

***CONVENIENCE TRANSLATION  
OF CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS AND RELATED DISCLOSURES AND  
FOOTNOTES ORIGINALLY ISSUED IN TURKISH,  
SEE NOTE 1 IN SECTION THREE***

**ICBC TURKEY BANK ANONİM ŐİRKETİ**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AS AT AND FOR NINE-MONTH PERIOD ENDED  
30 SEPTEMBER 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 September 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 nine-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 September 2021, and of the results of its operations and its cash flows for the nine-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 nine month period ended 30 September 2020 were reviewed by another auditor who expressed an unqualified opinion and an unqualified conclusion on 24 February 2021 and 27 October 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, 27 October 2021

**ICBC TURKEY BANK A. Ş.**  
**NINE MONTH CONSOLIDATED FINANCIAL REPORT AS OF 30 SEPTEMBER 2021**

Address of the Bank's

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Telephone Number : (0212) 335 53 35  
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The nine month consolidated financial report prepared in accordance with the "Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof" as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections.

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

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

The nine 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	JINHONG LI	HÜSEYİN HASAN İMECE	YAFENG HE
Chairman of Board of Directors	Chairman of Audit Committee and Member of Board of Directors	Deputy General Manager	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  
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## ICBC TURKEY BANK A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 September 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 SEPTEMBER 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
General Manager:	Serhat Yanık	Independent Member of the Board of Directors	Doctorate
	Shaoxiong Xie	General Manager and Member of the Board of Directors	Graduate
Deputy General Managers:	Jinhong Li <sup>(1)</sup>	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
	Kadir Karakurum	Digital Banking Department, Financial Technology Department, Technology Center, Administrative Affairs Center, Public Relations and Advertisement Unit of Executive Office	Graduate
Assistant General Manager:	D.Halit Döver	International Business Department, Financial Institutions Department, Financial Market Department and Corporate Banking Department and Cross Border Finance Department	Graduate
Head of the Board of Inspectors:	Selçuk İçten	Managing Director of Inspectors’ Group	Under-Graduate

<sup>(1)</sup> As the Bank's General Manager Shaoxiong Xie was out of the bank on the relevant dates, Shaoxiong Xie's powers were transferred to the Deputy General Manager Jinhong Li during this time.

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 September 2021, the Group has 59 branches close to industrial zones of Turkey. The Group has 831 employees as at 30 September 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 September 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 SEPTEMBER 2021**

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

ASSETS	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/09/2021			Audited PRIOR PERIOD 31/12/2020		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>1,574,641</b>	<b>7,878,998</b>	<b>9,453,639</b>	<b>1,315,692</b>	<b>9,340,398</b>	<b>10,656,090</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>1,337,091</b>	<b>5,429,140</b>	<b>6,766,231</b>	<b>618,882</b>	<b>4,647,341</b>	<b>5,266,223</b>
1.1.1 Cash and Balances at Central Bank	(5.1.1)	308,545	4,117,913	4,426,458	113,485	3,047,428	3,160,913
1.1.2 Banks	(5.1.3)	97,829	1,314,247	1,412,076	2,592	1,604,376	1,606,968
1.1.3 Receivables from Money Markets		934,601	-	934,601	504,390	-	504,390
1.1.4 Allowance For Expected Credit Losses (-)		3,884	3,020	6,904	1,585	4,463	6,048
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>		<b>29,893</b>	<b>17,862</b>	<b>47,755</b>	<b>21,923</b>	<b>14,282</b>	<b>36,205</b>
1.2.1 Public Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		73	17,862	17,935	77	14,282	14,359
1.2.3 Other Financial Assets		29,820	-	29,820	21,846	-	21,846
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(5.1.4)	<b>207,276</b>	<b>2,413,431</b>	<b>2,620,707</b>	<b>674,573</b>	<b>4,677,593</b>	<b>5,352,166</b>
1.3.1 Public Debt Securities		207,276	159,958	367,234	674,573	178,864	853,437
1.3.2 Equity Instruments		-	-	-	-	-	-
1.3.3 Other Financial Assets		-	2,253,473	2,253,473	-	4,498,729	4,498,729
<b>1.4 Derivative Financial Assets</b>	(5.1.2)	<b>381</b>	<b>18,565</b>	<b>18,946</b>	<b>314</b>	<b>1,182</b>	<b>1,496</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		381	18,565	18,946	314	1,182	1,496
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>3,338,643</b>	<b>11,033,850</b>	<b>14,372,493</b>	<b>3,341,509</b>	<b>10,780,839</b>	<b>14,122,348</b>
<b>2.1 Loans</b>	(5.1.5)	<b>1,736,843</b>	<b>8,197,049</b>	<b>9,933,892</b>	<b>2,622,721</b>	<b>7,432,590</b>	<b>10,055,311</b>
<b>2.2 Receivables from Leasing Transactions</b>	(5.1.10)	-	-	-	-	-	-
<b>2.3 Factoring Receivables</b>		-	-	-	-	-	-
<b>2.4 Financial Assets Measured at Amortised Cost</b>	(5.1.6)	<b>1,657,834</b>	<b>3,263,079</b>	<b>4,920,913</b>	<b>781,293</b>	<b>3,609,776</b>	<b>4,391,069</b>
2.4.1 Public Debt Securities		1,657,834	2,829,164	4,486,998	781,293	2,415,287	3,196,580
2.4.2 Other Financial Assets		-	433,915	433,915	-	1,194,489	1,194,489
<b>2.5 Allowance for Expected Credit Losses (-)</b>		<b>56,034</b>	<b>426,278</b>	<b>482,312</b>	<b>62,505</b>	<b>261,527</b>	<b>324,032</b>
<b>III. NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND FROM DISCOUNTED OPERATIONS (Net)</b>	(5.1.14)	-	-	-	-	-	-
3.1 Held for Sale		-	-	-	-	-	-
3.2 Held from discontinued operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		-	-	-	-	-	-
<b>4.1 Investments in Associates (Net)</b>	(5.1.7)	-	-	-	-	-	-
4.1.1 Associates accounted by using equity method		-	-	-	-	-	-
4.1.2 Non-Consolidated Associates		-	-	-	-	-	-
<b>4.2 Investments in Subsidiaries (Net)</b>	(5.1.8)	-	-	-	-	-	-
4.2.1 Non-Consolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Non-Consolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Controlled Partnership (Joint Ventures) (Net)</b>	(5.1.9)	-	-	-	-	-	-
4.3.1 Jointly Controlled Partnership Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Non-Consolidated Jointly Controlled Partnership		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>		<b>105,984</b>	-	<b>105,984</b>	<b>113,423</b>	-	<b>113,423</b>
<b>VI. INTANGIBLE ASSETS AND GOODWILL (Net)</b>		<b>12,084</b>	-	<b>12,084</b>	<b>7,839</b>	-	<b>7,839</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		12,084	-	12,084	7,839	-	7,839
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(5.1.12)	-	-	-	-	-	-
<b>VIII. CURRENT TAX ASSETS</b>		<b>509</b>	-	<b>509</b>	<b>19</b>	-	<b>19</b>
<b>IX. DEFERRED TAX ASSETS</b>	(5.1.13)	<b>153,837</b>	-	<b>153,837</b>	<b>116,269</b>	-	<b>116,269</b>
<b>X. OTHER ASSETS (Net)</b>	(5.1.15)	<b>79,946</b>	<b>3,156</b>	<b>83,102</b>	<b>72,764</b>	<b>92,431</b>	<b>165,195</b>
<b>TOTAL ASSETS</b>		<b>5,265,644</b>	<b>18,916,004</b>	<b>24,181,648</b>	<b>4,967,515</b>	<b>20,213,668</b>	<b>25,181,183</b>

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

**ICBC TURKEY BANK A.Ş.**
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS OF 30 SEPTEMBER 2021**

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

LIABILITIES		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
			Reviewed CURRENT PERIOD 30/09/2021			Audited PRIOR PERIOD 31/12/2020		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSIT</b>	(5.II.1)	<b>2,364,908</b>	<b>12,324,690</b>	<b>14,689,598</b>	<b>1,783,716</b>	<b>9,854,981</b>	<b>11,638,697</b>
<b>II.</b>	<b>LOANS RECEIVED</b>	(5.II.4)	<b>701,582</b>	<b>3,216,696</b>	<b>3,918,278</b>	<b>639,192</b>	<b>7,452,646</b>	<b>8,091,838</b>
<b>III.</b>	<b>MONEY MARKET FUNDS</b>	(5.II.2)	<b>22,191</b>	-	<b>22,191</b>	<b>550,633</b>	<b>147,067</b>	<b>697,700</b>
<b>IV.</b>	<b>MARKETABLE SECURITIES (Net)</b>		-	-	-	-	-	-
4.1	Bills		-	-	-	-	-	-
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
<b>V.</b>	<b>FUNDS</b>		-	-	-	-	-	-
5.1	Borrowers' Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
<b>VI.</b>	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>	(5.II.3)	<b>299</b>	<b>864</b>	<b>1,163</b>	<b>293</b>	<b>89,662</b>	<b>89,955</b>
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		299	864	1,163	293	89,662	89,955
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX.</b>	<b>LEASE PAYABLES (Net)</b>	(5.II.6)	<b>67,963</b>	-	<b>67,963</b>	<b>72,700</b>	-	<b>72,700</b>
<b>X.</b>	<b>PROVISIONS</b>	(5.II.8)	<b>182,443</b>	<b>66,752</b>	<b>249,195</b>	<b>144,829</b>	<b>59,169</b>	<b>203,998</b>
10.1	Provision for Restructuring		-	-	-	-	-	-
10.2	Reserves for Employee Benefits		35,650	-	35,650	27,024	-	27,024
10.3	Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4	Other Provisions		146,793	66,752	213,545	117,805	59,169	176,974
<b>XI.</b>	<b>CURRENT TAX LIABILITIES</b>	(5.II.9)	<b>43,931</b>	-	<b>43,931</b>	<b>69,246</b>	-	<b>69,246</b>
<b>XII.</b>	<b>DEFERRED TAX LIABILITIES</b>		-	-	-	-	-	-
<b>XIII.</b>	<b>LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “DISCONTINUED OPERATIONS” (Net)</b>	(5.II.10)	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV.</b>	<b>SUBORDINATED DEBT</b>	(5.II.11)	-	<b>2,666,367</b>	<b>2,666,367</b>	-	<b>2,202,640</b>	<b>2,202,640</b>
14.1	Loans		-	2,666,367	2,666,367	-	2,202,640	2,202,640
14.2	Other Debt Instruments		-	-	-	-	-	-
<b>XV.</b>	<b>OTHER LIABILITIES</b>	(5.II.5)	<b>302,404</b>	<b>604,375</b>	<b>906,779</b>	<b>327,516</b>	<b>369,077</b>	<b>696,593</b>
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	(5.II.12)	<b>1,620,455</b>	<b>(4,272)</b>	<b>1,616,183</b>	<b>1,424,193</b>	<b>(6,377)</b>	<b>1,417,816</b>
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		18,419	-	18,419	18,248	-	18,248
16.4	Other Accumulated Comprehensive Income that will be Reclassified in Profit or Loss		(3,351)	(4,272)	(7,623)	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		254,376	-	254,376	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		197,741	-	197,741	90,931	-	90,931
16.7	Minority Shares'		-	-	-	-	-	-
	<b>TOTAL LIABILITIES</b>		<b>5,306,176</b>	<b>18,875,472</b>	<b>24,181,648</b>	<b>5,012,318</b>	<b>20,168,865</b>	<b>25,181,183</b>

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

ICBC TURKEY BANK A.Ş.

