,311

f) Loans granted to subsidiaries and associates: None (31 December 2020: TL 8).

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

	30 June 2021	31 December 2020
Loans and Receivables with Limited Collectibility	-	-
Loans and Receivables with Doubtful Collectibility	71	679
Uncollectible Loans and Receivables	36,359	35,241
Total	36,430	35,920

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

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

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
Current period			
Gross amounts before the specific reserves	-	-	419
Restructured Loans and other receivables	-	-	419
Prior period			
Gross amounts before the specific reserves	-	-	858
Restructured Loans and other receivables	-	-	858

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

I. Explanations and Footnotes on Consolidated Assets (Continued)

5. Information related on loans (Continued)

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

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

	Group III Loans with Limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
Prior Period End Balance	-	3,017	42,726
Additions (+)	-	99	1,729
Transfers from Other Categories of Non- Performing Loans (+)	-	-	207
Transfers to Other Categories of Non-Performing Loans (-)	-	207	-
Collections (-)	-	2,816	1,598
Write-offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balances at End of the Period	-	93	43,064
Provisions (-)	-	71	36,359
Net Balance on Balance Sheet	-	22	6,705

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

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible Loans
Current Period			
Balances at the end of the period	-	-	151
Provision Amount (-)	-	-	144
Net Balance on Balance Sheet	-	-	7
Prior Period			
Balances at the end of the period	-	-	141
Provision Amount (-)	-	-	128
Net Balance on Balance Sheet	-	-	13

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

I. Explanations and Footnotes on Consolidated Assets (Continued)

5. Information related on loans (Continued) :

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

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
Current Period (Net)	-	22	6,705
Loans Allowed to Real Persons and Corporate Entities (Gross)	-	93	43,064
Provision Amount (-)	-	71	36,359
Loans Allowed to Real Persons and Corporate Entities (Net)	-	22	6,705
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
Prior Period (Net)	-	2,338	7,485
Loans Allowed to Real Persons and Corporate Entities (Gross)	-	3,017	42,726
Provision Amount (-)	-	679	35,241
Loans Allowed to Real Persons and Corporate Entities (Net)	-	2,338	7,485
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

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

	Group III Loans with Limited Collectibility	Group IV Loans with doubtful Collectibility	Group V Uncollectible Loans
Current period (Net)	-	-	1,394
Interest accruals and discounts and valuation differences	-	-	10,509
Provision amount (-)	-	-	9,115
Prior period (Net)	-	-	1,574
Interest accruals and discounts and valuation differences	-	1	8,943
Provision amount (-)	-	1	7,369

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

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

k) Information on write-off from assets policy:

The Parent Bank’s general policy for write-off of loans and receivables under follow-up is to write off such loans and receivables that are proven to be uncollectible by obtaining required documentation, also considering Tax Procedural Law’s verdicts. As of 30 June 2021, the Bank has no written off loans (31 December 2020: TL 17,284).

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

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

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

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

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

	30 June 2021	31 December 2020
Government Bonds	3,798,941	3,196,580
Treasury bills	-	-
Other public sector debt securities	-	-
Total	3,798,941	3,196,580

c) Information on financial assets at amortized cost:

	30 June 2021	31 December 2020
Debt instruments	4,386,993	4,223,205
Listed	-	-
Unlisted	4,386,993	4,223,205
Impairment provision ⁽¹⁾	235,358	167,864
Total	4,622,351	4,391,069

⁽¹⁾ Consists of change in interest accruals.

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

	30 June 2021	31 December 2020
Beginning balance	4,391,069	2,889,131
Foreign currency differences on monetary assets	404,070	437,063
Purchases during year	147,802	1,240,930
Disposals through sales and redemptions	(555,948)	(343,919)
Impairment provision ⁽¹⁾	235,358	167,864
Total	4,622,351	4,391,069

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

None.

8. Information on subsidiaries (net):

As at 30 June 2021, the Parent Bank has subsidiary as ICBC Turkey Yatırım Menkul Değerler A.Ş.. The Parent Bank does not have any capital needs due to its subsidiary which is included in the calculation of its consolidated capital adequacy standard ratio. The current equity amount of the subsidiary fulfils the minimum capital requirement entailed in accordance with the Capital Markets Board's regulations.

