

From **Challenges**  
To **Achievements**



ANNUAL REPORT 2021

## CONTACT INFORMATION

### CONTACT INFORMATION

ICBC Turkey Bank Anonim Şirketi (ICBC Turkey) conducts operations as a foreign-capitalized deposit bank in Turkey. The contact information of our branches can be reached on our website under the heading of the "Contact Us"/ "Branch-ATMs" or by QR Code.

<b>Period of the Report</b>	01.01.2021 - 31.12.2021
<b>Trade Name of the Bank</b>	ICBC Turkey Bank A.Ş.
<b>Currency of the Report</b>	Unless indicated otherwise, all of the amounts are indicated in thousand TL.
<b>Trade Registry Number of the Bank</b>	224058 - İstanbul Chamber Of Commerce
<b>Head Office Address</b>	Maslak Mah. Dereboyu/2 Cad. No: 13 34398 Sarıyer - İstanbul, Turkey
<b>Head Office Phone No.</b>	0212 335 53 35
<b>Head Office Fax No</b>	0212 328 13 28
<b>Internet Site Address</b>	www.icbc.com.tr
<b>Electronic Mail</b>	info@icbc.com.tr



## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

### INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

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

#### 1) Opinion

As we have audited the full set consolidated and unconsolidated financial statements of ICBC Turkey Bank A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") for the period between 01/01/2021–31/12/2021, we have also audited the annual report for the same period.

In our opinion, the consolidated and unconsolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated and unconsolidated financial statements and the information obtained from our audit.

#### 2) Basis for Opinion

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published by Banking Regulation and Supervision Agency (BRSA) in the Official Gazette dated 2 April 2015 with No. 29314 and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Bank in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### 3) Auditor's Opinion for the Full Set Consolidated and Unconsolidated Financial Statements

We have presented unqualified opinion for the Bank's full set consolidated and unconsolidated financial statements for the period between 01/01/2021–31/12/2021 in our Auditor's Report dated 23 February 2022.

#### 4) Other Matters

The annual report of the Board of Directors as at and for the year ended 31 December 2020 were audited by another auditor who expressed an unqualified opinion on the annual report of the Board of Directors on 24 February 2021.

## Section I

## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

### 5) Management's Responsibility for the Annual Report

The Bank Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and the regulation on "Preparing and Publishing the Annual Report by Banks" published in the Official Gazette dated 1 November 2006 and No. 26333 ("the Communiqué"):

- Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- Preparing the annual report with the all respects of the Bank's flow of operations for that year and the Bank's financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the financial statements. The Bank's development and risks that the Bank may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
- The annual report also includes the matters stated below:
  - The significant events occurred in the Bank's activities subsequent to the financial year ends,
  - The Bank's research and development activities,
  - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Banking Regulation and Supervision Agency and the Ministry of Trade and related institutions while preparing the annual report.

### 6) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated and unconsolidated financial statements and the information obtained from our audit

The engagement partner on the audit resulting in this independent auditor's report is Müjde Aslan.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of DELOITTE TOUCHE TOHMATSU LIMITED

**Müjde Aslan**  
Partner

Istanbul, 23 February 2022

## ICBC TURKEY BANK ANONİM ŞİRKETİ STATEMENT REGARDING ANNUAL REPORT FOR YEAR 2021



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

Annual Report for year 2021 of ICBC Turkey Bank A.Ş., has been prepared in accordance with the "Regulation on the Procedures and Principles for Preparation and Publishing of Annual Report by Banks" published in the Official Gazette no.26333 dated 1 November 2006 by Banking Regulation and Supervision Agency, and enclosed herewith.

**XIANGYANG GAO**  
Chairman of Board of  
Directors

**PEIGUO LIU**  
Member of Board of  
Directors and Chairman  
of Audit Committee

**JINHONG LI**  
Deputy General  
Manager

**HÜSEYİN HASAN İMECE**  
Deputy General Manager  
Responsible for Financial  
Control  
and Accounting, Asset  
and Liability, Economic  
Research Department

**YAFENG HE**  
Managing Director



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# GENERAL INFORMATION

## VISION, MISSION AND STRATEGIC TARGETS

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# Clients' Choice

ICBC Turkey's vision, mission and strategic objectives have been determined as follows and disclosed to the public through the Bank's website and annual reports.



### STRATEGIC TARGETS

In light of the political movements in the nearby geography and the global financial fluctuations, achieve a deliberate and sustainable growth by protecting the Bank's steady balance sheet and strong capital structure by identifying risks correctly,

Grow in the corporate, commercial, and investment banking segments,

Sustain the growth in the retail banking area,

Closely monitor the costs and taking savings measures as practicable as possible.



## Innovation



### VISION

Within the context of the international banking conception, to become a bank that is innovative, open to developments, expeditious and meticulous in its services and the most favoured by its customers with its prudential risk management approach.



### MISSION

To generate tailor-made solutions to our customers' for their current and future needs, to establish long-lasting relations through our high-quality service approach based on knowledge and creativity, to contribute to our country's economy by creating social and economic values, to continuously generate added value for our customers, employees and shareholders.



Xiangyang GAO  
Chairman

"In the next two years of our strategic plan, we will maintain our commitment to strong growth without deviating from the strategic priorities which constitute the 48 Character Guideline"



## GENERAL INFORMATION

VISION, MISSION AND STRATEGIC TARGETS  
50<sup>TH</sup> ANNIVERSARY OF TURKISH - CHINESE  
DIPLOMATIC RELATIONSFrom today  
To tomorrow

50 years

Focusing on mutual building of “The Belt and Road” initiative, based on Turkey’s “Middle Corridor” position, stakeholders are confirming that they are ready for the “second 50 years” when they will achieve new successes. It is expected that significant leaps will be launched in areas such as infrastructure, energy, security and health care during the second 50 years.



50<sup>th</sup> anniversary of diplomatic relations between Turkey and China was celebrated in 2021.

The process which started with an agreement between two countries in Paris carried the long-established relations which extend back to centuries and Silk Road to today.



ICBC Turkey, the driving force of bilateral relations

Having completed its 6<sup>th</sup> year in Turkey, ICBC is focused on being the driving force in carrying Turkish - Chinese bilateral relations to a bright future through its products, services and solutions.

The Bank’s team consisting of Turkish and Chinese employees create added value by working together towards same goals. This is a successful example of cultural integration and collaboration of Turkish and Chinese people. Announcement of RMB by Turkey as a means of payment in bilateral trade became concrete in ICBC Turkey’s RMB services and made the Bank a pioneer in Turkish banking industry and business world.

ICBC Global Matchmaking Platform participated by more than 20 thousand companies from more than 40 countries was launched through ICBC Turkey to accelerate the bilateral relations and it was opened for use by private sector participants in Turkey.

During the last half century, political, economic, commercial, scientific, technological and cultural relations between Turkey and China created productive results. Recently, activities conducted within this context have been accelerated. Trade volume between Turkey and China increased by 15.6 % in 2021, while the world economy was experiencing the unfavorable impacts of the pandemic.

The Platform, which offers an innovative business model in development of financial services, provides opportunities for local and foreign companies to make use of potential global businesses and trade without a language barrier. ICBC Turkey will continue to contribute to Turkey’s sustainable economic development as one of the main stakeholders of Turkish - Chinese strategic collaboration.

ICBC



## GENERAL INFORMATION

VISION, MISSION AND STRATEGIC TARGETS  
AWARDS AND EVENTS

17 awards

2021



Jinhong Li  
Board Member and  
Deputy General Manager

## AWARDS



Global Business Excellence Awards

Outstanding Business

## Global Business Excellence Awards

Thanks to its successful business management practices, ICBC Turkey received the "Outstanding Business" award at the Global Business Excellence Awards in 2021.



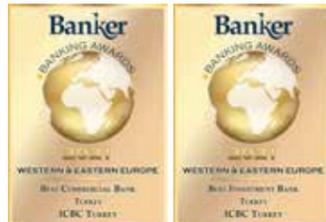
## The International Business Awards 2021

Within the scope of The International Business Awards 2021, ICBC Turkey was granted the Golden Stevie awards in two categories, "Company of the Year" and "Financial Services".



## 2020 Vision Awards

ICBC Turkey received **6 platinum** and **6 golden** awards 12 in total "Commercial Banks and Diversified Financial Services" categories within the scope of 2020 Vision Awards given by the League of American Communications Professionals (LACP).



## International Banker Banking Awards

The Bank also received the "Best Commercial Bank of the Year" and the "Best Investment Bank of the Year" 2 awards in total at the **International Banker Banking Awards** organized by the banking magazine of Finance Publishing company, International Banker.



## EVENTS

ICBC Global Matchmaking Platform  
Launch

Main Sponsor of Economic and Commercial Development Forum at the 50<sup>th</sup> Anniversary of Establishment of Diplomatic Relations Between China and Turkey

Fortune 500 Digital Summit Opening Speech by Mr Gao, Chairman of the Board of Directors of ICBC Turkey

Main Sponsor of Mobilefest Digital Technologies Fair and Conference.



## ICBC BUSINESS MATCHMAKER PLATFORM

ICBC



"We left our 6<sup>th</sup> year behind us in the Turkish market, which we entered to carry the Belt and Road initiative to the future, that is of strategic importance to China".

The Essence of  
**48 Character  
 Guideline** directing  
 ICBC Group is  
 based on strategic  
 priorities.



战略引领、从严治理  
 客户至上、服务实体  
 科技驱动、价值创造  
 国际视野、全球经营  
 转型务实、改革图强  
 风控强基、人才兴业

## STRATEGIC PRIORITIES

### Commitment to guidance of strategy and good governance

Deepens the building of governance systems and capacity; improves scientific decision making process and effectiveness of governance.

### Commitment to customer and serving the real economy

ICBC is committed to the source of real economy. The Bank commits to meeting customers' new expectations and requests in financial services; makes every effort to be "The first bank to come to mind of individual customer".

### Commitment to technology focus and value creation

ICBC supports strengthening of operations and management with the support of financial technologies. The Bank creates strong value for the real economy, shareholders, customers, employees and the society.

### Commitment to international vision and global operations

ICBC actively uses domestic and foreign markets and resources; contributes to improve the order and content of international development.

### Commitment to pragmatic transformation and reform

ICBC takes reform further in key areas and key relations in accordance with current developments; searches for more area for transformation and more active markets for reform.

### Commitment to strong foundations with risk control and talent-based development

ICBC strengthens solution-oriented thinking, combines prevention and control, provides sustainability of asset quality. ICBC strengthens humanist approach and corporate culture and develops harmony among employees.

# ICBC TURKEY'S STRATEGIC DEVELOPMENT PLAN (2021 - 2023)

## ICBC TURKEY'S STRATEGIC DEVELOPMENT PLAN

### AND 2021 ACHIEVEMENTS

ICBC Turkey, which started to provide services in the Turkish market on May 22, 2015, has fully implemented the international strategies of the Headquarters and built the leading bank with Chinese capital, preferred by the Belt and Road initiative. The Bank has taken steps towards becoming a model for financial cooperation between China and Turkey and a pioneer in cultural integration.



IN 2021 ICBC TURKEY CONTINUED TO IMPLEMENT THE "48-CHARACTER GUIDELINE" ADOPTED BY THE HEADQUARTERS WITHIN THE SCOPE OF STRATEGIC DEVELOPMENT PLAN.



#### WE ADD POWER

ICBC Turkey has started to actively diversify its activities in the Turkish market and is taking important steps in its transformation from a local bank to an international bank.

- » An active portfolio diversification
- » From a local player to an international bank

#### Our Strategy

In accordance with the requirements set out in the ICBC Head Office's Three Comparisons, ICBC Turkey has continuously reinforced its "hard power" on the axes of size, quality, benefit, management and innovation, and built "soft power" in five aspects; corporate governance, team building, corporate culture and corporate social responsibility.



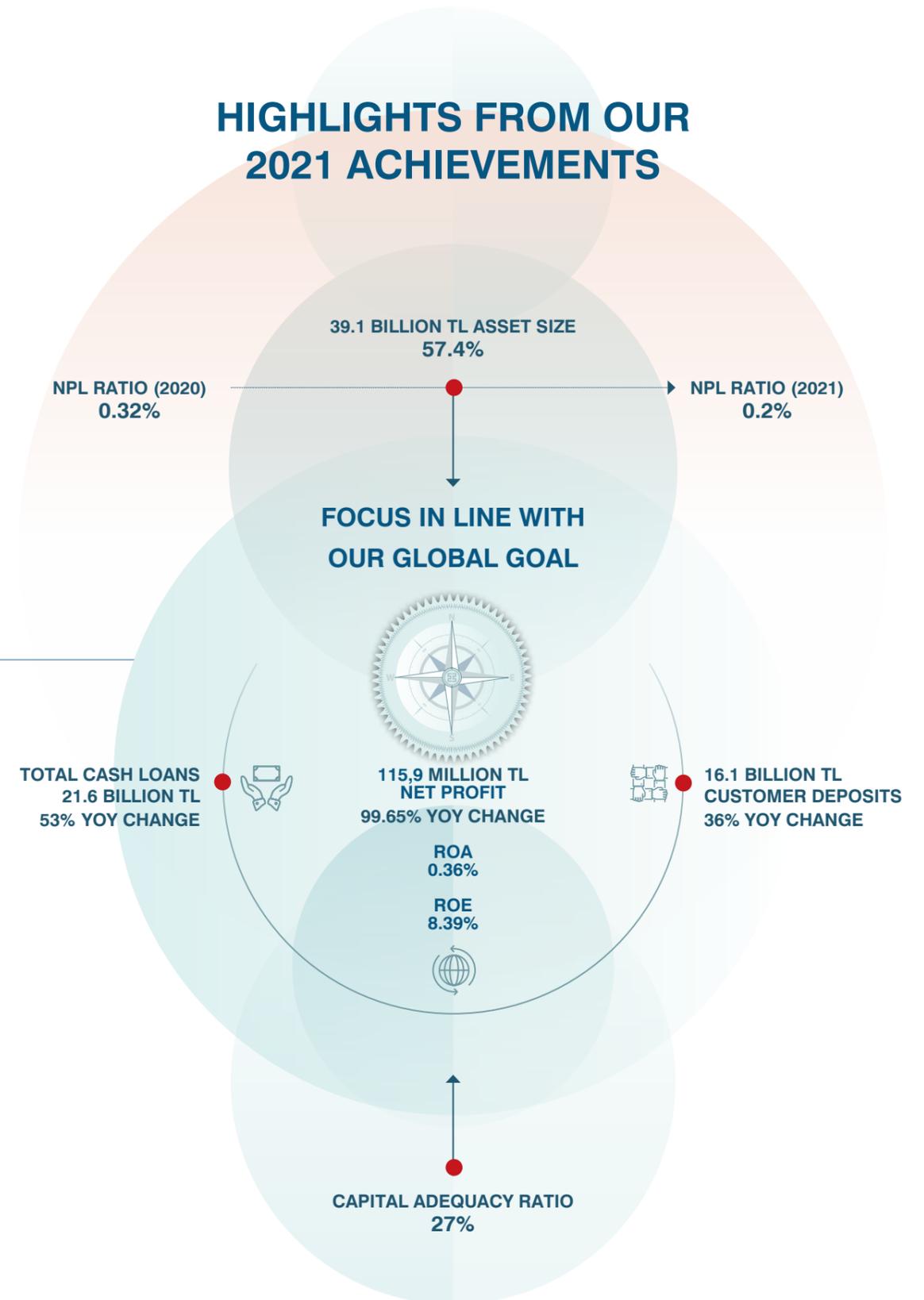
#### WE PRODUCE TOGETHER

On the other hand, the bank integrates its regional operations to contribute to the coordinated development of asset size, quality and efficiency.

#### Our Strength

- » Developing quality and efficiency
- » Integrating regional operations

## HIGHLIGHTS FROM OUR 2021 ACHIEVEMENTS



## HISTORICAL DEVELOPMENT OF THE BANK

## 1986

ICBC Turkey Bank A.Ş. (formerly named as Tekstil Bankası A.Ş.) was incorporated as a privately owned bank and authorized to accept deposits, on April 29<sup>th</sup> 1986 and started its operations on October 13<sup>th</sup> 1986.

## 1990

Shares of the Bank have started publicly traded and listed on Borsa Istanbul (Istanbul Stock Exchange - BIST) as of May 23<sup>rd</sup> 1990.

## 2006

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

## 2007

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

## 2008

The Bank's share capital was increased from 300 million TL to 420 million TL; 60 million TL out of this 120 million TL incremental share capital raise was obtained from the internal sources and the remaining 60 million TL was paid in cash.

## 2015

The Bank belonged to GSD Group until May 21<sup>st</sup> 2015. With its resolution dated April 2<sup>nd</sup> 2015 and numbered 6262, the Banking Regulation and Supervision Agency (the BRSA) authorized the transfer of all of the shares owned by GSD Holding A.Ş. corresponding to 75.5% of the Tekstil Bankası A.Ş.'s shares, to Industrial Commercial Bank of China Limited (ICBC), domiciled at the People's Republic of China. Share transfer was realized on the date of 22<sup>nd</sup> May 2015 by Extraordinary General Assembly. As of May 22<sup>nd</sup> 2015, the Bank was included in the group of foreign banks incorporated in Turkey.

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

In the context of the resolution taken at the Extraordinary General Meeting on 5<sup>th</sup> November 2015, the Parent Bank's trade title has been changed from "Tekstil Bankası A.Ş." to "ICBC Turkey Bank A.Ş." and this matter was registered with the trade registry on November 13<sup>th</sup> 2015 and published in the Turkish Trade Registry Gazette dated November 19<sup>th</sup> 2015 and numbered 8950.

On the other hand, capital markets and investment banking services out of the banking services, are provided by ICBC Turkey Yatırım Menkul Değerler A.Ş., 99.998% of which is owned by the Bank.

Tekstil Portföy Yönetimi A.Ş., 100% of the share capital of which is held by ICBC Turkey Yatırım A.Ş., has been incorporated on the date of April 21<sup>st</sup> 2015 and by the resolution taken at the extraordinary general assembly meeting held on November 5<sup>th</sup> 2015, its trade name has been changed as "ICBC Turkey Portföy Yönetimi A.Ş.". Main field of activities of the company is to establish and manage investment funds.

## 2017

By the capital increase made in 2017, share capital of the Bank, which used to be 420 million TL, has been increased by an amount of 440 million TL in cash, to 860 million TL. As a result of the capital increase, shares held by the major shareholder ICBC in the share capital of the Bank, has increased from 92.82% to 92.84%.

By the resolution taken at the extraordinary general assembly meeting, held on the date of September

8<sup>th</sup> 2017, of ICBC Turkey Yatırım Menkul Değerler A.Ş., which is an affiliate of our bank and 99.998% of the share capital of which is held by our Bank; it has been decided to increase its share capital. In this context, it has been resolved by the Board of Directors of our Bank, to exercise our pre-emption right for an amount of 39,999,200.-TL, arising from the portion of the share capital increased in cash, and to pay the amount of pre-emption right within the period set by said affiliated company. Within the framework of said resolution, said amount pre-emption right amount was paid to ICBC Turkey Yatırım Menkul Değerler A.Ş. on the date of October 4<sup>th</sup> 2017. New share capital of the company has been registered as 76,000,000.-TL on the date of October 9<sup>th</sup> 2017.



## 2021

ICBC Turkey conducts its operations through its Head Office located in Istanbul and 39 branches nationwide. Aside from its branches, the Bank also offers banking services through its retail and corporate internet banking and mobile banking.

According to the International Financial Reporting Standards ("IFRS"), at the end of the first half of 2021, the share of total consolidated assets held by ICBC Turkey Bank A.Ş. in the asset size of the Industrial and Commercial Bank of China Limited is 0.061%.



Section I

GENERAL INFORMATION

# ICBC - THE WORLD'S LARGEST BANK

Operations in **49** countries

ICBC has readers with 1,440 banks in 142 countries.

**9.2** million corporate customers

ICBC offers a comprehensive range of financial products and services to approximately 9.2 million corporate and 690 million individual customers

## A WIDESPREAD GLOBAL COVERAGE NETWORK

ICBC was founded in the People's Republic of China in 1984 and offers a wide range of financial products and services to its customers. The shares in ICBC, which has an international and integrated business model, were listed simultaneously on the Hong Kong Stock Exchange and Shanghai Stock Exchange in October 2006.

After many years of international development, ICBC had expanded its operations to six continents as of the first half of 2021, covering 49 countries and territories. With a widespread global coverage network, ICBC has distribution channels consisting of 426 international institutions, 24,689 self-service banking service points and 70,799 ATMs. The Bank also has correspondent relationships with 1,440 international banking institutions in 142 countries.

It offers a comprehensive range of financial products and services to approximately 9.2 million corporate and 690 million individual customers through its e-banking network consisting of a wide range of internet, telephone banking services and self-service banking centers with its diversified international information-based operational structure.

ICBC is supervised and regulated by the China Banking and Insurance Regulatory Commission (CBIRC), the banking authority of the People's Republic of China.



The pandemic, which affected the whole world in 2020, ushered in a period in which it is more difficult than ever to predict the economic outlook.

# 5%

## Global inflation

Global inflation rose to above 5% in 2021.

# Building a strong culture



**Xiangyang GAO**  
Chairman



In 2020, when the world was experiencing an economic contraction, Turkey was one of the few countries to post positive growth, along with China. The recovery gathered pace in 2021 with economic growth for the full year estimated to have been in double digits.

Dear Stakeholders,

## A TIME WHEN THE FUTURE CAME UNDER QUESTION

The pandemic, which affected the whole world in 2020, ushered in a period in which it is more difficult than ever to predict the economic outlook. In this period, the global economy was faced with unprecedented uncertainties which risk leading to longer-lasting and deeper effects.

The world economy, which entered a fragile and uneven recovery period after the contraction seen in 2020, posted 5.9% growth in 2021 according to the Global Economic Outlook update published by the IMF in January 2022.

During the pandemic, most central banks kept interest rates close to zero and deployed expansionary fiscal policies effectively to support the macroeconomic cycle and households. These policies, which provided significant relief and triggered a return to growth in 2021, precipitated a major shift in balances due to the surge in liquidity supplied to the markets, a strengthening of inflationary tendencies and emergence of vulnerabilities.

In the medium and long term, the deterioration in the supply chain, surging energy prices, rising inflationary trends and the increasingly tangible consequences of the climate crisis may determine the megatrends going forward and even suppress growth in some regions.

Global inflation rose to above 5% in 2021. While developed economies exhibited a tendency to return to a high inflation environment, rising prices have been becoming the key issue facing developing countries. In our opinion, we will witness a significant sea change in 2022 with governments and central banks significantly revising their policies.

Our prediction is that we may be on the cusp of a new era after the low inflation period which has been experienced in the global economy since 2009.



The world economy, which entered a fragile and uneven recovery period after the contraction seen in 2020, posted 5.9% growth in 2021 according to the Global Economic Outlook update published by the IMF in January 2022.

## TURKEY'S GROWTH JOURNEY CONTINUES

In 2020, when the world was experiencing an economic contraction, Turkey was one of the few countries to post positive growth, along with China. The recovery gathered pace in 2021 with economic growth for the full year estimated to have been in double digits. This success was thanks to Turkey's continuous use of its advantageous geographical location, dynamic population structure and strong production networks to support growth even in times of high uncertainty.

Turkey's resilience and its educated population, who are integrated with global trends, will enable Turkey to adapt to the developments in the supply chain in the upcoming period and to take important steps towards becoming a regional production hub.

Policy makers in Turkey aimed to prepare the production structure and workforce for new trends by implementing the Turkish Economic Model in 2021. In this process, a transparent approach - which covers all contributors to the economy and which is based on mutual communication - will play a key role in ensuring the Turkish economy achieves its goal of sustainable growth.

## OUR INDUSTRY DEMONSTRATES ITS STRENGTH ONCE AGAIN

The Banking sector maintained its robust growth trend in 2021 and continued to support the Turkish economy. In this period, a time in which the improvement in interest rate margins was reflected positively to profitability, the developments in digital banking continued at pace throughout the industry. The possibility of accepting customers through remote access, which entered effect with a legislative change, along the redefinition of work processes and expansion of models such as contactless and mobile banking in line with the digital banking principles will be the building blocks of the present and the future.

On December 12<sup>th</sup> 2015, COP21 conference Paris Climate agreement accepted by 196 countries and Paris Climate agreement will strengthen and give hope to reconciliation with the climate crisis and give us hope. The Paris Agreement was accepted in the Grand National Assembly of Turkey in October 2021. In this way, the concept of sustainability has risen to the top among the determinants in most product, business processes and placement decisions, especially in project finance. In the upcoming period, we foresee that Turkey will be one of the leading global actors in the transition to a low carbon economy.

## GENERAL INFORMATION

# CHAIRMAN'S MESSAGE

### LEAVING BEHIND OUR SIXTH YEAR IN TURKEY

The journey of ICBC Turkey started in 2015, when a memorandum of agreement was signed between China and Turkey, which envisages associating the Middle Corridor with the Belt and Road initiatives.

The journey of ICBC Turkey, which started in May 2015, concluded its sixth year with the global support of its shareholders and the strengthening relations between Turkey and China. In 2021, our Bank produced much more than the sum of its hard and soft powers and expanded its sphere of influence. ICBC Turkey reflected the strength and confidence of being a subsidiary of the world's largest bank to its customer relations and maintained its steady progress.

Even though the celebrations to mark the 5<sup>th</sup> and 6<sup>th</sup> anniversaries of our establishment were overshadowed by the pandemic, the success which we achieved during this period was a cause for pride and joy for us. As a result of the joint efforts and work of all of our Bank's personnel, we continued to achieve positive results in respect to preventing and controlling the effects of the pandemic in our bank this year. While attaching importance to the health of our employees, customers and other stakeholders during the pandemic, our highest priority has been ensuring business continuity and providing our customers with an uninterrupted service on a 24/7 basis. I am delighted to note that ICBC Turkey has reaped the fruits of its long-term investments in its technological infrastructure and digital channels throughout the pandemic. Our bank has successfully passed a real-time stress test in every aspect during the pandemic which emerged so suddenly.

While we rounded off this period with strong financial and operational scorecards in all of our business lines, this success, which we achieved in increasing "scale", "quality" and "efficiency", indicates that we are reflecting our potential to our performance with determination.

### TURKEY'S GROWTH SPURT IS INVIGORATING OUR REGIONAL POTENTIAL

The period which has passed since the establishment of ICBC Turkey is also important and valuable in that it coincides with a process in which Turkey has achieved significant leaps in infrastructure investment. Mega projects which have strengthened Turkey's land, sea, and air connections both within the country and with its neighbours have also helped the country, which is located at the crossroads of Asia, Europe and Africa, and served to strengthen its intercontinental connections with modern infrastructure. This geographical advantage turns Turkey's Middle Corridor initiative into an important and complementary element for the Belt and Road initiative, which China attaches strategic importance. This geographical advantage turns Turkey's Middle Corridor Initiative into an important and complementary element to the Belt and Road Initiative, an initiative which China attaches strategic importance to. Turkey's strong and determined strides towards becoming

a regional energy, transportation, finance, and production hub presents a doorway to opportunities to expand to neighbouring countries.

This situation, which fully fits in with the strategic goal of ICBC Turkey, supports our Bank in expanding its operations in neighbouring countries, centred in Turkey.

With its experienced and dedicated team, ICBC Turkey continued to adopt an international vision, to follow global operations, to develop its governance capacities in a multifaceted manner and to increase quality and efficiency with the unwavering and determined support of its Head Office in line with its positioning of "acting locally, opening up to neighbouring countries and connecting Eurasia". Thus, every project and transaction which we implement also helps us carry ICBC Turkey's place and value in the ICBC Group to a higher level each year.

### A MILESTONE IN RELATIONS BETWEEN TURKEY AND CHINA

The year 2021 was a turning point in terms of marking the 50<sup>th</sup> anniversary of diplomatic relations between Turkey and China. However, we should not forget that Turkey and China have a history of relations dating back centuries. This deeply rooted relationship has recently entered a process of establishing stronger links and creating value for all stakeholders with a commercial and economic relations.

The ICBC culture is one that is based on long-term and strategic thinking. It is not affected by short-term fluctuations and is firmly focused on the medium and long-term.

Keeping this culture in mind, we will continue to provide services to Turkish Banks, corporate and individual customers, our customers who are doing business in China and the companies with Chinese capital in Turkey in the upcoming period. We will continue to generate value and develop the ties between two countries by taking part in major infrastructure projects within the scope of the Belt and Road Initiative, major resource utilization projects, projects with high added value which are supported by the Turkish Government, green finance projects and comprehensive financial services.