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS  
AS OF 30 SEPTEMBER 2021

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

	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/09/2021			Audited PRIOR PERIOD 31/12/2020		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS (I-II+III)</b>		<b>1,128,910</b>	<b>12,547,039</b>	<b>13,675,950</b>	<b>1,045,835</b>	<b>14,679,666</b>	<b>15,725,501</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(5.III.1)	<b>832,376</b>	<b>6,796,259</b>	<b>7,628,936</b>	<b>899,364</b>	<b>8,512,185</b>	<b>9,411,549</b>
1.1. Letters of Guarantee		832,377	3,142,569	3,974,946	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		832,377	3,142,569	3,974,945	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		-	393,873	393,873	25,447	439,924	465,371
1.3.1. Documentary Letters of Credit		-	102,191	102,191	25,447	201,616	227,063
1.3.2. Other Letters of Credit		-	291,682	291,682	-	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		-	3,260,117	3,260,117	-	5,643,248	5,643,248
1.9. Other Warranties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.III.1)	<b>156,572</b>	<b>244,768</b>	<b>401,340</b>	<b>130,428</b>	<b>45,000</b>	<b>175,428</b>
2.1. Irrevocable Commitments		156,572	244,768	401,340	130,428	45,000	175,428
2.1.1. Asset Purchase and Sales Commitments		29,787	244,768	274,555	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		31,037	-	31,037	29,704	-	29,704
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7. Commitments for Checks Payments		5,537	-	5,537	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		89,943	-	89,943	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		265	-	265	446	-	446
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>139,962</b>	<b>5,505,712</b>	<b>5,645,674</b>	<b>16,043</b>	<b>6,122,481</b>	<b>6,138,524</b>
3.1. Derivative Financial Instruments Held for Hedging		-	-	-	-	-	-
3.1.1. Fair Value Hedges		-	-	-	-	-	-
3.1.2. Cash Flow Hedges		-	-	-	-	-	-
3.1.3. Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
3.2. Trading Transactions		139,962	5,505,712	5,645,674	16,043	6,122,481	6,138,524
3.2.1. Forward Foreign Currency Purchase and Sale Transactions		26,087	97,427	123,514	9,844	27,516	37,360
3.2.1.1. Forward Foreign Currency Purchase Transactions		26,087	36,448	62,535	7,132	11,708	18,840
3.2.1.2. Forward Foreign Currency Sale Transactions		-	60,979	60,979	2,712	15,808	18,520
3.2.2. Currency and Interest Rate Swaps		25,779	5,291,104	5,316,883	6,199	6,080,240	6,086,439
3.2.2.1. Currency Swap Purchase Transactions		-	2,667,301	2,667,301	-	3,000,604	3,000,604
3.2.2.2. Currency Swap Sale Transactions		25,779	2,623,803	2,649,582	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		88,096	117,181	205,277	-	14,725	14,725
3.2.3.1. Currency Purchase Options		44,048	58,591	102,639	-	7,341	7,341
3.2.3.2. Currency Sale Options		44,048	58,590	102,638	-	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>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		<b>18,035,169</b>	<b>118,818,796</b>	<b>136,853,965</b>	<b>18,199,177</b>	<b>91,152,523</b>	<b>109,351,700</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>8,043,675</b>	<b>64,302,846</b>	<b>72,346,521</b>	<b>7,896,731</b>	<b>38,703,770</b>	<b>46,600,501</b>
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Securities Held in Custody		1,571,820	37,095	1,608,915	1,474,262	23,099	1,497,361
4.3. Checks Received for Collection		39,845	37,828	77,673	49,343	23,103	72,446
4.4. Commercial Notes Received for Collection		3,883	16,178	20,061	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		6,426,373	64,199,917	70,626,290	6,369,985	38,648,016	45,018,001
4.8. Custodians		1,754	11,828	13,582	634	404	1,038
<b>V. PLEDGED ITEMS</b>		<b>9,991,494</b>	<b>54,515,950</b>	<b>64,507,444</b>	<b>10,302,446</b>	<b>52,448,753</b>	<b>62,751,199</b>
5.1. Marketable Securities		21,489	-	21,489	14,573	-	14,573
5.2. Guarantee Notes		921	88	1,009	921	440	1,361
5.3. Commodity		35,689	63,383	99,072	43,956	69,335	113,291
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		2,678,570	37,161,792	39,840,362	2,865,716	36,879,643	39,745,359
5.6. Other Pledged Items		7,254,825	17,290,687	24,545,512	7,377,280	15,499,335	22,876,615
5.7. Depositories Receiving Pledged Items		-	-	-	-	-	-
<b>VI. ACCEPTED BILL OF GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>19,164,080</b>	<b>131,365,835</b>	<b>150,529,915</b>	<b>19,245,012</b>	<b>105,832,189</b>	<b>125,077,201</b>

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 SEPTEMBER 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- 30/09/2021)	Reviewed PRIOR PERIOD (01/01/2020- 30/09/2020)	Reviewed CURRENT PERIOD (01/07/2021- 30/09/2021)	Reviewed PRIOR PERIOD (01/07/2020- 30/09/2020)
<b>I.</b>	<b>INTEREST INCOME</b>	(5.IV.1)	<b>1,097,632</b>	<b>822,013</b>	<b>363,421</b>	<b>279,367</b>
1.1	Interest on Loans		575,512	456,036	171,440	161,141
1.2	Interest Received from Reserve Deposits		19,558	-	8,044	-
1.3	Interest Received from Banks		12,268	33,790	4,981	929
1.4	Interest Received from Money Market Transactions		76,110	42,960	30,074	4,313
1.5	Interest Received from Marketable Securities Portfolio		409,491	287,296	147,515	112,135
1.5.1	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		90,895	80,368	20,201	30,688
1.5.3	Financial Assets Measured at Amortised Cost		318,596	206,928	127,314	81,447
1.6	Finance Lease Interest Income		-	-	-	-
1.7	Other Interest Income		4,693	1,931	1,367	849
<b>II.</b>	<b>INTEREST EXPENSES</b>	(5.IV.2)	<b>591,738</b>	<b>488,653</b>	<b>178,151</b>	<b>164,324</b>
2.1	Interest on Deposits		402,964	246,520	130,086	74,662
2.2	Interest on Funds Borrowed		171,275	199,650	43,776	72,364
2.3	Interest on Money Market Transactions		7,512	5,970	1,009	3,594
2.4	Interest on Securities Issued		-	-	-	-
2.5	Financial Lease Interest Expense		8,434	9,797	2,731	3,123
2.6	Other Interest Expenses		1,553	26,716	549	10,581
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>505,894</b>	<b>333,360</b>	<b>185,270</b>	<b>115,043</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>154,996</b>	<b>97,364</b>	<b>29,763</b>	<b>29,731</b>
4.1	Fees and Commissions Received		168,309	107,249	34,560	33,297
4.1.1	Non-Cash Loans		24,340	14,998	9,015	5,822
4.1.2	Other		143,969	92,251	25,545	27,475
4.2	Fees and Commissions Paid		13,313	9,885	4,797	3,566
4.2.1	Non-Cash Loans		29	16	10	4
4.2.2	Other		13,284	9,869	4,787	3,562
<b>V.</b>	<b>DIVIDEND INCOME</b>	(5.IV.3)	<b>201</b>	<b>90</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	(5.IV.4)	<b>114,664</b>	<b>112,009</b>	<b>24,015</b>	<b>59,011</b>
6.1	Profit/Losses from Capital Market Transactions		17,563	17,269	2,749	6,958
6.2	Profit/Losses from Derivative Financial Transactions		104,095	(110,560)	36,902	(85,954)
6.3	Foreign Exchange Profit/Losses		(6,994)	205,300	(15,636)	138,007
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5.IV.5)	<b>75,277</b>	<b>131,985</b>	<b>23,218</b>	<b>8,280</b>
<b>VIII.</b>	<b>GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)</b>		<b>851,032</b>	<b>674,808</b>	<b>262,266</b>	<b>212,065</b>
<b>IX.</b>	<b>ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	(5.IV.6)	<b>161,397</b>	<b>208,126</b>	<b>81,648</b>	<b>103,062</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	(5.IV.6)	<b>1,683</b>	<b>3,528</b>	<b>383</b>	<b>954</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>245,831</b>	<b>195,853</b>	<b>86,792</b>	<b>60,800</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(5.IV.7)	<b>204,284</b>	<b>152,471</b>	<b>53,645</b>	<b>58,029</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT / LOSS (VIII-IX-X-XI-XII)</b>		<b>237,837</b>	<b>114,830</b>	<b>39,798</b>	<b>(10,780)</b>
<b>XIV.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-	-	-
<b>XV.</b>	<b>PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-	-	-
<b>XVI.</b>	<b>NET MONETARY POSITION GAIN / LOSS</b>		-	-	-	-
<b>XVII.</b>	<b>PROFIT / LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII + ... + XVI)</b>	(5.IV.8)	<b>237,837</b>	<b>114,830</b>	<b>39,798</b>	<b>(10,780)</b>
<b>XVIII.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.IV.9)	<b>40,096</b>	<b>28,968</b>	<b>16,089</b>	<b>1,558</b>
18.1	Current Tax Provision		76,447	82,742	27,954	4,122
18.2	Expense Effect of Deferred Tax (+)		26,883	10,405	2,334	7,870
18.3	Income Effect of Deferred Tax (-)		63,234	64,179	14,199	10,434
<b>XIX.</b>	<b>NET PROFIT/LOSS FROM CONTINUING OPERATIONS(XVII±XVIII)</b>	(5.IV.10)	<b>197,741</b>	<b>85,862</b>	<b>23,709</b>	<b>(12,338)</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
20.1	Income from Assets Held for Sale		-	-	-	-
20.2	Profit from Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3	Other Income from Discontinued Operations		-	-	-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
21.1	Expenses on assets held for sale		-	-	-	-
21.2	Losses from Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3	Other Expenses from Discontinued Operations		-	-	-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM DISCONTINUING OPERATIONS (±) (XX-XXI)</b>	(5.IV.8)	-	-	-	-
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	(5.IV.9)	-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Expense Effect of Deferred Tax (+)		-	-	-	-
23.3	Income Effect of Deferred Tax (-)		-	-	-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-	-	-
<b>XXV.</b>	<b>NET PROFIT/LOSS (XIX+XXIV)</b>	(5.IV.11)	<b>197,741</b>	<b>85,862</b>	<b>23,709</b>	<b>(12,338)</b>
25.1	Group's Profit/Loss		197,741	85,862	23,709	(12,338)
25.2	Minority Shares' (-)		-	-	-	-
	Profit/Loss of Per Share (Full TL)		0,0230	0,0100	0,0028	(0,0014)

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 SEPTEMBER 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 - 30/09/2021)	Reviewed PRIOR PERIOD (01/01/2020 - 30/09/2020)	Reviewed CURRENT PERIOD (01/07/2021 - 30/09/2021)	Reviewed PRIOR PERIOD (01/07/2020 - 30/09/2020)
<b>I.</b>	<b>PROFIT/ (LOSS)</b>	<b>197,741</b>	<b>85,862</b>	<b>23,709</b>	<b>(12,338)</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(2,909)</b>	<b>(8,793)</b>	<b>8,326</b>	<b>(14,227)</b>
<b>2.1.</b>	<b>Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss</b>	<b>171</b>	<b>-</b>	<b>(9)</b>	<b>-</b>
2.1.1.	Gains/(Losses) on Revaluation of Property, Plant and Equipment	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	(9)	-	(9)	-
<b>2.2.</b>	<b>Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	<b>(3,080)</b>	<b>(8,793)</b>	<b>8,335</b>	<b>(14,227)</b>
2.2.1.	Exchange Differences on Translation	-	-	-	-
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	(4,305)	(10,441)	10,928	(18,827)
2.2.3.	Income (Loss) Related with Cash Flow Hedges	-	-	-	-
2.2.4.	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-	-	-
2.2.5.	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-	-	-
2.2.6.	Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	1,225	1,648	(2,593)	4,600
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)</b>	<b>194,832</b>	<b>77,069</b>	<b>32,035</b>	<b>(26,565)</b>

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

**ICBC TURKEY BANK A.Ş.**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
AS OF 30 SEPTEMBER 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
<b>PRIOR PERIOD (30/09/2020)</b>																
<b>I. Balances at Beginning of Period</b>	<b>860,000</b>	<b>(587)</b>	-	-	<b>15,094</b>	<b>1,216</b>	-	-	<b>4,582</b>	-	<b>328,778</b>	<b>48,719</b>	<b>71,510</b>	<b>1,329,311</b>	-	<b>1,329,312</b>
<b>II. Adjustment in accordance with TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New Balance (I+II)</b>	<b>860,000</b>	<b>(587)</b>	-	-	<b>15,094</b>	<b>1,216</b>	-	-	<b>4,582</b>	-	<b>328,778</b>	<b>48,719</b>	<b>71,510</b>	<b>1,329,311</b>	-	<b>1,329,312</b>
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	-	-	-	<b>(8,793)</b>	-	-	-	<b>85,862</b>	<b>77,061</b>	-	<b>77,069</b>
<b>V. Capital Increase in Cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase through internal reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Issued capital/ inflation adjustment difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Debt</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase/ (Decrease) through Other Changes, equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	<b>73,922</b>	<b>(2,412)</b>	<b>(71,510)</b>	-	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers legal reserves	-	-	-	-	-	-	-	-	-	<b>73,922</b>	<b>(73,922)</b>	-	-	-	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	-	<b>71,510</b>	<b>(71,510)</b>	-	-	-	-
<b>Balances at the end of Period (III+IV+...+X+XI) 30/09/2020</b>	<b>860,000</b>	<b>(587)</b>	-	-	<b>15,094</b>	<b>1,216</b>	-	-	<b>(4,211)</b>	-	<b>402,700</b>	<b>46,307</b>	<b>85,862</b>	<b>1,406,381</b>	-	<b>1,406,381</b>