Information related to subsidiaries:

a) Information on unconsolidated subsidiaries:

None.

b) Information on unconsolidated subsidiaries according to information above:

None.

c) Movement of unconsolidated subsidiaries:

None.

d) Industrial distribution of unconsolidated subsidiaries:

As at 30 June 2021, the Parent Bank has no unconsolidated subsidiary.

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

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

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit/(Loss)	Prior Period Profit / (Loss)	Fair value
901,938	206,073	3,980	17,759	-	27,684	9,328	-

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

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

Total assets	Shareholders' Equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value
5,835	5,392	44	439	-	452	158	-

g) Movement of consolidated subsidiaries:

	30 June 2021	31 December 2020
Balance at the Beginning of the Period	75,998	75,998
Movements During the Period	-	-
Purchases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
Balance at the End of the Period	75,998	75,998

h) Sectorial distribution of consolidated subsidiaries:

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

9. Information on joint ventures (net):

None (31 December 2020: None).

10. Information on financial lease receivables (net):

None (31 December 2020: None).

11. Information on hedging purpose derivatives:

None (31 December 2020: None).

12. Information on investment properties:

None (31 December 2020: None).

13. Information on deferred tax assets:

As at 30 June 2021, the Group’s deferred tax asset arising from the deductible temporary differences except for general loan provisions is amounting to TL 144,574 (31 December 2020: TL 116,269). As at 30 June 2021, the Group has no deferred tax asset arising from financial losses (31 December 2020: None).

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

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

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

The Group has no asset held for sale and discontinued operation as at 30 June 2021 and 31 December 2020.

15. Information on other assets:

Commodities and immovable properties of the Group obtained with respect to non-performing loans are recognized under movable and immovable assets to be sold off and shown under other assets in the balance sheet. Net total carrying value of the aforementioned assets is TL 1,756 as at 30 June 2021 (31 December 2020: TL 3,143).

Sum of other assets amounting to TL 97,995 (31 December 2020: TL 162,052), excluding movable and immovable properties to be sold off, do not exceed 10% of the balance sheet total.

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

(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 2021:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	49,162	176,288	1,634,328	237	450	84	-	1,860,549
Foreign Currency Deposits	1,056,255	413,286	10,916,761	405,617	192,936	67,573	-	13,052,428
Residents in Turkey	931,935	407,687	10,467,728	401,639	20,590	1,667	-	12,231,246
Residents Abroad	124,320	5,599	449,033	3,978	172,346	65,906	-	821,182
Public Sector Deposits	7,649	-	-	-	-	-	-	7,649
Commercial Deposits	65,308	68,153	87,464	13218	2	-	-	234,145
Other Ins. Deposits	4,038	639	14,286	-	37	1	-	19,001
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	159,029	-	-	-	-	-	-	159,029
CBRT	-	-	-	-	-	-	-	-
Domestic Banks	37,250	-	-	-	-	-	-	37,250
Foreign Banks	121,779	-	-	-	-	-	-	121,779
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	1,341,441	658,366	12,652,839	419,072	193,425	67,658	-	15,332,801

a.2) 31 December 2020:

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

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

II. Explanations and Footnotes on Consolidated Liabilities (Continued)

1. Information on deposits (Continued):

b) Information on Deposit Insurance:

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

Saving Deposits	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
	30 June 2021	30 June 2021
Saving Deposits	930,439	927,837
Foreign Currency Savings Deposits	606,218	4,457,778
Other Saving Deposits	-	-
Foreign branches’ Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
Total	1,536,657	5,385,615

Saving Deposits	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
	31 December 2020	31 December 2020
Saving Deposits	802,803	689,835
Foreign Currency Savings Deposits	642,168	3,922,840
Other Saving Deposits	-	-
Foreign branches’ Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
Total	1,444,971	4,612,675

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

b.3) The Group has saving deposits not covered by deposit insurance amounting to TL 7,406 (31 December 2020 : TL 7,209).

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

	30 June 2021	31 December 2020
Deposits and Other Accounts at Foreign Branches	-	-
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Care	-	-
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children under Their Care	7,406	7,209
Deposits and Other Accounts linked to Crimes Mentioned in 282 nd Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey	-	-

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

II. Explanations and Footnotes on Consolidated Liabilities (Continued)

2. Information on Money Markets Debts

The Group has a fund amounting to TL 298,617 from repo transactions as of 30 June 2021 (31 December 2020: TL 697,700).