Another issue that we have deepened the relations between the two countries has developed in the axis of our digital online financial services. As the only Turkish bank that can offer mobile banking services to its customers in China, ICBC Turkey has come close to its goal of becoming a customer-centered digital bank. Transactions made through related channels constituted 79% of the Bank's total as of the end of 2021.

In summary, with its sustainable growth-oriented structure, the ICBC Group will continue to diversify its investments by maintaining its relations with Turkey based on long-term and strategic goals.

## ICBC BUSINESS MATCHMAKER PLATFORM



The year 2021 was a turning point in terms of marking the 50<sup>th</sup> anniversary of diplomatic relations between Turkey and China. However, we should not forget that Turkey and China have a history of relations dating back centuries. This deeply rooted relationship has recently entered a process of establishing stronger links and creating value for all stakeholders with a commercial and economic relations.

### ENTERING THE SECOND YEAR OF OUR 3-YEAR STRATEGIC PLAN

ICBC Turkey successfully completed the first year of the 3-year strategic plan in 2021.

Thanks to our uncompromising approach towards prudent risk management, we achieved the targets we had planned in the past six years, despite the changes and volatilities in the markets.

In the next two years of our strategic plan, we will maintain our commitment to strong growth without deviating from the strategic priorities which constitute the 48 Character Guideline. At the same time, in line with our mission, we are determined to establish deeply rooted relations with a long-term sustainable growth strategy, and to strengthen the commercial, economic, and social relations between Turkey and China.

The year 2022 is set to be a year where the spotlight turns to the efforts to tackle inflation with economic policies shaped accordingly. While uncertainty surrounding the pandemic continues, balancing the fight against inflation with the possible impacts of pandemic-related uncertainty on the economy will present a challenging task and a burden of responsibility for policy makers.

As well as factors such as the contribution to the country's economy, ICBC Turkey will base its financing decisions on the impact on the environment, sustainability, and governance, while ensuring decisions are in line with the international

development strategy undertaken by the ICBC Group and local regulatory requirements. ICBC Turkey will continue to accelerate the green financing of institutions, creating a sustainable development mechanism and considering the contributions of the projects which it supports to the Belt and Road Initiative.

Turkey's role as a bridge connecting Eurasia within the scope of becoming a regional production hub is important for both Turkey's development and the success of the Belt and Road Initiative.

On behalf of myself and our Board of Directors, I would like to take this opportunity to thank the employees of ICBC Turkey, who brought this performance in 2021, for their valuable contributions.

With the unflinching and uninterrupted support of our stakeholders, we look to the future with hope, and we prepare to work, produce, and share so much more so that all humanity can enjoy better days.

Respectfully,

**Xiangyang GAO**  
Chairman

## DEPUTY GENERAL MANAGER'S MESSAGE

After the constriction in 2020 due to the impacts of the pandemic, the world economy grew in 2021 with the recovery of economic activities. However, growth demonstrated some fragility due to risks caused by the pandemic.

# 39.1 billion TL

## Asset Size

In 2021, asset size of our Bank increased by 57.4% from TL 24.9 billion to TL 39.1 billion.



**Jinhong Li**  
Board Member and Deputy General Manager



We left our 6<sup>th</sup> year behind us in the Turkish market, which we entered to carry the Belt and Road initiative to future, that is of strategic importance to China.

## Recovering world economy

Dear Stakeholders,

### RECOVERY OF GLOBAL ECONOMY

The pandemic which started in 2020 evolved into a new stage in 2021 thanks to vaccine development activities and vaccination campaigns. While news from scientific world made us somewhat happy, efforts to develop and launch new and more effective drugs accelerated. After the constriction in 2020 due to the impacts of the pandemic, the world economy grew in 2021 with the recovery of economic activities. However, growth demonstrated some fragility due to risks caused by the pandemic. Despite the increase in consumption during the pandemic period, disruption and interruptions in production and business flows caused sharp increases in prices of food, commodity, energy and transportation. These developments strengthened the inflationary trends and fight against inflation made policy-makers busy during the year 2021. It is anticipated that this situation will lead to tight monetary policies, particularly in developed economies. Disturbance due to inflation will support central banks to follow relatively hawk policies.



In Turkey, in addition to keeping the effects of pandemic on economic cycle at minimum, the Government continued to follow its policies which aims to support economic growth and employment. Hence, economic recovery that started in the second half of 2020 continued in 2021.

### STRONG RECOVERY IN TURKISH ECONOMY

In Turkey, in addition to keeping the effects of pandemic on economic cycle at minimum, the Government continued to follow its policies which aims to support economic growth and employment. Hence, economic recovery that started in the second half of 2020 continued in 2021.

Exports made the greatest contribution to growth, while keeping the current account balance under control which was deteriorated in the previous periods.

Our industry continued to support the economy despite the uncertainties in 2021. During this period, profitability targets were at the second place and our industry was focused on meeting customers' needs as much as possible. Though this choice relatively increased the burden on banks' capital structures, thanks to experienced human resources and strong capital structure, the industry achieved to be within the ratios required by local and international regulations and 2021 was successfully left behind.

### 2021 WAS OUR 6<sup>TH</sup> YEAR OF OPERATIONS IN TURKEY AND FIRST YEAR OF OUR SECOND 3-YEAR STRATEGIC PLAN.

We left our 6<sup>th</sup> year behind us in the Turkish market, which we entered to carry the Belt and Road initiative to the future, that is of strategic importance to China. We came to Turkey to position the ICBC brand as a regional power and embody the growth potential of this geography in our performance. We achieved to build a market presence and stakeholder relations in a short period of time and restored their healthy structure. I would also like to express my pleasure to be able to support Turkish economy, which is hosting a challenging development move recently, with all our resources and the active attitude of our Headquarters.

### WE ACHIEVED NEW SUCCESSES IN A FLUCTUATING AND CHALLENGING ENVIRONMENT.

Strategic priorities of our Headquarters guided us to reach new successes in the fluctuating and challenging environment of 2021. In 2021, the first round of our second Three-year Strategic Plan, total assets, credit volume, deposit base and equity size was realized as if to confirm ICBC Turkey's determination of strong and sustainable growth.

## GENERAL INFORMATION

## DEPUTY GENERAL MANAGER'S MESSAGE



Operating income of ICBC Turkey was realized as TL 1.3 billion in 2021 and net profit was TL 115.9 million. Interest income increased by 40% since 2020 year-end. Our return on assets was realized as 0.36% and return on equity was 8.39%.

In 2021, asset size of our Bank increased by 57.4% from TL 24.9 billion to TL 39.1 billion. Cash loans which is a concrete result of our contribution to our stakeholders and economy, increased by 53% from TL 14.2 billion in 2020 to TL 21.7 billion. Share of total cash credits in total balance sheet reached 55.3%. Deposits, which our customers entrusted our Bank, increased by 36% to TL 16.1 billion and its share in our liabilities became 41.14%. Operating income of ICBC Turkey was realized as TL 1.3 billion in 2021 and net profit was TL 115.9 million. Interest income increased by 40% since 2020 year-end. Our return on assets was realized as 0.36% and return on equity was 8.39%. Structure of our equity was strengthened supporting long-term and sustainable growth targets. Capital adequacy ratio which was 19.51% as of 2020 year-end increased to 26.86% as of 2021 year-end. Our credit criteria designed in accordance with our strategies and our meticulous risk management approach remained as our prioritized topics. As a result of our prudent credit policy, non-performing loan ratio of our Bank has remained to be lower than the industry average and realized as 0.20%.

#### OUR PROGRESS IN DIGITAL BANKING AREA EXPANDS THE SCOPE OF OUR SERVICES AND INCREASES THE NUMBER OF CUSTOMERS.

During the pandemic, access to information and transaction facilities rapidly and through high quality channels without physical contact have become a priority for our customers. Demand and need for digitalization have increased. Usage rates of our digital banking applications, which also help us in rapid customer acquisition, increased in 2021 and this gave an opportunity to lower the work load of branches to spend more time in marketing activities. Our Bank also took huge steps in being accessible from all over Turkey thanks to its progress in digital banking. ICBC Turkey Mobile Branch started to provide uninterrupted services to customers in China and entered into new areas in new generation technologies such as QR code payment, ATM cash withdrawal and deposit project.

Our successful steps in digital banking had reflections in our results. ICBC Turkey Mobile Branch's share in our alternative distribution channels became 63% as of the end of 2021; number of transactions realized through Mobile Branch increased by 30% and the volume of financial transactions increased by 47%. Our goal is to develop our financial service skills comprehensively and transform into a customer-focused digital bank. We anticipate that we will complete this process which is within the "Digital Banking Strategic Development Plan 2021- 2023" in 2 years.

#### LOANS EXTENDED TO CORPORATE CUSTOMERS INCREASED BY 33.9%.

In 2021, ICBC Turkey was primarily focused on activities to protect real economy participants against global volatilities and to manage placement portfolio with a risk-sensitive approach. In Corporate Banking transactions, we paid attention to focus on profitable transactions and to maintain diversity of our loan portfolio throughout the year, considering our capital adequacy. In Corporate Banking, which has remained as the focus point of our operations, total cash loans extended to our key customers in various industries increased by 33.9% to reach TL 18.21 billion; share of the loan balance of this business line in the Bank's total loans was 98%.

#### CONSISTENT ACCELERATION IN RETAIL BANKING

As we take a look at Retail Banking, we observe that this business line, using ICBC Turkey's skills in financial technologies extensively, accelerated its operations in 2021. Taking into consideration payment services' critical and strategic importance in financial services area, the Bank launched CHINEX in 2019, WeChat Pay in 2020 and carried the value proposition it offers to its customers another step further in 2021 with QR Code and Contactless Card projects.

The Bank continues its activities to launch new projects in this area. After segmentation activities in retail banking area, number of SME customers increased by 89% in 2021. During the same period, number of campaigns conducted doubled in comparison with 2020, number of POS devices increased by 86% including WeChat Pay.

#### STRONG SUPPORT FOR REAL SECTOR AND PUBLIC INVESTMENTS

ICBC Turkey, continued to be an active player in financing transactions of real sector and public institutions. One of the important projects we provided financing was Ankara - İzmir High-speed Train project and a working capital loan was extended to a significant energy supplier of Turkey. Continuing its interaction and collaboration with other institutions of ICBC global network uninterruptedly, ICBC Turkey was included in the syndication process of refinancing Turkey's largest airport project which was participated by other ICBC institutions at various shares.

ICBC Turkey accelerated its efforts in various ways in green industry which is deemed as a significant strategy in the long-run. Companies prefer green financing method to develop green industries, to prevent environmental and social risks and strengthen controls and for continuous development of low-carbon operations which aim to improve economic, social and ecological benefits simultaneously. In this context, Project and Cross Border Finance Department brings together Turkish investors with Chinese suppliers, particularly in procurement of renewable energy equipment such as solar panels and wind turbines, hence contributing to development and deepening of commercial relations between two countries. While being present at various energy investments such as wind and solar, our Bank is also focused on financing of infrastructure, real estate, port and highway projects.

Structural, customer portfolio, and credit risk reforms since 2015 along with our integration activities played an important role in successful management of operational, foreign currency and market risks caused by the pandemic, without reducing our support for the Turkish economy. ICBC Turkey will continue its active yet conservative credit approach in the following period, taking into consideration the increasing importance of risk management.

#### A BRAND NEW BUSINESS MODEL: GLOBAL MATCHMAKING

Creating a "brand new business model" to develop financial services in the age of digitalization and integration, ICBC Global Matchmaking Platform provides the opportunity for local and foreign companies to conduct trade comprehensively and securely by benefiting from global business opportunities. In addition to providing growth areas for companies from every industry and of any scale in international markets, the Platform helps them to better integrate with the industrial world and supply chain. From Turkey, 295 companies, whether they are our customers or not, participated to the Platform which includes more than 20 thousand companies from more than 40 countries and regions. These companies started to benefit from this opportunity at no cost. We believe this application will be assumed by more Turkish companies in the future and this will be a great contribution to our customer base.



ICBC Turkey will continue its active yet conservative credit approach in the following period, taking into consideration the increasing importance of risk management.

#### OUR DIRECTION IS THE FUTURE!

Turning its direction to the future with the support of the world's greatest bank, ICBC Turkey interprets the expertise and experience it gained during the six years in Turkey with a new and energetic perspective. The Bank aims to use its skills and resources for sustainable development and improvement at an increasing trend. Business environment and investment opportunities in Turkey and peripheric geography in both the short - medium term and long term will keep, even increase, its place and importance in ICBC Group's strategic plan.

When we make our forward planning, we are guided by "Three Comparisons, Three Reviews, Three Improvements" working model and 48 Characters Guideline developed by our Headquarters; we measure impacts of short-term volatilities on long-term targets and we aim to keep them at a controllable level.

We understand that investment to people means investment to success and future; we believe that leadership in competition comes from having the most skillful human resources. In addition to providing sustainable contribution to our country's economy, we will continue to put all of our assets into good use to leave a more livable world heritage to future generations.

I would like to thank all members of ICBC Turkey family and stakeholders, whom we create value together, which I believe will carry our Bank to many successes. I would also like to express my gratitude to our Headquarters and Board of Directors for their support and valuable strategic guidance.

**Jinhong Li**  
Board Member and Deputy General Manager

## GENERAL INFORMATION

# 2022 OUTLOOK

### OMICRON VARIANT AND DIRECTION OF PANDEMIC

After recording a 5.9% growth in 2021, the world economy started 2022 in a weaker position than expected. As new cases caused by rapidly spreading Omicron variant resulted in pressure on economies, increase in energy prices and supply cuts trigger inflation in many countries, primarily in the USA.

Growth of the world economy is expected to go down to 4.4% in 2022. This forecast which appeared in IMF's January 2022 update points out to a level 0.5% lower than IMF's statement in October. According to IMF foresee, growth will continue to go down at a global scale in 2023 to 3.8%.

On the other hand, 2022 is up for being a year when impacts of pandemic will mostly be out of the agenda. In addition to increasing vaccination rates in global scale, new and effective drugs being offered in the market for treatment and it is being stated that pandemic will transform into an endemic disease.



Recording a growth in 2021, the world economy is expected to continue improving in 2022, yet in an eased down state.

### BY TURKISH ECONOMIC MODEL TO THE FUTURE

Turkish Economy maintained its positive dissociation in 2021. Recording an 11.7% growth in the first 9 months, it is expected that our country grew by 9% in 2021 as a whole. Based on 2022-2024 projections of authorities, our country will grow by 5% in 2022 and 5.5% in 2023.

The Government in Turkey announced the Turkish Economic Model in December 2021. The model primarily anticipates consistent and sustainable growth with the acceleration of exports, driving force of our economy. Focused on production and exports, the model also aims to make progress in coordination with monetary and finance policies and to be out of current deficit spiral.

With reference to Turkey being a pioneer stakeholder of the global new normal thanks to its advantageous position in the global arena, market access opportunities, qualified human capital and ability for value-added production, the model targets to turn this position to advantage.



### DEVELOPMENT IN BANKING SECTOR CONTINUES

Turkish banking sector, which has been through a significant transformation at the beginning of 2000s and become stronger in both structural sense and financial endurance, continues to be the main supporter of the real sector. The banking sector also provides high quality services to households with developed digital infrastructure and funding expertise.

Completing 2021 with a successful score card, our sector is expected to record a similar success story in 2022. Moreover, our sector will continue to be the most important supporter of the private sector in providing the long-term financing required by concepts such as green production, cyclical economy and renewable energy, which have been at the top of the agenda due to climate crisis, and transitioning to a low-carbon economy.

### OUR JOURNEY OF TURNING INTO A REGIONAL POWER

Starting its 7<sup>th</sup> year, ICBC Turkey implemented its strategies in stages successfully in order to "transform into a regional power from being a boutique bank" from the first day it opened its service doors.

In accordance with its strategical targets, ICBC Turkey will continue to be a bank assessing the investment opportunities in the peripheral geography, using Turkey as a base. While contributing to Turkey's competitive edge in the changing banking world and developing FINTECH environment, ICBC's global technological know-how and experience will be offered in an increasing trend to local stakeholders and new business partnerships will be established. ICBC Turkey will continue its multilateral activities to strengthen Turkish-Chinese relations while supporting Turkish economy and its development move.

# At the top of the Economic Agenda:

### INCREASE IN INFLATION

Increasing global inflation is the first item in the economic agenda of 2022.

Inflationary developments and responses of policy-makers in both Turkey and the world may require them to re-assess global evaluations which are being done in a low-interest environment for a long period of time and to make policy changes. Tightened monetary policy against inflationary tendency in developed countries may cause a decrease in risk appetite in global markets.

While contributing to Turkey's competitive edge, ICBC's global technological know-how and experience will be offered in an increasing trend to local stakeholders and new business partnerships will be established.

## GENERAL INFORMATION

## ICBC TURKEY'S PANDEMIC STRATEGY AND MEASURES TAKEN

Implementing its decisions taken in times of crisis effectively and with its agile organizational structure taking initiative when needed, ICBC Turkey was focused on protecting its employees in 2021 as well.



In addition to providing economic benefits, career and development opportunities for its employees, ICBC Turkey also implements practices that will support their health and wellness.

# Minimization plan kept continue in 2021



## COMBATting PANDEMIC IN 2021

Pandemic affected all areas of life in a negative way and caused changes in working conditions. Implementing its decisions taken in times of crisis effectively and with its agile organizational structure taking initiative when needed, ICBC Turkey was focused on protecting its employees in 2021. The Bank took the health and well-being of its employees and their families' as its priority and implemented activities to achieve this target.

## EFFECTIVE MEASURES

In the 2<sup>nd</sup> year of the pandemic, ICBC Turkey made detailed plans (quarantine, social distancing, etc.) for compliance with rules and applications on workplace and employee health as well as procedures to follow in case of non-compliance. The Bank made an effort to manage this process by anticipating how employees will be affected when individual choices and corporate policies do not match. Measures taken with this understanding are as follows:

- Minimization plan was applied in 2021 as well and the minimum number of employees as possible was in the office with a rotation plan.
- Working hours were revised and customers were informed about service continuity in accordance with decisions taken by the Banks Association of Turkey.
- Contactless meal distribution and social distancing policy were continued.
- All floors were controlled by the Bank's nurses during working hours. Employees who fail to follow the measures and rules were warned in writing.
- Each elevator is used by only one person.
- Shuttle and private vehicles were provided for Bank's employees to prevent infection risk by using public transportation.
- All employees were given protective equipment such as masks and disinfectants on a regular basis from the start of the pandemic.

## FREQUENT TEST SERVICE AND WIDE COLLABORATION ICBC

Turkey assigned an assistant doctor and two nurses at the Headquarters and made active collaborations with qualified medical laboratories when employees need.

## VACCINATION

ICBC Turkey supports vaccination 100% to protect from the pandemic at the maximum level. To raise awareness among employees, online training was given by a professor who specialized in infectious diseases and clinical microbiology.

To encourage vaccination, vaccination allowance was distributed for employees who had two vaccinations in 2021.

## FAST AND EFFECTIVE COMMUNICATION

The Human Resources team continued to conduct continuous and transparent communication with employees during challenging conditions of the pandemic. During the process, problems of employees were tried to be resolved via telephone, e-mail, or one-to-one meetings at the fastest time possible. Throughout the year 2021, 105 e-mail communications were made for the pandemic status update. In accordance with the rules of the World Health Organization and ICBC, Human Resources Department was in continuous contact with all managing directors and employees. On-site doctor and occupational health services team prepared risk assessment reports; cases and suspicious notices are reported. Employees who are suspicious or who were in contact with sick people were suggested to take tests and visit a doctor; these were actively monitored by the Human Resources Department.



## ADDITIONAL SUPPORT

In addition to the transportation allowance, vehicle and shuttle services were also arranged to the employees during the pandemic period. Pandemic prevention allowances which started to be paid as of December 2020 continued to be paid in May, July, and December of 2021. Under the coordination of the Administrative Affairs Center, regular distribution of masks and hygiene products were carried out in all departments and branches of the Bank; compliance of employees with the rules were controlled by e-mails and via their managers.

## PSYCHOLOGICAL SUPPORT

In addition to providing economic benefits, career and development opportunities for its employees, ICBC Turkey also implements practices that will support their health and wellness. In this context, psychological health support was also provided and employees met with an expert psychologist on online platform to minimize the potential negative effects of the pandemic on employees. Pandemic awareness and employee motivation activities were conducted. The remote learning network was expanded to increase business efficiency; tests and awards were organized to increase employees' participation in trainings.

## GENERAL INFORMATION

## KEY PERFORMANCE INDICATORS

## KEY PERFORMANCE INDICATORS

Growth	31 Dec 2020	31 Dec 2021
Asset Growth Annual Variation	36,67%	57,39%
Total Loans Annual Variation*	55,75%	53,03%
Total Deposits Annual Variation**	13,59%	35,78%
Total Equity Annual Variation	4,42%	10,13%

\* Including the loans which are classified as Financial Assets at Fair Value Through Other Comprehensive Income.

\*\* Excluding bank deposits.

Profitability	31 Dec 2020	31 Dec 2021
Return on Assets Annual Variation	3,85%	43,86%
Return on Equity Annual Variation	27,80%	91,68%
Net Interest Margin Annual Variation	2,33%	3,07%
Cost Income Ratio Annual Variation	2,22%	2,67%
Cost of Risk Annual Variation	59,26%	51,00%

In 2021, our Bank's asset size increased by 57.4% from TL 24.9 billion to TL 39.1 billion. Loans increased from 14.2 billion TL to 21.7 billion TL, an increase of 53% in 2021 compared to the end of 2020. The Bank's securities increased by 70.5% in 2021 compared to the end of 2020 and reached from TL 5.5 billion to TL 9.5 billion.

ICBC Turkey's operating income for 2021 was 1.3 billion TL and its net profit was 115.9 million TL. Interest income at the end of 2021 increased by 40% compared to the end of 2020, while net fee and commission income decreased by 11%.

As of 2021 year end, based on unconsolidated financial statements of ICBC Turkey prepared in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation" which includes the "Regulation on the Procedures and Principles for Accounting, Practises and Retention of Documents by Banks" 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.

- The Bank's asset size reached TL 39.1 billion.
- Total cash loans (Loans classified as Financial Assets at Fair Value Differences Reflected in Other Comprehensive Income are included) increased by 53% compared to 31 December 2020, reached TL 21.7 billion and constituted 55.3% of the Bank's balance sheet.
- Total customer deposits increased by 36% compared to 31 December 2020 to reach TL 16.1 billion, accounting for 41.14% of total liabilities.
- Shareholders' equity increased by 10% compared to its level at the end of 2020.
- The Bank's net profit was TL 115.9 million in 2021.
- The Bank generated a Return on Assets of 0.36% and a Return on Equity of 8.39%.
- The Capital Adequacy Ratio stood at 26.86% (31 December 2020: 19.51%).

In addition, we have closely monitored the activities of the Audit Committee, Corporate Governance Committee and Remuneration Committee during the year and observed that the committees had worked effectively.

#### EXPLANATIONS REGARDING THE BANK'S NUMBER OF PERSONNEL AND BRANCHES, SERVICE TYPES PROVIDED BY THE BANK AND ITS AREA OF ACTIVITY AND THE ASSESSMENT OF ITS POSITION IN THE SECTOR BASED ON THESE CRITERIA

The operations of the 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 Bank also operates, through its branches, as insurance agent of Sompco Japan Sigorta A.Ş., Türkiye Hayat ve Emeklilik A.Ş., Fiba Emeklilik and Hayat A.Ş., HDI Sigorta A.Ş. and Axa Sigorta A.Ş.

As of 31 December 2021, the Bank had 39 branches located in proximity to Turkey's industrial zones. As of the same date, the number of employees working at the Bank was 731 (as of 31 December 2020, there were 39 branches and a total of 726 employees).

Our Bank's position in the sector as of year-end 2021:

- Our Bank's total assets grew by 57.4%, while total assets in the sector increased by 50.9%.
- The total loan volume of our Bank increased by 52.9%, while the total loans of the sector increased by 41.5%.
- The total deposits held by our Bank (including banks' deposits) increased by 40%, while total deposits in the sector increased by 53.5%.
- Our Bank's total securities portfolio expanded by 70.5% while the total securities portfolio of the sector increased by 44.4%.
- Our Bank's non-cash loans increased by 11.6% while the total non-cash loans in the sector increased by 67%.
- Our Bank's ROE increased by 8.39% whereas the total return on equity in the sector increased by 15.34%.
- Our Bank's net-profit for the year increased by 99.65% whereas the total net profit/loss in the sector increased by 57.40%.

The Bank's budget is approved by the Board of Directors. The realization of the budget is regularly scrutinized based on the performance criteria.

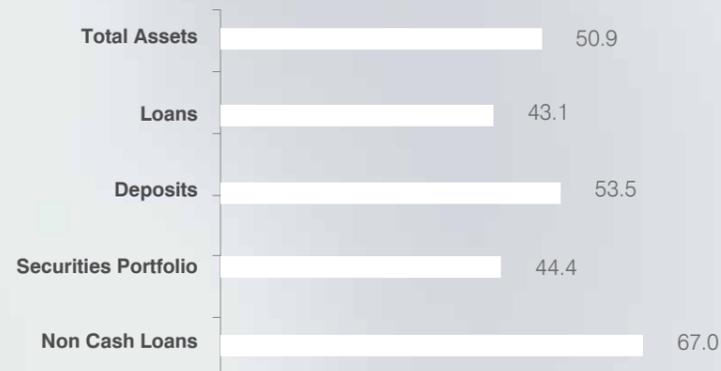
Million TL	31 December 2020		31 December 2021		Change	
	ICBC Turkey	Sector <sup>1</sup>	ICBC Turkey	Sector	ICBC Turkey	Sector
Cash and CBRT	3,161	374,433	7,605	747,603	140.59%	99.7%
Placements to Banks and BPP	1,870	210,796	389	475,845	-79.2%	125.7%
Securities Portfolio	5,572	1,021,894	9,497	1,475,849	70.5%	44.4
Loans <sup>(*)</sup>	14,155	3,422,065	21,481	4,897,808	51.8%	43.1%
Loans (Including Non-Performing Loans)	14,165	3,574,625	21,661	5,057,834	52.9%	41.5%
Non-Performing Loans (Gross)	46	152,560	44	160,026	-3.9%	4.9%
Special Provisions for the Non Performing Loans	36	114,324	38	127,484	5.7%	11.5%
Total Deposits and Funds	12,036	3,455,314	16,847	5,303,348	40.0%	53.5%
Non Cash Loans	9,412	1,002,242	10,503	1,673,301	11.6%	67.0%
<b>Total Assets</b>	<b>24,863</b>	<b>6,106,415</b>	<b>39,130</b>	<b>9,213,196</b>	<b>57.4%</b>	<b>50.9%</b>

<sup>1</sup>Based on the data obtained from the BRSA's Monthly Sector Bulletin dated December 2021.

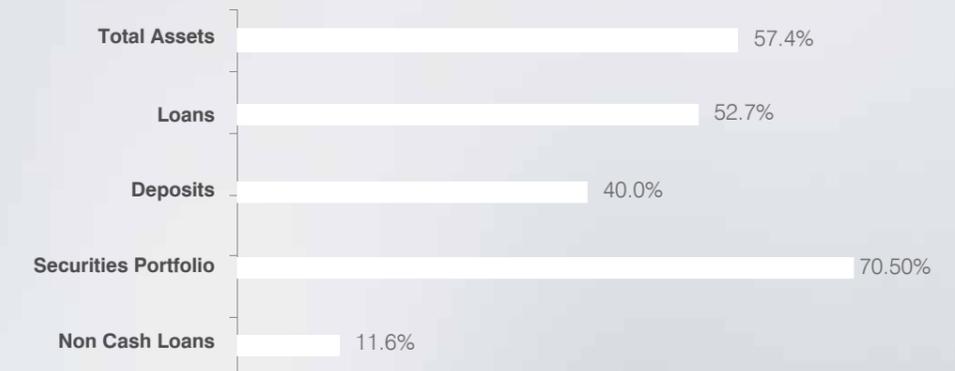
\*Loans classified as Financial Assets at Fair Value Differences Reflected in Other Comprehensive Income are included.

## ICBC TURKEY'S POSITION IN THE SECTOR (As of year end 2021)

## SECTOR (%)



## ICBC TURKEY (%)



## GENERAL INFORMATION

## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

In order to gradually transform its business from being a local bank to a regional and an international bank, respectively, ICBC Turkey Corporate Banking actively diversified its local operations and used all the opportunities on hand for the coordinated development of asset size, quality and efficiency.

## Focusing on Local Development



## CORPORATE BANKING DEPARTMENT

## 48 CHARACTER GUIDELINE

Corporate Banking Department rigorously applies ICBC's "48 character guideline".