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 SEPTEMBER 2021**

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

	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss		Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss		Profit Reserves	Prior Period Profit/ (Loss)	Current Period Profit/ (Loss)	Total Equity Attributable to Equity Holders of the Parent	Minority Shares	Total Equity			
					1	2	3	4							5	6	
<b>CURRENT PERIOD</b>																	
<b>(30/09/2021)</b>																	
I.	Balances at Beginning of Period	860,000	(587)	-	-	17,326	922	-	-	(4,543)	-	402,700	51,067	90,931	1,417,816	-	1,417,816
II.	Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)	860,000	(587)	-	-	17,326	922	-	-	(4,543)	-	402,700	51,067	90,931	1,417,816	-	1,417,816
IV.	Total Comprehensive Income	-	-	-	-	171	-	-	-	(3,080)	-	-	-	197,741	194,832	-	194,832
V.	Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital/ inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/ (Decrease) through Other Changes, equity	-	-	-	-	-	-	-	-	-	-	-	3,535	-	3,535	-	3,535
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	88,898	2,033	(90,931)	-	-	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers legal reserves	-	-	-	-	-	-	-	-	-	-	88,898	(88,898)	-	-	-	-
11.3	Others	-	-	-	-	-	-	-	-	-	-	-	90,931	(90,931)	-	-	-
	<b>Balances at the end of Period (III+IV...+X+XI) 30/09/2021</b>	<b>860,000</b>	<b>(587)</b>	<b>-</b>	<b>-</b>	<b>17,497</b>	<b>922</b>	<b>-</b>	<b>-</b>	<b>(7,623)</b>	<b>-</b>	<b>491,598</b>	<b>56,635</b>	<b>197,741</b>	<b>1,616,183</b>	<b>-</b>	<b>1,616,183</b>

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 SEPTEMBER 2021**

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

	THOUSANDS OF TURKISH LIRA	
	Reviewed CURRENT PERIOD (01/01/2021 - 30/09/2021)	Reviewed PRIOR PERIOD (01/01/2020 - 30/09/2020)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>	<b>255,625</b>	<b>573,018</b>
1.1.1 Interest Received	801,877	795,202
1.1.2 Interest Paid	(525,760)	(408,323)
1.1.3 Dividends Received	201	90
1.1.4 Fees And Commissions Received	125,159	140,618
1.1.5 Other Income	116,799	237,916
1.1.6 Collections from Previously Written-Off Loans and Other Receivables	4,759	122,051
1.1.7 Cash Payments to Personnel and Service Suppliers	(237,205)	(193,549)
1.1.8 Taxes Paid	(93,164)	(99,876)
1.1.9 Other	62,959	(21,111)
<b>1.2 Changes in Operating Assets and Liabilities Subject to Banking Operations</b>	<b>(657,797)</b>	<b>1,707,828</b>
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	(11,556)	(4,101)
1.2.2 Net (Increase) Decrease in Due From Banks	(922,626)	(1,377,017)
1.2.3 Net (Increase) Decrease in Loans	2,468,438	(1,460,476)
1.2.4 Net (Increase) Decrease in Other Assets	(411,404)	(471,803)
1.2.5 Net (Increase) Decrease in Bank Deposits	89,689	(53,272)
1.2.6 Net Increase (Decrease) in Other Deposits	2,957,245	1,287,584
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	(4,235,571)	3,763,089
1.2.9 Net Increase (Decrease) in Matured Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(592,012)	23,824
<b>I. Net Cash Provided from Banking Operations</b>	<b>(402,172)</b>	<b>2,280,846</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net Cash Provided from Investing Activities</b>	<b>751,228</b>	<b>(3,036,114)</b>
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Joint Ventures	-	-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint Ventures	-	-
2.3 Cash Paid For Tangible And Intangible Asset Purchases	(8,797)	(15,649)
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	(3,682)	(1,928,510)
2.6 Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income	615,598	2,821
2.7 Cash Paid for Purchase of Financial Assets Measured at Amortised Cost	(971,310)	(1,476,994)
2.8 Cash Obtained from Sale of Financial Asset Measured at Amortised Cost	1,114,930	382,341
2.9 Other	1,960	(123)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net Cash Provided by / (Used in) Financing Activities</b>	<b>(4,737)</b>	<b>(7,790)</b>
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	(4,737)	(7,790)
3.6 Other	-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>227,713</b>	<b>405,865</b>
<b>V. Net Increase/Decrease in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>572,032</b>	<b>(357,193)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>	<b>3,750,867</b>	<b>3,866,345</b>
<b>VII. Cash and Cash Equivalents at the End of the Period (V+VI)</b>	<b>4,322,899</b>	<b>3,509,152</b>

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

## ICBC TURKEY BANK A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD 30 SEPTEMBER 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 September 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 NINE MONTH PERIOD 30 SEPTEMBER 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 September 2021, foreign currency denominated balances are translated into Turkish Lira at fair value through (TL Full); USD: TL 8.4333 EUR: TL 10.3135, GBP: TL 11.9292, and JPY: TL 0.0792.

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

#### **III. Explanations on Subsidiaries and Associates**

As of 30 September 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 September 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 September 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD 30 SEPTEMBER 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”, “Derivative Financial Assets at Fair Value through Other Comprehensive Income” in the asset side of balance sheet and “Derivative Financial Liabilities at Fair Value through Profit or Loss”, “Derivative Financial Liabilities at Fair Value through Other Comprehensive Income” in the liabilities side of balance sheet in accordance with TFRS 9. There is no derivative Financial Liabilities at Fair Value through Other Comprehensive Income” as of 30 September 2021.

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 Black - Scholes 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

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#### VII. Explanations on Financial Assets (Continued)

When the business model determined by the Group management is changed, all financial assets affected by this change are reclassified. Reclassification of financial assets is applied prospectively from the date of reclassification. In such cases, there 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.

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

**Explanation on Expected Credit Losses:**

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

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.

Calculation of expected credit losses consists of three main parameters: Probability of Default (PD), Loss Given Default (LGD), Exposure of Default (EAD). In addition, the PD and LGD parameters used in the expected credit loss calculation are calculated as instant PD (point in time, PIT) including both current and expected cycle changes.

For the determination of macroeconomic expectations, “reasonable and supportable information available without undue cost or effort in estimating past events, current conditions and future economic conditions” can be used and accordingly “estimate of expected losses including their expected effects” can be realized. “Regulatory Factor Values”, which are calculated using the actual and scenario-based expected NPL rates by the Bank, are used to include in the calculation. The effect of macroeconomic expectations is reflected on the PD values obtained as a result of the calibration studies performed on the internal rating model using historical data. The cumulative PD values adjusted as a result of the transactions are used is being done.

**Probability of Default (PD)**

The probability of default represents the probability that the debtor will default in a given time period. Two types of PD values are calculated in accordance with TFRS 9 requests:

**12-month PD:** The probability of default within 12 months refer to the portion of the expected credit loss that could result from the possible default of the loan.

**Lifetime PD:** Lifetime losses result from all possible default events over the expected life of the financial instrument after the reporting date.

The Parent Bank uses the credit ratings, which are the result of the internal rating systems used by the Bank in the loan allocation processes, to calculate the 12-month or lifetime default probabilities of its corporate and commercial customers. The internal rating models used for the Corporate and Commercial portfolio include the customer's financial information as well as answers to qualitative questions.

Using historical default data for individual customers, a transition matrix based on the number of days of delay is generated and 12-month or lifetime default probabilities are estimated.

For receivables from Banks, the default probability is calculated by using rating transition studies published by S&P.

In the final stage, macroeconomic expectations are taken into account and reflected in the probability of default values

**Loss Given Default (LGD)**

If a loan default occurs, it refers to the economic loss that might be encountered by taking into consideration the collection period. In LGD calculations, if the loans are not collateralized, the rates in the IRB App-1 Risk Weighted Amount and Expected Loss Amount Calculation are used. Calculations within the scope of BRSA Credit Risk Mitigation Techniques are also applied for secured loans.

**Exposure of Default (EAD)**

The exposure at default amount is the expected economic receivable at the time of default. For cash loans, it refers to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors.

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#### VIII. Explanations on Impairment of Financial Assets (Continued)

##### Explanation on Expected Credit Losses (Continued):

###### Definition of Default

Default means, when the borrower's payment obligations which against to the Group, delays more than 90 days from the day of payment in part or in full, or not pay.

The bank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the bank to actions such as realizing security/collateral (if held) regardless on the number of days the exposure is past due. This may include

- Deterioration in the financial position of the counterparty (memzuc records, bounced check recording, application for condordato, bankruptcy / suspension bankruptcy, etc.) and/or economic conditions
- Default records in other financial institutions
- The obligor is past due 90 days or more on any material credit obligation to the Bank.
- The obligor is past due 30 days or more and restructured after transition from Stage 3 to Stage 2.

As of the date of initial recognition, there will be no significant changes in portfolios, 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. However, With the decision dated 16 September 2021 and numbered 9795, this waiver was terminated, and as of 1 October 2021, it was decided that the waiver would continue in the same way for loans with a delay period of more than 31 days and not exceeding 90 days.

**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. However, with the decision dated September 16, 2021 and numbered 9795, this waiver was terminated as of the end of September 30, 2021, and as of 1 October 2021, it was decided to continue the waiver in the same way for loans with a delay period of more than 91 days and not exceeding 180 days.

**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 September 2021. The decision was extended until 30 September 2021, based on the BRSA Decision numbered 9624 dated 17 June 2021. Based on the decision dated September 16, 2021 and numbered 9795, as of 1 October 2021, it was decided to classify the loans with a 90-day overdue period in the 3rd Group.

The Group also makes additional provisions for corporate customers through an individual assessment.

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

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**VIII. Explanations on Impairment of Financial Assets (Continued)**

**Explanation on Expected Credit Losses (Continued):**

**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).

The Parent Bank also allocates additional provisions in the corporate portfolio through individual evaluation.

The Parent Bank regularly monitors and updates the developments related to macroeconomic expectations that it uses in the calculation of expected credit losses within the framework of the general approach method and applies them to its models. As a result of reflecting the expectations of macroeconomic deterioration due to the COVID-19 pandemic in the calculation of expected credit losses, the provisions have been updated at a reasonable and predictable level against possible negative effects.

**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.

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#### 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.

#### 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 September 2021 and 31 December 2020.

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

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

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

#### XIV. Explanations on Tangible Assets

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

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

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

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

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

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD 30 SEPTEMBER 2021**

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

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 September 2021, revaluation surplus on tangible assets before tax amounts to TL 16,920 (31 December 2020: TL 16,740).

#### **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.

#### **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 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.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD 30 SEPTEMBER 2021

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

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

#### 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 September 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.

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

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

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.).

#### **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 September 2021 and 31 December 2020, the Group does not have any government grants.

#### **XXIV. Profit Reserves and Profit Distribution**

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

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

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

#### **XXV. Related Parties**

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

#### **XXVI. Cash and Cash Equivalents**

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

#### **XXVII. Explanations on Segment Reporting**

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

#### **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.

	<b>30 September 2021</b>	<b>30 September 2020</b>
Net Profit / (Loss) for the Period	197,741	85,862
Number of Shares	8,600,000	8,600,000
<b>Profit / (Loss) Per Share (*)</b>	<b>0.0230</b>	<b>0.0100</b>

(\*) Expressed as full TL

#### **XXIX. Reclassifications**

As of 30 September 2021, the Group has made a classification in prior year financial statements in order to comply with the current year presentation. Amounting to TL 41,622 interest from reverse repo transactions which were classified under "Other interest income" in 30 September 2020 were reclassified to "Interest received from money market transactions" on profit or loss statement.

#### **XXX. Explanations on Other Matters**

None

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

**I. Explanations on Consolidated Equity**

**Information about consolidated total capital:**

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

The Group's capital adequacy ratio is 25.46% (31 December 2020: 19.57%).