3. Information on derivative financial liabilities held for trading:

Derivative Financial Liabilities:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Forwards Transactions	6	101	5	280
Swaps Transactions	19	15,136	288	89,339
Futures Transactions	-	-	-	-
Options	7	-	-	43
Other	-	-	-	-
Total	32	15,237	293	89,662

4. Information on funds borrowed:

a) Information on banks and other financial institutions:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks and Institutions	13,546	-	21,009	-
Foreign Banks, Institutions and Funds	661,385	7,092,884	618,183	7,452,646
Total	674,931	7,092,884	639,192	7,452,646

b) Contractual maturities of funds borrowed:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Short-Term	674,931	3,003,825	639,192	2,368,890
Medium and Long-Term	-	4,089,059	-	5,083,756
Total	674,931	7,092,884	639,192	7,452,646

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

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

5. Information on other external liabilities:

Other liabilities amount to TL 759,350 (31 December 2020 : TL 696,593) on the balance sheet and do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

6. Information on lease payables (net):

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Less than 1 Year	2,409	-	3,738	-
Between 1-4 Years	25,433	-	29,400	-
More Than 4 Years	41,787	-	39,562	-
Total	69,629	-	72,700	-

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

None (31 December 2020: None).

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

II. Explanations and Footnotes on Consolidated Liabilities (Continued)

8. Information on provisions:

a) Information on reserve for employee rights:

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

The indemnity payable is one month’s salary for each year of service and as of 30 June 2021, this amount is restricted with full TL 7,638.96 (31 December 2020: full TL 7,117.17). The liability is not funded, since there is no funding requirement.

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

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

Movement of ETI liability is as below:

	30 June 2021	31 December 2020
Balance at Prior Period End	16,907	14,114
Current year provisions	3,788	4,653
Paid in current year	1,022	(1,860)
Balance at Current Period End	19,673	16,907

As at 30 June 2021, the Group has vacation pay liability amounting TL 13,376 (31 December 2020: TL 10,135).

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

As at 30 June 2021, there is no foreign exchange differences on foreign currency indexed loans (31 December 2020: None) are netted with loans on the asset side.

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

As at 30 June 2021, the Group has specific provision amounting to TL 7,688 (31 December 2020: TL 7,070) for non-cash loans that are not indemnified and not converted into cash and irrevocable commitments amounting to TL 3,816 (31 December 2020: TL 3,449).

d) Information on other provisions:

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

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

As at 30 June 2021, the Parent Bank has provision for credit card service promotions amounting TL 90 (31 December 2020: TL 67).

d.3) Information on other provisions:

As at 30 June 2021, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 15,636 (31 December 2020: TL 14,347).

As at 30 June 2021, there is provision for personnel bonus amounting TL 126,751 (31 December 2020: TL 97,344).

As at 30 June 2021, the Group has provision for non-cash loans amounting to TL 78,805 (31 December 2020: TL 65,215).

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

II. Explanations and Footnotes on Consolidated Liabilities (Continued)

9. Information on Tax Liabilities:

- a) Information on current tax liability: As at 30 June 2021, corporate taxes payable of the Group after deductions of prepaid taxes is TL 38,693 (31 December 2020: TL 40,898).
- b) Information on taxes payable:

	30 June 2021	31 December 2020
Corporate taxes payable	38,693	40,898
Taxation on securities	4,915	8,748
Property Tax	142	130
Booking and Insurance Transaction Tax (BITT)	3,360	4,057
Foreign Exchange Tax	-	-
Value added tax payable	803	2,322
Other	6,882	8,093
Total	54,795	64,248

- c) Information on premiums payable:

	30 June 2021	31 December 2020
Social security premiums- employee	1,734	2,150
Social security premiums- employer	1,929	2,390
Bank social aid pension fund premium - employee	-	-
Bank social aid pension fund premium - employer	-	-
Pension fund membership fees and provisions - employee	-	-
Pension fund membership fees and provisions - employer	-	-
Unemployment insurance- employee	123	152
Unemployment insurance- employer	247	306
Other	-	-
Total	4,033	4,998

- d) Information on deferred tax liabilities:

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

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

None.

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

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital borrowing instruments	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt instruments to be included in the contribution capital calculation	-	2,611,975	-	2,202,640
Subordinated Loans ⁽¹⁾	-	2,611,975	-	2,202,640
Subordinated Debt Instruments	-	-	-	-
Total	-	2,611,975	-	2,202,640

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

II. Explanations and Footnotes on Consolidated Liabilities (Continued)

12. Information on shareholders’ equity:

a) Paid in capital:

	30 June 2021	31 December 2020
Common Stock	860,000	860,000

The paid-in share capital of the Parent Bank is represented by 8,600,000.000 registered shares of one 0.10 Turkish Liras each.