Adopting an international vision in accordance with "Focusing on local development, expansion in neighboring regions and connecting Europe with Asia" positioning, the Department continued its activities to follow global operations, to develop its governance capacities multilaterally and to increase quality and efficiency.

In order to gradually transform its business from being a local bank to a regional and an international bank, respectively, ICBC Turkey Corporate Banking actively diversified its local operations and used all the opportunities on hand for the coordinated development of asset size, quality and efficiency. Together with the Regional Development Committee, ICBC Turkey Corporate Banking acts as the leader for better recognition of ICBC Turkey's credit region, shared the reports prepared with the Headquarters and demonstrated the attention it pays for continuous development of the Bank one more time.

Corporate Banking Department developed its position by adapting to changes in the market in 2021; increased its competitive edge by increasing its support to key industries and key customers for their financing needs.

Total credit volume of ICBC Turkey Corporate Banking Department as of 2021 year-end was TL 13.3 billion (TL 6.9 billion as of 2020 year-end) including Booking Center transactions whereas non-cash credits were TL 1.36 billion. Increase in cash credits, including Booking transactions, was realized as 92.75% and in total credits, increase was 76.6%. On the deposits side total current and time deposits which was TL 4.2 billion as of 2020 year-end increased to TL 5.2



Serving a wide range of diverse industries from retail to financial services and diverse structures from manufacturing to large holding companies, ICBC Turkey supported its profitability with subsidiary and supplementary transactions and took its place near companies for their short and long-term credit needs.

billion as of 2021 year-end. Total asset size of ICBC Turkey branches in segments which are under the management of Corporate Banking Department increased by 111% from TL 4.7 billion to TL 10 billion.

### Profit of Corporate Banking increased by 23% during the same period.

## A DIVERSE PORTFOLIO

Serving a wide range of diverse industries from retail to financial services and diverse structures from manufacturing to large holding companies, ICBC Turkey supported its profitability with subsidiary and supplementary transactions and took its place near companies for their short and long-term credit needs.

Corporate Banking Department consider Turkey's sustainable development and the Bank's economic growth equal thus supports construction of clean transportation, green energy and other infrastructure projects.



Corporate Banking Department consider Turkey's sustainable development and the Bank's economic growth equal thus supports construction of clean transportation, green energy and other infrastructure projects.

With reference to the fact that future depends on green transformation, all industries and investments which will contribute to transformation are in the radar of ICBC Turkey.

The Bank also deems standing by and supporting industries such as aviation and tourism which were affected by the pandemic among its priorities.

### VALUE PROPOSITION TO A HIGH PROFILE CUSTOMER BASE

Corporate Banking Department successfully takes place in structured financing transactions including syndication credits of local Turkish and global players.

At the beginning of 2021, the Bank participated the syndication transaction of Borusan Holding, one of the largest holdings in Turkey, for an amount of USD 260 million as the largest 3<sup>rd</sup> financier among 11 banks.

The first green financing of ICBC Turkey was realized by participating to syndication lead by EBRD for financing of Ford Otosan's electric / hybrid vehicle production via ICBC Dubai at an amount of EUR 60 million. The Bank also continues its collaboration with international finance

Section I

GENERAL INFORMATION

ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

SUCCESSFUL ACTOR IN FINANCING TRANSACTIONS



Corporate Banking Department successfully takes place in structured financing transactions including syndication credits of local Turkish and global players.

The Bank delivered account provider service to ICBC London for limit extension. The Bank also mediated ICBC Tokyo's THY and ICBC Leasing's Pegasus airplane financing transactions.



At the beginning of 2021, the Bank participated the syndication transaction of Borusan Holding, one of the largest holdings in Turkey, for an amount of USD 260 million as the largest 3<sup>rd</sup> financier among 11 banks.

Platform was established for the purposes of supporting imports and exports, providing solutions for problems companies face in cross border trade such as asymmetric information, language barrier and uncertain policies. Another purpose of the Platform is to help businesses at each scale and from each industry to grow in international markets.

Serving businesses through a platform for the first time with the objectives of opening up to foreign trade and supporting exports with technological methods, ICBC Global Matchmaking Platform helps companies at every scale to better integrate with the global industrial world and supply chain.

There are approximately 20 thousand companies from more than 40 countries and regions in the Platform. As a result of ICBC Turkey's activities in Turkey, 295 companies from Turkey, whether they are its customers or not, had the opportunity to participate the Platform at no cost.

institutions and other ICBC companies. The Bank delivered global account provider service to ICBC London for limit extension at the refinancing transaction of USD 1.3 billion for SOCAR Turkey, one of Turkey's largest foreign investors. The Bank also mediated ICBC Tokyo's THY and ICBC Leasing's Pegasus airplane financing transactions.

Moreover, compliance activities for ICBC Group's limits were performed specific to multinational companies. In addition to Beijing and Guangzhou branches under ICBC Headquarters, the Bank was in close relation with ICBC Amsterdam, ICBC Thailand, ICBC Frankfurt and ICBC Zurich and enabled Turkish subsidiaries of such companies to be included in ICBC's global limits.

ICBC GLOBAL MATCHMAKING PLATFORM

ICBC Global Matchmaking Platform which offers a "brand new business model" for development of financial services, enables local and foreign companies to benefit from global business opportunities for comprehensive and secure trading without the language barrier.

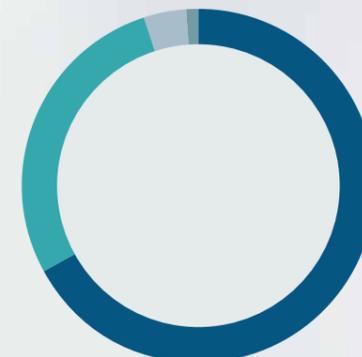


ICBC Turkey maintains intensive cooperation with international financial institutions and other ICBC institutions.



BREAKDOWN BY RISK SEGMENT

%



Corporate Banking Department successfully takes place in structured financing transactions including syndication credits of local Turkish and global players.

## GENERAL INFORMATION

## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

## ALTERNATIVE DISTRIBUTION CHANNELS

ICBC Turkey's cash management transactions consist of collection and payment systems which allows commercial and corporate customers of the Bank to manage their cash flows both electronically and with classical methods. Among these systems, which allows for hassle-free and secure banking transactions, are Direct Debiting, Bulk EFT / Cash Transfers from Branches and internet channels, Continuous Check Printing System, Electronic Signature, FTP and Web Service, Electronic Confirmation Accounting Integration and Corporate Internet Banking products.

Furthermore, the Bank also mediates companies' legal and periodic payments.

In 2021, tendency to cash management and use of electronic banking products increased. The number of customers using FTP and Web Services increased by 143% and a volume of TL 192 million was achieved for mediation of legal and periodic payments of companies.

## AS A KEY STAKEHOLDER OF BELT AND ROAD INITIATIVE

ICBC Turkey has become a model for financial collaboration between Turkey and China by achieving operational management and transformation based on its vision to build a Chinese based bank preferred by the Belt and Road initiative.

For the last 6 years, in addition to Chinese companies and capital inflow, existing Chinese companies such as Huawei developed their position in the market.

In addition to Turkish investments within the geography of Belt and Road initiative, investments of local firms which are residents of these regions in Turkey are being monitored rigorously.

ICBC Turkey closely follows business opportunities for companies within the Regional Integrated Development Plan, with Turkey in the center, by strengthening its presence in Eastern Mediterranean and Black Sea regions including expansion in Israel, Northern Macedonia, Azerbaijan, Georgia and other markets.

In addition to financial support to investors from these countries to Turkey, the Bank also offers legal consultancy and information about Turkey's investment environment.

## BRIDGE BETWEEN TURKEY AND CHINA

One of the priorities of ICBC Turkey is to be a bridge for initiatives ad trade between Turkey and China.

Year after year, transaction volume between two countries increase and both Turkish entrepreneurs' transactions in China and Chinese businesses' investments in Turkey accelerate.

Being aware of these developments ICBC Turkey continues to fully support Turkey's target of being a regional transportation and energy center, which is also compliant with the Belt and Road Project, and provides financing for all customers at high standards.



ICBC Turkey closely follows business opportunities for companies within the Regional Integrated Development Plan, with Turkey in the center, by strengthening its presence in Eastern Mediterranean and Black Sea regions including expansion in Israel, Northern Macedonia, Azerbaijan, Georgia and other markets.

ICBC Turkey promoted Turkish food and agriculture firms at the ICBC stand in China International Import Expo which was organized for the fourth time in Shanghai. The Bank also brought into force ICBC Global Matchmaking Platform to lead its customers to benefit from collaboration opportunities in China at online environment.

Furthermore, online participation was made possible by ICBC Turkey to Canton Fair which is being organized since 1957. Such organizations accelerate the trade between Turkey and China and also contribute to the Bank's corporate customer portfolio.

## ENTITIES CLOSEST TO PUBLIC- LOCAL ADMINISTRATIONS

Local administration units have a significant position as they are closest units to public. Recently, the Corporate Banking Department started to contact local administration offices to identify their needs. Visits and teleconferences were realized through branches at the cities where ICBC has branches and through closest service point where there are no branches.

Credit packages were established and presented to municipalities based on their requests. In the following periods, support will be provided for roads, water and infrastructure which are services based on municipalities' duties. The Bank will also follow up efficiency increasing projects of municipalities such as wind and solar power plants.

The most important advantage in this area differentiating ICBC Turkey from other banks is the Bank's ability to implement its experiences in collaborations with local administrations internationally to municipalities in Turkey and to reflect its power in the world in this area to a region.

## ABOUT THE FUTURE

ICBC Turkey is determined to support existing and new customers with its strong resources and product-service range in Corporate Banking. Transportation, health care, energy and other infrastructural sectors are at the top of the areas to be focused on.

ICBC Turkey value chain will be further developed by monitoring major infrastructural projects, large resource utilization projects, foreign industrial park constructions and other projects within the scope of Belt and Road Initiative, high value projects supported by the Turkish Government, specialized product programs and comprehensive financial services.

Corporate Banking Department will continue to apply its conservative approach for credit risk, particularly in current market conditions, and will pay attention to management after extension. Customers' foreign currency risks will be managed with appropriate hedging instruments.

Changing consumption habits which lead the global economy will continue to be the priority of future periods. Redefinition of business processes and models as mainly contactless and mobile and decrease in physical contact are the building stones of today and the future.

With its resilient economy and its young and dynamic population which can integrate easily to new trends, Turkey is very advantageous in that sense. With the purpose of increasing the diversity of the products to be offered to leading corporate firms of the industry with a high payment power, the Bank plans to offer new products which are being used within the ICBC Group to Turkish market. In this context, Supplier Financing System and Electronic Letter of Guarantee products will be launched in 2022.

40

countries and regions on an integrated platform

There are approximately 20 thousand companies from more than 40 countries and regions in the Platform.



## GENERAL INFORMATION

## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

## PROJECT AND CROSS BORDER FINANCE DEPARTMENT

## SUPPORT FOR THE REAL SECTOR AND PUBLIC SECTOR UNDER THE SHADOW OF THE PANDEMIC

Pandemic, which intensified in 2020 but normalization steps started to be observed in 2021, continues to exist to some extent and affect real and financial markets negatively on a global scale. Though devastating impacts of the pandemic are more evident at some critical sectors, recovery in specific sectors has started. Expectations for 2022 are getting stronger, in line with the improvement and acceleration of the vaccination process. The basic opinion in the market is that a strong recovery will be observed in 2022 and the market will go back to where it was before the pandemic.

In this atmosphere, Project and Cross Border Finance Department successfully achieved its credit, deposit and profit targets in 2021. Among the transactions increasing credit and profit are the realization of financing transactions real and public sectors need in addition to extension of credits the Bank signed and committed in the previous periods.

## HIGHLIGHTS OF THE FINANCING ACTIVITIES REALIZED IN 2021

During the first quarter of 2021, the Bank extended a working capital credit of EUR 20 million to ERG İnşaat A.Ş., a reputable customer which holds important projects, for the construction of Ankara-Izmir High-speed Train project that it won the tender of.

During the year, within the scope of Optimum Ankara Shopping Mall Project sponsored by Rönesans Holding, one of the leading customers of ICBC Turkey, refinancing transaction of Kurtköy Gayrimenkul A.Ş.'s USD 85 million credit was completed. This transaction was deemed significant as it reduced the negative impact of pandemic on the shopping mall industry. By supporting this transaction, which is of strategic importance for the sponsors, ICBC Turkey confirmed its target of sustainability and further development of customer relations with Rönesans Group companies in various segments.

Project and Cross Border Finance Department provided a working capital credit of EUR 15 million to one of the most important energy providers of the country, BOTAŞ, to be used in financing of the existing gas purchasing agreements with the purpose of providing energy input to households, industrial institutions and power plants using natural gas in their production. Due to BOTAŞ being the main market player, their investments being supported by the Government of Turkish Republic, its support for the market by developing industrial production and its contribution to help Turkey reach its inflation targets, the Bank aims to increase its existing risk balance and income.



Project and Cross Border Finance Department successfully achieved its credit, deposit and profit targets in 2021. Among the transactions increasing credit and profit are the realization of financing transactions real and public sectors need in addition to extension of credits the Bank signed and committed in the previous periods.



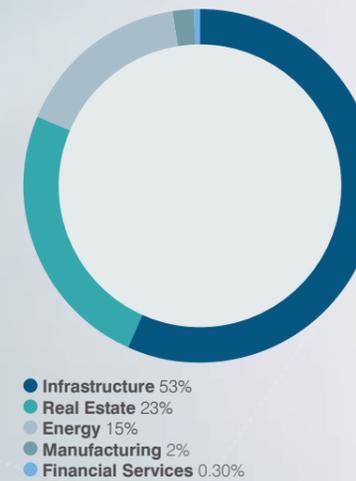
A cash credit of TL 20 million was extended to Dünya Asset Management, which is the second largest actor of asset management sector in Turkey and whose main operations are purchasing the non-performing receivable portfolio of banks and other financial institutions and management of non-performing receivable portfolio by debt collection and restructuring.

## IN TERMS OF RELATIONS WITH OTHER ICBC INSTITUTIONS

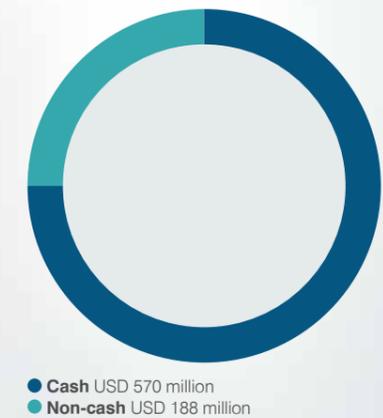
In addition to existing transactions within the area of its authority, Project and Cross Border Finance Department continues its communication and collaboration with other ICBC institutions without disruption. Some of the transactions are reserved for ICBC Dubai booking center, thus achieving more beneficial results in terms of profitability for both parties. Moreover, ICBC Standard may be included in hedging transactions within the scope of the same projects.

Similarly, being aware of the willingness of some members of the ICBC Group for financing of projects with potential of value creation, ICBC Turkey offers relatively low-cost financing opportunities to its customers with innovative financing models together with ICBC Tokyo, ICBC Milan and other Group members.

## PROJECT AND CROSS BORDER FINANCE PORTFOLIO BREAKDOWN BY SECTOR %



## PROJECT AND CROSS BORDER FINANCE CREDIT PORTFOLIO BREAKDOWN USD million



As of December 2021, credit placement size is USD 758 million, of which USD 570 million is cash and USD 188 million is non-cash credits.

Keeping its forward-looking communication windows open, Project and Cross Border Finance Department, in collaboration with ICBC Macau, had the opportunity of being a part of a transaction which one of Turkey's most prestigious companies, BOTAŞ is the borrower within the scope of Guarantee of Treasury of the Republic of Turkey.

Right before the pandemic, the Department participated in the syndication process for nearly EUR 3 billion for the refinancing of Turkey's largest airport projects which was led by ICBC Headquarters- Private Finance Transactions Department and participated by different ICBC institutions at varying shares.

## PROJECT AND CROSS BORDER FINANCE DEPARTMENT IN NUMBERS

Since its inception in 2015, Project and Cross Border Finance Department realized closing of 17 projects with a limit of USD 1.28 billion. Number of customers as of 2021 year-end is 109.

USD 409 million cash credits are at ICBC Turkey's balance sheet whereas USD 161 million was extended through booking center.

While collection of arrangement fees in financial closing of project financing transactions constitutes the most significant fee income, this income is supported by commitment commissions collected at each interest period throughout the period where project limits are effective. Furthermore, letter of guarantee commissions is another important income item as a result of mediation transactions of foreign credit extensions.

Total net income of the department increased by 50% compared to the same period of prior year and realized as TL 190.7 million. 60% of this is from net interest income, 29% from net fees and commissions, remaining 11 % is from Headquarters premiums. Net income from fees and commissions which was TL 42 million as of December 2020 increased by 33% and reached TL 56 million as of the end of December 2021.

## GENERAL INFORMATION

### ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

5 of the 17 projects which Project and Cross Border Finance Department financed are **renewable energy projects** which make up 30% of the total portfolio.



#### ICBC Turkey Belt and Road Initiative

Project and Cross Border Finance Department aims to get a share from trade and investments of China which is a pioneer of the globalization process.

#### ACTIVITIES IN SUSTAINABLE BANKING

Projects within the scope of sustainable banking evaluated by ICBC Turkey consist mainly of renewable energy power plants. As of 2021 year-end, 5 of the 17 projects which the Department financed are renewable energy projects which make up 30% of the total portfolio in terms of quantity.

Lately, investors operating within the scope of sustainable financing are requesting green financing for renewable energy resources and assets like investment facilities for batteries of electrical vehicles. In addition to development of green industries, prevention of environmental and social risks and strengthening of control, companies prefer green financing for projects which increase economic, social and ecological benefits.

By bringing together Turkish investors with Chinese suppliers in the energy industry for the procurement of renewable energy equipment like solar panels and wind turbines, Project and Cross Border Finance Department contributes to the increase of foreign trade volume between two countries, which is close to USD 26 billion, and development of economic relations which consist of mainly imports.

#### ICBC TURKEY WITHIN THE SCOPE OF BELT AND ROAD INITIATIVE

Project and Cross Border Finance Department aims to get a share from trade and investments of China which is a pioneer of the globalization process with the purpose of helping economic relations between Turkey and China to be sustainable and in balance. In this context, the Bank pays attention to having three elements, namely Chinese origin investors, EPC or machinery-equipment supply, in projects monitored and supported by ICBC Turkey Management and ICBC Headquarters.

Within the scope of Belt and Road Initiative which was announced in 2013 and which aimed enlivenment of the historic Silk Road, economic and commercial growth among two countries gained stability and progress was made in development of cultural relations. Being the point of intersection of the Silk Road, Turkey is the natural partner for China's Belt and Road initiative.

The Middle Corridor project developed by Turkey is also compliant with Belt and Road initiative. In this context, Project and Cross Border Finance Department provided significant contribution to the benefits and importance of this corridor by taking a share of EUR 68.8 million in the EUR 1.1 billion syndication for Ankara-Niğde Highway Project which was participated by prestigious creditors. This corridor will contribute not only to trade between China and Turkey but also to development of social and cultural interaction.

#### 2022 TARGETS AND EXPECTATIONS

The primary project financing target of ICBC Turkey which supports Turkey's development model and acts in accordance with the Belt and Road approach is to strengthen the economic relations by building a permanent bridge between people of Turkey and China.

Project and Cross Border Finance Department will continue its activities in 2022 to be ICBC Headquarters' window, opening to Turkey, to support ICBC Turkey to reach its profitability targets and to contribute to sustainable financing projects.

When considering the fact that 28% of Project and Cross Border Finance Department's total cash credit volume consist of booking transactions, developing relations with booking centers will be effective in increasing credits and income levels. Hence, opportunity to enter into large-scale credit relations with reputable companies of Turkey will be possible with low-cost competitive prices provided by ICBC Dubai and other booking centers with the purpose of bringing together Chinese companies and Turkish investors in the next 3 years.

Project and Cross Border Finance Department will actively continue to increase its activities in sustainable banking and to encourage green financing.

Project and Cross Border Finance Department achieved its credit, deposit and profit targets successfully in 2021. Besides the disbursement of the loans that are signed and committed in the past, financing transactions real and public sector needed has also contributed to the increase in department's credit volume and profit.

#### ICBC Business Matchmaker Platform



## GENERAL INFORMATION

## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

## FINANCIAL INSTITUTIONS BUSINESS DEPARTMENT

## SUPPORT PROVIDED BY MULTILATERAL AND STRONG RELATIONSHIP NETWORK

ICBC Turkey Financial Institutions Business Department acts with the mission of supporting economic development.

The Department developed its relations with prestigious financial institutions in 2021 and strengthened its support for the Turkish economy by increasing business volumes which is a reflection of trust in banking industry.

Financial Institutions Business Department never limits itself within ICBC Turkey's products and services; provided its customers services and solutions from ICBC Group's wide product variety and advantages.

ICBC Turkey also took effective roles in syndicated loans of Turkish banks. Eximbank's syndicated loan in May 2021 coordinated and participated through ICBC Dubai for an amount of USD 35 million and 1 year maturity.

Another participated transaction was Denizbank's RMB syndicated loan, which was a first in Turkey, organized and coordinated by the Bank. The transaction realized in June 2021 was participated through ICBC Dubai for an amount of CNY 125 million and 1 year maturity.

As in the prior periods, the Bank successfully completed Ziraat Bank's Eurobond issuance and Turk Eximbank and VakıfBank bond issuances in collaboration with ICBC Standard.

The Bank also completed asset transfer of bilateral loans extended to Turkey's reputable banks to ICBC Dubai. Furthermore, the Bank continued to provide RMB account services to 15 selected correspondents which have CNY accounts with ICBC Turkey.

At the beginning of 2021, booking loan portfolio was USD 650 million related with bilateral loan transaction with Türkiye Kalkınma ve Yatırım Bankası and İşbank which were extended in previous years and not yet matured. During the year this amount mounted to USD 1,380 million thanks to Turk Eximbank bilateral loan and syndicated loan, VakıfBank bilateral loan, Denizbank syndicated loan including asset transfer transactions.

Total assets of the Financial Institutions Business Department amounted approximately USD 1,600 billion as of the year-end. Through collaborations and adopting a win-win approach, The Bank raises its contribution provided to its selected customers and ICBC Group's added value to the highest level.

## GROWTH IN FOREIGN TRANSFER TRANSACTIONS

ICBC Turkey is focused on meeting its customers' needs in all areas and all business lines. One of these areas is local and foreign international money transfer transactions.

Additionally, ICBC Turkey's Financial Institutions Business Department mediates CNY transfers successfully through bilateral Swap Agreement between Central Bank of the Republic of Turkey and People's Bank of China by using ICBC Group's wide RMB clearance network.

ICBC Turkey further strengthened its most preferred RMB bank position in Turkey in 2021. Significant increases were observed in RMB credit volumes as well as RMB transfer volumes.

## UNIQUE ADVANTAGE PROVIDED BY MIDDLE CORRIDOR OF BELT AND ROAD INITIATIVE

ICBC Turkey is focused on benefiting from unique advantages provided by the Middle Corridor of China's Belt and Road Initiative and creating added value for all stakeholders by developing its business volume in accordance with its strategic targets.

In this context, Financial Institutions Business Department acts with ICBC's wide product and service range; offers services and innovative solutions for its customers in countries assigned by the Headquarters and neighboring geographies.

50<sup>th</sup>  
Year

## Diplomatic relations

2021 was the 50<sup>th</sup> year of relations between Turkey and China.

AT THE 50<sup>TH</sup> YEAR OF TURKISH-CHINESE RELATIONS...

2021 was the 50<sup>th</sup> year of relations between Turkey and China.

Taking advantage of two countries' strategic collaboration development steps at this very special anniversary, ICBC Turkey continued to provide multilateral services for its selected customers without compromising from quality adopting the service approach summarized by the motto 'Sure we can'.

ICBC Turkey's goal is to reinforce customer service on a global scale without limiting itself with two countries and become "the bank of the banks". We will continue working on our targets of customer satisfaction, risk minimization, providing special solutions based on needs and creation of value by adding value.

35<sup>million</sup>  
USD

## Syndicated loan

The Bank participated in Eximbank's syndicated loan through ICBC Dubai at the amount of USD 35 million and 1 year maturity.

## STRONG CONTRIBUTION TO THE BANK'S BALANCE SHEET

Financial Institutions Business Department made a significant contribution to the Bank's profit during the year 2021, achieved its targets successfully and played an important role in asset consistency of our Bank.

## LOOKING AHEAD TO THE FUTURE

Financial Institutions Business Department is focused on developing customer relations, making use of cross-sell and marketing opportunities in accordance with ICBC Turkey's strategic plan.

The Bank aims to increase interbank transaction volume, primarily syndicated loans, and increase its contribution to Turkey's economic development. Moreover, ICBC Turkey plans to expand collaborations effectively in a wide range including bilateral loans, trade financing, RMB transactions, bond issuances and Belt and Road initiative and enhance the value it creates.

## GENERAL INFORMATION

## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

## INTERNATIONAL BUSINESS DEPARTMENT



At ICBC Turkey, fee and commission income - Trade financing and international payments increased by 80% in 2021.



At ICBC Turkey, imports and exports letters of credit increased by 48% in 2021.



At ICBC Turkey, letters of guarantee, counter guarantees and standby letters of credit increased by 13% in 2021.

Transaction volume of ICBC Turkey's international payments reached USD 10.1 billion and foreign trade volume reached USD 731 million.

## REMARKABLE INCREASE IN TRANSACTION VOLUMES

International Business Department identified and implemented strategies to improve and develop international payments, foreign trade transactions and foreign trade relations in 2021.

As a result of the newly established policies, ICBC Turkey's international payment transaction volume reached USD 10.1 billion and foreign trade volume reached USD 731 million.

Comprehensive service network of ICBC Group which expands to more than 49 countries facilitates offering a wide range of products and services to its customers. This network allows the Bank to use foreign trade products easily through ICBC Group's foreign branches, to make transactions in-house to provide better services to Turkish customers and to apply a win-win approach with the foreign branches.

The largest increase in volume for transactions with foreign branches of ICBC Group was import letter of guarantees which was doubled in 2021 when compared with 2020.

Business model of the International Business Department is built on working together with ICBC Group's overseas branches and group members to evaluate customer-project-market opportunities to grow market share of the Bank and provide appropriate trade financing products.

## DEVELOPMENTS IN NON-CASH TRANSACTIONS

Since 2015 to date, ICBC Turkey never had a non-performing loan in its trade financing transactions.

Main transactions of the International Business Department are import letters of credit, letters of guarantee, letter of credit confirmations and discount transactions.

The Bank was focused on export transactions in 2021. A total of 35 export letters of credit discount transactions were completed in 2021. Moreover, export letter of credit confirmation transactions accelerated in comparison with 2020, confirmations were added to 7 export letters of credit and a total of USD 37.82 million of transactions was realized.

Mediating projects in Turkey as a guarantor in letters of guarantees, ICBC Turkey completed USD 60.1 million of transactions in 2021.

Financing of trade is evaluated based on good trade, good logistics and good cash flow and risk management is easier than cash credits. Since 2015 to date, ICBC Turkey never had a non-performing loan in its trade financing transactions.

## KEY ROLE IN CHINESE-TURKISH TRADE

ICBC Turkey plays an important role in bilateral trade relations between Turkey and China. ICBC Turkey helps businesses with Chinese capital find market opportunities in Turkey through financial instruments like letters of credit and letters of guarantee. Moreover, the Bank put down its roots in Turkish market as a local bank and developed business relations with 80 of the largest 100 companies of Turkey.

The Bank's long-term goal is to be the bank preferred by Chinese customers in Turkey and to be the leading bank in trade financing.

Monitoring Chinese customers' investment and trade activities in Turkey and peripheral countries, collaboration with ICBC Group members, particularly Chinese branches, demonstrating good performance in marketing activities and providing customized and value-added professional banking services in trade financing and international trade are the primary targets.

## ASSET AND LIABILITY MANAGEMENT DEPARTMENT

## IN 2021, WHEN VOLATILITY WAS HIGH

The pandemic which started in 2020 continued to affect global economy and financial markets. ICBC Turkey's approach which prioritized business flow continuity and health of the team and aiming to find the balance between these two elements continued without disruption in 2021.

Volatility of pricings was high during the year due to uncertainties in local and global markets.

Economic recovery which started in the second half of 2020 in Turkey continued in 2021. In this environment, funding with proper maturity and cost was important for the real sector for the continuity of investments.

ICBC Turkey continued to use existing market instruments and the advantages of ICBC's global network to respond to the customers' funding needs completely on a timely basis.