<b>Current Period</b>	<b>30 September 2021</b>	<b>31 December 2020</b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	860,000
Share issue premiums	(587)	(587)
Reserves	491,598	402,700
Gains recognized in equity as per TAS	10,796	19,249
Profit	254,376	141,998
Current period profit	197,741	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	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>1,616,183</b>	<b>1,423,360</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1 <sup>st</sup> clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	-
Improvement costs for operating leasing	4,074	4,545
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	12,085	7,839
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,487	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	-	-
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>18,646</b>	<b>13,921</b>
<b>Total Common Equity Tier I Capital</b>	<b>1,597,537</b>	<b>1,409,439</b>

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

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

	30 September 2021	31 December 2020
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred stock not included in common equity and the related share premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>-</b>	<b>-</b>
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	-	-
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 (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1,597,537</b>	<b>1,409,439</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	2,652,990	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)	191,269	295,824
<b>Tier II Capital Before Deductions</b>	<b>2,844,259</b>	<b>2,498,464</b>
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>2,844,259</b>	<b>2,498,464</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>4,441,796</b>	<b>3,907,903</b>
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	162	174
<b>Regulatory Adjustments which will be deducted from Total Capital during the transition period</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

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

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

	30 September 2021	31 December 2020
<b>TOTAL CAPITAL</b>		
Total capital (The Sum of Tier I Capital and Tier II)	4,441,634	3,907,729
Total risk weighted amounts	17,444,028	19,964,381
<b>CAPITAL ADEQUACY RATIOS <sup>(2)</sup></b>		
Consolidated Core Capital Adequacy Ratio (%)	9.16	7.06
Consolidated Tier I Capital Adequacy Ratio (%)	9.16	7.06
Consolidated Capital Adequacy Standard Ratio (%)	25.46	19.57
<b>BUFFERS</b>		
Total buffer requirement	2.60	2.73
Capital conservation buffer requirement (%)	2.50	2.50
Bank specific countercyclical buffer requirement (%)	0.10	0.23
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	-
<b>Amounts below the financial limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from mortgage servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	522,880	355,904
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	191,269	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	-	-
<b>Debt instruments subjected to Temporary Article 4 (to be implemented between 1 January 2019 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

<sup>(2)</sup> As of 30 September 2021, the Parent Bank has taken into consideration subordinated loan amounting TL 2,652,990 (December 31, 2020: TL 2,202,640) from its main shareholder, Industrial and Commercial Bank of China Limited Company, for capital adequacy calculation.

30 September 2021 in accordance with BRSA’s decision dated 8 December 2020 and numbered 9312, the Bank, effective until 30 September 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. According to the BRSA’s decision numbered 9795 taken as of September 16, 2021, it has been decided to continue to implement this practice until a Board decision to the contrary is taken. 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 September 2021, had the Bank not applied these regulations, the equity amount would have been calculated as TL 4,476,054 (31 December 2020: TL 3,909,296) and the capital adequacy standard ratio would have been as 22.16% (31 December 2020: 17.37%).

No 9645 BRSA’s Agency dated July 1, 2021, according to the decision of the board after the date of receipt of the decision credit cards and personal loans personal risk weights that are applied to new borrowers; 1-6 months (inclusive) term between credit cards and personal 1-12 months (inclusive) term loans between 100% for 6 months to over 1 year over term personal credit cards and term loans for 150% as has decided to implement.

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

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

None.

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

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

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

Lender	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
Descriptive elements of debt instrument (CUSIP, ISIN, etc.)	-
Legislation subject to debt instrument	Implementing Regulation on the Equity of Banks published in the Official Gazette dated 5 September 2013 and numbered 28756
<b>Consideration in equity calculation</b>	
Subject to 10% deduction as of 1 January 2015	No
Validity status on consolidated or unconsolidated basis or on both consolidated and unconsolidated basis	Consolidated and Unconsolidated Basis
Type of debt instrument	Secondary Subordinated Loan
Amount considered in the calculation of equity (as of the last reporting date)	TL 2,652,990
Nominal value of debt instrument	300 M USD
Accountable account of the debt instrument	347
Date of issuance of debt instrument Maturity structure of debt instrument (Demand / Term)	28.12.2018
Maturity structure of debt instrument (Demand / Term)	Term
Maturity of debt instrument	28.12.2028
Whether the issuer has the right of reimbursement due to BRSA approval	In the case of a regulatory cause after the 5th anniversary, the BRSA has the right to reimbursement upon approval
Reimbursement option date, contingent repayment options and refund amount	-
Subsequent reimbursement option dates	-
<b>Interest / dividend payments</b>	
Fixed or variable interest / dividend payments	Variable interest
Interest rate and interest rate index value	6 M USD LIBOR +1.75%
Whether there are any restrictions that stop the payment of dividends	Payable in accordance with BRSA communiqués and regulations
Fully optional, partially optional or mandatory	Mandatory
Whether there is an element that will encourage repayment, such as interest rate increases	-
Being non-cumulative or cumulative	Non-cumulative
<b>Convertible to stock</b>	
Triggering events / events that can cause conversion if they can be converted to a stock	-Elimination of activity permit -Possibility of transfer to SDIF -In the event of regulatory reason, the decision of BRSA will be converted to share
Full or partial conversion if convertible	Subject to BRSA approval fully or partially
If convertible, conversion rate	Subject to BRSA approval and convertible
If forced to convert to stock, forced or optional conversion feature	Subject to BRSA approval
Convertible vehicle types if converted to stock	Stock
Issuer of a debt instrument to be converted	-
<b>Value reduction feature</b>	
Trigger events / events that will cause a reduction if it has a value reduction feature	-
Total or partial value reduction if value reduction is available	-
Continuous or transient feature	-
Value increment mechanism if the value can be temporarily reduced	-
In the case of the right to take in the case of liquidation in the order of the right (the vehicle just above this debt instrument)	Before the borrowing instruments to be included in the calculation of the additional capital of the owner to the owner, after the depositors and all other debts
Whether the banks do not have the requirements of Articles 7 and 8 of the Regulation on Shareholders' Equity	Although it has all the requirements of Article 8, it does not meet the requirements of Article 7
Which of the requirements of the articles 7 and 8 of the Regulation on Equity of Banks are not	Although it has all the requirements of Article 8, it does not meet the requirements of Article 7

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD 30 SEPTEMBER 2021

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#### II. Explanations and Footnotes on Consolidated Credit Risk

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

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

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

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

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

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

Among the securities owned by banks, as of 23 March 2020, the depreciation provisions in their portfolios may not be taken into account in the calculation of foreign currency net general position within the scope of the Regulation on Calculation and Application of Foreign Currency Net General Position / Equity Standard Ratio by Banks on a Consolidated and Non-Consolidated Basis. However, the current 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):

	24.09.2021	27.09.2021	28.09.2021	29.09.2021	30.09.2021
<b>USD</b>	8.6584	8.8240	8.8355	8.8585	8.8433
<b>GBP</b>	11.8191	12.0717	12.0759	12.0686	11.9292
<b>EURO</b>	10.1456	10.3526	10.3364	10.3486	10.3135
<b>JPY</b>	0.0786	0.0797	0.0795	0.0794	0.0792

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

	<b>Monthly Average FC Exchange Bid Rates</b>
<b>USD</b>	8.4972
<b>GBP</b>	11.6707
<b>EURO</b>	10.0136
<b>JPY</b>	0.0771

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

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

<b>30 September 2021</b>	<b>EURO</b>	<b>USD</b>	<b>OTHER FC</b>	<b>TOTAL</b>
<b>Assets</b>				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the CBRT <sup>(1)</sup>	33,096	4,083,155	1,662	4,117,913
Banks	131,677	1,005,094	177,476	1,314,247
Financial assets at fair value through profit or loss	17,862	-	-	17,862
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	2,062,168	344,557	6,706	2,413,431
Loans <sup>(3)</sup>	5,275,622	2,921,427	-	8,197,049
Investment and associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortized cost	-	3,263,079	-	3,263,079
Hedging derivative financial assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	390	2,751	15	3,156
<b>Total assets</b> <sup>(2) (3) (7)</sup>	<b>7,520,815</b>	<b>11,620,063</b>	<b>185,859</b>	<b>19,326,737</b>
<b>Liabilities</b>				
Interbank deposits	1	51	110,246	110,298
Foreign currency deposits	3,431,084	8,518,262	265,046	12,214,392
Fund provided from money market	-	-	-	-
Funds provided from other financial institutions	1,444,148	4,438,915	-	5,883,063
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities held for hedging	-	-	-	-
Other liabilities	247,592	201,616	155,167	604,375
<b>Total liabilities</b> <sup>(2) (6) (8)</sup>	<b>5,122,825</b>	<b>13,158,844</b>	<b>530,459</b>	<b>18,812,128</b>
<b>Net On Balance Sheet Position</b>	<b>2,397,990</b>	<b>(1,538,781)</b>	<b>(344,600)</b>	<b>514,609</b>
<b>Net Off Balance Sheet Position</b>	<b>(2,375,665)</b>	<b>2,070,498</b>	<b>339,873</b>	<b>34,706</b>
Financial Derivatives Assets <sup>(5)</sup>	108,292	2,443,544	340,757	2,892,593
Financial Derivatives Liabilities <sup>(5)</sup>	2,483,957	373,046	884	2,857,887
<b>Non-cash Loans</b> <sup>(4)</sup>	<b>2,923,526</b>	<b>3,873,033</b>	-	<b>6,796,559</b>
<b>31 December 2020</b>				
<b>Total Assets</b> <sup>(2) (3) (7)</sup>	<b>6,900,860</b>	<b>13,489,201</b>	<b>92,379</b>	<b>20,482,440</b>
<b>Total Liabilities</b> <sup>(2) (6) (8)</sup>	<b>3,849,559</b>	<b>15,976,985</b>	<b>199,867</b>	<b>20,026,411</b>
<b>Net On Balance Sheet Position</b>	<b>3,051,301</b>	<b>(2,487,784)</b>	<b>(107,488)</b>	<b>456,029</b>
<b>Net Off Balance Sheet Position</b>	<b>(3,034,712)</b>	<b>2,863,917</b>	<b>93,460</b>	<b>(77,335)</b>
Financial Derivatives Assets <sup>(5)</sup>	24,321	2,899,707	121,045	3,045,073
Financial Derivatives Liabilities <sup>(5)</sup>	3,059,033	35,790	27,585	3,122,408
<b>Non-cash Loans</b> <sup>(4)</sup>	<b>2,845,476</b>	<b>5,617,723</b>	<b>48,986</b>	<b>8,512,185</b>

<sup>(1)</sup> As of 30 September 2021 and 31 December 2020, the Group does not have precious metals in CBRT accounts.

<sup>(2)</sup> As of 30 September 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 18,565 and TL 864 respectively (31 December 2020: TL 1,182 and TL 89,662) are not included in the table.

<sup>(3)</sup> As of 30 September 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).

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

<sup>(5)</sup> As of 30 September 2021, value dated FX buying and FX selling transactions amounting to TL 130,253 and TL 114,515 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).

<sup>(6)</sup> As of 30 September 2021, “Valuation Differences of Securities” amounting to TL (4,272) (31 December 2020: TL (4,543) which are classified under shareholders' equity, are not included.

<sup>(7)</sup> As of 30 September 2021, assets amounting to TL 429,298 (31 December 2020: TL 262,529) are not included “Expected Loss Provisions”.

<sup>(8)</sup> As of 30 September 2021, liabilities amounting to TL 66,752 (31 December 2020: TL 59,170) are not included “Other Provisions”.

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**IV. Explanations and Footnotes on Consolidated Interest Rate Risk**

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

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

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

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

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

	Up to 1 Month	1– 3 Months	3–12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing <sup>(1)</sup>	Total
<b>30 September 2021</b>							
<b>Assets</b>							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the CBRT	2,450,053	-	-	-	-	1,976,405	4,426,458
Banks	605,504	-	-	-	-	806,572	1,412,076
Financial assets at fair value through profit or loss	9,044	9,719	183	-	-	47,755	66,701
Money market placements	934,601	-	-	-	-	-	934,601
Financial assets at fair value through other comprehensive income	39,022	2,062,169	299,258	133,456	86,802	-	2,620,707
Loans	1,965,258	2,091,707	4,025,548	1,110,145	741,234	-	9,933,892
Financial assets measured at amortized cost	85,535	906,974	1,214,861	2,549,071	164,472	-	4,920,913
Other assets	45	-	-	-	-	(133,745)	(133,700)
<b>Total assets</b>	<b>6,089,062</b>	<b>5,070,569</b>	<b>5,539,850</b>	<b>3,792,672</b>	<b>992,508</b>	<b>2,696,987</b>	<b>24,181,648</b>
<b>Liabilities</b>							
Bank Deposits	37,019	-	-	-	-	232,232	269,251
Other Deposits	10,776,534	2,373,540	234,788	5,087	-	1,030,398	14,420,347
Money Market Borrowings	22,191	-	-	-	-	-	22,191
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	1,143,788	4,584,271	856,586	-	-	-	6,584,645
Other Liabilities	823,466	116	108	-	-	2,061,524	2,885,214
<b>Total Liabilities</b>	<b>12,802,998</b>	<b>6,957,927</b>	<b>1,091,482</b>	<b>5,087</b>	<b>-</b>	<b>3,324,154</b>	<b>24,181,648</b>
Balance Sheet Long Position	-	-	4,448,368	3,787,585	992,508	-	9,228,461
Balance Sheet Short Position	(6,713,936)	(1,887,358)	-	-	-	(627,167)	(9,228,461)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(6,713,936)</b>	<b>(1,887,358)</b>	<b>4,448,368</b>	<b>3,787,585</b>	<b>992,508</b>	<b>(627,167)</b>	<b>-</b>

<sup>(1)</sup> Tangible and intangible assets amounting to TL 118,068, deferred tax assets amounting to TL 153,837, tax assets amounting to TL 509, expected loss provisions amounting to TL (489,216) and other assets amounting to TL 83,057, are included in other assets line in the interest-free column; provisions amounting to TL 249,195, tax liability amounting to TL 43,931, lease liabilities amounting to TL 67,963, other liabilities amounting to TL 84,252 and shareholders’ equity amounting to TL 1,616,183 are presented in other liabilities as non-interest bearing.