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital: None

c) Information on share capital increases and their sources; other information on any increase in capital shares during the current period: None.

d) Information on share capital increases from revaluation funds: None.

e) Capital commitments for current financial year and following period: None.

f) Prior period indicators of the Parent Bank’s income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators: None.

g) Information on the privileges given to stocks representing the capital: The 70% of share capital of the Parent Bank consist of Type A shares and the 30% of the remaining consist of Type B shares. Three out of five members of the Board of Directors are appointed by Type A shareholders and the remaining two are appointed by Type B shareholders. There is no other privilege appointed.

h) Information on marketable securities value increase fund:

	30 June 2021		31 December 2020	
	TL	FC	TL	FC
From investment in associates, subsidiaries and joint ventures	-	-	-	-
Revaluation difference	(8,436)	(7,522)	1,834	(6,377)
Foreign exchange difference	-	-	-	-
Total	(8,436)	(7,522)	1,834	(6,377)

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

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

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

III. Explanations and Footnotes on Consolidated Off-Balance Sheet Items**1. Explanation on off-balance sheet items:**

a) Type and amount of irrevocable commitments:

	30 June 2021	31 December 2020
Forward purchase and sale commitments	145,685	53,886
Commitment for use guaranteed credit allocation	30,050	29,704
Credit cards limit commitments	85,321	85,095
Payment commitments for cheques	5,874	6,294
Credit card commitments given with applications for promotion	-	-
Tax and fund obligations arising from export commitments	3	3
Other irrevocable commitments	278	446
Total	267,211	175,428

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

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

	30 June 2021	31 December 2020
Letters of guarantee	3,962,955	3,302,930
Bank acceptance loans	-	-
Letters of credit	486,608	465,371
Other guarantees	3,344,499	5,643,248
Total	7,794,062	9,411,549

c) Total amount of non-cash loans:

	30 June 2021	31 December 2020
Non-Cash Loans Given for Cash Loan Risks	89,679	93,385
With Original Maturity of 1 Year or Less	9,566	75,736
With Original Maturity of More Than 1 Year	80,113	17,649
Other Non-Cash Loans	7,704,383	9,318,164
Total	7,794,062	9,411,549

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

IV. Explanations and Footnotes on Consolidated Profit or Loss Statement

1. Information on Interest Income:

a) Information on interest income received from loans:

	30 June 2021		30 June 2020	
	TL	FC	TL	FC
Interest Income Received from Loans ⁽¹⁾				
Short Term Loans	72,880	42,816	35,685	8,510
Medium and Long Term Loans	78,314	203,747	84,910	160,044
Loans Under Follow-Up	6,315	-	5,746	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	157,509	246,563	126,341	168,554

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

b) Information on interest income received from banks:

	30 June 2021		30 June 2020	
	TL	FC	TL	FC
From Central Bank of The Republic of Turkey	11,515	-	-	-
From Domestic Banks	2,840	3,666	487	29,745
From Foreign Banks	-	780	-	2,629
From Foreign Offices and Branches	-	-	-	-
Total	14,355	4,446	487	32,374

c) Information on interest income received from securities portfolio:

	30 June 2021		30 June 2020	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit Or Loss	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	60,858	9,836	38,069	11,611
Financial Assets Measured at Amortized Cost	87,977	103,305	30,540	94,941
Total	148,835	113,141	68,609	106,552

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

	30 June 2021	30 June 2020
Interest income received from associates and subsidiaries	386	-

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

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

2. Information on Interest Expense:

a) Information on interest expense related to funds borrowed:

	30 June 2021		30 June 2020	
	TL	FC	TL	FC
Banks ⁽¹⁾				
Central Bank of The Republic of Turkey	-	-	-	-
Domestic Banks	822	-	251	12
Foreign Banks	43,201	83,476	-	127,023
Foreign Branches and Offices Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	44,023	83,476	251	127,035

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

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

None. (30 June 2020: TL 7,141)