## CONTRIBUTION TO SUSTAINABLE GROWTH TARGET

Asset And Liability Management Department had a great contribution to ICBC Turkey's sustainable growth target thanks to its most appropriate pricing in market conditions and its effective financial risk management approach.

Stability and flexibility of the Bank's balance sheet against different maturities and foreign currency risks was achieved, the Bank's liquidity was effectively managed by all types of instruments in both Turkish Lira and foreign currency.

While doing these, ICBC Turkey managed to keep its financial indicators at appropriate levels in accordance with BRSA and Central Bank of Turkey's legislation.



**ICBC Turkey's primary goal is to be the bank preferred by Chinese customers doing business or investing in Turkey and to be one of the leading banks in trade financing.**

## LOOKING AHEAD TO THE FUTURE

ICBC Turkey's goal is to have all products in international trade area offered by the Headquarters and develop new products. In accordance with this goal, the Bank will conduct active marketing activities in dual currency letters of credit, import-export payment financing and RMB forfaiting products in 2022.

## GENERAL INFORMATION

## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

## FINANCIAL MARKETS DEPARTMENT

## ACTIVITIES WITH STRONG CONTRIBUTION TO INCOME

The priority of the Financial Markets Department is to provide products and services for ICBC Turkey's customers to protect them from the fluctuations in financial markets and at the same time to manage the Bank's position based on customer transactions accurately and rigorously.

Accordingly, the Bank kept its conservative standing in 2021; continued its operations in such a way that it will not be negatively affected by the fluctuations in the market.

Financial Markets team was focused on managing risks arising from market volatility and realized transactions which will contribute to ICBC Turkey's profit. In 2021, customer transaction volumes increased and targeted profit was achieved.

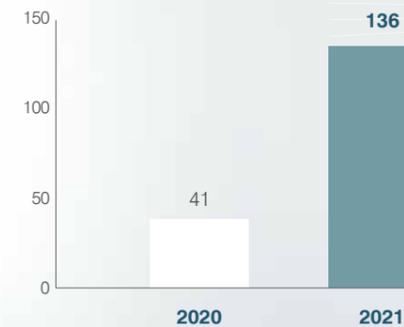


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## VOLATILITY AND RISKS

High volatility of Turkish Lira that started in November 2021 supported the increase in transaction volumes, but it also brought risks with it. During this process, the Bank kept the difference between FX purchasing and selling rates at a narrow band and continued transactions without disruption.

## FINANCIAL MARKETS PROFIT PERFORMANCE (%)



## ICBC Turkey RMB transaction volume

ICBC Turkey's RMB transaction volume increased by 174% when compared with prior year.

**40%**  
Volume Increase

Increase of 40% recorded in volumes and new customer acquisitions also supported the increase in income.

## "BEING THE PIONEER BANK" IN RMB FX TRANSACTIONS

Being the pioneer bank in RMB FX transactions with the responsibility of being a Chinese bank is ICBC Turkey's permanent goal.

In accordance with this goal, the Bank offers its customers advantageous pricings and customers' requests for protection are realized by RMB hedging transactions. In this context, regular transactions are performed with local banks and companies doing trade with China. ICBC Turkey's RMB transaction volume increased by 174% in comparison with prior year.

During the last few years, despite certain restrictions in TL-based derivative transactions, as a result of active marketing strategy conducted in 2021, customer portfolio who uses hedging instruments expanded and derivative transaction volume increased by 35% when compared with prior year.

Collaborations were made with branches with the target of being more active in Eurobond transactions which lately attract interest and provide long-term return for the investors. As a result of this, number of transactions significantly increased and income from these transactions increased by 230% when compared with prior year.

Increase of 40% was recorded in volumes and new customer acquisitions also supported the increase in income.

## LOOKING AHEAD TO THE FUTURE

At the ICBC Turkey's 3-year strategic plan, it is anticipated that Financial Markets Department will provide strong growth and high profitability.

Focus point of 2021 was increasing marketing activities, growth in existing products, developing volumes and income figures. Meetings were organized with potential customers in collaborations with branches. As a result of these activities, the Bank started to work with individuals and large corporate customers who did not work with ICBC Turkey before and collaborations with existing customers were developed.

Developments at current systems are being planned for Financial Markets to provide services with new products in the following periods. Meetings are being held with the world's leading FINTECH companies to establish a more effective treasury and risk management system. The Bank will continue to apply its active marketing model in 2022, being in close contact with customers to provide the best service for their financial needs.



## GENERAL INFORMATION

## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

## ICBC SECURITIES AND INVESTMENT BANKING

## FOCUSING ON PROJECTS COHERENT WITH BELT AND ROAD INITIATIVE

In addition to developing the trade, Belt and Road Initiative also aims to live in peace, to be coherent and inclusive, tolerance of civilizations to each other, to comply with market rules, regulations and international norms and to protect interests of project stakeholders.

The initiative is open to all countries and international / regional organizations to participate. At the economic corridor supported by motorways, Turkey has a critical position at the Middle Corridor. The advantage of this corridor is being faster and more economic than the north corridor, as well as being less affected by the negative climate conditions and being 2000 km shorter. With its geopolitical position, Turkey acts as a bridge and new infrastructure investments constructions are being conducted to strengthen this position. In this context, Northern Marmara Motorway, Ankara-Niğde Motorway and Çanakkale Bridge and Malkara Motorway projects which ICBC Group participated in funding and Gebze-İzmir Motorway are among projects which may also be supported in the following periods.

Northern Marmara Motorway, Ankara-Niğde Motorway, and Çanakkale Bridge and Malkara Motorway projects, which ICBC Group participated in funding, and Gebze-İzmir Motorway will be among investments to be supported in the following periods.

ICBC Turkey  
Belt and Road Initiative

In addition to developing the trade, Belt and Road Initiative also aims to live in peace, to be coherent and inclusive, to comply with market rules, regulations and international norms and to protect interests of project stakeholders.

ICBC Securities arranged financing for Northern Marmara Motorway from ICBC Seoul and for Çanakkale Bridge Project from ICBC Dubai. Direct financing was also provided from ICBC Seoul for the Çanakkale Bridge Project.

Through these activities, the Bank made contribution to increasing Turkey's economic power in both local and international areas and to strengthening its commercial connection with Chinese capital through mediation in these infrastructural investments.

Providing financing support for important infrastructure projects such as Çanakkale Motorway and Bridge and Northern Marmara Motorway, taking part in renewable energy projects, ICBC Securities aims to continue supporting its active role in infrastructure and sustainable green energy projects in the following periods. Thus, in 2022 and beyond, ICBC Securities will continue to support Middle Corridor - Belt and Road initiative and participate in long-term structured project finance transactions with strong collateral packages and secured income mechanisms which supports People's Republic of China's Belt and Road Initiative.

DEVELOPMENTS AND EXPANSIONS SPECIFIC TO OUR COMPANY AT THE 50<sup>TH</sup> YEAR OF DIPLOMATIC RELATIONS BETWEEN TURKEY AND CHINA

ICBC Turkey completed its integration process with positive indicators since it started operations in Turkey in 2015.

The Bank benefited from Turkey's social and economic development and positive areas of trade collaboration between China and Turkey. In this context, ICBC Turkey made use of each collaboration opportunity of Belt and Road initiative started by China and benefits of Turkey being the Middle Corridor. China is Turkey's second largest trade partner. When we consider deepening of relations which started 50 years ago, demand for ICBC Turkey's qualified services for projects which Chinese equipment are used has increased.

ICBC Securities arranged long-term financing of Vestel Electronics which realizes USD 560 million of raw material and mid-product imports on average from China every year.

The Bank opened an account with Zundia Asset Management in Hong Kong. Chinese Look Securities opened an account at ICBC Securities; sales and marketing services continue. An account was opened at Haitong Securities for Chinese bond market. Recognition of Turkish companies by Chinese investors, their analyses and making investments following those analyses are very important in developing relations between two countries. Moreover, at public offerings of Turkish companies, offering companies' shares to Chinese investors will bring positive developments in both financial and cultural relations.

ICBC Group strengthened prevention and control of environmental and social risks and it encourages low carbon emission.



## VISION OF FOCUSING ON SUSTAINABILITY BASED HIGH QUALITY PROJECTS

ICBC Group applies green development concept and strengthening green financing process as a long-term key sustainable development strategy. The Group, which conducts green financing in terms of credit policy, management process, business innovation and its own performance, provides full support for development of green industries. ICBC Group also strengthened prevention and control of environmental and social risks and it encourages low carbon emission.

ICBC Turkey took revision of green credit policy compliance in its agenda in accordance with ICBC Headquarters' targets and it will manage "green compliance" of its investment and financing portfolio effectively.

Development of sustainable financing approach and applications is important for all industries, especially for finance sector. In Turkey, USD 2.5-3 billion of annual investments are required to reach sustainable development goals and 2030 agenda which is based on those goals. ICBC Securities took part in financing of numerous renewable energy power plants and provided significant support for the country's development within the scope of sustainability principles. In this context, as many other institutions, ICBC Turkey prioritizes sustainability principles in credit processes and increases its support for companies which have projects that comply with those principles. Financing alternatives for low carbon footprint and inclusive growth, increasing sustainable development-focused business models, mediating financing of energy and energy efficiency projects are areas prioritized and will gain importance in the following periods.

## GENERAL INFORMATION

## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

## SUCCESSSES GRANTED WITH AWARDS

Turkish Capital Markets Association - 6<sup>th</sup> Golden Bull Awards "Leader of Financial Intermediation in Financing" Award

In his award ceremony speech, ICBC Turkey Chairman of the Board of Directors, Mr. Xianyang Gao stated that building stronger commercial, economic and cultural connections between China and Turkey is the first priority. He also stated that ICBC Turkey's vision and target within the scope of financial intermediation in the following years is to strengthen economic relations between two countries by building a permanent bridge between the people of China and Turkey. He indicated that activities conducted and investment support provided help development and improvement of Turkish economy.

CEO of ICBC Securities Mr. Oraj Özel stated at its speech at the award ceremony that potential projects are evaluated with the goal of providing financing for numerous leading projects which will contribute to Turkey's development. He also indicated that, in addition to bridge, motorway, city hospitals and energy projects, the Bank works with Turkey Wealth Fund and leading banks to obtain financing from foreign resources and provided services as coordinator and lead arranger of syndications organized so far.

## PLANS FOR COLLABORATION WITH ICBC GROUP MEMBERS AND INCREASING DIVERSITY OF BOOKING TRANSACTIONS

In transactions which ICBC Securities acts as the coordinator and lead arranger, the company works in close collaboration with ICBC Dubai and Seoul as well as the Headquarters and benefits from its strength from booking transactions in projects they mediate in financing.

Collaborations were made for Çanakkale Motorway, and Bridge, Elazığ, Bursa, İzmir and Kocaeli city hospitals and Northern Marmara motorway, projects. Furthermore, ICBC Standard has participated in many transactions as "Hedging Counterparty" via arrangement of ICBC Securities.

Turkish Capital Markets Association - 6<sup>th</sup> Golden Bull Awards

Leader of Financial Intermediation Transactions



## International Finance

Skopje, North Macedonia Project / Most Innovative Brokerage House- Turkey 2020 Award



## International Banker

Best Investment Bank two years in a row - Turkey Award



## DIVERSIFIED SCOPE AND BROKERAGE OPERATIONS WITH INTERNATIONAL COLLABORATIONS

After ICBC Standard collaboration ended in March 2020, there has been a fast recovery and efficiency increase in International Capital Markets Department. During this period of time when roadshows and international meetings could not be held due to pandemic, foreign customer profile was kept, regular orders were taken and 47% increase was realized in net income (stock transactions + check payments).

On the other hand, services were given to develop local customer segment. An account opening was realized at Turkey's leading portfolio management company, Yapı Kredi Portföy, and stock transactions were realized.

In order to develop foreign customer network, an account opening was realized at Zundia Asset Management in Hong Kong, a transaction was acquired from a Chinese company which was a first.

Discussions were continued with an investment bank based in USA within the scope of establishing a new business partnership to serve investors residing in the USA. Once the discussions are complete, the target is to increase commission income by means of joint sales and marketing operations.

In addition to stock transactions, check income is obtained from foreign corporate investors which we provide research and sales services. In this context, our company, which is a leader in success assessments, was rewarded for the research services for alpha portfolio managed by Belgium based KBC Asset Management, one of the largest asset management companies of Europe and the world's largest asset fund Blackrock.

## DOMESTIC BROKERAGE OPERATIONS

Commission income from brokerage operations at Derivatives and Options Market increased by 61.69% from 2020 and reached TL 4.2 million. Transaction volume increased by 58.65%. Income from electronic transactions at the Derivatives and Options Market increased by 96.25% and volume increase was 140.44%.

Credit income from brokerage operations increased by 123.36% in comparison with 2020 to reach TL 31.8 million. Average credit increased by 83.54% and reached TL 122 million. Monthly average number of customers making transactions in 2021 increased by 13.3% and reached 3,793.



## GENERAL INFORMATION

## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

## PROJECT FINANCING

ICBC Securities will continue to provide customized long-term solutions for financing needs of its customers, to support projects that positively impact the society both economically and socially and to take necessary steps in financing arrangements.

Within the scope of supporting Turkey's development, Evyap Sabun and Vestel Elektronik's Long-term Financing transactions were successfully closed in 2021.

ICBC Securities also mediates foreign project financing transactions. In this context, within the authorization limit defined by the Headquarters, ICBC Securities follows up potential projects in peripheral countries such as Georgia, Azerbaijan, Northern Macedonia and Israel.

In November 2020, ICBC Securities participated in financing of a mixed real estate project in North Macedonia as the arranger. With this transaction, ICBC Securities was selected as the Most Innovative Brokerage House of 2020 by International Finance Magazine in February 2021.

## CORPORATE FINANCE

Within the scope of corporate finance, ICBC Securities acted as the "Arranger" and "Lead Arranger" at syndication transactions of USD 676.5 million for Akbank and USD 962.4 million for Yapı Kredi which were completely funded from foreign financial institutions. At Turkey Wealth Fund's syndication transaction of EUR 1.25 billion, the Company assumed the roles of "Lead Bookrunner and Co-coordinator". The Company coordinated the participation of 14 banks from Europe, America, Asia and Middle East, thus mediated in providing funds from international sources for financing needs of our country.

Moreover, in 2021, ICBC Securities took the role of "Sole Arranger" at the bilateral financing transaction of Yapı Kredi at the amount of USD 130 million which was completely provided from a foreign source, ICBC Dubai.

Within the scope of consultancy services, the Company prepared a valuation report for a private company which was in the process of public offering in 2021. In addition, the company acted as the sole Authorized Brokerage House in the capital increase through rights issue of a private traded private company the Company also successfully conducted two M&A transactions, one of them marked by a European sell side client. Prepared a price determination report for a private company which was in the process of public offering in 2021. Another transaction of the Company was another private company's paid capital increase and issuance of these shares where ICBC Securities was the Lead Brokerage House. The Company also conducted two M&A transactions, one of them being in a foreign country.

**TL 26.2**  
million  
commission from  
arrangement  
services

**TL 39.8**  
million TL  
investment  
banking income

## PUBLIC OFFERINGS

In 2021, ICBC Securities acted as "Book Runner and Consortium Member" at 27 public offerings at Borsa İstanbul. In this context, the Company mediated in providing TL 18 billion of resources form capital markets to the Turkish economy.

To summarize, despite the negative impacts of the pandemic, ICBC Securities increased both its profitability and diversity of operations and continue to have a significant share in ICBC Turkey's income.

## MARKET MAKING OPERATIONS AND OVER THE COUNTER DERIVATIVE TRANSACTIONS / OTHER TREASURY TRANSACTIONS

Market making transaction volume of ICBC Securities in 2021 increased by 130% in comparison with 2020 to CNH 114,940,000. A decrease was realized in Swap and Takasbank money market transactions in comparison with 2020 due to discount in withholding tax for deposits.

## ICBC Investment Resource for Turkish Economy

In 2021, ICBC Securities acted as "Book Runner and Consortium Member" at 27 public offerings at Borsa İstanbul. In this context, the Company mediated in providing TL 18 billion of resources form capital markets to the Turkish economy.

## LOOKING AHEAD TO THE FUTURE

Although the effects of the pandemic were still being felt in 2021 all over the world, services given in investment banking line were diversified and transaction volumes increased.

In addition to growing investment banking business line, it is also anticipated that specific planning for investor demands and needs will continue to increase in 2022.

In 2022, ICBC Turkey will continue to be the bridge between China and Turkey within the scope of Belt and Road initiative. ICBC Securities will act as a pioneer among its competitors by providing consultancy services and funding for industries critical for Turkey.

Turkey is expected to take a strong role in global supply chain and by the impact of middle corridor, it is expected to attract direct investments and portfolio investments by proceeding further in export of imported goods.

Within the scope of Belt and Road initiative, collaborations, investments and trade relations between China and Turkey increases every day and our country assumes the mission of being a bridge with the geographic advantage of the middle corridor.

In order to continue its mission of being at the center, ICBC Securities will develop its advisory services for merger, acquisitions and arrangements in project finance transaction using the world's largest bank, ICBC's wide global network.

ICBC Securities will strengthen its contribution to Turkish economy by arranging international long-term finance syndications, investment financing and long-term financing transactions. On the other hand, financial services will be provided on an enhanced scale by integrating capital markets with traditional financing instruments.

ICBC Securities will diversify over the counter market products by adding commodity and various currencies; increase volume and service quality in order to effectively serve its individual and corporate customers for their hedging needs.

ICBC Securities' first priority in international capital markets is to encourage Chinese investors to invest on stocks trading at Borsa İstanbul in collaboration with ICBC International, Hong Kong. Technical and operational infrastructure was established for this purpose. The Company's second priority will be to encourage customers of ICBC Standard London, ICBC Dubai, ICBC Abu Dhabi, ICBC Luxembourg and other ICBC group companies, which do not have brokerage licenses, to make investments in Turkish stock market.

## GENERAL INFORMATION

## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

## RETAIL BANKING DEPARTMENT

ICBC Turkey Retail Banking serves its customers for more than 30 years. Retail Banking conducts its operations under the guidance of ICBC Group's policies and strategies for the last 5 years. This strategy is primarily based on establishing long-term plans and reaching targets by applying those plans.

ICBC Turkey defined its main targets as strengthening customer base by "Being the most preferred bank by individual customers" strategy of ICBC, increasing deposit size and profitability and providing innovative technological financial products to Turkish market. The Bank achieved significant results.

Retail Banking gained acceleration thanks to its strength in technological areas. Considering the critical and strategic importance of payment systems, CHINEX, WeChat Pay, QR Code and Contactless Card projects were launched in 2019, 2020 and 2021, respectively. The Bank continues its activities to implement new projects in this area.

**During the last 5 years and within the scope of transformation process, many applications, products and services were implemented. Highlights from these activities are as follows:**

- Evaluation methodology for deposit performance was renewed and customer expectations were met with daily deposit product.
- SME segment was successfully managed and customer portfolio was developed.
- Within the scope of strategic collaboration with ICBC Investment, a new working methodology was implemented; investment products started to be offered to customers directly by the specialists.
- The Bank became a pioneer in management of citizenship applications. Applications were received from many foreign citizens, primarily Chinese customers.

## 2021 ACHIEVEMENTS

2021 was a year when impacts of pandemic were still felt. Keeping improvement and development was relatively tough, but Retail Banking offered various new products with the support of the launch of new projects and recorded a successful performance.

**Some of Retail Banking's projects in 2021 were as follows:**

- Contactless Card and Domestic QR Code Projects,
- Activities for development of service level for Chinese customers,
- More than 10 different campaigns and reports for branches to reach their targeted figures, various marketing activities including cross sale activities,
- Monitoring all branches' marketing efforts and risk management activities including trainings.

**As of 2021 year-end, some of the figures of ICBC Turkey when compared with 2020 year-end are as follows:**

- Total retail deposits increased by 19%,
- Current TL deposit volume increased by 26% and current FX deposit volume increased by 63%,
- Number of active customers increased by 3% under the impact of the pandemic,
- Number of SME customers increased by 89% as a result of segmentation activities,
- SME credit risk balance increased by 114%,
- Number of Chinese customers increased by 30%,
- Number of POS including WeChat Pay increased by 86%,
- Number of foreign customers applying for citizenship increased by 63%,
- Total number of bank and credit cards increased by 8%,
- Total card volume increased by 59%,
- Non-performing loan ratio decreased by 9% from 1.6% to 1.5%; amount of non-performing loans decreased by 32% from TL 8.8 million to TL 6 million.
- At the insurance branch, TL 560 thousand of commission income and TL 2.4 million of premiums were realized.
- Number of campaigns doubled in 2021 compared with 2020.

ICBC 

**6<sup>th</sup> year, 6 free entrance to lounges in all well-known airports globally!**

ICBC Turkey Platinum Cards in Partnership with

**DRAGONPASS** 

## NEW PRODUCTS AND SERVICES OFFERED TO CUSTOMERS

- **DragonPass Service:** ICBC Turkey's 6<sup>th</sup> anniversary was celebrated by making an announcement to DragonPass Platinum card owners. DragonPass users can now benefit from more than 1,300 lounges at more than 700 airports in more than 140 countries, including Sabiha Gökçen, Istanbul and Esenboğa airports.
- **QR Code Project:** Domestic QR Code payment methodology which has a wide know-how and experience in QR code payment technologies was transformed into a concentrated digital payment development project in 2021. With the Bank's QR code system, customers can withdraw or deposit cash at both ICBC Turkey and other bank's ATMs.
- **Contactless Card Project:** The Bank responded to the customers' needs of contactless credit card which was designed for daily needs and which gained importance primarily with the pandemic.
- **Ingenico POS:** Ingenico POS, which is a POS solution designed for retailers' specific needs, was added to product range. Thus ICBC merchant service network was expanded with two largest brands in their area, Ingenico and Beko.

## CUSTOMER SATISFACTION AND RISK REDUCING ACTIVITIES

Within the scope of Law on Protection of Personal Data, various reminders were sent to customers about customer data security and information confidentiality with the purpose of increased awareness. Technological developments were made so that all transactions are done with recorded data storages using the most secure methods. Developments in Retail Banking area were planned taking into consideration not only the benefits they provide but also customer experience and information security as well. A road map was prepared to achieve continuity of customer satisfaction and for actions to be taken rapidly by the Customer Communication Management Unit (Call Center).

During the pandemic, in addition to insurance production, system improvements were also performed. With the system development which took user experiences into consideration, branches can access information over the Bank's intranet easily and rapidly. With the launch of the project in December, monitoring of insurance processes was improved.



## DEVELOPMENTS IN WECHAT AND CHINEX AREA

- **WeChat Project:** ICBC Turkey led the way in Retail Banking with WeChat Pay in previous years. This project was first implemented at duty free stores of Istanbul Airport and now it is also being used at IGA Hotel. In 2021, even in the pandemic environment, WeChat Pay expansion policy was continued and number of POSs offered for use increased accordingly. Chinese tourists visiting Turkey have the opportunity to make payments at WeChat Pay POS provided by ICBC Turkey at different cities. As of December 2021, TL 5.1 million of volume and 571 transactions were realized within the scope of WeChat which demonstrated a successful performance.
- **CHINEX:** With ICBC Turkey's CHINEX service, money transfer transactions can be performed quickly, easily and economically. As of 2021 year-end, 2,069 transactions with a volume of USD 19.6 million were reached over CHINEX. CHINEX transfer transaction volume increased by 13% compared to prior year. Of these transactions, 62% was made to ICBC Headquarters and 1,213 transfers were made at an amount of USD 12.2 million.

## PRODUCT AND SERVICE IMPROVEMENT

In 2021, Retail Banking conducted a business research to provide better service to Chinese individual customers in Turkey. The research detected 25 issues in 38 branches. Retail Banking resolved 18 issues successfully with the feedback received from the branches using the help of related departments.

## MORE THAN 2,000 CHINESE CUSTOMERS

As of 2021 year-end, ICBC Turkey reached more than 2,000 Chinese customers. Particular attention to new Chinese customer acquisition business flow, business model defined for product sales at branches, special occasions for cheaper, easier and faster cash transfer transactions and new salary payment methodology coherent with working methods of Chinese companies played an effective role at this success.

## NON-PERFORMING CREDITS

Particularly during the pandemic period, credit requests from customers were evaluated by ICBC Turkey credit risk management procedures; debt relief requests for credits and credit cards were met. Risk balance was carefully kept under control; for non-performing credits, reminders and notifications were sent with the coordination of branches.

**CHINEX**

Money Transfer from Turkey to All Banks in China



## GENERAL INFORMATION

## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

## CONTRIBUTION TO TURKEY'S ACTIVITIES FOR MIDDLE CORRIDOR - BELT AND ROAD INITIATIVE

ICBC culture is based on long-term and strategic thinking. The Bank will increase marketing activities for customers doing business with China and companies with Chinese capital in Turkey in the following periods; it will continue to strengthen the bond between two countries for local currency use and offer its customers ICBC's wide CNY product range such as deposits, credit, financing, foreign trade, payments, interbank and derivative transactions and global advantages.

ICBC Turkey pays attention to FINTECH concept which is considered as technological innovation in financial services. The Bank's target is to connect ICBC's global expertise in FINTECH area with Turkish banking sector's technological progress in the last 20 years and enter into new normal in post-pandemic period with a strong commitment.

## DEVELOPMENTS BETWEEN CHINA AND TURKEY

- Chinese and Turkey Trade Global Matchmaking Platform Promotion Organization was realized. ICBC Turkey started to implement ICBC Global Matchmaking Platform in Turkey. Chinese and Turkey Trade Collaboration Promotion Organization and guidance meeting for branches were organized with the participation of the whole Bank; companies were invited to welcoming training organization.
- The account opening was realized for Consulate General of People's Republic of China through Headquarters branch. Payment services were provided for both Embassy of People's Republic of China in Ankara and Consulate General in Istanbul. Starting with 1 July 2021, applicants can make payments via bank cards (including credit cards), cash or bank transfer for their transactions at Consulate General of People's Republic of China.

## SPECIAL CAMPAIGNS AND MARKETING ACTIVITIES

**ICBC Global Sales Representatives Day Celebration:** ICBC Group Retail Sales Representatives Day was celebrated for the 3<sup>rd</sup> time on 21 May 2021.

**Bonus Campaigns for Salary Customers:** Bonus Campaigns for Salary Customers was started to support the increase in number of cards of ICBC Turkey branches.

**Web site revision and Retiree Customers Online Applications:** With this new feature, retiree customers can apply for retirement salary payments at ICBC Turkey online.

**Distribution of Promotional Materials:** Promotional materials were distributed to branches to increase customer satisfaction and accelerate marketing activities.

**23 April National Sovereignty and Children's Day Campaign:** 23 April National Sovereignty and Children's Day was celebrated with a campaign. Penny banks are gifted to new customers younger than 18 years of age who opens a new account.

**24 November Teachers' Day Campaign:** Within the scope of Teachers' Day an SMS activity was performed using the time deposit product to celebrate Teachers' day and as a general celebration for our teacher customers.

## LOOKING AHEAD TO THE FUTURE

ICBC aims to be a strong and effective player in Retail Banking.

Retail Banking will continue to be one of the main segments of ICBC Turkey, which aims for long-term relations, with its value-added services, stability it provides, low-cost deposits and wide customer base. Main targets of the department are as follows:

- Increase the number of customers and increase its share in total number of customers of the bank to 90%, 30% of which are digital banking customers,
- Increase total assets of the bank and increase the share of deposit - credit volume in the Bank to 30%,
- Increase total bank income and increase its share in total bank income to 10%.

## DIGITAL BANKING DEPARTMENT

## SUCCESSFUL AND AGILE APPLICATIONS IN A RAPIDLY CHANGING MARKET

Digital transformation which started with the pandemic changed the customers' expectations radically. Latest regulatory changes provided opportunity for financial service providers to realize transactions digitally, which used to require face-to-face interaction in the past.

In 2021, ICBC Turkey continued to use its resources in a balanced way to prevent potential risks and to develop service level in Digital Banking continuously. Both regulatory requirements were actively monitored and key projects were completed and put into use with a customer-oriented perspective.

- ICBC Turkey launched an innovative and unique project in the sector to send one time password messages to customers living in China on a timely basis.
- ICBC Turkey, monitors new generation payment technologies closely and became the leader in the industry with the WeChat Pay project in prior years. In 2021 the bank launched QR payment at POS, QR withdrawal and QR deposit money at all domestic ATMs functions to Mobile Banking Application.
- Within the scope of its customer-focused approach, ICBC Turkey offered free-of-charge domestic ATM transactions with QR codes just like the transactions done by plastic cards. Thus, the Bank gained a great advantage at competition.
- CHINEX, direct cash transfer service to China in USD, EUR, GBP and CHF currencies, continued to be at 50% discount for students living in China and Chinese students who are in Turkey.