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

	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non-Interest Bearing <sup>(1)</sup>	Total
<b>31 December 2020</b>							
<b>Assets</b>							
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 <sup>(1)</sup>	8	-	-	-	-	72,657	72,665
<b>Total Assets</b>	<b>4,720,307</b>	<b>9,071,727</b>	<b>4,472,659</b>	<b>4,095,310</b>	<b>671,340</b>	<b>2,149,840</b>	<b>25,181,183</b>
<b>Liabilities</b>							
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
<b>Total Liabilities</b>	<b>9,966,581</b>	<b>5,380,786</b>	<b>6,656,010</b>	<b>394,696</b>	<b>-</b>	<b>2,783,110</b>	<b>25,181,183</b>
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	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(5,246,274)</b>	<b>3,690,941</b>	<b>(2,183,351)</b>	<b>3,700,614</b>	<b>671,340</b>	<b>(633,270)</b>	<b>-</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> Derivative financial instruments are included.

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

	EURO%	USD%	JPY%	TL%
<b>30 September 2021 <sup>(1)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	13.50
Banks	-	0.10	-	19.41
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	19.98
Financial Assets at Fair Value Through Other Comprehensive Income	2.65	5.05	-	20.12
Loans	3.18	4.50	-	15.89
Financial Assets Measured at Amortised Cost	-	5.94	-	22.15
<b>Liabilities</b>				
Bank Deposits	-	-	-	19.97
Other Deposits	0.36	0.99	0.01	19.55
Money Market Borrowings	-	-	-	20.11
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0.09	1.54	-	14.38

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

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD 30 SEPTEMBER 2021

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

	EURO%	USD%	JPY%	TL%
<b>31 December 2020 <sup>(1)</sup></b>				
<b>Assets</b>				
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
<b>Liabilities</b>				
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

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

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

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

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

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

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

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

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

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

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

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

	<b>Min FC (%)</b>	<b>Min Sum (%)</b>	<b>Max FC (%)</b>	<b>Max Sum (%)</b>
Month	13 August 2021	05 August 2021	23 September 2021	24 September 2021
Ratio (%)	143.53%	147.37%	274.39%	329.91%

<b>30 September 2021</b>	<b>Unweighted Amounts<sup>(2)</sup></b>		<b>Weighted Amounts<sup>(2)</sup></b>	
	<b>TL+FC</b>	<b>FC</b>	<b>TL+FC</b>	<b>FC</b>
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			<b>6,342,200</b>	<b>4,298,149</b>
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers Deposits	6,986,055	5,069,067	646,244	506,852
Stable deposits	1,047,233	1,092	52,362	55
Less stable deposits	5,938,822	5,067,975	593,882	506,797
Unsecured Funding other than Retail and Small Business Customer Deposits	10,246,842	9,007,258	5,056,071	4,001,184
Operational Deposits	1,845	-	290	-
Non-Operational Funding	8,758,827	8,349,996	3,580,776	3,343,922
Other Unsecured Funding	1,486,170	657,262	1,475,005	657,262
Secured funding	-	-	-	-
Other Cash Outflows	1,977,103	1,934,040	1,779,056	1,755,733
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1,647,025	1,636,862	1,647,025	1,636,862
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	330,078	297,178	132,031	118,871
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	426,424	426,424	21,321	21,321
Other irrevocable or conditionally revocable commitments	2,460,498	2,114,390	247,986	211,474
<b>TOTAL CASH OUTFLOWS</b>			<b>7,750,678</b>	<b>6,496,564</b>
<b>CASH INFLOWS</b>				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	3,644,043	3,350,900	3,408,042	3,182,954
Other Contractual Cash Inflows	1,154,305	1,150,216	1,154,305	1,150,216
<b>TOTAL CASH INFLOWS</b>	<b>4,798,348</b>	<b>4,501,116</b>	<b>4,562,347</b>	<b>4,333,170</b>
			<b>Upper Limit Applied Accounts</b>	
<b>TOTAL HIGH LIQUIDITY ASSETS</b>			<b>6,342,200</b>	<b>4,298,149</b>
<b>TOTAL NET CASH OUTFLOWS<sup>(1)</sup></b>			<b>3,188,331</b>	<b>2,163,394</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>%198,92</b>	<b>%198,68</b>

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

<sup>(2)</sup> Simple arithmetical average of the monthly consolidated liquidity coverage ratios of the third three months of 2021 was taken.

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

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

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

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

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

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

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

<b>30 September 2021</b>	<b>Demand</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 years and over</b>	<b>Undist. <sup>(1)</sup></b>	<b>Total</b>
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	1,976,405	2,450,053	-	-	-	-	-	4,426,458
Banks	806,572	605,504	-	-	-	-	-	1,412,076
Financial Assets at Fair Value Through Profit or Loss <sup>(4)</sup>	47,755	9,044	9,719	183	-	-	-	66,701
Interbank Money Market Placements	-	934,601	-	-	-	-	-	934,601
Financial Assets at Fair Value Through Other Comprehensive Income	-	36,309	-	299,259	2,198,338	86,801	-	2,620,707
Loans	-	736,665	1,504,295	1,642,946	2,927,639	3,122,347	-	9,933,892
Financial Assets Measured at Amortised Cost	-	-	-	873,011	3,112,892	935,010	-	4,920,913
Other Assets	-	67,680	4,640	6,441	1,428	153,876	(367,765)	(133,700)
<b>Total Assets</b>	<b>2,838,234</b>	<b>4,832,354</b>	<b>1,518,654</b>	<b>2,821,840</b>	<b>8,240,297</b>	<b>4,298,034</b>	<b>(367,765)</b>	<b>24,181,648</b>
<b>Liabilities</b>								
Bank Deposits	232,232	37,019	-	-	-	-	-	269,251
Other Deposits	1,030,398	10,776,534	2,373,540	234,788	5,087	-	-	14,420,347
Funds Borrowed from Other Financial Institutions	-	699,495	1,917,904	444,809	856,070	2,666,367	-	6,584,645
Interbank Money Markets	-	22,191	-	-	-	-	-	22,191
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	13,585	31,616	7,237	19,229	41,390	2,772,157	2,885,214
<b>Total Liabilities</b>	<b>1,262,630</b>	<b>11,548,824</b>	<b>4,323,060</b>	<b>686,834</b>	<b>880,386</b>	<b>2,707,757</b>	<b>2,772,157</b>	<b>24,181,648</b>
<b>Net Liquidity Gap</b>	<b>1,568,102</b>	<b>(6,708,968)</b>	<b>(2,804,406)</b>	<b>2,135,006</b>	<b>7,359,911</b>	<b>1,590,277</b>	<b>(3,139,922)</b>	<b>-</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>7,880</b>	<b>10,636</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,561</b>
Derivative financial assets <sup>(3)</sup>	-	1,649,849	1,186,995	132,551	-	-	-	2,969,395
Derivative financial liabilities <sup>(3)</sup>	-	1,641,969	1,176,359	132,506	-	-	-	2,950,834
<b>Non-cash loans <sup>(2)</sup></b>	<b>3,836,826</b>	<b>575,314</b>	<b>140,506</b>	<b>1,441,171</b>	<b>1,632,908</b>	<b>2,211</b>	<b>-</b>	<b>7,628,936</b>
<b>31 December 2020</b>								
<b>Total Assets</b>	<b>1,964,839</b>	<b>3,733,134</b>	<b>1,757,041</b>	<b>4,198,835</b>	<b>10,428,760</b>	<b>3,304,401</b>	<b>(205,827)</b>	<b>25,181,183</b>
<b>Total Liabilities</b>	<b>922,136</b>	<b>9,394,884</b>	<b>3,572,834</b>	<b>4,098,937</b>	<b>2,635,348</b>	<b>2,238,637</b>	<b>2,318,407</b>	<b>25,181,183</b>
<b>Net Liquidity Gap</b>	<b>1,042,703</b>	<b>(5,661,750)</b>	<b>(1,815,793)</b>	<b>99,898</b>	<b>7,793,412</b>	<b>1,065,764</b>	<b>(2,524,234)</b>	<b>-</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>(25,631)</b>	<b>(58,003)</b>	<b>(1,418)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(85,052)</b>
Derivative financial assets <sup>(3)</sup>	-	1,039,698	1,683,624	330,357	-	-	-	3,053,679
Derivative financial liabilities <sup>(3)</sup>	-	1,065,329	1,741,627	331,775	-	-	-	3,138,731
<b>Non-cash loans <sup>(2)</sup></b>	<b>571,067</b>	<b>310,488</b>	<b>349,075</b>	<b>931,702</b>	<b>7,244,532</b>	<b>4,685</b>	<b>-</b>	<b>9,411,549</b>

<sup>(1)</sup> The balance sheet is composed of TL 118,068 of tangible and intangible assets, TL 1,679 of the stationary supplies, TL 1,704 of assets held for sale, TL (489,216) of expected loss provisions and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 249,195 TL, other liabilities amounting to TL 906,779 and equity amounting to TL 1,616,183 TL are included here.

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

<sup>(3)</sup> As of 30 September 2021, the spot purchase transactions amounting to TL 136,920 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 137,635 are included in liabilities of derivative financial instruments (31 December 2020 : TL 26,894 and TL 26,992).

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD 30 SEPTEMBER 2021

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#### VI. Explanations on Consolidated Leverage Ratio

Consolidated leverage ratio of the Parent Bank calculated based on 3 months average amounts is 4.82% as at 30 September 2021 (31 December 2020: 4.05%). This rate is above the minimum rate.

	Current Period 30 September 2021 <sup>(1)</sup>	Prior Period 31 December 2020 <sup>(1)</sup>
<b>On-Balance sheet exposures</b>		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	24,884,436	25,061,759
(Assets amounts deducted in determining Tier 1 capital)	(164)	(174)
Total on-Balance sheet exposures	24,884,272	25,061,585
<b>Derivative financial instruments and credit derivatives</b>	-	-
Replacements cost of derivative financial instruments and credit derivatives	-	-
Potential credit risk of derivative financial instruments and credit derivatives	47,036	29,700
Total derivative financial instruments and credit derivatives exposure	47,036	29,700
<b>Securities financial instruments and credit derivatives</b>	-	-
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	12,526	496,542
Agent transaction exposure	-	-
Total securities financing transactions exposures	12,526	496,542
<b>Off-balance sheet items</b>	-	-
Off-balance sheet exposure at gross notional amount	7,762,804	10,043,577
(Adjustments for conversions to credit equivalent amounts)	-	-
Total risk of off-balance sheet items	7,762,804	10,043,577
<b>Capital and total exposure</b>	-	-
Tier 1 capital	1,576,014	1,442,087
Total exposures	32,706,638	35,631,404
<b>Leverage ratio</b>	<b>4.82%</b>	<b>4.05%</b>

<sup>(1)</sup> 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 September 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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VIII. Explanations on Consolidated Risk Management (Continued)

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

a) Overview of RWA:

	Risk Weighted Amount		Minimum capital requirement
	Current Period 30 September 2021	Prior Period 31 December 2020	Current Period 30 September 2021
<b>1 Credit risk (excluding counterparty credit risk)</b>	<b>15,092,139</b>	<b>16,611,790</b>	<b>1,207,371</b>
2 Standardised approach	15,092,139	16,611,790	1,207,371
3 Internal rating-based approach	-	-	-
<b>4 Counterparty credit risk</b>	<b>209,349</b>	<b>318,821</b>	<b>16,748</b>
5 Standardised approach for counterparty credit risk	209,349	318,821	16,748
6 Internal model method	-	-	-
<b>-7 Basic risk weight approach to internal models equity position in the banking account</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8 Investments made in collective investment companies - look-through approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9 Investments made in collective investment companies - mandate-based approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10 Investments made in collective investment companies - 1250% weighted risk approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>11 Settlement risk</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>12 Securitization positions in banking accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>
13 IRB ratings-based approach	-	-	-
14 IRB Supervisory Formula Approach	-	-	-
15 SA/simplified supervisory formula approach	-	-	-
<b>16 Market risk</b>	<b>967,413</b>	<b>844,163</b>	<b>77,393</b>
17 Standardised approach	967,413	844,163	77,393
18 Internal model approaches)	-	-	-
<b>19 Operational risk</b>	<b>1,175,127</b>	<b>1,175,127</b>	<b>94,010</b>
20 Basic Indicator Approach	1,175,127	1,175,127	94,010
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
<b>23 The amount of the discount threshold under the equity (subject to a 250% risk weight)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24 Floor adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>17,444,028</b>	<b>18,949,901</b>	<b>1,395,522</b>

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

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

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

## ICBC TURKEY BANK A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD 30 SEPTEMBER 2021

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#### IX. Explanations and Footnotes on Consolidated Segment Reporting

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

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

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

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

#### Information related to the Group’s segments:

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

<b>30 September 2021</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Treasury, Investment Banking and Others</b>	<b>Group’s Total Operations</b>
Operating Income	82,500	326,837	441,695	851,032
Net profit of segment	34,503	303,289	(99,955)	237,837
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	34,503	303,289	(99,955)	237,837
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	34,503	303,289	(99,955)	237,837
Tax provision (-)	-	-	40,096	40,096
Profit / (Loss) after tax	34,503	303,289	(140,051)	197,741
<b>Net Profit/ (Loss)</b>	<b>34,503</b>	<b>303,289</b>	<b>(140,051)</b>	<b>197,741</b>
Segment assets <sup>(1)</sup>	438,995	11,468,155	12,274,498	24,181,648
Associate and subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>438,995</b>	<b>11,468,155</b>	<b>12,274,498</b>	<b>24,181,648</b>
Segment liabilities <sup>(1)</sup>	7,028,230	7,838,540	7,698,695	22,565,465
Equity	-	-	1,616,183	1,616,183
<b>Total Liabilities</b>	<b>7,028,230</b>	<b>7,838,540</b>	<b>9,314,878</b>	<b>24,181,648</b>

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 51% for corporate banking, 2% for retail banking, 47% 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 38%, 52%, and 10%, respectively.

**ICBC TURKEY BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**IX. Explanations and Footnotes on Consolidated Segment Reporting (Continued)**

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

<b>31 December 2020</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Treasury, Investment Banking and Others</b>	<b>Group's Total Operations</b>
Operating Income	68,025	325,371	281,412	674,808
Net profit of segment	25,119	280,309	(190,598)	114,830
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	25,119	280,309	(190,598)	114,830
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	25,119	280,309	(190,598)	114,830
Tax provision (-)	-	-	28,968	28,968
Profit / (Loss) after tax <sup>(3)</sup>	25,119	280,309	(219,566)	85,862
<b>Net Profit/(Loss)</b>	<b>25,119</b>	<b>280,309</b>	<b>(219,566)</b>	<b>85,862</b>
Segment Assets <sup>(1)</sup>	545,506	13,680,789	10,954,888	25,181,183
Associates and Subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>545,506</b>	<b>13,680,789</b>	<b>10,954,888</b>	<b>25,181,183</b>
Segment Liabilities <sup>(1)</sup>	6,521,744	5,555,603	11,686,020	23,763,367
Equity	-	-	1,417,816	1,417,816
<b>Total Liabilities</b>	<b>6,521,744</b>	<b>5,555,603</b>	<b>13,103,836</b>	<b>25,181,183</b>

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

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

<sup>(3)</sup> Balances related to the income statement include the amounts as of 30 September 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; 54% for corporate banking, 42% for retail banking, 44% for treasury, investment banking and others segment. Gross income (operational income) of the Group is distributed between corporate banking, treasury, investment banking and others segment and retail banking as 48%, 42%, and 10%, respectively.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**SECTION FIVE**

**EXPLANATIONS AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and Footnotes on Consolidated Assets**

**1. Information related to cash and balances with the Central Bank of the Republic of Turkey:**

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

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Cash	17,767	75,247	15,781	69,067
Central Bank of the Republic of Turkey (CBRT) <sup>(1)</sup>	290,778	4,042,666	97,704	2,978,361
Others	-	-	-	-
<b>Total</b>	<b>308,545</b>	<b>4,117,913</b>	<b>113,485</b>	<b>3,047,428</b>

<sup>(1)</sup> As at 30 September 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 September 2021		31 December 2020	
	TL	FC	TL	FC
Unrestricted Demand Deposits <sup>(1)</sup>	290,778	1,600,116	97,704	1,458,436
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	2,442,550	-	1,519,925
<b>Total</b>	<b>290,778</b>	<b>4,042,666</b>	<b>97,704</b>	<b>2,978,361</b>

<sup>(1)</sup> As at 30 September 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 September 2021 (31 December 2020: between 1% and 6%); the reserve rates for foreign currency liabilities vary between 5% and 24% (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 September 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 September 2021		31 December 2020	
	TL	FC	TL	FC
Forward transactions	9	-	314	247
Swap transactions	246	18,545	-	935
Futures transactions	-	-	-	-
Options	126	20	-	-
Other	-	-	-	-
<b>Total</b>	<b>381</b>	<b>18,565</b>	<b>314</b>	<b>1,182</b>

**3. Information on banks:**

a) Information on banks:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Banks				
Domestic	97,829	558,705	2,592	1,331,622
Foreign	-	755,542	-	272,754
Foreign Offices and Branches	-	-	-	-
<b>Total</b>	<b>97,829</b>	<b>1,314,247</b>	<b>2,592</b>	<b>1,604,376</b>

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

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

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Given as collateral or blocked	155,570	166,330	401,444	180,440
Subject to repurchase agreements	-	-	176,641	-
<b>Total</b>	<b>155,570</b>	<b>166,330</b>	<b>578,085</b>	<b>180,440</b>

As of 30 September 2021, financial assets at fair value through other comprehensive income other than those given as collaterals or subject to repurchase agreements amounting to TL 2,298,807 are unrestricted (31 December 2020: TL 4,593,641).

Financial Assets at Fair Value Through Other Comprehensive Income includes loans of TL 2,062,169 (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 September 2021	31 December 2020
Debt instruments	575,917	1,176,791
Listed	383,880	861,645
Unlisted	192,037	315,146
Equity instruments	-	-
Listed	-	-
Unlisted	-	-
Impairment provision (-) / charge (+)	17,379	10,382
<b>Total</b>	<b>558,538</b>	<b>1,166,409</b>

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

**5. Information related to loans:**

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

	30 September 2021		31 December 2020	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	1,001,523	3,867	997,502
Corporate shareholders	-	1,001,523	3,867	997,502
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	3,303	-	3,962	-
<b>Total</b>	<b>3,303</b>	<b>1,001,523</b>	<b>7,829</b>	<b>997,502</b>

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

Cash Loans	Loans Under Close Monitoring			
	Standard Loans	Loans Not Subject to restructuring	Restructured Loans	
			Revised Contract Terms	Refinance
Non-specialized loans	9,180,337	463	703,880	5,423
Enterprise loans	6,353,109	-	656,495	5,232
Export loans	604,580	-	47,385	-
Import loans	-	-	-	-
Loans given to financial sector	973,835	-	-	-
Consumer loans	413,437	420	-	191
Credit cards	16,295	43	-	-
Other	819,081	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>9,180,337</b>	<b>463</b>	<b>703,880</b>	<b>5,423</b>

	30 September 2021		31 December 2020	
	Standard Loans	Loans under close monitoring	Standard Loans	Loans under close monitoring
<b>Allowances for Expected Credit Losses on Stage 1 and 2</b>				
12 Months Expected Loss Provision	96,787	-	54,822	-
Significant Increase in Credit Risk	-	336,334	-	203,719
<b>Total</b>	<b>96,787</b>	<b>336,334</b>	<b>54,822</b>	<b>203,719</b>

**ICBC TURKEY BANK A.Ş.**

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

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

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

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

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Consumer Loans – TL</b>	<b>7,821</b>	<b>407,245</b>	<b>415,066</b>
Mortgage Loans	27	318,308	318,335
Automotive Loans	18	5,558	5,576
Consumer Loans	7,776	83,379	91,155
Other	-	-	-
<b>Consumer Loans – Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans – FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards – TL</b>	<b>14,072</b>	-	<b>14,072</b>
With Installment	3,691	-	3,691
Without Installment	10,381	-	10,381
<b>Consumer Credit Cards – FC</b>	<b>346</b>	-	<b>346</b>
With Installment	-	-	-
Without Installment	346	-	346
<b>Personnel Loans – TL</b>	<b>29</b>	<b>1,823</b>	<b>1,852</b>
Mortgage Loans	-	150	150
Automotive Loans	-	-	-
Consumer Loans	29	1,673	1,702
Other	-	-	-
<b>Personnel Loans – Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>1,318</b>	-	<b>1,318</b>
With Installment	477	-	477
Without Installment	841	-	841
<b>Personnel Credit Cards – FC</b>	<b>133</b>	-	<b>133</b>
With Installment	-	-	-
Without Installment	133	-	133
<b>Credit Deposit Account – TL (Real Person)</b>	<b>2,204</b>	-	<b>2,204</b>
<b>Credit Deposit Account – FC (Real Person)</b>	-	-	-
<b>Total</b>	<b>25,923</b>	<b>409,068</b>	<b>434,991</b>

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

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

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

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

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

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

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

<b>Current Period</b>	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>
<b>Commercial Installment Loans – TL</b>	<b>118</b>	<b>160,723</b>	<b>160,841</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	118	149,876	149,994
Other	-	10,847	10,847
<b>Commercial Installment Loans – Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Commercial Installment Loans – FC</b>	<b>-</b>	<b>1,674,166</b>	<b>1,674,166</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	1,674,166	1,674,166
Other	-	-	-
<b>Corporate Credit Cards – TL</b>	<b>699</b>	<b>-</b>	<b>699</b>
With Installment	31	-	31
Without Installment	668	-	668
<b>Corporate Credit Cards – FC</b>	<b>146</b>	<b>-</b>	<b>146</b>
With Installment	-	-	-
Without Installment	146	-	146
<b>Credit Deposit Account – TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Credit Deposit Account – FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>963</b>	<b>1,834,889</b>	<b>1,835,852</b>

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

**ICBC TURKEY BANK A.Ş.**

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

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

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

e) Domestic and foreign loans:

	30 September 2021	31 December 2020
Domestic loans	9,566,648	9,266,426
Foreign loans	367,244	788,885
<b>Total</b>	<b>9,933,892</b>	<b>10,055,311</b>

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 September 2021	31 December 2020
Loans and Receivables with Limited Collectibility	-	-
Loans and Receivables with Doubtful Collectibility	44	679
Uncollectible Loans and Receivables	37,097	35,241
<b>Total</b>	<b>37,141</b>	<b>35,920</b>

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

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

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

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

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

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

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

	<b>Group III Loans with Limited collectibility</b>	<b>Group IV Loans with doubtful collectibility</b>	<b>Group V Uncollectible loans</b>
<b>Prior Period End Balance</b>	-	<b>3,017</b>	<b>42,726</b>
Additions (+)	-	138	2,667
Transfers from Other Categories of Non- Performing Loans (+)	-	-	266
Transfers to Other Categories of Non-Performing Loans (-)	-	266	-
Collections (-)	-	2,831	1,928
Write-offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balances at End of the Period</b>	-	58	43,731
Provisions (-)	-	44	37,097
<b>Net Balance on Balance Sheet</b>	-	<b>14</b>	<b>6,634</b>

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

	<b>Group III Loans with limited collectibility</b>	<b>Group IV Loans with doubtful collectibility</b>	<b>Group V Uncollectible Loans</b>
<b>Current Period</b>			
Balances at the end of the period	-	-	156
Provision Amount (-)	-	-	152
Net Balance on Balance Sheet	-	-	4
<b>Prior Period</b>			
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  
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated)