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 2021	Account Name	Demand Deposits	Time Deposits				1 year and over	Cumulative Deposits	Total
			Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year			
	TL								
	Bank Deposits	-	97	-	-	-	-	97	
	Saving Deposits	-	13,145	131,500	13	22	4	144,684	
	Public Sector Deposits	-	-	-	-	-	-	-	
	Commercial Deposits	-	4,401	15,048	5	-	-	19,454	
	Other Deposits	4	37	1,227	-	1	-	1,269	
	Total	4	17,680	147,775	18	23	4	165,504	
	Foreign Currency								
	Foreign Currency Deposits	-	1,687	103,361	679	1,119	469	107,315	
	Bank Deposits	-	59	-	-	-	-	59	
	Precious Metal Deposits	-	-	-	-	-	-	-	
	Total	-	1,746	103,361	679	1,119	469	107,374	
	Grand Total	4	19,426	251,136	697	1,142	473	272,878	

30 June 2020	Account Name	Demand Deposits	Time Deposits				1 year and over	Cumulative Deposits	Total
			Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year			
	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	
	Total	3	20,299	78,507	1,217	740	16	100,782	
	Foreign Currency								
	Foreign Currency Deposits	-	2,025	67,060	685	1,043	168	70,981	
	Bank Deposits	-	95	-	-	-	-	95	
	Precious Metal Deposits	-	-	-	-	-	-	-	
	Total	-	2,120	67,060	685	1,043	168	71,076	
	Grand Total	3	22,419	145,567	1,902	1,783	184	171,858	

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

IV. Explanations and Footnotes on Consolidated Profit or Loss Statement (Continued)**3. Information on dividend income:**

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

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

	30 June 2021	30 June 2020
Profit	1,224,293	473,707
Capital Market Gains	16,286	10,311
Derivative Gains	531,265	172,017
Foreign Exchange Gains	676,742	291,379
Loss (-)	1,133,644	420,709
Capital Market Losses	1,472	-
Derivative Losses	464,072	196,623
Foreign Exchange Losses	668,100	224,086

Net profit related to derivative transactions resulting from foreign currency rate changes is amounting to TL 61,883 (30 June 2020: TL 28,827 net loss).

5. Information on other operating income:

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

6. Impairment on loans and other receivables:

	30 June 2021	30 June 2020
Allowance for expected credit losses	79,749	105,064
12-Month expected credit losses (Stage 1)	27,135	698
Significant increase in credit risk (Stage 2)	58,776	93,516
Credit-Impaired (Stage 3)	(6,162)	10,850
Impairment provisions for securities	11	167
Financial assets at fair value through profit or loss	11	-
Financial assets at fair value through other comprehensive income	-	167
Impairment provisions related to investments in associates, subsidiaries and joint ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	1,289	2,407
Total	81,049	107,638

ICBC TURKEY BANK A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

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

	30 June 2021	30 June 2020
Reserve for Employee Termination Benefits	5,338	2,619
Reserve for Bank’s Social Aid Fund Deficit	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	14,596	14,636
Impairment Expenses of Intangible Assets	-	-
Impairment Expenses of Goodwill	-	-
Depreciation Expenses on Intangible Assets	3,206	2,786
Impairment Expenses of Investments in Associates	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	2	54
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	35,664	28,946
Leasing Expenses related to TFRS 16 Exemptions	1,304	856
Repair and Maintenance Expenses	9,806	7,650
Advertisement Expenses	1,110	301
Other Expenses	23,444	20,139
Loss on Sale of Assets	-	32
Other ⁽¹⁾	91,833	45,369
Total	150,639	94,442

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

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

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

9. Taxes on income from continued and discontinued operations:

Current tax expenses belonging to period ending on 30 June 2021 is TL 48,493 (30 June 2020: TL 78,620).

For the period ended 30 June 2021, deferred tax expense amounts to TL 24,549 (30 June 2020: TL 5,535) and deferred tax income amounts to TL 49,035 TL (30 June 2020: TL 53,745).

The Bank does not have any discontinued operations.

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

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

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

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

11. Information on net profit and loss:

- a) If it is required that the nature of the income and expense items arising from ordinary banking transactions, size and repetition rate for the understanding of the Parent Bank's performance over the period, the nature and amount of these items: None.
- b) The profit / loss effect of a change in the estimate made in relation to the financial statement items, if any, is likely to affect subsequent periods: None.
- c) There is no profit / loss associated with minority shares. (30 June 2020: None.)