## FEEDBACK OF EACH CUSTOMER IS VALUABLE.

With its customer-oriented service approach, ICBC Turkey evaluates each feedback from its customers and responds to them. Customer Interaction Management team sees each customer message as a development opportunity and detects the root causes of the issues resulting a negative experience with the purpose of not repeating the same mistake.

The team also offers solutions and follows every step proactively until the issue is permanently resolved.

Digital Channels in 2021:

- Transactions made through digital channels reached 80% in 2021 when comparable transactions are taken into consideration.
- ICBC Turkey Mobile Branch's share in total transactions was realized as 63% at the last quarter of 2021.
- Volume of financial transactions made through Mobile Branch increased by 47% compared to 2020.
- Transaction volumes of Internet Branch and Mobile Branch increased by 42% compared to 2020.
- In 2021, number of transactions made through Mobile Branch increased by 30% compared to 2020.
- Number of transactions made through digital channels increased by 21% compared to 2020.

## LOOKING AHEAD TO THE FUTURE

Customer choices and developments in fintech, shape the trends and challenge financial service providers to transform and continuously develop product-service ranges.

ICBC Turkey continues its activities within the scope of its digital transformation program which is a part of its 3-year strategic plan.

ICBC Turkey's goal is to develop its online financial service capabilities comprehensively and create a customer-focused digital bank. This transformation which was defined in the "Digital Banking Strategic Development Plan 2021-2023" is anticipated to be completed in 2 years. Within the scope of this program, the Bank will increase the coherence of online and offline channels and enable customers to receive customer-focused service regardless of the channel they use.

## GENERAL INFORMATION

## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

## FINANCIAL TECHNOLOGY DEPARTMENT

## INCREASING CONTRIBUTION TO MAIN STRATEGIES

ICBC Turkey identified its strategic goals based on three elements stated at the new Economic Plan "New Balance, New Normalization, New Economy". The Bank also takes part in "Middle Corridor" and "Belt and Road" activities which are China's strategic goals.

ICBC Turkey Financial Technology Department conducts its operations within this primary strategic framework, coordinating with other departments.

**ICBC Turkey** identified its strategic goals based on three elements stated at the new Economic Plan

NEW BALANCE

1

NEW NORMALIZATION

2

3

NEW ECONOMY

Within the scope of compliance with ongoing impacts of the pandemic in 2021, Financial Technology Department focused more on digitalization. In accordance with the requirements of digitalization, cyber security and information security are critically important. The Department takes necessary precautions and determinant steps in accordance with the significance of increased information security due to digitalization.

The Department also conducts activities to increase customer satisfaction and customer acquisition in line with new technologies and market developments.

**Innovative know-how of the Financial Technology Department is critical for these activities. Projects which will be conducted with the departments which submit project proposal will contribute to the following purposes in line with the Bank's three-year strategic goals:**

- improvement of individual and commercial banking operations,
- supporting remote customer acquisition,
- diversification of services offered through mobile and internet banking,
- improvement of deposit and credit operations.

## IN 2021...

Financial Technology Department contributed to forty different projects of seven departments' information system infrastructure with a project portfolio management perspective in 2021.

Nine of these projects aimed for operational improvement in business processes; one of them emerging from the motivation of realization of mandatory business process target within the scope of legal and managerial legislation compliance. Out of the remaining thirty projects, nineteen of them had the objective of improving the Bank's infrastructure and software used in the Bank considering new technologies and needs. As of 2021 year-end, seventeen projects in the project portfolio were successfully completed.

Among the completed projects are QR Code Payment Systems project which will integrate those systems with ICBC Turkey and Payment with Contactless Card Project that will increase customer satisfaction. Both projects serve digitalization.

ICBC Turkey was one of the first banks to implement TR QR Code infrastructure supported by BKM with its QR Code payment systems project. In today's conditions when data security is gaining more importance the Improvement of Infrastructure Security Project which will strengthen the Bank's infrastructure is one of the other completed projects.

**Upon completion of the projects which were in the Department's portfolio in 2021, the following aimed to be achieved:**

- ICBC Turkey IT infrastructure to maintain the continuity of IT operation management and to provide all services securely without interruption,
- Digital banking services to improve user experience of all customers, individual or commercial, in mobile and internet banking,
- Compliance activities to resolve new regulations and all outputs of audits,
- Improvement and development of operational functionality of internal and external applications used in the Bank.

In 2021, Financial Technology Department conducted its activities to establish a project management unit and to bring in a project management methodology at international standards to our company. In addition to manage the portfolio, this methodology enables choosing the right service provider, setting up the accurate budget, successful planning and completion of the project and delivering the outputs of the project to the project owner. Targets of the Financial



Technology Department for 2022 include the following:

- Establishing an infrastructure for bank employees to work remotely and securely without any interruption of bank's operations,
- Integration of digital banking models to ICBC Turkey for increasing customer acquisition,
- Providing deposit-based integrations and payment systems which will raise the level of customer experience,
- Improvement of systems that will develop internal and external continuity and / or integration of new systems,
- Infrastructural integrations which will positively impact the performance of services provided by IT.

## WIDESPREAD VPN ACCESS

At the beginning of the pandemic an urgent project request was set up, improvement of remote working infrastructure was performed and security measures were increased. In this context, ICBC Turkey Financial Technology Department provided the opportunity to work remotely with VPN access.

Since remote working will be a part of working life in the periods following the pandemic, Financial Technology Department took steps and started working on projects to implement the infrastructure technology for Virtual Desktop / Applications.

Virtual Desktop and secure internet access as a new IT infrastructure service will be provided for all employees in the first quarter of 2022. With this project, the required environment for all daily operations which cannot be provided through VPN will be made available for employees. With the implementation of Virtual Desktop/ Applications infrastructure, internet access, which is the fastest and easiest method of reaching information, will be ready for use by employees within the framework of Information Security Policies.

## GENERAL INFORMATION

## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

## CONTRIBUTION TO DIGITALIZATION

Development of contactless payment methods that will respond to contactless service expectations of the customers which came with the pandemic is another area for Financial Technology Department. In this context, contactless payment with QR code service was implemented in 2021.

As a part of digitalization efforts, the 2022 project portfolio was created in order to develop and offer clients new generation digital payment systems and digital tools that increase user experience, and preliminary work was done in line with the needs of business lines.

## WITHIN THE SCOPE OF INFORMATION SECURITY ACTIVITIES...

At ICBC Turkey, the responsibility of providing an information security management which takes national and international standards as well as best practices as references was given to Information Security Committee and Information Security In-charge by the Board of Directors.

Within the scope of Information Security infrastructure activities, risks and threats are reviewed regularly, network infrastructure is scanned at regular intervals, additionally penetration tests and DDOS tests are performed by independent firms to detect potential risks at the Bank's network and precautions are taken as needed.

Financial Technology Department manages the monitoring of compliance of information risk and security activities with the regulation and standards together with Information Risk and Security Directorate.

In 2021, products like Boldon James and Blue Coat was implemented and their activities were raised to higher levels for the classification of information and control of access within the scope of providing information security.

The following activities are taken into consideration in terms of information security management:

- Regular review of threats and risks for information assets,
- Classification of information assets, identification of owners of the information assets and taking security measures based on classification levels,
- Monitoring of information security breach incidents,
- Establishment of an effective identity verification and access management based on segregation of duties principle in banking services,
- Establishment of controls for information security,
- Monitoring of current security gaps for information assets and taking necessary actions,
- Activities to increase information security awareness among all employees, external service providers and customers,
- Inclusion of information security issues within the scope of business continuity management,
- Inclusion of information security issues within the scope of external services purchase management.

## WITHIN THE SCOPE OF ICBC TURKEY'S 3-YEAR STRATEGIC PLAN

ICBC Turkey's needs for the following period within the framework of 3-year strategic plan were planned by the Financial Technology Department. In this context, the following will be performed:

- Priority will be given to development of high-quality and special retail banking with Fintech innovations.
- Online and offline marketing connections will be strengthened.
- Investments for online electronic channels will be increased, more functionality will be provided in mobile banking.
- Functional diversity and facility of online channels will be increased, thus new customer acquisition capability will be developed.
- In addition to WeChat, digital payment infrastructure will be strengthened with Alipay and UnionPay.

## CREDIT AND INVESTMENT MANAGEMENT DEPARTMENT

## SUCCESS ACHIEVED WITH A DYNAMIC MANAGEMENT

In 2021, ICBC Turkey closely monitored the monthly progress and post-credit management reports for all credits extended within the scope of post-credit management policies. In accordance with the warning signals, the Department applied its leader role successfully to determine the actions to be taken by the Credit Extension Department and branches.

Opportunities were evaluated in credit liquidation processes and closings of non-performing loans in the portfolio were performed. Sales process of real estate in the Bank's assets was followed up closely and dynamically; resources were actively used.

With the purpose of effectiveness of detection of potentially risky customers, criteria for management of potentially risky customers were updated and a more dynamic management was established.

During the pandemic period, ICBC Turkey acted in compliance with BRSA's advisory decisions and responded to customers' requests for postponement of credit maturity dates. Companies strategically important for our country, potentially risky firms and other customers were supported by the Bank in accordance with BRSA decisions. In 2021, full closings ended with the normalization steps and positive developments were observed in the market. With this period, it was declared by the BRSA's memo sent in August 2021 that applications in the pandemic period will be gradually ceased.

## HIGHLIGHTS FROM THE COLLECTION PERFORMANCE OF ICBC TURKEY'S CUSTOMERS UNDER FOLLOW-UP AND WHO ARE POTENTIALLY RISKY

- Non-performing loan (NPL) ratio in Turkish banking sector is 3.15% as of the end of December 2021 whereas the Bank's ratio is 0.21%. Ratio of the Bank's non-performing loan amount to that of sector is 0.03%.
- Non-performing loan principal risk which was TL 35.4 million as of 1 January 2021 decreased to TL 30.7 million as of 31 December 2021, and NPL ratio decreased from 0.33% to 0.21%.
- In 2021, TL 17.8 million was collected from NPL.
- In 2021, special settlement and restructuring plans were made for all customers at the potential risky customers list; these firms were closely monitored. TL 36.47 million was collected from those customers' cash and non-cash credits in 2021.
- The largest amount of non-cash risk at the potential risky customers was a EUR 12,228,738 letter of guarantee which was returned back and risk was removed.
- Total amount of the potential risky customer balance which was USD 101 million as of the beginning of 2021 was reduced to USD 80.7 million.

"Daily Risk Event Monitoring" reports which include daily monitoring activities are regularly shared with ICBC Turkey's top management. In 2022, customers will be closely monitored in coordination with branches and business lines by sharing information.

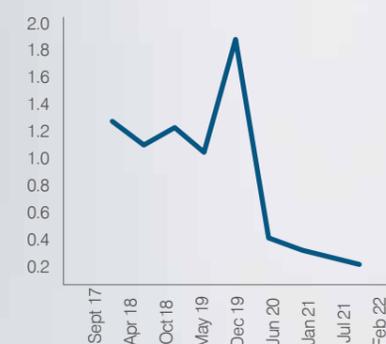
Since November 2021, the Bank started to make detailed analyses of its credit portfolio in accordance with ICBC Group's directions. In this context, "Data Governance of ICBC Turkey" and "Green Finance Classification" activities started. Results of these activities are presented to ICBC Turkey's top management monthly.

**ICBC**  **the world's biggest bank brought mobile payment giant WeChat Pay to Turkey.**



\* ICBC Turkey Bank A.Ş. main shareholder ICBC is The World's Biggest Bank, according to Top 1000 biggest bank in the world in 2019 list published by The Banker.

NPL RATIO (%)



POTENTIAL CUSTOMER RISK AMOUNT (USD million) (%)



## GENERAL INFORMATION

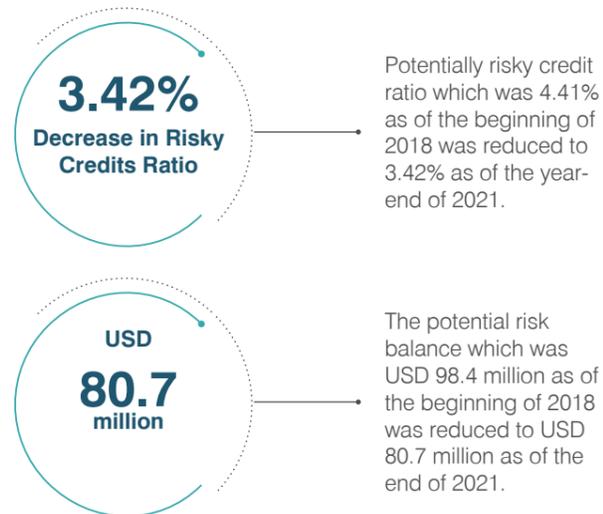
## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

NPL rate which was 1.27% as of the beginning of 2018 was decreased gradually over the years using the best settlement methods and it was reduced to 0.21% as of the end of 2021.

The Bank monitored credits closely, tried to prevent new NPLs and kept transfers to follow-up at minimum.

Potential risky credit ratio which was 4.41% as of the beginning of 2018 was gradually reduced to 3.42% as of the year-end of 2021 by preventing new potential risks and closely monitoring existing risks. The potential risk balance was USD 98.4 million as of the beginning of 2018 and it was reduced to USD 80.7 million as of the end of 2021.

A total of TL 147.50 million was settled from the potential risky credits during the last 3 years.



## LOOKING AHEAD TO THE FUTURE

High volatility in foreign exchange rates impacted companies' cash flows negatively. Particularly companies which have productions based on imported materials and service firms had difficulties in adjusting their production and inventory and they were faced with additional financing needs.

2022 is expected to continue with increase in foreign exchange rates and inflationary pressure resulting from that rather than negative impacts of the pandemic. The Bank will continue to monitor its customers' financial data periodically, to perform detailed analyses every three months and instant analyses.

ICBC Turkey's goal is to make maximum collection from potential risky and NPL customers and realize its 2022 target ratios.

Individual customers and credit card customers monitored under the responsibility of the department will be monitored continuously based on current legislation and applications to make maximum amount of collection.

ICBC Turkey Business Operations Management Rules were formulated and published in 2021 for the improvement of internal management. Thus, a large scale of development was realized in the business line's general management.

## OPERATION MANAGEMENT DEPARTMENT AND OPERATIONS CENTER

## 2021 STRATEGIES AND REALIZATIONS

With the experience and know-how it has, ICBC Turkey executed the state of emergency management without using the VPN of the main banking system and other main operation systems during the second year of the pandemic. The Bank successfully realized its comprehensive, secure, efficient and continuous operations.

In this context, different working models were developed and applied which are suitable for Headquarters Operations business line, employees at the operations unit of branches, systems applications and business process situations. These models were focused on minimizing procedures and working hours and covered comprehensive and flexible state of emergency measures.

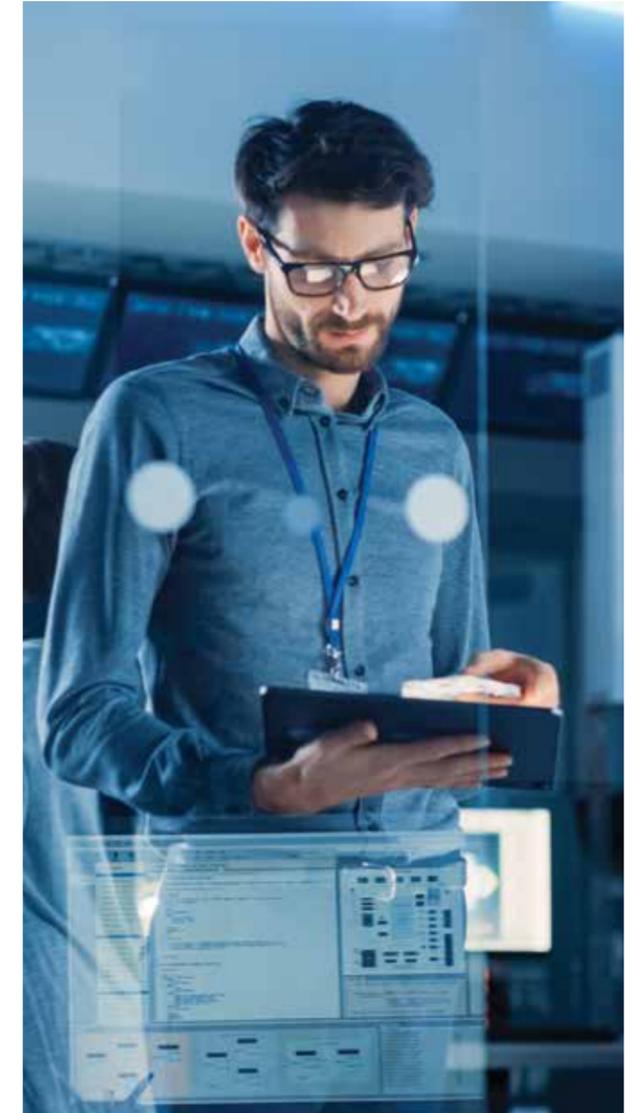
In the area of state of emergency management, a real business state of emergency drill was performed for the first time and annual BCP test was successfully performed. Regarding operational risk control, self-controls of business lines were realized taking business stages into consideration, central transaction quality of branches were monitored and reported in 2021.

Branch analyses were performed to significantly reduce cash difference incidents compared to 2020. External fraud risk management and control activities were performed to minimize the financial risk of the Bank that may arise from customer requests due to card theft incidents.

Regarding improvement of internal management, ICBC Turkey Business Operations Management Rules were formulated and published in 2021. Hence, a large scale of improvement was realized in general management of business line.

Centralized management of external resources was completed, FAC approval and central purchasing approval process was re-established at the operations business line.

In products and business innovation areas, major projects of the Bank were supported. E-letter of guarantee project, Information and Communication Corner, the continual investment in Chinese bond market and QR Code project were among these projects.



## LOOKING AHEAD TO THE FUTURE

Operation Management Department and Operations Center aim to develop business continuity management to provide ICBC Turkey's secure and consistent progress and conduct activities which are fully compliant with the Bank's business and product development policy.

## Section I

## GENERAL INFORMATION

## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

## HUMAN RESOURCES DEPARTMENT

## CORPORATE CULTURE OF THE COMPANY

Human Resources Department at ICBC Turkey is an active, critical, and strategic department that has the following qualities:

- Creates projects for employee loyalty and happiness,
- Tries to gain and retain the most appropriate people at the organization who will contribute to company values and goals,
- Works with a fair performance evaluation and remuneration system,
- Works on right structuring for Organizational Efficiency,
- Shows effort to develop employee development and increase motivation,
- Works on strengthening the employer brand,
- Structures all these processes by taking into consideration the employees' expectations, psychology and behavior,
- Supports all managers for leadership and communications management,

Empowers each employee to understand and adopt the Company's general goals.

<b>Ratio of female managers to male managers</b>	<b>37%</b>
<b>Ratio of female manager and above to total executives</b>	<b>30%</b>
<b>Ratio of women in profit center departments to all employees</b>	<b>24%</b>
<b>Increase rate of female employees</b>	<b>0.3%</b>
<b>Ratio of female employees who promoted</b>	<b>35%</b>
<b>Number of development rates of employees</b>	<b>198</b>
<b>Ratio of employees working for 10 years or more to total employees</b>	<b>37%</b>
<b>Ratio of filling higher level positions with employees inside the Bank with promotion</b>	<b>100%</b>
<b>Total hours of OHS trainings</b>	<b>4</b>
<b>Employee turnover</b>	<b>8.02</b>
<b>Average training hours per employee</b>	<b>10.6</b>
<b>Ratio of digital trainings to total trainings</b>	<b>100%</b>



## ICBC TURKEY HUMAN RESOURCES POLICY

ICBC Turkey's human resources policy and strategy calls for increasing employee productivity and contribution to the Bank's growth and profitability by creating a qualified, motivated and loyal human power.

Developing human resources strategies in accordance with ICBC Turkey's corporate strategies and coordinating the application of human resources systems in all operations have great importance. The primary strategy is establishing an educated labor force focused on ICBC Turkey's targets, which works with information as a team, develops continuously happily and with high motivation.

Having specialized employees who can offer new insights by developing ICBC Turkey's modern and innovative corporate development is assumed as a strategic objective.

Evaluations are performed at all human resources processes of the Bank following the required expertise for the jobs and employees' potentials and performances without making any differentiation between employees.

The Bank focuses on the main skills of employees with the "Reform Development" approach by aiming for effectiveness and fairness taking into consideration the current conditions of the Turkish market. ICBC Turkey foresees building and sustaining a work environment that provides opportunity for growth with performance and prestige created by the contribution of all employees. Another goal of ICBC Turkey is to provide a work environment that supports the comprehensive development of employees.

In 2021, Human Resources focused on remuneration policy and evaluation of employee management within the scope of human resources strategy and priorities. Human Resources will continue making reforms and improvements in organization structure, employee development, salary scaling, performance premiums, career path, and training activities in the following periods.

## SOCIAL RIGHTS AND BENEFITS AT ICBC TURKEY

ICBC Turkey is focused on keeping employee motivation at the maximum and providing the environment and opportunities where employees can develop their skills. Social rights and awards are offered to maintain the continuity of highly motivated employees with strong loyalty to their jobs.

The Bank performs analyses to consider employees' needs when determining the efficient use of the budget allocated for benefits. Thus, the Bank increases the positive impact on employees by achieving proper management of the benefits budget without changing it.

## HIGHLIGHTS FROM THESE BENEFITS

- All employees have health and life insurances. In order to support the budget insurance of family members, top management has determined an amount and they are being paid to employees since 2017.
- Branch employees are provided with meal cards from the contracted supplier.
- Headquarters employees who use the cafeteria are given a daily allowance which is updated with the annual inflation rate in the food sector.
- All employees are provided with transportation allowances.
- Security employees are provided with clothing allowance.
- Birthday present cards are given to all employees.
- All internal trainers are paid extra for training hours.
- Employees of Internal Control and Compliance Department and Internal Audit Department receive daily allowances in accordance with BRSA regulations.
- Employees working at cashier desk in branches receive cash register compensation payment.
- Marketing focused departments, branches, Headquarters, and business lines receive incentive bonuses when they achieve targets for the specific quarter.
- Retail Banking gives awards by measuring the retail branches' individual sales success within the scope of active customer campaigns.
- Presents are given to motivate employees on special days (Teachers' day, International Women's Day, etc.).

## SOCIAL AIDS DURING THE PANDEMIC

Our Bank provided aids during the pandemic to help employees not get affected materially or morally. The purpose of these aids was to prevent any health threat and economic distress for employees. These aids were covered in detail under the heading Combatting the Pandemic in 2021.

## REWARDS

ICBC Turkey Human Resources believes in rewarding a success is as important as building it. The Bank's most valuable asset is its employees. Appreciation and rewarding of employees' performances are important for continuity of high performance and ICBC Turkey's targets.

- Employees who complete 5, 10, 15, 20, 25, and 30 years are rewarded based on their seniorities.
- CEO Bonus Payments are made for employees working at levels below managing director. In 2021, 16 employees were rewarded, 8 from the A performance departments and Headquarters, 8 from the branches. They received plates and net cash awards.
- Progress made with the ideas of young employees who were raised with ICBC culture is valuable. In 2021, 10 employees were rewarded with "ICBC Turkey's Extraordinary Young Employee" award.

## PROJECTS DEVELOPING TOTAL VALUE OFFERED TO EMPLOYEES

ICBC Turkey adopts "The Best Talent Bank" strategy with the purpose of being a workplace where all employees feel happy.

The Bank aims to be an employer that leaves a positive mark on employees' perceptions. In this context, in addition to activities to retain high performance employees at the Bank for long periods, the Bank also works on increasing their efficiency and motivation.

On the other hand, The Bank reviews its processes to be an employer preferred by young talents and aims to build perception through active communication to be a company candidates always want to work at.

Benefits and rewards offered to employees in return for their skills and talents they provide for ICBC Turkey are bonuses, promotions, insurance including benefits, allowances, paid leave and career education, in-house trainings to develop their skills, evaluations, and feedback.

With the ICBC Turkey Human Resources Employee Value Proposition (EVP) policy, the goal is to improve remuneration management of departments, centers, and branches, to increase return provided by human capital, to correlate general salary level with performance.

## GENERAL INFORMATION

## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021



In accordance with the importance given to young and dynamic staff, the Bank also focuses on increasing training and development activities offered to these employees, developing of hiring perspective and providing them with not only horizontal career areas but also with vertical career opportunities.

## HR DEVELOPMENT PROJECT

Activities for the development of a new generation human resources system started in 2020 to make the management process more transparent and for a more effective and close working environment for departments, centers and branches. In 2021, the integration of this new system was completed.

At the second phase of the project, all employees were positioned accurately at the new HR software and with the Personal Target Contract, the Bank entered into the third phase. In 2022, performances will be evaluated and salary adjustments, promotions, bonuses, and position changes will be realized with a lean approach based on the achievement of targets.

As a reflection of the Bank's "produce more, win more" policy, ICBC Turkey Remuneration and Regulation Application Instructions, which foresees supporting qualified employees proportionate to their performances during the year, is focused on employees' motivation.

## TRAINING PRACTICES

At ICBC Turkey, training activities are organized with the understanding that career and training management is the key to continuous development. As with all human resources applications, training development activities are associated with the Bank's strategic goals. Current and future organizational and individual needs are considered, managerial and professional development needs are identified accordingly.

ICBC Turkey strengthens its activities with a learning organization approach. Within the scope of continuously developing system, the Bank aims to develop its employees and all its surroundings, thus training has the highest priority. On-the job trainings, orientation and long-term development trainings are provided for young employees who start working at ICBC Turkey. Other employees who continue their jobs in their specific areas participate in managerial and professional programs based on their career planning.

Training programs are distinguished based on content and presentation methods and offered to employees, taking into consideration corporate targets, priorities, and individual needs. ICBC Turkey's training programs include Career Training Programs, Personal Development Training Programs, Manager Development Training Programs, MT, and Basic Banking Training Programs. Advanced training courses are provided by leading private training companies and in-house trainers of the Bank.

Human Resources Department continued the training activities at full speed at the pandemic times. In this period, collaborations with online training companies were strengthened, online training plans were set up and proper conditions were provided for online trainings for all business lines. The Bank also provided motivation, awareness, and remote working trainings to minimize the negative psychological impacts of the pandemic on employees.

## TRAINING AND DEVELOPMENT ACTIVITIES

In 2021, ICBC Turkey provided training programs through in-house trainers, professional training companies, and conferences and seminars by the Turkish Banking Association. During the year, 96 trainings were realized including internal, external, and online trainings; 10,871 people attended these trainings. In this context, 10 of the trainings were online, 86 of them were through in-house or external trainers.

## 2021 ICBC TURKEY HUMAN RESOURCES KEY INDICATORS

ICBC Turkey		ICBC Turkey and ICBC Securities	
Total number of employees 731	Branch employees 350	Total number of employees 823	Branch employees 386
	Headquarters employees 381	Headquarters employees 437	
Female employees 386 (53%)	Male employees 345 (47%)	Female employees 428 (53%)	Male employees 395 (47%)
Average employee age 38.25 years		39.63 years	
Average seniority 9.07 years	Branch average seniority 10.08 years	Average seniority 8.03 years	Branch average seniority 9.04 years

## ICBC Turkey

Level of Education	%
High school	9.3
Associate degree	6.6
Undergraduate	71.3
Graduate	11.9
Doctorate	0.3
Other	0.7

## ICBC Turkey ve ICBC Securities

Level of education	%
High school	8.15
Associate degree	4.8
Undergraduate	73.15
Graduate	7.95
Doctorate	1.15
Other	0.85

## ABOUT 2022

Human Resources will continue to follow "48 Character Guideline" and "Three Comparisons, Three reviews and Three improvements" working method in 2022. Human Resources plans to expand its employee selection vision, accelerate young staff's training and development, and train skilled, responsible, energetic staff as potential manager candidates.

## IN TERMS OF PANDEMIC

As of 2021, as vaccination started to be implemented all over the world, hopes for normalization increased. However, different mutations of the virus causes questioning of the protection vaccines provide. By foreseeing the continuity of the pandemic, though at a slower pace, ICBC Turkey will continue its preparations for potential threats and restrictions.

In 2022, assuming employee health and happiness as a priority, ICBC Turkey will continue to support employees under the control of the Pandemic Prevention Leading Team and to create awareness. Accordingly, to maintain employee motivation and increase business efficiency, health and security will be upfront based on "Early Action, Early Response" principle and employees will be supported by additional allowances, and trainings in addition to laboratory and test advantages.