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

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

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

	<b>Group III Loans with limited collectibility</b>	<b>Group IV Loans with doubtful collectibility</b>	<b>Group V Uncollectible loans</b>
<b>Current Period (Net)</b>	-	<b>14</b>	<b>6,635</b>
Loans Allowed to Real Persons and Corporate Entities (Gross)	-	58	43,732
Provision Amount (-)	-	44	37,097
Loans Allowed to Real Persons and Corporate Entities (Net)	-	14	6,635
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>306</b>	<b>46,350</b>	<b>7,731</b>
Loans Allowed to Real Persons and Corporate Entities (Gross)	448	133,177	34,428
Provision Amount (-)	142	86,827	26,697
Loans Allowed to Real Persons and Corporate Entities (Net)	306	46,350	7,731
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

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

	<b>Group III Loans with Limited Collectibility</b>	<b>Group IV Loans with doubtful Collectibility</b>	<b>Group V Uncollectible Loans</b>
<b>Current period (Net)</b>	-	-	<b>1,504</b>
Interest accruals and discounts and valuation differences	-	-	11,320
Provision amount (-)	-	-	9,816
<b>Prior period (Net)</b>	-	-	<b>1,574</b>
Interest accruals and discounts and valuation differences	-	1	8,943
Provision amount (-)	-	1	7,369

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

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

j) Information on write-off from assets policy:

The Parent Bank’s general policy for write-off of loans and receivables under follow-up is to write off such loans and receivables that are proven to be uncollectible by obtaining required documentation, also considering Tax Procedural Law’s verdicts. As of 30 September 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 NINE MONTH PERIOD 30 SEPTEMBER 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 September 2021	31 December 2020
Government Bonds	4,486,998	3,196,580
Treasury bills	-	-
Other public sector debt securities	-	-
<b>Total</b>	<b>4,486,998</b>	<b>3,196,580</b>

c) Information on financial assets at amortized cost:

	30 September 2021	31 December 2020
Debt instruments	4,676,523	4,223,205
Listed	-	-
Unlisted	4,676,523	4,223,205
Impairment provision <sup>(1)</sup>	244,390	167,864
<b>Total</b>	<b>4,920,913</b>	<b>4,391,069</b>

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

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

	30 September 2021	31 December 2020
Beginning balance	4,391,069	2,889,131
Foreign currency differences on monetary assets	429,074	437,063
Purchases during year	971,310	1,240,930
Disposals through sales and redemptions	(1,114,930)	(343,919)
Impairment provision <sup>(1)</sup>	244,390	167,864
<b>Total</b>	<b>4,920,913</b>	<b>4,391,069</b>

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

##### 7. Information on associates (net):

None.

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

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

**ICBC TURKEY BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD 30 SEPTEMBER 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:

<b>Description</b>	<b>Bank’s share percentage- Address (City/Country)</b>	<b>If different from voting percentage (%)</b>	<b>Banks Risk Group Share Percentage (%)</b>
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:

<b>Total Assets</b>	<b>Shareholders’ Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income from marketable securities portfolio</b>	<b>Current Period Profit/(Loss)</b>	<b>Prior Period Profit / (Loss)</b>	<b>Fair value</b>
1,059,134	213,494	3,770	27,129	-	35,105	16,001	-

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:

<b>Total assets</b>	<b>Shareholders’ Equity</b>	<b>Total fixed assets</b>	<b>Interest Income</b>	<b>Income from marketable securities portfolio</b>	<b>Current Period Profit/(Loss)</b>	<b>Prior Period Profit/(Loss)</b>	<b>Fair Value</b>
5,994	5,470	40	686	-	530	340	-

g) Movement of consolidated subsidiaries:

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

h) Sectorial distribution of consolidated subsidiaries:

	<b>30 September 2021</b>	<b>31 December 2020</b>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	75,998	75,998
<b>Total</b>	<b>75,998</b>	<b>75,998</b>

**ICBC TURKEY BANK A.Ş.**

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

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

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

- i) Listed subsidiaries: None (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 September 2021, the Group’s deferred tax asset arising from the deductible temporary differences except for general loan provisions is amounting to TL 153,837 (31 December 2020: TL 116,269). As at 30 September 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 September 2021 and 31 December 2020.

**15. Information on other assets:**

Sum other assets of the balance sheet amount to TL 83,102 (31 December 2020: TL 165,195) and do not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

**ICBC TURKEY BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**II. Explanations and Footnotes on Consolidated Liabilities**

**1. Information on deposits:**

a) Information on maturity profile of deposits:

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

a.1) 30 September 2021:

	<b>Demand</b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6 Months- 1 Year</b>	<b>1 Year and Over</b>	<b>Cumulative Deposits</b>	<b>Total</b>
Saving Deposits	51,527	175,943	1,721,220	295	461	85	-	1,949,531
Foreign Currency Deposits	891,032	480,856	10,324,681	180,661	265,220	71,942	-	12,214,392
Residents in Turkey	817,369	474,867	9,819,850	175,959	72,426	1,808	-	11,362,279
Residents Abroad	73,663	5,989	504,831	4,702	192,794	70,134	-	852,113
Public Sector Deposits	6,103	-	-	-	-	-	-	6,103
Commercial Deposits	77,037	36,191	126,294	74	2	3	-	239,601
Other Ins. Deposits	4,699	342	5,640	-	39	-	-	10,720
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	232,232	37,019	-	-	-	-	-	269,251
CBRT	-	-	-	-	-	-	-	-
Domestic Banks	110,304	37,019	-	-	-	-	-	147,323
Foreign Banks	121,928	-	-	-	-	-	-	121,928
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,262,630</b>	<b>730,351</b>	<b>12,177,835</b>	<b>181,030</b>	<b>265,722</b>	<b>72,030</b>	<b>-</b>	<b>14,689,598</b>

a.2) 31 December 2020:

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

**ICBC TURKEY BANK A.Ş.**

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(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:

<b>Saving Deposits</b>	<b>Covered by Deposit Insurance Fund</b>	<b>Exceeding the Deposit Insurance Limit</b>
	<b>30 September 2021</b>	<b>30 September 2021</b>
Saving Deposits	946,672	1,002,936
Foreign Currency Savings Deposits	603,370	4,427,415
Other Saving Deposits	-	-
Foreign branches’ Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
<b>Total</b>	<b>1,550,042</b>	<b>5,430,351</b>

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

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

b.3) The Group has saving deposits not covered by deposit insurance amounting to TL 8,763 (31 December 2020 : TL 7,209).

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

	<b>30 September 2021</b>	<b>31 December 2020</b>
Deposits and Other Accounts at Foreign Branches	-	-
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Care	-	-
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children under Their Care	8,763	7,209
Deposits and Other Accounts linked to Crimes Mentioned in 282 <sup>nd</sup> Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey	-	-

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

**2. Information on Money Markets Debts**

The Group has a fund amounting to TL 22,191 from repo transactions as of 30 September 2021 (31 December 2020: TL 697,700).

**3. Information on derivative financial liabilities held for trading:**

Derivative Financial Liabilities:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Forwards Transactions	289	213	5	280
Swaps Transactions	7	605	288	89,339
Futures Transactions	-	-	-	-
Options	3	46	-	43
Other	-	-	-	-
<b>Total</b>	<b>299</b>	<b>864</b>	<b>293</b>	<b>89,662</b>

**4. Information on funds borrowed:**

a) Information on banks and other financial institutions:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks and Institutions	17,095	-	21,009	-
Foreign Banks, Institutions and Funds	684,487	3,216,696	618,183	7,452,646
<b>Total</b>	<b>701,582</b>	<b>3,216,696</b>	<b>639,192</b>	<b>7,452,646</b>

b) Contractual maturities of funds borrowed:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Short-Term	701,582	1,915,680	639,192	2,368,890
Medium and Long-Term	-	1,301,016	-	5,083,756
<b>Total</b>	<b>701,582</b>	<b>3,216,696</b>	<b>639,192</b>	<b>7,452,646</b>

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 906,779 (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 September 2021		31 December 2020	
	TL	FC	TL	FC
Less than 1 Year	7,345	-	3,738	-
Between 1-4 Years	19,229	-	29,400	-
More Than 4 Years	41,389	-	39,562	-
<b>Total</b>	<b>67,963</b>	<b>-</b>	<b>72,700</b>	<b>-</b>

**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 NINE MONTH PERIOD 30 SEPTEMBER 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 September 2021, this amount is restricted with full TL 8,248.51 (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 September 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 September 2021	31 December 2020
Balance at Prior Period End	16,907	14,114
Current year provisions	5,988	4,653
Paid in current year	(1,239)	(1,860)
<b>Balance at Current Period End</b>	<b>21,656</b>	<b>16,907</b>

As at 30 September 2021, the Group has vacation pay liability amounting TL 13,994 (31 December 2020: TL 10,135).

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

As at 30 September 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 September 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 3,819 (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 September 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 September 2021, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 16,024 (31 December 2020: TL 14,347).

As at 30 September 2021, there is provision for personnel bonus amounting TL 125,082 (31 December 2020: TL 97,344).

As at 30 September 2021, the Group has provision for non-cash loans amounting to TL 72,327 (31 December 2020: TL 65,215).

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

**9. Information on Tax Liabilities:**

a) Information on taxes payable:

	<b>30 September 2021</b>	<b>31 December 2020</b>
Corporate taxes payable	21,176	40,898
Taxation on securities	4,178	8,748
Property Tax	124	130
Booking and Insurance Transaction Tax (BITT)	3,989	4,057
Foreign Exchange Tax	-	-
Value added tax payable	535	2,322
Other	8,895	8,093
<b>Total</b>	<b>38,897</b>	<b>64,248</b>

b) Information on premiums payable:

	<b>30 September 2021</b>	<b>31 December 2020</b>
Social security premiums- employee	2,164	2,150
Social security premiums- employer	2,408	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	154	152
Unemployment insurance- employer	308	306
Other	-	-
<b>Total</b>	<b>5,034</b>	<b>4,998</b>

c) 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:**

	<b>30 September 2021</b>		<b>31 December 2020</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Debt instruments to be included in the additional capital				
borrowing instruments	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt instruments to be included in the contribution				
capital calculation	-	2,666,367	-	2,202,640
Subordinated Loans <sup>(1)</sup>	-	2,666,367	-	2,202,640
Subordinated Debt Instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2,666,367</b>	<b>-</b>	<b>2,202,640</b>

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

## ICBC TURKEY BANK A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD 30 SEPTEMBER 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 September 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 September 2021		31 December 2020	
	TL	FC	TL	FC
From investment in associates, subsidiaries and joint ventures	-	-	-	-
Revaluation difference	(3,351)	(4,272)	1,834	(6,377)
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>(3,351)</b>	<b>(4,272)</b>	<b>1,834</b>	<b>(6,377)</b>

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

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

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

## a) Type and amount of irrevocable commitments:

	<b>30 September 2021</b>	<b>31 December 2020</b>
Forward purchase and sale commitments	274,555	53,886
Commitment for use guaranteed credit allocation	31,037	29,704
Credit cards limit commitments	89,943	85,095
Payment commitments for cheques	5,537	6,294
Credit card commitments given with applications for promotion	-	-
Tax and fund obligations arising from export commitments	3	3
Other irrevocable commitments	265	446
<b>Total</b>	<b>401,340</b>	<b>175,428</b>

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

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

	<b>30 September 2021</b>	<b>31 December 2020</b>
Letters of guarantee	3,974,946	3,302,930
Bank acceptance loans	-	-
Letters of credit	393,873	465,371
Other guarantees	3,260,117	5,643,248
<b>Total</b>	<b>7,628,936</b>	<b>9,411,549</b>

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

	<b>30 September 2021</b>	<b>31 December 2020</b>
Non-Cash Loans Given for Cash Loan Risks	88,312	93,385
With Original Maturity of 1 Year or Less	7,199	75,736
With Original Maturity of More Than 1 Year	81,113	17,649
Other Non-Cash Loans	7,540,624	9,318,164
<b>Total</b>	<b>7,628,936</b>	<b>9,411,549</b>

**ICBC TURKEY BANK A.Ş.**

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

**1. Information on Interest Income:**

a) Information on interest income received from loans:

	30 September 2021		30 September 2020	
	TL	FC	TL	FC
Interest Income Received from Loans <sup>(1)</sup>				
Short Term Loans	105,876	62,008	56,160	18,156
Medium and Long Term Loans	114,329	286,020	116,825	257,964
Loans Under Follow-Up	7,279	-	6,931	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>227,484</b>	<b>348,028</b>	<b>179,916</b>	<b>276,120</b>

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

b) Information on interest income received from banks:

	30 September 2021		30 September 2020	
	TL	FC	TL	FC
From Central Bank of The Republic of Turkey	-	-	-	-
From Domestic Banks	7,137	3,881	728	30,163
From Foreign Banks	-	1,250	-	2,899
From Foreign Offices and Branches	-	-	-	-
<b>Total</b>	<b>7,137</b>	<b>5,131</b>	<b>728</b>	<b>33,062</b>

c) Information on interest income received from securities portfolio:

	30 September 2021		30 September 2020	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit Or Loss	-	-	-	-
Financial Assets at Fair Value Through Other				
Comprehensive Income	75,867	15,028	60,735	19,633
Financial Assets Measured at Amortized Cost	162,991	155,605	55,169	151,759
<b>Total</b>	<b>238,858</b>	<b>170,633</b>	<b>115,904</b>	<b>171,392</b>

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

None (30. September 2020: None)

ICBC TURKEY BANK A.Ş.