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

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

V. Explanations and footnotes on consolidated cash flow statement

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

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

VI. Explanations on the Parent Bank’s Risk Group

1. Information on the volume of transactions with the Parent Bank’s risk group, lending and deposits outstanding at period end and income and expenses in the current period:

a) 30 June 2021:

Current Period Parent Bank’s Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	3,867	997,502	6	-
Balance at the End of the Period	-	-	-	1,035,179	18	-
Interest and Commission Income Received	-	-	39	-	-	-

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

The Parent Bank has TL 14,727 placements in its risk group banks as at 30 June 2021 (31 December 2020: TL 114,722). Besides the Parent Bank has TL 424 irrevocable commitment in its risk group as at 30 June 2021 (31 December 2020: TL 424).

Prior Period Parent Bank’s Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	567,918	20	-
Balance at the End of the Period	-	-	3,867	997,502	6	-
Interest and Commission Income Received	-	-	-	-	-	-

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

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

Current Period Parent Bank’s Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
Deposits						
Balance at the beginning of the Period	-	-	-	62,865	-	2,621
Balance at the End of the Period	-	-	-	122,076	-	3,191
Interest on Deposits	-	-	-	-	-	52

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

Prior Period Parent Bank’s Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
Deposits						
Balance at the beginning of the Period	-	-	-	203	-	2,261
Balance at the End of the Period	-	-	-	62,865	-	2,621
Interest on Deposits	-	-	-	-	-	16

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

The Parent Bank has borrowed loans from the Parent Bank’s Risk Group amounting TL 7,339,439 as at 30 June 2021 (31 December 2020: TL 8,070,829).

The Parent Bank has borrowed subordinated loans from the Parent Bank’s Risk Group amounting to TL 2,611,975 as at 30 June 2021 (31 December 2020: TL 2,202,640).

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

None. (31 December 2020: None).

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

VI. Explanations on the Parent Bank’s Risk Group (Continued)

2. The Parent Bank’s transactions with the risk group:

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

In the Group’s transactions with its risk group, pricing policy and other matters are determined and applied at market conditions. As at 30 June 2021, proportion of cash loans to risk group in total cash loans is 0.001% (31 December 2020: 0.001%) and proportion of deposits from its risk group in total deposits is 4.6% (31 December 2020: 3.8%). Proportion of borrowings from its risk group in total funds borrowed is 94.5% (31 December 2020: 99.9%)

As a result of other activities in the risk group of the Bank, other commission income is amounting to TL 515 (30 June 2020: TL 10), other operating income is amounting to TL 1,663 (30 June 2020: TL 3,157) and there are no other operating expenses (30 June 2020: None.). As of 30 June 2021, other commission expenses are amounting to TL 1 (30 June 2020: TL 1).

In the current period, benefits provided to the Group’s key management amount to TL 16,583 (30 June 2020: TL 18,591).

VII. Explanation and Footnotes on Subsequent Events

The fair value amount of TL 3,056,049 loan was transferred to ICBC Dubai on 13 July 2021 which is classified as Financial Assets at Fair Value Through Other Comprehensive Income.

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

(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 subsidiaries as of 30 June 2021 have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the Auditors’ Report dated 4 August 2021 is presented in the introduction of this report.

II. Explanation and Footnotes Prepared by the Independent Auditors

None.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

(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 2021 are examined by us.

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

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

Regards,

XIANGYANG GAO

Chairman of Board of Directors

PEIGUO LIU

Chairman of Audit Committee, And
Member of Board of Directors

SHAOXIONG XIE

General Manager And Member of Board
of Directors

HÜSEYİN HASAN İMECE

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

II. General Information

1. Capital and Shareholder Structure

The shareholder structure of the Bank as at 30 June 2021 is as follows:

Name of the Shareholder – 30 June 2021	Shareholding Amount (Full TL)	Percentage (%)
Industrial and Commercial Bank of China Limited (ICBC)	798,428,227	92.84
Publicly Traded	61,571,773	7.16
Grand Total	860,000,000	100.00

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

2. Shares Owned by the Officers

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

3. Amendments in Articles of Association During the Period

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

4. Chairman and the Member of the Board of Directors

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

5. General Manager and Assistant General Managers

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

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

II. General Information (Continued)

1. 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 2021	31 December 2020	%
Total Assets	28,753	25,181	14
Deposits ⁽¹⁾	15,174	11,459	32
Loans ⁽²⁾	15,740	14,241	11
Shareholders' Equity	1,584	1,418	12
Profit ⁽³⁾	174.0	98.2	77

(1) Excluding bank deposits.