## EMPLOYEE MANAGEMENT

In accordance with the 3-year strategic plan, ICBC Turkey will monitor the number of employees target at Headquarters and actions will be taken as needed. Activities will be realized attentively and in detail contribute to employees' professional skills and talents, which encourage mobility of professional experiences in different business lines and which increases contribution per person. Accordingly, hiring of different groups such as MT will be continued to accelerate the Bank's development and to raise young talents with ICBC Turkey culture.

In addition to improving the promotion methods for long-term needs, the Bank will continue to work on utilizing talents with significant contribution to the Bank. It will also concentrate on preparing detailed job descriptions where job responsibilities are refined by developing an optimization plan in employee structure.

## GENERAL INFORMATION

## ASSESSMENT OF THE BANK'S ACTIVITIES IN THE YEAR 2021

## REMUNERATION MANAGEMENT

Salary adjustments will be made based on market and economic conditions. Adjustments for employees will be monitored by the Human Resources team under the control of the Management Committee and ICBC Headquarters. Key Performance Indicators will be adopted by the improvement of Human Resources system, staying connected to job-focus on performance and optimization of a more settled and more targeted performance premium system will be continued based on a detailed plan.

In order to carry ICBC Turkey's ranking upwards at ICBC Group's Human Resources performance evaluations, the Bank will continue to comply with Headquarters' rules and work closer to Headquarters' performance evaluation focus.

With the leadership of Headquarters and Management Committee, Human Resources strategies will move forward in accordance with the 3-year strategic plan. Accordingly, target based remuneration activities will be performed to motivate employees.

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## HUMAN RESOURCES PROJECT MANAGEMENT

With the new system that will increase the transparency of management process under the light of the "Reform and Improvement" principle, departments, centers and branches in business partnership with Human Resources will work closely and more effectively. In 2021, integration activities of the program continued. The process is monitored closely in accordance with the project timeline. Human Resources software programs will be used more effectively by accessing the system. In 2022, trainings will be provided for employees for effective use of performance, document management requests, vacation request modules and self-service screens.

We are grateful for all our employees who made an effort and dedicated themselves in 2021 despite the challenging conditions of the pandemic.

## GENERAL INFORMATION

## SHARE CAPITAL AND SHAREHOLDING STRUCTURE

Shareholding structure of our Bank as of the dates between December 31<sup>st</sup> 2020 and December 31<sup>st</sup> 2021, are specified below.

Trade Name of the Shareholder - 2020	Shareholding Amount (in full TL)	Share (%)
Industrial and Commercial Bank of China Limited* (ICBC)	798,428,227	92.84
Publicly held	61,571,773	7.16
<b>Grand Total</b>	<b>860,000,000</b>	<b>100.00</b>

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<b>Grand Total</b>	<b>860,000,000</b>	<b>100,00</b>
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\*The company named Industrial and Commercial Bank of China Limited, is the legal entity shareholder of the Bank holding qualified shares.

There is no share of our Bank which has been acquired by it within the scope of article 379 of the Turkish Commercial Code no.6102.

the Board Members, General Manager, Deputy and Assistant General Managers.

## SHARES HELD BY THE MANAGERS

According to the share book records regarding the shareholding structure of the Bank, there is no share held by

The share capital of the Bank amounts to 860,000,000-Turkish Liras. This share capital is divided into 8,600,000,000 shares, each with a nominal value of 10 (ten) Kuruş. Shares of the Bank are traded at Borsa İstanbul A.Ş. (Stock Exchange) and are listed on the Stock Exchange, since the date of May 23<sup>rd</sup> 1990.



## GENERAL INFORMATION

## THE SUBSIDIARIES AND THE ASSOCIATES

Company Sector	Controlling Shareholder	Affiliates	Field of Activities	Share (%)
Finance Sector	ICBC Turkey Bank A.Ş.	ICBC Turkey Yatırım Menkul Değerler A.Ş. (ICBC Securities)	Investment Banking	99,998

ICBC Securities, a subsidiary of ICBC Turkey Bank A.Ş. was incorporated in 1996 in İstanbul. Its paid-in capital is TL 76.000.000. ICBC Securities provides a regional platform for wide range of investment banking services including M&A advisory, debt capital markets, equity capital markets, project finance and syndicated loans as well as securities brokerage, over the counter financial products and cross currency and interest rate hedging solutions to sovereign institutions, corporate and retail customers.

ICBC Securities represents the ICBC Group that has built a unique global network with its 426 institutions in 49 countries under its "Mega Investment Bank" vision and aims to become a leading regional investment banking hub to act as a bridge between Asia and Europe. ICBC Securities provides a wide range of Investment Banking services on local and international platforms while expanding its operation on M&A's, local-international eurobond issuances, IPO's, project finance transactions and coordination and lead arrangements on syndicated loans.

ICBC Securities offers full range of brokerage services through 20 Branches across Turkey with 25 years of expertise to local clients as well as international institutional clients through strategic alliances with ICBC Group investment banks based in London and Hong Kong.

ICBC Securities plays an important role in financing and refinancing of large infrastructure, energy investments as well as M&A advisory and financing in Turkey and peripheral countries. The Company is active in coordination and book-running of syndications and bond issuances for sovereign, financial and corporate institutions.

ICBC Securities provides research and sales reports for international clients along with corporate road shows for public companies. ICBC Securities is appointed as market maker for Yuan / TL future contracts in Borsa İstanbul.

ICBC Securities is ideally placed as a regional investment banking management platform to serve sovereign, financial institution, and corporate clients with unparalleled financing power and ability to create innovative structures using ICBC's global capabilities, strong overseas network composed of various ICBC investment banks and commercial banking centers.

Through its subsidiary ICBC Turkey Asset Management Company, alternative investment instruments and funds are provided with different risk and return categories and discretionary portfolio management services to corporate and retail clients besides pension funds.

ICBC Securities is licensed as a Broadly Authorised Securities company by Capital Markets Board on January 1<sup>st</sup> 2016 together with enlarging its scope of activities into investment banking.



ICBC Securities issued a total of 499 reports.

In 2021, ICBC Securities issued 499 reports, of which 159 were in English. The number of reports issued this year was 391 more than the previous year (462% increase).



164 of the issued reports were for local retail customers.

164 of the Turkish reports issued were buy/sell suggestions prepared for retail customers.



Technical analysis reports on stocks provided monthly average return of 6.7% in 2021.

Technical analysis recommendations prepared for local retail customers provided a monthly average return of 6.7% in 2021. (BIST 100: 2.4% return)



249 daily Turkish and 51 English reports were prepared.

Model portfolio based on basic analysis and longer-term recommendations increased to 26.9% in 2021. (BIST 30: 23.8% return)

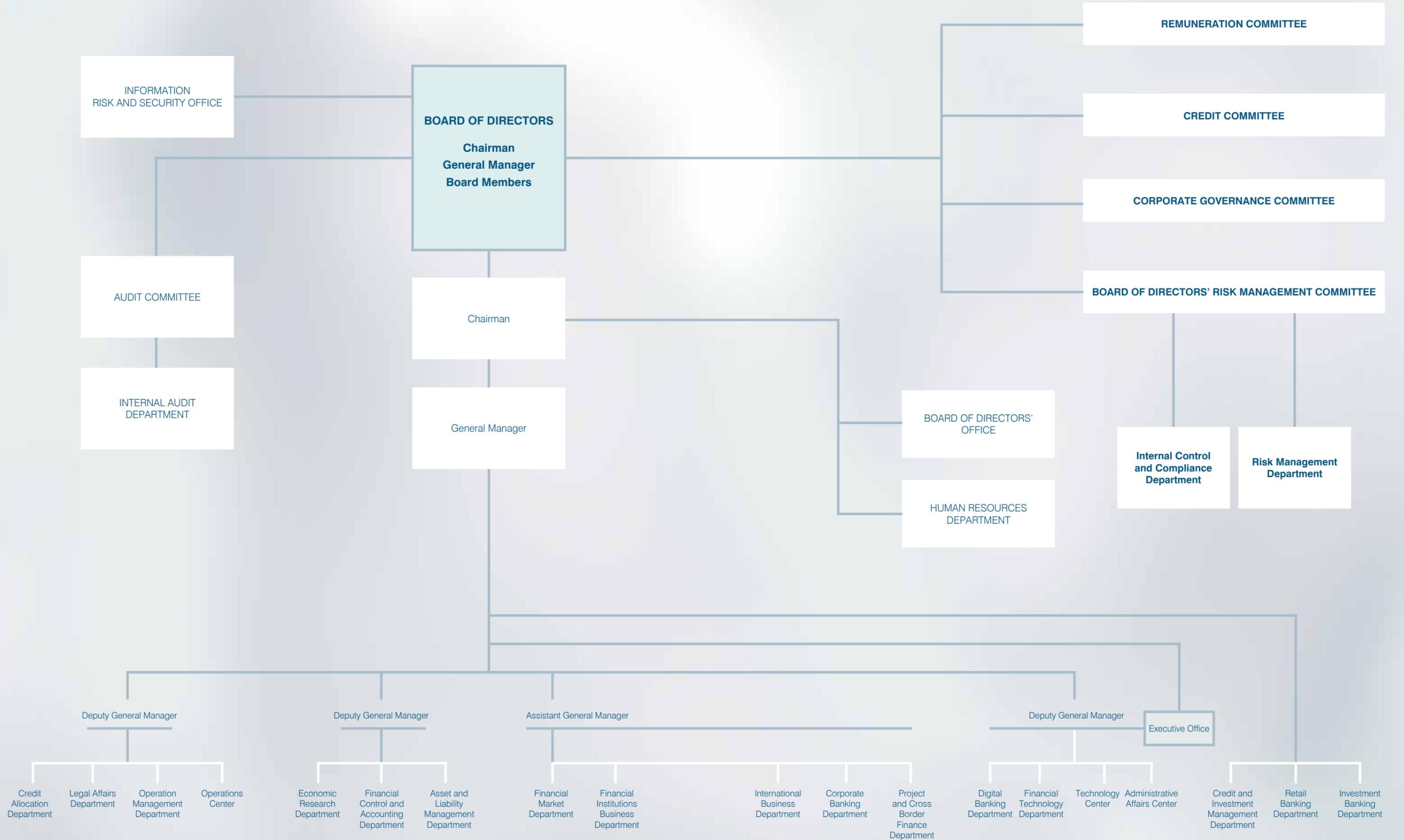


## CORPORATE FINANCE

Following its role in 2 public offerings in 2020, ICBC Turkey Securities acted as bookrunner in 27 public offerings in 2021. (13.5 times)



# ORGANIZATIONAL STRUCTURE



## Section I

## GENERAL INFORMATION

## INFORMATION ON THE PRIVILEGED SHARES AND THE VOTING RIGHTS

According to article 35 of the Articles of Association of our Bank, of the 5 members of the Board of Directors (excluding the General Manager); 3 members shall be elected by the General Assembly among the candidates to be nominated by Group (A) shareholders, provided that 1 of them holds the independent member qualifications specified in the Corporate Governance principles of the Capital Markets Board and 2 members shall be elected by the General Assembly among the candidates to be nominated by Group (B) shareholders, provided that 1 of them holds the independent member qualifications specified in the Corporate Governance principles of the Capital Markets Board.

**THE TABLE WHICH SHOWS GROUP (A) AND (B) SHARES WITHIN THE SCOPE OF THE SHAREHOLDING STRUCTURE OF OUR BANK, IS GIVEN BELOW.**

According to article 19 of the Articles of Association of our Bank upon written demand of the shareholders holding at least one twentieth of the Bank's share capital, indicating the obligatory reasons and the agenda; the Board of Directors

shall be obliged to invite the General Assembly for a meeting, or if a General Assembly meeting is already scheduled, to include the articles, they demand to be discussed, in the agenda. The shareholders may, via notary public, request an item to the agenda of the General Assembly Meeting be added. The request for an additional agenda item should be submitted to the Board of Directors prior to depositing the registration fee of the Turkish Trade Registry Gazette with respect to convening a General Assembly. If the request of these shareholders pertaining to the convention of a General Assembly Meeting or the addition of an item to the agenda is rejected by the Board of Directors, or if an affirmative reply is not given within seven work days, the commercial court of first instance that has jurisdiction over the address of the headquarters of the Bank may resolve upon the convention of a General Assembly meeting upon an application by the same shareholders.

At the Ordinary and Extraordinary General Assembly meetings of our Bank, shareholders or their proxies shall each have one voting right and there shall not be any privilege with regards to votes.

Name/Trade Name of the Shareholder	Nominal Shareholding Group A (TL)	Nominal Shareholding Group B (TL)	Total Nominal Share Capital (TL)	% Total Share Rate	% Group A Shares	% Group B Shares
Industrial and Commercial Bank of China Limited (ICBC)*	540,428,227	258,000,000	798,428,227	92.84	89.77	100.00
Other (Publicly held)	61,571,773	None	61,571,773	7.16	10.23	None
TOTAL	602,000,000	258,000,000	860,000,000	100.00	100.00	100.00

\*The company named Industrial and Commercial Bank of China Limited is the legal entity shareholder of the Bank's qualified shares.



## GENERAL INFORMATION

## OTHER GENERAL INFORMATION

**INFORMATION ABOUT AMENDMENTS IN THE ARTICLES OF ASSOCIATION, THE SPECIAL AUDIT AND THE PUBLIC AUDITS AND MATERIAL LAWSUITS BROUGHT AGAINST THE BANK**

**CHANGES IN THE ARTICLES OF ASSOCIATION**

No changes were made in Bank's Articles of Association in 2021.

**INFORMATION RELATED TO THE MATERIAL LAWSUITS BROUGHT AGAINST THE BANK DURING THE YEAR 2021 AND THEIR POTENTIAL OUTCOMES**

There is no significant lawsuit file, commenced against our Bank during the year 2021.

**THE SPECIAL AUDIT AND THE PUBLIC AUDITS**

**INFORMATION RELATED TO THE SPECIAL AUDIT AND THE PUBLIC AUDIT CONDUCTED IN THE YEAR 2021**

Saving Deposit Insurance Fund (SDIF) premium and Financial Structure audit studies have been conducted by Banking Regulation and Supervision Agency (BRSA).

Bank Information Systems, Banking Processes and audit for the financial statements have been conducted by the independent audit firm, Deloitte.

**RESEARCH AND DEVELOPMENT PRACTICES**

ICBC Turkey does not have any subsidiary or affiliate company related to R&D or technology center. ICBC Turkey evaluates its qualified products that will improve basic infrastructure, operations, services and internet financing from the point of view of ICBC Center by taking into account specific conditions and peculiar to market. With the help of the Central Office's technology platforms, the integration of regional network resources has been accelerated with an innovative approach.

ICBC Turkey has formed its fundamental needs of integration lagged behind 6 years. It has determined its innovation strategies and new trends offered by FinTech in order to increase the efficiency of its activities and the quality of service. ICBC Turkey offers its products to its customers in a wide range with innovative approaches in order to diversify the product range in banking activities. Based on the innovation and development provided by Fintech, ICBC Turkey will step up new expansions in marketing operations. With the contributions of the innovation unit, which is aimed to be positioned in 2022 within our Financial Technology Department, all projects/products in the portfolio or to be added to the portfolio and all departments of our bank will be supported by providing guidance with an innovative R&D perspective.

As the bank continues to optimize the functions of its online banking and ATM network, it will focus on mobile applications and create new areas where it can be stronger in competition. With the awareness that optimization of access channels will increase the Bank's sufficiency to create value, it will focus on the adaptation of digital platforms by prioritizing customer needs. Providing financing solutions and ensuring customer satisfaction are among the top priorities of the Bank. While the Bank continues to develop contactless features, facilitating and fast mobile banking functions and QR code applications in the era of rapid digital transformation, the Bank continues to develop WeChat Pay, one of the global payment systems, Chinex, which provides fast fund transfer to China. It has implemented and integrated projects that are expected to increase the business volume in Turkey, such as the ICBC Global Matchmaking Platform, which is the meeting point of companies located in Turkey.

Thanks to our prudent approach to "Risk Prevention and Control" and "the Steady Management" of our operations, Bank will continue to efficiently carry out its operations and management with sustainable practices by optimizing its IT-led processes and systems.



# MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

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## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## BOARD OF DIRECTORS AND TOP MANAGEMENT

## NAMES AND SURNAMES, TERMS OF OFFICE, RESPONSIBILITY AREAS, EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE OF THE CHAIRMAN AND BOARD MEMBERS, GENERAL MANAGER, DEPUTY/ASSISTANT GENERAL MANAGERS, AUDIT COMMITTEE MEMBERS AND DEPARTMENT OFFICERS WITHIN THE SCOPE OF THE INTERNAL SYSTEMS

## CHAIRMAN AND BOARD MEMBERS

Name-Surname	Position	Date of Commencement to Work	Educational Status	Banking or Management Experience	Areas of Responsibility	Whether He/She is an Independent Member of the BOD
Xiangyang Gao	Chairman	22.05.2015	Doctorate in Abroad	24	Executive Board Member, Chairman of the Credit Committee, Chairman of Risk Management Committee of BoD	Not an Independent Member
Jinhong Li*	Deputy General Manager/ Board Member	10.01.2022	Undergraduate Degree Abroad, Graduate Degree Abroad	23	Vice Chairman of the Credit Committee (Deputization), Member of Risk Management Committee of BoD (Deputization), Credit Allocation Department, Legal Department, Operations Management and Center Departments	Not an Independent Member
Peiguo Liu	Board Member	02.01.2017	Undergraduate Degree Abroad, Graduate Degree Abroad	25	Chairman of the Audit Committee, Member of the Credit Committee, Member of Risk Management Committee of BoD	Independent Member
Jianfeng Zheng	Board Member	22.05.2015	Undergraduate Degree Abroad, Graduate Degree Abroad	24	Member of the Corporate Governance Committee, Member of the Remuneration Committee, Alternate Member of the Credit Committee, Member of Risk Management Committee of BoD	Not an Independent Member
Ying Wang	Independent Member	22.05.2015	Undergraduate Degree Abroad, Graduate Degree Abroad	29	Member of the Audit Committee, Chairman of the Remuneration Committee, Alternate Member of the Credit Committee, Member of Risk Management Committee of BoD	Independent Member
Serhat Yanik	Independent Member	24.02.2020	Professor	31	Chairman of the Corporate Governance Committee*	Independent Member

\*After previous General Manager Mr. Shaoxiong Xie left our Bank as of January of 10<sup>th</sup>, 2022, Ms. Jinhong Li, as Deputy General Manager, pursuant to Article 23<sup>rd</sup> of the Banking Law, as of January of 10<sup>th</sup> 2022, she has been acting as General Manager and natural Board member, Vice Chairman of the Credit Committee and member of the Risk Management Committee of the Board of Directors in the absence of General Manager.

## GENERAL MANAGER AND DEPUTY/ASSISTANT GENERAL MANAGERS

Name-Surname	Position	Date of Commencement to Work	Educational Status	Banking or Management Experience	Areas of Responsibility
Jinhong Li**	Deputy General Manager	25.07.2018	Undergraduate Degree Abroad, Graduate Degree Abroad	23	Credit Allocation Department, Legal Department, Operations Management and Center Departments, (By Deputization - Vice Chairman of the Credit Committee, BoD of the RM Committee Member, Retail Banking, Investment Banking, Credit and Investment Banking and Executive Office Secretarial)
Hüseyin H. İmece	Deputy General Manager	02.11.2007	Domestic Undergraduate Degree - Boğaziçi University, Department of Economics	31	Asset and Liability Department, Economic Research Department, Financial Control and Accounting Department
Kadir Karakurum	Deputy General Manager	09.01.2017	Domestic Undergraduate Degree - METU - Faculty of Architecture Domestic Graduate Degree - METU - Social Sciences Institute Department	20	Digital Banking Department, Financial Technology Department, Technology Center, Administrative Affairs Center, Executive Office Public Relations and Advertisement Unit
D. Halit Döver	Assistant General Manager	04.01.2005	Domestic Undergraduate Degree - İstanbul Technical University Mining Engineering Domestic Graduate Degree - İstanbul Technical University	28	International Business Department, Financial Institutions Business Department, Financial Market Department, Corporate Banking Department and Project and Cross Border Finance Department

\* The Retail Banking Department, Investment Banking Department, Credit and Investment Management Department and the Executive Office Secretariat have been directly centralised at our Bank's natural Board Member and General Manager in line with the Board resolution taken as of April 16<sup>th</sup> 2020

\*\* Credit Allocation Department, Legal Department, Operations Management and Center Departments have been directly centralized to Ms. Jinhong Li in line with the resolution taken as of April of 16<sup>th</sup> 2020.

\*\*\* After previous General Manager Mr. Shaoxiong Xie left our Bank as of 10.01.2022, Ms. Jinhong Li, as Deputy General Manager, pursuant to Article 23<sup>rd</sup> of the Banking Law, as of January of 10<sup>th</sup> 2022, she has been acting as General Manager and natural Board member, Vice Chairman of the Credit Committee and member of the Risk Management Committee of the Board of Directors in the absence of General Manager.

## MANAGING DIRECTORS OF THE UNITS WITHIN THE SCOPE OF INTERNAL SYSTEMS

Name-Surname	Position	Date of Commencement to Work	Educational Status	Banking or Management Experience	Areas of Responsibility
Selçuk İçten	Managing Director of the Internal Audit	06.04.2020	Domestic Undergraduate Degree	25	Internal Audit
Füruzan Evrim Çebi	Managing Director of the Internal Control and Compliance Department	11.01.2022	Domestic Undergraduate Degree	22	Internal Control and Compliance
Berrin Gencal	Managing Director of the Risk Management Department	01.02.2009	Domestic Graduate Degree	28	Risk Management

\* Mr. Gürdoğan Yurtsever, who was the Managing Director of the Internal Control and Compliance Department, resigned from his duties as of January 5<sup>th</sup> 2022.

## BOARD OF DIRECTORS

## PROFILES

Profiles of the Chairman and Board Members, General Manager, Deputy/Assistant General Managers, Audit Committee Members and the Managing Directors of the Units within the Scope of the Internal Systems



**Xiangyang Gao\***  
Chairman

Mr. Xiangyang Gao graduated from Beijing University with a bachelor Degree in International Finance in 1997. Afterwards Mr. Gao has received MBA in Beijing University in 2004 and a doctorate degree in Management from Hong Kong University in 2021. Mr. Xiangyang Gao has started to work at Industrial and Commercial Bank of China Limited (ICBC) in 1997 and Mr. Gao has worked at Human Resources Department, International Business Department in ICBC Group Headquarter respectively. he became the Ningde City Branch Managing Director in 2010 and fulfilled his duty in Fujian Province Branch Director as of 2011. On the date of May 22<sup>nd</sup> 2015, Mr. Gao has been appointed as the General Manager of ICBC Turkey until July 24<sup>th</sup> 2018. Currently, he is the Chairman of the BoD, Credit Committee and Risk Management Committee of BoD as well as he is responsible for executing his duties in BoD Office and Human Resources Department. Furthermore, he has been appointed as a Member of the Board of Directors at ICBC Turkey Yatırım Menkul Değerler A.Ş., an affiliate of ICBC Turkey, started on May 22<sup>nd</sup> 2015 and he served until March of 2020 as the Chairman of the Board of Directors of ICBC Yatırım Menkul Değerler A.Ş. (ICBC Securities).



**Jinhong Li**  
Board Member/Deputy General Manager

Ms. Jinhong Li graduated from Guangxi Normal University with a bachelor degree in Law in 1995 and got her Philosophy master degree at the same university in 1998. Ms. Li started to work at Industrial and Commercial Bank of China Limited (ICBC) Nanning City Branch in 1998. Ms. Li has worked at Nanning City Branch and Guangxi Province Branch Law Department respectively. Since 2015 to April 2018, Ms. Li had been appointed as Deputy General Manager of Nanning City Branch. First, in Turkey, Ms. Li was appointed as Deputy/ Assistant General Manager (in charge of Operations and Legal Departments) since on July 25<sup>th</sup> 2018. Apart from the departments she has been fulfilling her duties, between December 2018 and April 2020, she served as Deputy General Manager in charge of Financial Control and Accounting Department. From now on, Ms. Li has been in charge of Credit Allocation Department, Legal Department, Operational Management Department and Operation Center with the resolution dated April 16<sup>th</sup> 2020. As a Deputy General Manager, she has been deputized the duties of General Manager and natural Board Member as of January 10<sup>th</sup> 2022. Besides, she has been fulfilling her duties as the member of Vice Presidency of Credit Committee and Membership of Risk Management Committee of BoD.



**Peiguo Liu**  
Board Member

Mr. Peiguo Liu graduated from Shandong University of Finance and Economics– Investment Economics Management Program in 1996 and received a master's degree from Beijing University of Technology- MBA Program in 2005. He joined ICBC in 1998. Mr. Liu served in several positions including Asset Management Department, Asset Risk Management-Monitoring and Inspection Department, Risk Reporting Department, Operational Risk Measurement Management Department. Then he came to Turkey as the member of the Tekstil Bankasi Project Team, then he appointed as the Coordinator of General Secretariat in ICBC Turkey. He has served as a Member of the Board of Directors since January 2<sup>nd</sup> 2017, presently he also serves as a Member of the Credit Committee and Member of Risk Management Committee of BoD. Mr. Liu has been appointed as President of the Audit Committee on July 24<sup>th</sup> 2018. Currently, Mr. Liu is also sustaining his duty as Board Member at ICBC Yatırım Menkul Değerler A.Ş. (ICBC Securities).



**Jianfeng Zheng**  
Board Member

Mr. Jianfeng Zheng graduated from Tianjin University Industrial Business Administration Undergraduate Program in 1988, from Tianjin University Industrial Business Administration Graduate Program in 1991 and from England York University Finance Graduate Program in 2006. He worked, respectively, as the Vice Chairman of the Operations Evaluation and Market and Industry Analysis Department Unit at the State Development Bank Headquarters between 1998-2000, as the Vice Chairman of the Bank of China Agricultural Department Audit Board Unit at the Basic State Council State Financial Institutions Audit Boards (Under the Central Financial Business Committee) between 2000-2002. Mr. Zheng has started to work as Industrial and Commercial Bank of China Limited (ICBC) in 2002 and he worked, respectively, as Unit Chief at the Office of Board of Supervisor, Audit Board Surveillance Commissar, Deputy General Manager of the Office of Board of Supervisor. Since 2014, he works as a Senior Specialist at the Strategic Management and Investor Relations Department at ICBC Headquarters and he continues to serve as non-executive member of the Board of Directors and non-executive supervisor at some ICBC Group companies. Mr. Zheng has been elected as Board Member on the date of May 22<sup>nd</sup> 2015 and at the same time, he has been serving as BoD Risk Management Committee Member, Corporate Governance Committee and Remuneration Member and Credit Committee Alternate Member.



**Ying Wang**  
Independent Board Member

Ms. Wang graduated from Liaoning University in 1986 in the area of International Finance programme and she has graduated from Shaanxi Finance Institute in 1989 and received a Master's degree in Economics. Ms. Wang joined ICBC in 1989. She served in several positions including Deputy Chief of Division of International Business Department, Chief of division of Audit and Supervision Bureau, Internal Audit Bureau, Manager of Audit Department of ICBC Sydney Branch. She was appointed as Senior Specialist of the Strategic Management and Investor Relations Department ICBC Head Quarters. Ms. Wang has served as an Independent Member of the Board of Directors of ICBC Turkey on May 22<sup>nd</sup> 2015, presently she has also been serving as a Audit Committee Member, BoD Risk Management Committee Member, the Chairman of the Remuneration Committee and Credit Committee Alternate Member



**Serhat Yanik**  
Independent Board Member

Mr. Serhat Yanik, who graduated from the Public Administration Department of the Faculty of Political Sciences of Istanbul University in 1991, completed his master's degree at the Business Administration Department of the same university in 1994 and the doctorate program at the Business Administration Department in 2000. Mr. Yanik, started his career at the Ministry of Finance in 1991, respectively served as Research Assistant in 1992 and as Assistant Professor in 2001 at the same university. Mr. Yanik, also served as Associate Professor between 2007 and 2016 and he has been now carrying out his duties as Professor at Istanbul University since 2016. Mr. Yanik, who currently active role in carrying out his duties as the Board Member at the Head of Crowdfunding Center, as the Board Member in the Head of the Department of Accounting and Finance of Business Administration at the Faculty of Political Science of İstanbul University, as the Board member at Expert Accountants' Association of Turkey and as the member at the Institute of Internal Auditing respectively in Turkey as well as he has also been giving lectures and trainings such as Accounting, Finance, Auditing, Insurance and Banking areas in various universities and institutions. Having published various national and international publications and articles, Mr. Yanik involved in many scientific research projects and activities around the world. Mr. Serhat Yanik served as an Independent Board Member at Garanti Factoring A.Ş. between 2012 and 2019 years as well as he served as an Independent Board Member at Güneş Sigorta A.Ş. between 2019 and 2020 respectively. Mr. Serhat Yanik has been as an Independent Board member for a while at Türkiye Sigorta Anonim Şirketi as of February 02<sup>nd</sup> 2021. Mr. Yanik has started to serve as Independent Board Member in ICBC Turkey Bank A.Ş. as of February 24 2020. He also has Certified Public Accountant and Independent Auditor's Certificate issued by the Public Oversight and Accounting and Auditing Standards Authority.