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

2. Information on Interest Expense:

a) Information on interest expense related to funds borrowed:

	30 September 2021		30 September 2020	
	TL	FC	TL	FC
Banks <sup>(1)</sup>				
Central Bank of The Republic of Turkey	-	-	-	-
Domestic Banks	1,048	-	442	17
Foreign Banks	66,304	103,923	-	199,192
Foreign Branches and Offices Abroad	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>67,352</b>	<b>103,923</b>	<b>442</b>	<b>199,208</b>

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

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

None. (30 September 2020: None)

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

d) Maturity structure of the interest expense on deposits:

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

30 September 2021	Account Name	Demand Deposits	Time Deposits					Cumulative Deposits	Total
			Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over		
	TL								
	Bank Deposits	-	154	-	-	-	-	-	154
	Saving Deposits	-	19,862	209,381	20	35	7	-	229,305
	Public Sector Deposits	-	-	-	-	-	-	-	-
	Commercial Deposits	-	8,961	18,915	7	-	1	-	27,884
	Other Deposits	4	51	1,741	-	3	-	-	1,799
	<b>Total</b>	<b>4</b>	<b>29,028</b>	<b>230,037</b>	<b>27</b>	<b>38</b>	<b>8</b>	<b>-</b>	<b>259,142</b>
	Foreign Currency								
	Foreign Currency Deposits	-	2,033	137,035	2,019	1,988	688	-	143,763
	Bank Deposits	-	59	-	-	-	-	-	59
	Precious Metal Deposits	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>2,092</b>	<b>137,035</b>	<b>2,019</b>	<b>1,988</b>	<b>688</b>	<b>-</b>	<b>143,822</b>
	<b>Grand Total</b>	<b>4</b>	<b>31,120</b>	<b>367,072</b>	<b>2,046</b>	<b>2,026</b>	<b>696</b>	<b>-</b>	<b>402,964</b>

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

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**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):**

	<b>30 September 2021</b>	<b>30 September 2020</b>
<b>Profit</b>	<b>1,646,640</b>	<b>973,354</b>
Capital Market Gains	20,237	17,269
Derivative Gains	702,127	377,800
Foreign Exchange Gains	924,276	578,285
<b>Loss (-)</b>	<b>1,531,976</b>	<b>861,345</b>
Capital Market Losses	2,674	-
Derivative Losses	598,032	488,360
Foreign Exchange Losses	931,270	372,985

Net profit related to derivative transactions resulting from foreign currency rate changes is amounting to TL 101,768 ( 30 September 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:**

	<b>30 September 2021</b>	<b>30 September 2020</b>
Allowance for expected credit losses	161,397	208,126
12-Month expected credit losses (Stage 1)	39,423	32,719
Significant increase in credit risk (Stage 2)	127,419	163,173
Credit-Impaired (Stage 3)	(5,445)	12,234
Impairment provisions for securities	6	3,528
Financial assets at fair value through profit or loss	6	-
Financial assets at fair value through other comprehensive income	-	3,528
Impairment provisions related to investments in associates, subsidiaries and joint ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	1,676	-
<b>Total</b>	<b>163,080</b>	<b>211,654</b>

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

	<b>30 September 2021</b>	<b>30 September 2020</b>
Reserve for Employee Termination Benefits	7,214	4,113
Reserve for Bank’s Social Aid Fund Deficit	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	22,293	23,086
Impairment Expenses of Intangible Assets	-	-
Impairment Expenses of Goodwill	-	-
Depreciation Expenses on Intangible Assets	4,997	4,369
Impairment Expenses of Investments in Associates	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	54	42
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	55,163	45,731
Leasing Expenses related to TFRS 16 Exemptions	2,124	3,366
Repair and Maintenance Expenses	15,232	11,980
Advertisement Expenses	1,565	489
Other Expenses	36,242	29,896
Loss on Sale of Assets	-	35
Other <sup>(1)</sup>	114,563	75,095
<b>Total</b>	<b>204,284</b>	<b>152,471</b>

<sup>(1)</sup> 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 September 2021 is TL 76,447 (30 September 2020: TL 82,742).

For the period ended 30 September 2021, deferred tax expense amounts to TL 26,883 (30 September 2020: TL 10,405) and deferred tax income amounts to TL 63,234 TL (30 September 2020: TL 64,179).

The Parent Bank does not have any discontinued operations.

## ICBC TURKEY BANK A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD 30 SEPTEMBER 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 September 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 NINE MONTH PERIOD 30 SEPTEMBER 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 September 2021:

<b>Current Period Parent Bank’s Risk Group <sup>(1)</sup></b>	<b>Associates, Subsidiaries and Joint Ventures</b>		<b>Bank’s Direct and Indirect Shareholders</b>		<b>Other Components in Risk Group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
Loans and Other Receivables	-	-	-	-	-	-
Balance at the Beginning of the Period	-	-	3,867	997,502	6	-
Balance at the End of the Period	1	-	-	1,001,523	25	-
Interest and Commission Income Received	-	-	48	-	-	-

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

The Parent Bank has TL 192,015 placements in its risk group banks as at 30 September 2021 (31 December 2020: TL 114,722).

<b>Prior Period Parent Bank’s Risk Group <sup>(1)</sup></b>	<b>Associates, Subsidiaries and Joint Ventures</b>		<b>Bank’s Direct and Indirect Shareholders</b>		<b>Other Components in Risk Group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
Loans and Other Receivables	-	-	-	567,918	20	-
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	-	-	-	-	-	-

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

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

<b>Current Period Parent Bank’s Risk Group <sup>(1)</sup></b>	<b>Associates, Subsidiaries and Joint Ventures</b>		<b>Bank’s Direct and Indirect Shareholders</b>		<b>Other Components in Risk Group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
Deposits	-	-	-	-	-	-
Balance at the beginning of the Period	-	-	-	62,865	-	2,621
Balance at the End of the Period	-	-	-	122,229	-	3,625
Interest on Deposits	-	-	-	-	-	80

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

<b>Prior Period Parent Bank’s Risk Group <sup>(1)</sup></b>	<b>Associates, Subsidiaries and Joint Ventures</b>		<b>Bank’s Direct and Indirect Shareholders</b>		<b>Other Components in Risk Group</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
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	-	-	-	-	-	27

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

The Parent Bank has borrowed loans from the Parent Bank’s Risk Group amounting TL 3,492,832 as at 30 September 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 2,666,367 as at 30 September 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 NINE MONTH PERIOD 30 SEPTEMBER 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 September 2021, proportion of cash loans to risk group in total cash loans is 0.001% (31 December 2020: 0.001%) and proportion of deposits from its risk group in total deposits is 5.3% (31 December 2020: 3.8%). Proportion of borrowings from its risk group in total funds borrowed is 89.4% (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 516 (30 September 2020: TL 10), other operating income is amounting to TL 2,540 (30 September 2020: TL 2,319) and there are no other operating expenses (30 September 2020: TL 10 other operating expenses). As of 30 September 2021, other commission expenses are amounting to TL 1 (30 September 2020: TL 12).

In the current period, benefits provided to the Group’s key management amount to TL 25,056 (30 September 2020: TL 22,561).

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

None.

**ICBC TURKEY BANK A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD 30 SEPTEMBER 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 September 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 27 October 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 NINE MONTH PERIOD 30 SEPTEMBER 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 September 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,

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XIANGYANG GAO

Chairman of Board of Directors

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PEIGUO LIU

Chairman of Audit Committee, And  
Member of Board of Directors

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JINHONG LI

Deputy General Manager

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HÜSEYİN HASAN İMECE

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

## ICBC TURKEY BANK A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD 30 SEPTEMBER 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 September 2021 is as follows:

Name of the Shareholder – 30 September 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
<b>Grand Total</b>	<b>860,000,000</b>	<b>100.00</b>

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

##### 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 NINE MONTH PERIOD 30 SEPTEMBER 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 September 2021	31 December 2020	%
Total Assets	24,182	25,181	(4)
Deposits <sup>(1)</sup>	14,690	11,459	28
Loans <sup>(2)</sup>	11,996	14,241	(16)
Shareholders' Equity	1,616	1,418	14
Profit <sup>(3)</sup>	197.7	98.2	130

(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 September 2020

Financial Ratios %	30 September 2021	31 December 2020	%
Return on Assets <sup>(3)</sup>	1.07	0.54	98
Return on Equity	17.38	8.37	108
Capital Adequacy Ratio	25.46	19.61	30
Loans/ Total Assets <sup>(2)</sup>	49.61	56.55	(12)
Deposits/ Total Assets <sup>(1)</sup>	60.75	45.51	33
NPL Ratio	0.37	0.32	14

(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 September 2020

## **ICBC TURKEY BANK A.Ş.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD 30 SEPTEMBER 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:**

A year that is supposed to be a celebration of the 50th anniversary of Turkey – China diplomatic relationship’s official start continues to remain under the shadow of the pandemic. Global economy is registering a gradual recovery thanks to speeding up vaccination rollout. However economic outlook is still overshadowed by the threat of the new variant. The rise in global demand from last year’s trough has caused supply constraints that along with rising transportation costs created sharp price movements in goods. Whether or not these sharp moves will transform into a permanent rise in inflation is a significant point of discussion as it will determine if the accommodative monetary policy stance of the last decade has to be adjusted. The to-do list for the post-pandemic is growing along with the necessity for cooperation and clear communication across to globe to tackle the challenges.

Turkey has and continues to have her share of problems. Each passing day is another proof of the resilient and adoptive nature of this economy. Having completed 2020 as one of the two major economies along with China registering a positive GDP growth rate, Turkey is on track to registering record high levels in 2021 as well. It should not however be overlooked that this growth performance comes at a cost of deterioration in other economic indicators. Turkey continues to struggle with high inflation. As we may be entering a period where global backdrop is no longer supportive for price dynamics, shifting attention to this issue by policymakers would be highly beneficial for the country in the long run.

ICBC’s 6th anniversary in Turkey coincides with the 50th anniversary of Turkey – China diplomatic relationship’s official start. Such milestones are reminders of ICBC Turkey’s mission to carry the strong ties between two countries beyond the boundaries of time and space and to become the flagbearer of Chinese businesses in Turkey. With that mission in mind, ICBC Turkey’s unwavering support to Turkish economy continues looking forward to building a much more glorious second 50 years and more.

Yours Sincerely,

XIANGYANG GAO

Chairman of the Board of Directors

## **ICBC TURKEY BANK A.Ş.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD 30 SEPTEMBER 2021**

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

#### **3. Letter from the Deputy General Manager**

We are leaving behind almost one and a half year of the pandemic. COVID-19 has been a part of our lives, yet the challenges and uncertainties it caused stills remains to be a crucial obstacle for conducting everyday transactions. Increased vaccinations and further breakthroughs in medicine along with cooperation and implemeting measures will help us get through these difficult times. In the face of all these challenges, Turkish banking sector continues to thrive by seamlessly supporting Turkish economy as we adopt to changing business environment within the new normal.

Amid high uncertainty, Turkish economy registered 21.7% growth in the second quarter of the year bringing growth rate in the first half of the year to 14.3%. Indicators for the third quarter suggest economic activity remains on a strong footing. Headline growth rate may cut some pace in the second half as the favorable base effect fades with 2021 full year growth coming in around 9%. Consumer price inflation has reached 19.6% as of September 2021 on an annual basis. As prices around globe of goods and commodities are rising, inflation could be expected to remain elevated. As price stability is a pre-condition for sustainable long-term growth, a cooperative and inclusive approach to reduce inflation will be beneficial.

Although celebrations are overshadowed by the ongoing pandemic, ICBC Turkey is proud as it completes its sixth year in Turkey. ICBC Group’s support grows as ICBC Turkey is on its path to become an integral part of Turkish financial system.

Yours Sincerely,

JINHONG LI  
Deputy General Manager

## ICBC TURKEY BANK A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD 30 SEPTEMBER 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 September 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 September 2021 is given below:

<b>Donation Institution (Full TL)</b>	<b>TL</b>
Türk Eğitim Vakfı	2,100.00
<b>Total</b>	<b>2,100.00</b>

#### VII. Consolidated Auditors’ Review Report

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