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

(3) Prior period profit figure is the balance on 30 June 2020

Financial Ratios %	30 June 2021	31 December 2020	%
Return on Assets ⁽³⁾	1.29	1.00	29
Return on Equity	23.19	14.20	63
Capital Adequacy Ratio	20.17	19.61	18
Loans/ Total Assets ⁽²⁾	54.74	56.55	(3.2)
Deposits/ Total Assets ⁽¹⁾	52.77	45.51	16
NPL Ratio	0.28	0.32	(13)

(1) Excluding bank deposits.

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

(3) Prior period profit figure is the balance on 30 June 2020

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

III. Financial Information and Evaluations (Continued)

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

We have completed the first half of the year under continued uncertainty of the pandemic. Reasons to be optimistic about reaching the end are increasing, but caution should not be abandoned. Studies about developing a vaccine has produced successful results and countries are looking to speed up the process. On the other hand, new variants of the virus are increasingly more infectious and remind us that the rules in place since the beginning of the should remain in place and followed strictly. The global economy has registered a speedy yet fragile and uneven recovery. While the industry sector is picking up pace around the globe, services are lagging behind causing inequality within countries and around the globe to grow. While policymakers contemplate ways to bring down the level of stimulus they have provided during the pandemic, the focus should remain on ways to alleviate inequality and come up with viable solutions for climate change in the post-pandemic world.

In the face of continued challenges, Turkish economy once again proved its resilience as Turkish businesses quickly adopted to the new ways of conducting business imposed on them by the pandemic. Data for the first half of the year and indicators for the remaining period indicates this year’s growth will be above what was forecast previously. In order to transform this stellar performance into a sustainable growth rate that would carry Turkey into high-income economies, policymakers’ may keep focus on achieving price stability. Achieving this goal could be cumbersome in the short term, however in the medium to long term Turkey will reap benefits as price stability is a necessary condition for financial and macroeconomic stability.

ICBC Group continues to give Turkey utmost significance among its international subsidiaries. The changes that come with the pandemic have only sped up the digital transformation process we have been going through. Using ICBC Group’s extensive technological know-how, ICBC Turkey will continue to support its clients and counterparties in Turkey and maintain in its path to create value for its stakeholders.

Yours Sincerely,

XIANGYANG GAO

Chairman of the Board of Directors

ICBC TURKEY BANK A.Ş.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD 30 JUNE 2021**

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

3. Letter from the General Manager

We are going through a period filled with challenges and opportunities for the banking sector. As we are trying to determine what the new normal will look like in the post-pandemic world, trends that have developing over the last decade in areas such as FINTECH, digital transformation and remote working have paved the way into a different realm of business. Conventional wisdom about offices, working hours that have shaped our work lives may be on the verge of a possible breakthrough. Whatever the new normal may be and whenever it may come, the trying period we leave behind is a testament to the fact that Turkish banking sector is ready for the future.

Although it is still not an all around one, a rapid recovery in economy has been maintained in the first half of the year. Despite a country-wide lockdown earlier in the second quarter, driven by a favorable base effect Turkish economy is likely to register high growth that is likely to persist in the remainder of the year albeit at a slower pace.

ICBC Turkey is proud to continue its support to Turkish economy. In a changing world, Turkey’s position as a link between the west and the east becomes ever more important. ICBC Group remains committed to Turkish market and providing the necessary expertise and financing for Turkey to accomplish the long term goals.

Yours Sincerely,

SHAOXIONG XIE
General Manager

ICBC TURKEY BANK A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD 30 JUNE 2021

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

III. Financial Information and Evaluations (Continued)

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

None.

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 2021”.

V. Information on Risk Management Policies by Risk Types

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

VI. Information Related to the Donations During the Period

The list of donations as of the end of 30 June 2021 is given below:

Donation Institution	TL
Türk Eğitim Vakfı	100.00
Total	100.00

VII. Consolidated Auditors’ Review Report

ICBC Turkey’s all material disclosures to BIST, Consolidated Financial Statements, Explanations and Footnotes Related Thereon and the Auditors’ Review Report for the nine-month period ended at 30 June 2021 are published under the “Financial Information” heading in the “Investor Relations” section of the Bank’s website addressed www.icbc.com.tr