\*Mr. Xiangyang Gao has been fulfilling his duties as the Board Chairman at ICBC Turkey Yatırım Menkul Değerler A.Ş., as of 10.01.2022.

## TOP MANAGEMENT

**Jinhong Li**

Board Member / Deputy General Manager  
Credit Allocation Department / Legal Department/ Operation  
Management and Operation Center

Ms. Jinhong Li graduated from Guangxi Normal University with a bachelor degree in Law in 1995 and got her Philosophy master degree at the same university in 1998. Ms. Li started to work at Industrial and Commercial Bank of China Limited (ICBC) Nanning City Branch in 1998. Ms. Li has worked at Nanning City Branch and Guangxi Province Branch Law Department respectively. Since 2015 to April 2018, Ms. Li had been appointed as Deputy General Manager of Nanning City Branch. First, in Turkey, Ms. Li was appointed as Deputy/ Assistant General Manager (in charge of Operations and Legal Departments) since on July 25<sup>th</sup> 2018. Apart from the departments she has been fulfilling her duties, between December 2018 and April 2020, she served as Deputy General Manager in charge of Financial Control and Accounting Department. From now on, Ms. Li has been in charge of Credit Allocation Department, Legal Department, Operational Management Department and Operation Center with the resolution dated April 16<sup>th</sup> 2020. As a Deputy General Manager, she has been deputized the duties of General Manager and natural Board Member as of January 10<sup>th</sup> 2022. Besides, she has been fulfilling her duties as the member of Vice Presidency of Credit Committee and Membership of Risk Management Committee of BoD.

**Hüseyin H. İmece**

Deputy General Manager  
Asset and Liability Department/ Economic Research  
Department/ Financial Control and Accounting Department

Mr. Hüseyin İmece graduated from Boğaziçi University in 1990 and started his professional career the same year at Yapı ve Kredi Bankası, where he was promoted to Assistant General Manager in charge of Treasury in 1999. He also undertook the management of the Bank's Financial Institutions and Investor Relations department. In the same period, Mr. İmece acted as an Executive Board Member in the same Bank's local Portfolio Management, Leasing, Factoring and Real Estate Investment Trust subsidiaries, as well as foreign subsidiaries in Germany, Netherlands, Russia and Ireland. He served as member at the Bank's Asset-Liability Committee, as well as Technology, HR and Commercial Committees. He played a leading role in the Bank's merger with Koçbank. He joined Tekstilbank in 2007 as AGM in charge of Treasury, where he oversaw physical, functional and procedural changes in the department, as well as establishment of Investor Relations department. In 2014, he played an active leading role in the Bank's sale to ICBC, one of world's most prominent bank and the takeover has been successfully completed in 2015. Continuing at the same capacity after ICBC's takeover, he contributed significantly to the orientation and integration process and worked on issues such as asset quality, profitability, risk and capital management. He still serves as a member of ICBC Turkey's Executive Management. Asset and Liability Department, Economic Research Department and Financial Control and Accounting Department have been directly centralized to Mr. Hüseyin in line with the Board resolution taken as of April 16<sup>th</sup> 2020. Mr. Hüseyin İmece has been decided to be assigned as Deputy General Manager in order to deputize General Manager duties in case of the absence of the General Manager by the Board resolution as of July 3<sup>rd</sup> 2020.

**Kadir Karakurum**

Deputy General Manager  
Digital Banking Department/Financial  
Technology Department and Technology  
Center/Financial Affairs Center/Executive  
Office Public Relations and Advertisement  
Unit

Mr. Kadir Karakurum graduated from the Middle East Technical University Faculty of Architecture, City and Regional Planning Department in 1993 and he had his graduate degree at the same university, Faculty of Economics and Business Administration, Business Administration Department. Between 1992-2012, he served at various positions at the private sector companies and banks and in February 2014, he started to work at ICBC Turkey as the Head of Individual Sales and Marketing Department and as of January 9<sup>th</sup> 2017, he has been appointed as the Assistant General Manager in charge of Retail Banking. Digital Banking Department, Financial Technology Department and Technology Center, Financial Affairs Center and Executive Office Public Relations and Advertisement Unit have been directly centralized to Mr. Kadir Karakurum in line with the Board resolution taken as of April 16<sup>th</sup> 2020. Mr. Kadir Karakurum has been decided to be assigned as Deputy General Manager in order to deputize General Manager duties in case of the absence of the General Manager by the Board resolution as of July 3<sup>rd</sup> 2020.

**D. Halit Döver**

Assistant General Manager  
International Business Department/Financial  
Institutions Business Department/Financial  
Market Department/Corporate Banking  
Department/Project and Cross Border  
Finance Department

Mr. Halit Döver, graduated from Istanbul Technical University at Mining Engineering Department in 1988 and obtained his post-graduate degree from the same university. Between 1990 and 1993, he worked as a certified engineer at Gold Fields in South Africa, and started his banking career in the Correspondent Relations and International Marketing Department at Pamukbank in 1993 and served as Director. Mr. Halit Döver started working for ICBC Turkey as Head of International Relations Department in 2000, and was appointed as Assistant General Manager responsible for the International Business Group in January, 2005. He also served as Customer Relations Coordination Officer from 2015 to 2017. In addition to his current responsibilities, being International Business Department and Financial Institutions Business Department, the new responsibilities, being Financial Markets Department and Corporate Banking Department have been directly centralized to Mr. Halit Döver in line with the Board Resolution dated 16 April, 2020. In addition, Project and Cross Border Finance Department has also been directly centralized to Mr. Halit Döver in line with the Board Resolution dated 15 December, 2020.

**Oraj Özel**

General Manager  
ICBC Securities (ICBC Turkey Yatırım  
Menkul Değerler A.Ş.)

Mr. Oraj Özel is presently CEO and Board member of ICBC Securities and Chairman of ICBC Turkey Asset Management Company. Mr. Özel was one of the first floor Brokers at the Istanbul Stock Exchange founded in 1987. Mr. Özel worked in Senior Management of major Turkish Banks and Securities firms until he joined ICBC Turkey (then Tekstilbank) group in April 2007 as Board member and General Manager of ICBC Securities. During his career, Mr. Özel introduced several new products to Turkish Capital Markets such as first equity research, first mutual fund, first bond issue by a state owned enterprise, first asset backed security issue. Mr. Özel is awarded a level 3 licenses from Capital Markets Board of Turkey and holds a BS Degree in Economics from Middle East Technical University at Ankara.

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

### TOP MANAGEMENT

#### MANAGING DIRECTORS OF THE DEPARTMENTS WITHIN THE SCOPE OF INTERNAL SYSTEMS

##### Selçuk İçten

Managing Director of the Internal Audit Department

Mr. Selçuk İçten graduated from Marmara University Department of Public Administration in 1994 and started his Banking career as an Assistant Auditor in 1997 and he has started to work at ICBC Turkey Bank A.Ş. as Auditor in 2000 and since March 2000, he continues to serve as Auditor, Main Branch Operation Manager, Operation Department Manager, Central Operations Foreign Trade Department Manager, Central Operations Foreign Trade and Credit Department Manager, Internal Audit Department Manager, Operations Group Coordinator, Operation Management Department Managing Director and again presently Mr. Selçuk İçten has been fulfilling his duty as Managing Director of Internal Audit Department since April 2020. Mr. Selçuk İçten has an experience of approximately 25 years in the fields of Internal Audit and Operations Management.

##### Fürüzan Evrim Çebi

Internal Control and Compliance Department - Managing Director

Mrs. Fürüzan Evrim Çebi graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Political Science and Public Administration in 1999. In her Banking career, which started at İktisat Bank's Internal Audit and continued for more than 22 years, she worked in different positions beginning with "Bank and Group Company's Auditing", "Credit Evaluation", "Project Management" and then in almost every field of "Retail Banking transactions" including P&L, budgeting of the business line and retail banking branches' sales and performance management. Mrs. Çebi took part in the M&A process of 2 Banks and led the project management of more than 10 different type of innovative technology friendly retail banking / payment systems products, including CHINEX and WeChat Pay, which were newly transferred from ICBC Head Office to the Turkish market. Mrs. Çebi holds the SEGEM insurance trainer certificate, also member of the Customer Dispute Resolution Committee of the Banks Association of Turkey. She served as a member of Turkish Interbank Card Center Market Development Committee, besides many other participations in multi-institutions representing ICBC Turkey. Mrs. Çebi was awarded, ICBC Honorary Global Employee for Outstanding Employee Nomination of the year 2018. Mrs. Çebi has been working as the Managing Director of ICBC Turkey Internal Control and Compliance Department as of January 2022.

##### Berrin Gencal

Managing Director of the Risk Management Department

Berrin Gencal graduated from ITU Faculty of Business Administration, Department of Management Engineering in 1990. After graduating from Bosphorus University, Department of Economics in 1993, she began her career in the Treasury Department of ICBC Turkey Bank A.Ş. since February 2009, she has been in charge of the Managing Director of Risk Management Department.

## THE STRUCTURE, FORMATION AND ACTIVITY PRINCIPLES OF THE BOARD

#### THE STRUCTURE AND FORMATION OF THE BOARD

The Bank is managed and represented by the Board of Directors. The Members of the Board of Directors and their number are determined at the General Meeting. According to the Articles of Association of the Bank, the Board of Directors is consisted of 6 members including the General Manager. Term of office of the members elected for the Board of Directors is maximum three years, except for the General Manager.

According to the 23<sup>rd</sup> article of the Banking Law; excluding Mr. Shaoxiong Xie, the General Manager, who is the natural member of the Board of Directors and Mr. Xiangyang Gao, Executive Board member, the board members are not involved in the administrative structure, do not take part in the daily business flow or the ordinary activities of the bank and do not have operational duties.

Ms. Ying Wang was elected as Independent Board member for three years at the March 30<sup>th</sup> 2018 dated Ordinary General Assembly Meeting. At the Ordinary General Assembly meeting on March 25<sup>th</sup> 2021, Mr. Ying Wang was re-elected as an Independent Board Member to fulfill her duties for a term of 3 years. Mr. Mehmet Hilmi Güler, Independent Board Member and Chairman of Corporate Governance Committee, resigned from his duties on 25.10.2019. With the decision of our Bank's Board of Directors dated 24.02.2020, Mr. Serhat YANIK has been appointed as an Independent Board Member and Head of the Corporate Governance Committee at our bank and this decision submitted to the approval of those present at the first Ordinary General Assembly meeting held in 2020 in accordance with Article 363 of the Turkish Commercial Code in order to fulfill his duties until the end of his predecessor's term of office. To serve among the members nominated by Group A and B shareholders,

among the members nominated by Group A shareholders until March 25<sup>th</sup> 2024;

Mr. Xiangyang GAO and Mr. Peiguo LIU was elected and appointed as Board members, as well as Mr. Serhat YANIK was elected as Independent Board Member,

among the members nominated by the B Group shareholders until March 25<sup>th</sup> 2024;

Mr. Jianfeng Zheng was elected and appointed as a Board member, and Ms. Ying Wang, was elected as Independent Board member.

According to the Capital Markets Board's Corporate Governance Principles, the number of Independent Board members for Banks has been determined to be at least three. As the members of the board of directors appointed for the audit committee membership are deemed as Independent Board members within the scope of these principles, Mr. Peiguo Liu is currently an Independent Board Member of the

Bank, who elected as the Chairman of the Audit Committee. As Mr. Peiguo Liu assigned for the Audit Committee Membership within the structuring of the Board of Directors of the Bank is considered directly the Independent Member of the Board of Directors according to the 3<sup>rd</sup> item of the 6<sup>th</sup> Article of the Corporate Governance Communiqué number II-17.1.

#### ACTIVITY PRINCIPLES OF THE BOARD

The Board of Directors meet any time the Bank business requires. The Board of Directors is invited to the meeting by the Chairman or the Deputy Chairman if he is absent. Each of the members has the right to request invitation of the Board of Directors and include to the agenda the matters they wish to discuss. The meetings are held within the framework of the agenda distributed to the members by the Chairman beforehand.

For the delegation of management; the Board of Directors of the Bank is authorized to delegate the management authority completely or partially to one or more Members of the Board of Directors or to third parties by an internal directive which shall be prepared according to the 367<sup>th</sup> article of the Turkish Commercial Code. Within this scope, an Internal Directive has been put into force by the Board of Directors with the resolution dated January 16<sup>th</sup> 2017 according to Article 367 and 371 of the TCC and Article 44 of the Articles of Association. The Internal Directive was registered on March 8<sup>th</sup> 2017 and announced in the Trade Registry Gazette on March 13<sup>th</sup> 2017. Internal Directive was revised by 31.05.2019 dated and 1580/03 numbered Board Resolution and was registered on 31.07.2019 and announced in 9884 numbered and dated 06.09.2019 Trade Registry Gazette.

The Board of Directors may meet with the majority of the full number of the members. Decisions of the Board of Directors may be taken as a result of the physically attended meeting with the majority of the members present at the meeting as well as by the written approval of the other members upon written proposal of one of the members according to the 4<sup>th</sup> sub-clause of the 390<sup>th</sup> article of the Turkish Commercial Code numbered 6102. Physical resolutions were taken by the Board of Directors with the unanimous vote of the 87% majority who attended the meeting in 2021, and the resolutions taken by the circular method were taken unanimously by all the members. Number of meetings of the Members of the Board of Directors, their attendance status to the meetings are included in the "Management and Corporate Governance Practices" section of the annual report.

\*Following Mr. Shaoxiong Xie's leave from our Bank, Ms. Jinhong Li has been deputizing General Manager and natural Board member duties in order to fulfill previous General Manager's duties as a Deputy General Manager as of January 10<sup>th</sup> 2022. Besides, she has been fulfilling her duties as the member of Vice Chairman of Credit Committee and membership of Risk Management Committee of BoD.

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

### FINANCIAL RIGHTS

According to the 48<sup>th</sup> article of the Articles of Association of the Bank, salaries to be paid to the members of the Board of Directors are determined and set by the general meeting. Salaries of the members of the Board of Directors are announced to the public through the general meeting minutes published at KAP and internet site of the Bank.

The Bank's current Remuneration Policy is submitted for the shareholders' information with a separate agenda item at the ordinary general meeting held on March 25<sup>th</sup> 2021 and published on KAP and the website of the Bank.

According to the principle number 4.6.5 of the "Corporate Governance Principles" set forth in the Corporate Governance Communiqué annex number II-17.1 published in the Official Gazette dated January 3<sup>rd</sup> 2014 with number 28871 and put into effect by CMB, salaries given and fringe benefits provided for the Board members and the Top Management should be announced to the public through the Annual Report. However, the declaration shall be made as the total of the financial rights provided for the Board members, General Manager and Deputy/ Assistant Managers not on person basis. Allowances paid to the Board members, General Manager and Deputy/ Assistant General Managers, health/ life insurance expenses, travel, accommodations and representing expenses and other various expenses are summarized below.

Thousand TL	31.12.2020	31.12.2021
Allowances and Insurances	22,057	26,162
Other Expenses	729	935
Total Expenses	22,786	27,097

## INDEPENDENCY DECLARATIONS

### INDEPENDENT BOARD MEMBER'S INDEPENDENCY DECLARATION

The declarations of independence of the Independent Board members Mrs. Ying Wang and Mr. Serhat Yanik are given below.

Within the scope of the articles of association of ICBC Turkey Bank A.Ş. and the Corporate Governance Principles set out in the Communiqué of Corporate Governance (Serial No.II-17.1) issued by the Capital Markets Board, I hereby declare that I am a candidate to be an "independent member" of the Boards of Directors of ICBC Turkey Bank A.Ş. and within this context, I further declare that;

- within the last five years, there have been no employment relationship requiring to assume material duties and responsibilities in the capacity of a manager between myself, my spouse and my next of kin and relatives by blood and marriage up to second degree and the Company, partnerships and the shareholders holding the control of or possessing substantial impact on the Company and the legal persons who are substantially controlled by such shareholders, I do not hold, alone or jointly, more than 5% of the share capital or voting rights or privileged shares of the Company nor do I have any material commercial relationship with the Company,
- within the last five years, I have not been a shareholder (more than 5%), an employee or a member of the board of director requiring to assume material duties and responsibilities in the capacity of a manager of any company from or to whom the Company purchases or sells services or products in substantial amounts within the framework of the agreements entered into, primarily auditing (including tax audit, legal audit, internal audit), rating of and providing consultancy to the Company during the period in which such services and products were being purchased or sold,
- I possess the vocational education, knowledge and experience necessary to perform the duties I would be assuming as an independent member of the Board of Directors,
- provided that it is applicable to the legislation I am bound with, I have not and, upon my appointment as an independent member of the Board of Directors, shall not work for any state institutions and organizations as full time employee, except for being a faculty member,
- I possess strong ethical standards, occupational reputation and experience in order to positively contribute to the activities of the Company, be neutral to any conflicts of interests among the Company and its shareholders and freely decide by considering the rights of the beneficiaries,
- I shall devote enough time to follow the operational activities of the Company and completely fulfill the responsibilities I would be assuming, I haven't been a member of the Board of Directors of the Company for more than six years within the last ten years,
- I have not been an independent member of the Board of Directors of the Company or no more than three of the companies that are controlled by the controlling shareholders of the Company and that of no more than total of five publicly trading companies,
- I have not been registered for and on behalf of any legal person who has been appointed as a member of the board of directors

**Ying Wang**

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

# INDEPENDENCY DECLARATIONS

### INDEPENDENT BOARD MEMBER'S INDEPENDENCY DECLARATION

Within the scope of the articles of association of ICBC Turkey Bank A.Ş. and the Corporate Governance Principles set out in the Communiqué of Corporate Governance (Serial No.II-17.1) issued by the Capital Markets Board, I hereby declare that I am a candidate to be an "independent member" of the Boards of Directors of ICBC Turkey Bank A.Ş. and within this context, I further declare that;

- within the last five years, there have been no employment relationship requiring to assume material duties and responsibilities in the capacity of a manager between myself, my spouse and my next of kin and relatives by blood and marriage up to second degree and the Company, partnerships and the shareholders holding the control of or possessing substantial impact on the Company and the legal persons who are substantially controlled by such shareholders, I do not hold, alone or jointly, more than 5% of the share capital or voting rights or privileged shares of the Company nor do I have any material commercial relationship with the Company,
- within the last five years, I have not been a shareholder (more than 5%), an employee or a member of the board of director requiring to assume material duties and responsibilities in the capacity of a manager of any company from or to whom the Company purchases or sells services or products in substantial amounts within the framework of the agreements entered into, primarily auditing (including tax audit, legal audit, internal audit), rating of and providing consultancy to the Company during the period in which such services and products were being purchased or sold,
- I possess the vocational education, knowledge and experience necessary to perform the duties I would be assuming as an independent member of the Board of Directors,
- provided that it is applicable to the legislation I am bound with, I have not and, upon my appointment as an independent member of the Board of Directors, shall not work for any state institutions and organizations as full time employee, except for being a faculty member,
- pursuant to the Income Tax Law (ITL) dated December 31<sup>st</sup> 1960 and numbered 193, I am deemed to a resident in Turkey,
- I possess strong ethical standards, occupational reputation and experience in order to positively contribute to the activities of the Company, be neutral to any conflicts of interests among the Company and its shareholders and freely decide by considering the rights of the beneficiaries,
- I shall devote enough time to follow the operational activities of the Company and completely fulfill the responsibilities I would be assuming,
- I haven't been a member of the board of directors of the Company for more than six years within the last ten years,
- I have not been an independent member of the board of directors of the Company or no more than three of the companies that are controlled by the controlling shareholders of the Company and that of no more than total of five publicly trading companies,
- I have not been registered for and on behalf of any legal person who has been appointed as a member of the board of directors.

Serhat Yank

# COMMITTEES

### INFORMATION REGARDING THE COMMITTEES ESTABLISHED WITHIN THE BODY OF THE BOARD OF DIRECTORS

Several committees have been formed in order to help the Board of Director in performing their duties under their responsibility more efficiently and these committees are given special responsibilities in certain areas. Information regarding the committees operating under the Board of Directors is provided below:

#### AUDIT COMMITTEE

Member	Duty at the Committee	Definition of the Member
Peiguo Liu	Chairman	Independent Board Member*
Ying Wang	Member	Independent Board Member

\*Members of the audit committee of banks are considered as independent members within the scope of "Corporate Governance Communiqué" no. II-17.1, issued by the Capital Markets Board.

Within the framework of article 24 of the Banking Law numbered 5411 that requires formation of an audit committee, the Board of the Directors of the Bank appointed two non-executive members of the board, who possessed the conditions stated in the prevailing legislation, in order to perform the auditing and monitoring activities, as the members of the "Bank's Audit Committee", on October 30<sup>th</sup> 2006. The Bank's Audit Department operates under control of the Audit Committee. Audit Committee meets four times a year with the units operating under its supervision, by participation of other related departments at the Head Office. Audit Committee informs the Board of Directors regularly in every three months, regarding its activities.

Following are the main activities of the Audit Committee and the principles of authorities and responsibilities thereof, all of which are published under the title "Committees" in the section named "Investor Relations" on our website.

#### AUDIT COMMITTEE

Monitors the efficiency and sufficiency of the Bank's internal systems, whether these systems and the accounting and reporting systems operate within the framework of the related legislation and the policies of the Bank and the integrity of the information produced,

Performs the necessary preliminary evaluations regarding election of the independent audit firms, rating companies and the institutions providing appraisal and support services and regularly monitors the activities of these institutions that are assigned by the Board of Directors,

Ensures that the internal audit functions of the partnerships that are included in the consolidation conducted coordinately within the scope of the related legislation,

Submits reports and provides opinions and proposals to the Board of Directors regarding the internal systems and the operations, activities of the departments and the related policies and regulations falling under the scope of these systems,

Evaluates the information and the reports regarding the activities provided by the departments falling under the scope of these systems and the independent audit firms,

Prepares the financial reports of the Bank in compliance with the related legislations, regulations and the standards,

Requests information, documents or reports from all of the departments of the Bank, contracted institutions providing support services and independent audit firms, if necessary and receives consultancy services from persons, who are specialized in their fields of activity, provided that this is subject to the approval of the Board of Directors,

Fulfills their responsibilities given by the prevailing legislations and the duties assigned to them by the Board of Directors within this framework,

Notifies or reports the results of its activities and the measures need to be taken in order for the Bank's activities to be conducted sustainably and safely within the framework of the related legislation and the policies of the Bank and its findings, opinions and proposals related to the other issues which it deems material.

Declarations stating the qualifications of the Members of the Audit Committee of the Bank within the scope of the Article 24 of the Banking Law no.5411 and the Regulation on Internal Systems, issued by the Banking Regulation and Supervision Agency, are as follows:

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES COMMITTEES

### TO THE BANKING REGULATION AND SUPERVISION AGENCY

1. Within the last two years prior to my being appointed as the member of the audit committee, I declare that neither myself nor my spouse or my children;

a) have been a shareholder or employee of any institution providing independent audit, rating, appraisal or support services to ICBC Turkey Bank Anonim Sirketi or any of its partnerships that are included in the consolidation, have participated in the independent audit, rating or appraisal processes of the bank or any of its partnerships included in the consolidation,

b) have been a shareholder or employee of any institutions providing consultancy and support services to ICBC Turkey Bank Anonim Sirketi or any of its partnerships that are included in the consolidation nor have provided such services thereto,

c) hold any qualified shares of ICBC Turkey Bank Anonim Sirketi or any of its partnerships that are included in the consolidation,

2. is the spouse or next of kin and relative by blood and marriage up to second degree (including this degree) of the majority shareholder or the General Manager of ICBC Turkey Bank Anonim Sirketi have served in any of the banks' audit committee for more than nine years regularly or in intervals, have received any income, whether as fee or anything similar under any name whatsoever, from ICBC Turkey Bank Anonim Sirketi or any of its partnerships that are included in the consolidation based on their profitability, except for the payments made all of the employees in accordance with provisions of their articles of association or general assembly resolutions,

3. neither my spouse nor my children has been General Manager, Assistant General Manager or in an equivalent position of ICBC Turkey Bank Anonim Sirketi or any of its partnerships that are included in the consolidation,

4. have directly managed any the executive units of ICBC Turkey Bank Anonim Sirketi within the last two years,

5. have worked in any units of ICBC Turkey Bank Anonim Sirketi or any of its partnerships that are included in the consolidation, except for the internal audit, internal control, risk management, financial control and accounting units.

6. Not having duty in another commercial institution other than the below-mentioned ones;

a) Partnerships subject to ICBC Turkey Bank A.Ş.'s consolidated audit on condition to be limited with the duty of board membership

b) Domestic or abroad legal entity partnerships having direct or indirect shares in ICBC Turkey Bank A.Ş.

c) Domestic or abroad credit institutions and financial institutions which are directly or indirectly jointly or alone controlled by natural person partners of ICBC Turkey Bank A.Ş. stated in sub-paragraph (b) or in which they are participating with unlimited responsibility

**Peiguo Liu**  
Chairman of Audit Committee

### TO THE BANKING REGULATION AND SUPERVISION AGENCY

1. Within the last two years prior to my being appointed as the member of the audit committee, I declare that neither myself nor my spouse or my children;

a) have been a shareholder or employee of any institution providing independent audit, rating, appraisal or support services to ICBC Turkey Bank Anonim Sirketi or any of its partnerships that are included in the consolidation, have participated in the independent audit, rating or appraisal processes of the bank or any of its partnerships included in the consolidation,

b) have been a shareholder or employee of any institutions providing consultancy and support services to ICBC Turkey Bank Anonim Sirketi or any of its partnerships that are included in the consolidation nor have provided such services thereto,

c) hold any qualified shares of ICBC Turkey Bank Anonim Sirketi or any of its partnerships that are included in the consolidation,

2. is the spouse or next of kin and relative by blood and marriage up to second degree (including this degree) of the majority shareholder or the General Manager of ICBC Turkey Bank Anonim Sirketi have served in any of the banks' audit committee for more than nine years regularly or in intervals, have received any income, whether as fee or anything similar under any name whatsoever, from ICBC Turkey Bank Anonim Sirketi or any of its partnerships that are included in the consolidation based on their profitability, except for the payments made all of the employees in accordance with provisions of their articles of association or general assembly resolutions,

3. neither my spouse nor my children has been General Manager, Assistant General Manager or in an equivalent position of ICBC Turkey Bank Anonim Sirketi or any of its partnerships that are included in the consolidation,

4. have directly managed any the executive units of ICBC Turkey Bank Anonim Sirketi within the last two years,

5. have worked in any units of ICBC Turkey Bank Anonim Sirketi or any of its partnerships that are included in the consolidation, except for the internal audit, internal control, risk management, financial control and accounting units.

6. Not having duty in another commercial institution other than the below-mentioned ones;

a) Partnerships subject to ICBC Turkey Bank A.Ş.'s consolidated audit on condition to be limited with the duty of board membership

b) Domestic or abroad legal entity partnerships having direct or indirect shares in ICBC Turkey Bank A.Ş.

c) Domestic or abroad credit institutions and financial institutions which are directly or indirectly jointly or alone controlled by natural person partners of ICBC Turkey Bank A.Ş. stated in sub-paragraph (b) or in which they are participating with unlimited responsibility

**Ying Wang**  
Audit Committee Member

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

### COMMITTEES

#### CREDIT COMMITTEE

Features of the members of the Credit Committee, are shown in the following table.

Member	Duty at the Committee	Duty at the Bank
Xiangyang Gao	Chairman	Chairman of the Board of Directors
Jinhong Li*	Vice Chairman	Board Member - General Manager
Peiguo Liu	Member	Board Member
Jianfeng Zheng	Alternate Member	Board Member
Ying Wang	Alternate Member	Independent Board Member

\*Following Mr. Shaoxiong Xie's leave from our Bank, Ms. Jinhong Li has been deputizing General Manager and natural Board member duties in order to fulfill previous General Manager's duties as a Deputy General Manager as of January 10<sup>th</sup> 2022. Besides, she has been fulfilling her duties as the member of Vice Chairman of Credit Committee.

By the resolution of the Bank's Board of Directors dated May 22<sup>nd</sup> 2015 and with number 1324/01, it has been resolved to form a Credit Committee consisting of three persons, namely two members of the Board of Directors and the General Manager of our Bank, in order to perform the duties relating to credits to be assigned by the Board of Directors, within the scope of the Banking Law no.5411 and the Regulation on Banks Credit Transactions which has been published in the Official Gazette dated November 1<sup>st</sup> 2006 and issue no.26333 and has come to effect accordingly. Duties of the Credit Committee are; to take credit decision within the scope of its powers and to take the decisions relating to other works designated by the Board of Directors. Credit Committee conducts its activities within the framework of the Credit Committee Regulation, which has been adopted by the Board of Directors resolution dated August 23<sup>rd</sup> 2017 and numbered 1451/02.

#### CORPORATE GOVERNANCE COMMITTEE

Features of the members of the Corporate Governance Committee, are shown in the following table.

Member	Duty at the Committee	Duty at the Bank
Serhat Yanik	Chairman	Independent Board Member
Jianfeng Zheng	Member	Board Member
Levent İşcan	Member	BoD Office Director (CMB Level 3 Licence and Corporate Governance Rating Licence)

By the resolution of the Bank's Board of Directors dated February 4<sup>th</sup> 2005 and number 758/1, the "Corporate Governance Committee" has been formed in order to monitor the compliance with the corporate governance principles, to conduct improvement activities in this regard and to submit proposals to the Board of Directors, to coordinate activities of the Shareholder Relationships and the Secretariat of the Board of Directors. Within the scope of the Article 4.5.1 of the "Communiqué on the Determination and Application of the Corporate Governance Principles" Serial:IV No:56 issued by the Capital Markets Board, entered into force and effect at a later time; the Corporate Governance Committee has been additionally authorized by the Bank's Board of Directors' resolution dated March 20<sup>th</sup> 2012 and number 1165/01, to perform functions as a "Nomination Committee" as well. Main duties and powers of the Corporate Governance Committee, are; to monitoring whether the Bank complies with the corporate governance principles, to conduct improvement activities in this regard and to present proposals to the Board of Directors; if the corporate governance principles are not implemented, shall determine the reason thereof and the conflicts of interest that occur due to failure to implement them and to ensure formation of necessary policies for this purpose. It shall evaluate the proposals for Independent membership of the Board of Directors, including also the management and shareholders, taking into consideration whether a candidate bears independency criteria and shall explain its evaluation in this regard in a report and shall present it for approval of the Board of Directors. In order to comply with article 11 of the Corporate Governance Communiqué no.II-17.1, published in the Official Gazette dated January 3<sup>rd</sup> 2014 and has come into effect accordingly, by the resolution of the Board of Directors of the Bank dated June 30<sup>th</sup> 2014 and no.1276/01, Manager of the Shareholder Relations and the Board of Directors Secretariat Unit has been appointed as a member of the Corporate Governance Committee. As of May 14<sup>th</sup> 2018, Mr. Levent İşcan has been appointed as the Director of the Shareholder Relations and Board Secretariat Unit and as a member of the Corporate Governance Committee. The committee convenes whenever required by the business of the Bank, not be less than once a year.

#### REMUNERATION COMMITTEE

Features of the members of the Remuneration Committee, are shown in the following table.

Member	Duty at the Committee	Duty at the Bank
Ying Wang	Chairman	Independent Board Member
Jianfeng Zheng	Member	Board Member

Pursuant to the "Regulation on Corporate Governance Principles of Banks" of the Banking Resolution and Supervision Agency and by the resolution of the Bank's Board of Directors dated July 11<sup>th</sup> 2011, a "Remuneration Committee" has been formed in order to monitor and supervise the remuneration practices on behalf of the Board of Directors. The Committee shall evaluate the remuneration policy and implementations thereof within the framework of the risk management and prepare and submit a report regarding its recommendations in relation thereto, to the Board of Directors, on an annual basis.

#### BOARD OF DIRECTORS RISK MANAGEMENT COMMITTEE

The qualifications of the members of the Board of Directors Risk Management Committee are shown in the table below.

Member	Duty at the Committee	Duty at the Bank
Xiangyang Gao	Chairman	Chairman
Jinhong Li*	Member	Board Member - Deputy General Manager
Peiguo Liu	Member	Board Member
Jianfeng Zheng	Member	Board Member
Ying Wang	Member	Independent Board Member

\*Following Mr. Shaoxiong Xie's leave from our Bank, Ms. Jinhong Li has been deputizing General Manager and natural Board member duties in order to fulfill previous General Manager's duties as a Deputy General Manager as of January 10<sup>th</sup> 2022. Besides, she has been fulfilling her duties as the membership of Risk Management Committee of BoD.

With the resolution of the Board of Director dated January 30<sup>th</sup> 2019; A Board of Directors Risk Management Committee has been established so as to assist the Board of Directors in reviewing and determining the Bank's risk strategy, risk appetite, risk management policy, risk management procedures and internal control process and assisting the Board of Directors in supervising and evaluating the risk management activities of the related senior managers and risk management departments.

The Committee carries out its activities within the framework of the Board of Directors Risk Management The Bank's Internal Control and Compliance Department and Risk Management Department operate under control of the Board of Directors Risk Management Committee.

Committee Regulation, which was put into action by the Board of Directors' resolution dated October 23<sup>rd</sup> 2019 and numbered 1605/01.

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

### COMMITTEES

#### OTHER COMMITTEES

##### MANAGEMENT COMMITTEE

With the resolution of the Board of Director dated January 30<sup>th</sup> 2019; A Management Committee has been established to help improving the Bank's management structure, management standards and effectiveness, and to take decisions on important issues, to regulate operating rules and operating procedures for the regulation of important projects and the use of large amounts of funds. Management Committee consists of Chairman, General Manager and other senior management executives.

The Chairman of the Committee duty is fulfilled by Mr. Xiangyang GAO, who is Chairman of the Board of Directors. The Chairman's Assistant of the Committee duty is fulfilled by Ms. Jinhong Li, who has been now natural Board Member and deputizing General Manager functions. The Committee carries out its activities within the framework of the working rules by the Board of Directors resolution dated January 30<sup>th</sup> 2019.

##### ASSETS AND LIABILITIES COMMITTEE (ALCO)

Assets and Liabilities Committee is the committee where the volume and cost/ return of the balance sheet items of the Bank, economic developments affecting these items are evaluated; strategies regarding the management of the balance sheet are determined and the topics related to the ways to increase the Bank's performance are discussed. This Committee convenes once every two weeks under the chairmanship of the General Manager. Deputy/Assistant Managers and the Heads of all Departments in charge of banking transactions shall participate in the meeting.

##### RISK MANAGEMENT COMMITTEE

As an element of corporate governance, Risk Management Committee ensures the bank to achieve effective risk management, according to Bank's risk strategy and policies. Risk Management Committee shall act as a decision-making organization as well as control and monitoring mechanism on all significant matters related to enterprise risk management. Committee is presided by the General Manager.

#### INFORMATION REGARDING THE ATTENDANCE BY THE BOARD OF DIRECTORS AND THE COMMITTEE MEMBERS TO THE RELATED MEETINGS DURING THE ACCOUNTING PERIOD

Timing, place and method of the Board of Directors Meeting shall be subject to the provisions of the Turkish Commercial Code and the Bank's Articles of Association. Board of Directors shall convene as frequently as the businesses of the Bank necessitates. Participating in the meetings in person or through electronic environment is possible. Board of Directors is called for meeting by Chairman and in his/her absence by the Vice Chairman of the Board of Directors. Each Board member may request in writing from the Chairman of the Board that the Board of Directors be convened. Board of Directors consists of 6 members, including the General Manager. Calling procedure of the Board of Directors meeting is subject to provisions of the Turkish Commercial Code and the Bank's Article of Associations. The quorum for the Board of Directors meeting is the presence of majority of the members. Resolutions of the Board of Directors may be passed by the votes of the majority of the members present in person at the meeting as well as, pursuant to article 40 of the Articles of Association of our Bank and paragraph 4 of article 390 of the Turkish Commercial Code with number 6102, with the method by which a written proposal of one of the members is approved in writing by the other members.

The Board of Directors convened with all of the members being present in person, 4 times and passed 29 resolutions in 2021. Pursuant to article 40 of the Articles of Association of our Bank and the paragraph 4 of article 390 of the Turkish Commercial Code, by circular Board of Directors has taken 392 resolutions.

In 2021, the Audit Committee convened with the members being present in person, 4 times and passed 28 resolutions; passed 15 resolutions by circulation. In 2021, the Credit Committee convened to examine the credit files within the scope of its powers and passed 107 resolutions.

In 2021, the Corporate Governance Committee passed 5 resolutions; and the Remuneration Committee passed 4 resolutions.

In 2021, the Board of Directors Risk Management Committee held its meeting 4 times and has been taken 4 resolution in the Committee meeting. In addition, 4 resolution has been taken by 3 circular.

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## ORDINARY GENERAL ASSEMBLY HELD IN 2021

## ORDINARY GENERAL ASSEMBLY HELD IN 2021

General Assembly Meetings are held within the framework of the Banking Law, the Turkish Commercial Code and the Capital Markets Law.

In 2021, including ordinary electronic General Meeting, to which physical or electronic attendance is possible, was held. The ordinary general meeting was held on March 25<sup>th</sup> 2021 with the quorum of 92.88%. The Ordinary General Assembly meeting held in 2021 was successfully completed within its period.

Regulations on General Meetings of shareholders set forth in "The Articles of Association of ICBC Turkey Bank A.Ş." which take place in the Bank's internet site open to public and in the "Internal Regulations on the Working Principles and Procedures of the General Meeting".

The Bank makes the invitation to the General Assembly meeting at least three weeks before the meeting, excluding the announcement and meeting dates. Calls/ invitations and announcements for the General Meeting is published in the Turkish Trade Registry Gazzette, a newspaper published in Istanbul where the registered address of the Bank is, at Merkezi Kayıt Kuruluşu A.Ş. (MKK) (Central Securities Depository Institution), at Electronic General Meeting System (E-GEM), on e-YÖNET- Corporate Governance and Investor Relations Portal, on Public Disclosure Platform (KAP) and on the Bank's corporate internet site. Besides, as from the date of announcement, agenda, a sample of power of attorney, Annual Report, the Articles of Association of the Bank, financial tables and footnotes, Independent Audit Reports, the old and new versions of the amendments along with the related resolution of the Board of Directors in case there is an amendment in the Articles of Association, in case there is dismissal, change or election of the Members of the Board of Directors among the items of the agenda, reasons for dismissal and change, information on the member and Independent member nominees specified in the Corporate Governance Principles, and other documents related to the agenda are available at the General Management of the Bank and on our corporate internet site for the review of the shareholders. Documents related to the agenda items are published in E-GEM separately.

According to the provisions of the Articles of Association of the Bank, it is possible to vote by proxy. According to the 28<sup>th</sup> article of our Articles of Association, the shareholders may personally attend the General Meetings as well as being presented at these meetings by a proxy they choose among the shareholders or from outside. Provisions of the 29<sup>th</sup> article of the Capital Markets Law are applied in the invitation of the shareholders. General Meeting minutes are always available for the shareholders on our Bank's official internet site and at E-Company information portal which is accessible also from our Bank's internet site with the Electronic General Meeting System, within the scope of the related provisions of the Turkish Commercial Code, and which is specialized for Information public services and the infrastructure of it is provided by the Central Securities Depository.

All shareholders have the right to declare opinions on the subjects related to the agenda and ask questions at the General Meetings. Suggestions given in relation with the agenda are resulted by voting in compliance with the legal procedure.

In 2021, there weren't any operation which majority "Yes" votes of the Independent members of the Board of Directors are required for deciding at the Board of Directors or its decision is left to the General Meeting for "No" votes given.

In line with the Bank's Donation and Aid Policy approved in the Ordinary General Meeting of our Bank held on March 31<sup>st</sup> 2014, information on that there weren't any change in the policy and donations and aids made in 2020 are given to the shareholders at the Ordinary General Meeting held on March 25<sup>th</sup> 2021, with a separate agenda item.

At the Ordinary General Meeting held on March 25<sup>th</sup> 2021, the shareholders are informed about that there was no significant transaction which may cause an interest conflict between the shareholders holding the management control, the members of the board of directors, managers having administrative responsibility and their spouses and blood relatives and relatives by marriage up to second degree and the Bank or the subsidiaries.

## ABOUT DIVIDEND RIGHT

Implementations are fulfilled in the light of investment and financial needs within the framework of the Banking Law, the Turkish Commercial Code, the Capital Markets Law, the relevant legislation and Article 61 of our Bank's Articles of Association.

In light of the investment and financing needs within the framework of the Banking Law, the Turkish Commercial Code, the Capital Markets Law, related legal legislation and Article 61<sup>th</sup> of our Bank's Articles of Association. Each shareholder has the right to get profit share over the distributed profit share in his share rate.

Suggestion of the Board of Directors of our Bank on Profit Distribution is proposed to the General Assembly Meeting and to the information of the shareholders by the Annual Report before the General Assembly meeting every year and decided by discussing at the General Meeting. At the 2020 Ordinary General Meeting of the Bank dated March 25<sup>th</sup> 2021, it is decided "2020 annual net profit in the amount of 58.048.465,27.-TL which constitutes the after tax balance sheet profit of ICBC Turkey Bank A.Ş. for the year 2020, legal reserves in the amount of 2.902.423,26 TL at the rate of 5% be set aside according to the article 519/1 of the Turkish Commercial Code, and then that all of the remaining profit amount of 55.146.042,01.-TL be transferred to the extraordinary legal reserves and the Board of Directors be authorized regarding the utilization of the legal reserves.

The Profit Distribution Policy of the Bank is approved at the ordinary General Meeting held on March 25<sup>th</sup> 2021. This policy is published in the Bank's corporate internet site and in the annual report as "Regarding our Bank's target-directed growth in the sector and under the light of investment and financial needs, within the framework of the Banking Law, the Turkish Commercial Code and the Capital Markets Law and related legal legislation and the provisions of our Articles of Association, a basic profit distribution policy based on saving profits in the extraordinary reserves for the finance of growth by holding profits in the body and distributing as shares in free capital increases from internal sources is adopted. This policy shall be evaluated every year by considering regulations of the Capital Markets Board on profit distribution and liquidity status of our Bank."



## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

# ICBC TURKEY BANK A.Ş. DATED 31 MARCH 2022 ORDINARY GENERAL ASSEMBLY MEETING AGENDA

## ICBC TURKEY BANK A.Ş. 2021 ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 31<sup>TH</sup> 2022 AGENDA

1. Opening And Formation Of The Meeting Presidency,
2. Authorization Of The Meeting Presidency To Sign The Minutes Of The Ordinary General Meeting Of Shareholders,
3. Reading And Discussion Of The Board Of Directors' 2021 Annual Activity Report And Independent Audit Report Summary,
4. Reading, Discussion And Approval Of The 2021 Financial Statements,
5. Release Of The Board Members Separately,
6. Discussion On Dividend Distribution For The Year 2021 According To The Board Of Director's Proposal,
7. In Accordance With Capital Market Board's and Related Regulations, Voting Of "Dividend Distribution Policy" Of The 2022 And Following Years,
8. Determination Of The Remuneration Of The Board Members,
9. Election Of The Independent Auditor In Accordance With The Article 399 Of Turkish Code Of Commerce,
10. Informing The Shareholders About The Donations Made In 2021,
11. Determination Of An Upper Limit Of The Donations To Be Made In 2022 In Accordance With Banking Legislation And Capital Markets Board's Regulations,
12. Informing The Shareholders About The Remuneration Policy,
13. Informing The Shareholders Regarding Capital Markets Board's Corporate Governance Principles, Clause 1.3.6,
14. Reserving Provisions of the Banking Law, Allowing the Members of the Board of Directors to Perform the Transactions Written in Articles 395 and 396 of the Turkish Code of Commerce.

## SUMMARY BOARD OF DIRECTORS ANNUAL REPORT

Asset size of our Bank increased by 57.4% in 2021, from TL 24.9 billion to 39.1 billion. Credits increased by 53% and reached TL 21.7 billion compared with 2020 year-end. Securities of the Bank increased by 70.5% from 2020 year end to reach TL 9.5 billion.

Operating income of ICBC Turkey has reached to TL 1.3 billion. Our Bank achieved a net profit level of TL 115.9 million at year-end 2021. Interest income increased by 39.8% and net fees and commission income decreased by 11% compared to the end of 2020.

As of 2021 year end, based on unconsolidated financial statements of ICBC Turkey prepared in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation" which includes the "Regulation on the Procedures and Principles for Accounting, Practises and Retention of Documents by Banks" 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.

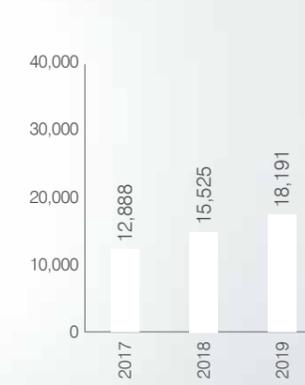
- Asset size reached TL 39.1 billion,
- Total cash loans were TL 21.7 billion (Including the loans which are classified as Financial Assets at Fair Value Through Other Comprehensive Income) and constituted 55.3% of the Bank's balance sheet,
- Total customer deposits were TL 16.1 billion and increased by 36% compared to that of 2020 and constituted 41% of the Bank's total liabilities,
- Shareholders' equity increased by 10% compared to that of the previous year-end,
- Net profit for 2021 was TL 115.9 million,
- Return on assets is 0.36% and return on equity is 8.39%, respectively,
- Capital adequacy ratio has been 26.86% (31 December 2020: 19.51%).

We have closely monitored the activities of the Audit Committee, Corporate Governance Committee and Remuneration Committee during the year and observed that the committees have worked effectively.

Your Sincerely,

Board of Directors

TOTAL ASSETS (TL million)



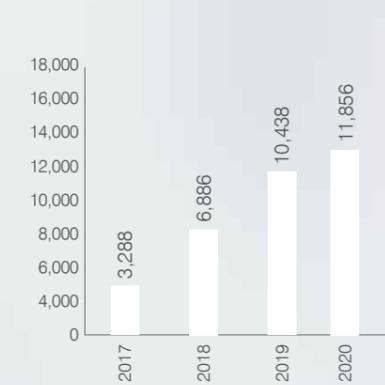
MARKETABLE SECURITIES (TL million)



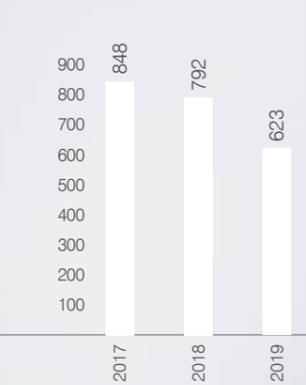
NPL RATIO (%)



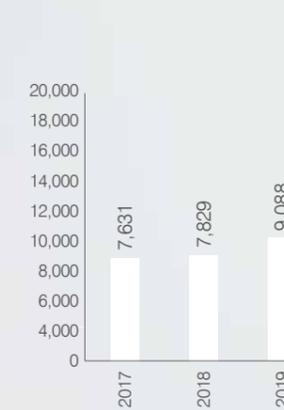
CUSTOMER DEPOSITS (TL million)



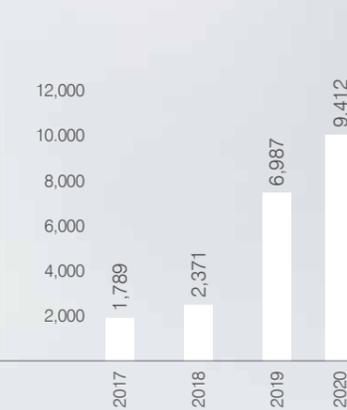
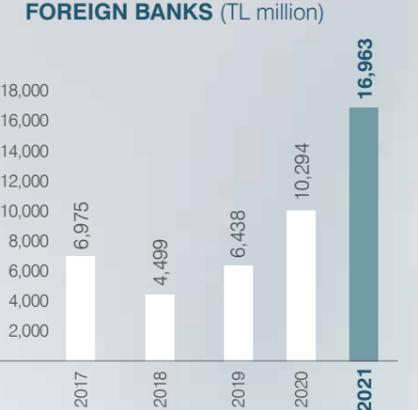
RETAIL LOANS (TL million)

CASH AND NON-CASH LOANS  
DISTRUBITION (TL million)

CASH LOANS (TL million)



NON CASH LOANS (TL million)

BORROWINGS FROM  
FOREIGN BANKS (TL million)

## ICBC TURKEY BANK A.Ş. PROFIT DISTRIBUTION POLICY AND PROPOSAL FOR PROFIT DISTRIBUTION FOR THE YEAR OF 2021

### 2021 ICBC TURKEY BANK A.Ş. PROFIT DISTRIBUTION POLICY

Regarding our Bank's target-oriented growth in the sector and under the light of investment and financial needs, Regarding the growth of the Bank in line with its targets within the sector, in light of the investment and financing needs within the framework of the Banking Law, the Turkish Commercial Code, the Capital Markets Law, related legal legislation and Article 61<sup>th</sup> of our Bank's Articles of Association, a basic profit distribution policy based on saving profits in the extraordinary reserves for the finance of growth by holding profits in the body is adopted.

### PROPOSAL FOR PROFIT DISTRIBUTION FOR THE YEAR OF 2021

In the meeting of the Board of Directors of our Bank held on the date of February 23<sup>th</sup> 2021 it has been resolved to propose to the General Assembly that, 2021 annual net profit in the amount of 115.893.604,68 TL (after tax) and restricting legal reserves in the amount of 5.794.680,23 TL at the rate of 5% be set aside according to article 519/1 of the Turkish Commercial Code and that all of the remaining profit amount of 110.098.924,45 TL be transferred to extraordinary legal reserves and authorization of the Board of Directors regarding for the use of the legal reserves.

## RISK GROUPS, SUPPORT SERVICES AND INFORMATION ABOUT NON-COMPETITION ACTIVITIES

### INFORMATION REGARDING THE TRANSACTIONS MADE BY THE BOARD MEMBERS WITH THE BANK FOR THEMSELVES OR ON BEHALF OF ANOTHER PERSON WITHIN THE FRAMEWORK OF THE PERMISSIONS GIVEN BY THE BOARD OF DIRECTORS OF THE BANK AND THE ACTIVITIES WITHIN THE SCOPE OF NON-COMPETITION

Permissions specified in articles 395 and 396 of the Turkish Commercial Code regarding prohibition of making transaction with the company and non-competition, have been given by the General Assembly to the members of our Board of Directors, provided that the transactions conducted in this context should be out of the scope of those prohibited by the Banking Law no.5411. No any situation out of the framework set by related rules and regulations, has been encountered.

### INFORMATION REGARDING THE TRANSACTIONS CONDUCTED BY THE BANK WITH THE RISK GROUP THAT THE BANK IS INVOLVED IN

The relationship between the Bank and the risk group to which it belongs includes all types of Banking transactions conducted in compliance with the Banking Law and within the framework of the normal bank-customer relationships and based on the market conditions. Explanations regarding such transactions are stated in the footnote VII. of the Section 5 of the Independent Audit Report, Unconsolidated and Consolidated Financial Statements as of December 31<sup>st</sup> 2021 and the Related Explanations and Footnotes Prepared to be Disclosed to the Public.

### INFORMATION REGARDING THE INSTITUTIONS FROM WHICH THE BANK RECEIVES SUPPORT SERVICES

Information regarding the institutions from which the Bank obtains support services and their authorizations and services received are specified below.

1. Cheque printing and coding services that are provided as a part of the our ongoing collaboration with “**Güzel Sanatlar Çek Basım Limited Şirketi**”,
2. Services of procuration of operations of establishing a lien on behalf of the bank that are provided as a part of our ongoing collaboration with “**FU Gayrimenkul Yatırım Danışmanlık A.Ş.**”,
3. Services of procuration of operations of establishing a lien on behalf of the bank that are provided as a part of our ongoing collaboration with “**İpoteka Gayrimenkul Yatırım Danışmanlık A.Ş.**”,
4. Services that concern the Swift Alliance maintenance contract and Emergency Center service office services; Swift service office main connection contract; sales and service contract for Paygate products, which are provided as a part of our ongoing collaboration with “**Fineksus Bilişim Çözümleri Ticaret A.Ş.**”,
5. Services of technical maintenance and licensing of Call Center System that are provided as a part of ongoing collaboration with “**Asseco See Teknoloji A.Ş.**”,
6. Card printing (customization) services that are provided as a part of the our ongoing collaboration with “**E-Kart Elektronik Kart Sistemleri Sanayi ve Ticaret A.Ş.**”,
7. Services of folding and enveloping printed credit card bank statements of our bank customers, which are provided as a part of the our ongoing collaboration with “**Printkom Doküman Baskı ve Bilgi İşlem Hizmetleri Limited Şirketi**”,
8. Cash carrying services that are provided as a part of the our ongoing collaboration with “**Loomis Güvenlik Hizmetleri A.Ş.**”,
9. Services of card payment systems, software renting and resource allocation software development that are provided as a part of the our ongoing collaboration with “**Banksoft Bilişim Bilgisayar Hizmetleri Limited Şirketi**”,
10. Loan promotion and sales services that are provided as a part of the our ongoing collaboration with “**Konut Kredisi Com Tr Danışmanlık A.Ş.**”,
11. User Technology support services provided by “**Treo Bilgi Teknolojileri Limited Şirketi**”,
12. Mobile Banking Software Services that are provided as a part of our ongoing collaboration with “**Magis Teknoloji A.Ş.**”,
13. Web Page design services that are provided as a part of our ongoing collaboration with “**Luckyeye Bilgisayar Tanıtım Hizmetleri Yayıncılık ve Tic. A.Ş.**”,
14. Archive services that are provided as a part of our ongoing collaboration with “**Iron Mountain Arşivleme Hizmetleri A.Ş.**”,
15. Security Services that are provided as a part of collaboration with “**G4S Güvenlik Hizmetleri A.Ş.**”

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## HUMAN RESOURCES IMPLEMENTATIONS

## ICBC TURKEY CAREER MANAGEMENT AND RECRUITMENT PROCESSES

Young talents are one of the most important values in ICBC Turkey's working principles. ICBC Turkey sees the value of young employees and their innovative ideas in moving the Bank forward and aspires to provide a working environment in which not only young employees, but all employees who do their jobs well and value continuous learning and development, can demonstrate their talents and dynamism and easily plan their future careers. Based on this, ICBC Turkey understood that the trainings to be provided, as well as the promotion criteria applicable to everyone working at ICBC Turkey, should be consistent with this thought. All necessary infrastructures for retaining talent are developed in tandem with talent acquisition.

The Bank implements a standard salary rating system that will increase and encourage employee productivity within the scope of the HR project, which is meticulously developed and followed by Human Resources. Furthermore, ICBC Turkey has adopted the principle of working with effective and employee-oriented human resource practices, which contends that everyone should be the "Leader of Own Business" with high loyalty and strong motivation.

## JOB APPLICATION AND RECRUITMENT APPLICATIONS

## JOB APPLICATION

Human Resources prioritizes expanding the vision of selecting and recruiting employees, accelerating the training and training process of young employees, creating more space for competent, responsible and energetic employees in the management of the Bank's Departments, Centers and Branches, and offers horizontal career opportunities.

Job applications to ICBC Turkey are made via different and well-known career portals such as LinkedIn and Kariyer. Incoming applications are evaluated according to the suitability for open positions.

## RECRUITMENT IMPLEMENTATIONS

While the most effective methods are used in recruitment practices, a recruitment approach is applied that will create the ground where the competencies of the candidate will be at the forefront. While trying to test the quantitative and qualitative characteristics of the candidate, it is considered that each candidate is very valuable individually.

Human Resources uses various concepts such as organizational chart, changes in employee structure, norm staff situation, and current business volume when evaluating and creating open position criteria. Future-oriented plans are developed in accordance with these concepts.

When it comes to filling vacant positions, internal talents from the current employees are prioritized. If it cannot be obtained from within the bank, an offer is made to the relevant candidate following the interview and reference meetings with the Recruitment and Talent Management Unit, as well as the Managing Director of the department to be recruited. Candidates are expected to prepare all necessary documents to start to work after acceptance of the offer.

To determine the need, ICBC Human Resources estimates the appropriate employee in the first stage of the recruitment process, taking into account the organization's annual budget as well as both short-term and long-term plans. Internal factors such as budget constraints, growth, and external factors such as technological developments, legal changes, and competition are all considered when estimating. Following this detailed analysis, HR clearly determines the needs and attempts to contact candidates who have the skills that match the needs and have received the necessary training. First and foremost, Human Resources team correctly performs the job analysis.

Before the process begins, the opportunities offered by the position to be recruited are clearly determined from the very beginning. The expectations from the candidate, the opportunities to be offered to the candidate and the job description are defined in a way that does not contradict each other, and the interview process begins by our personnel specialized in recruitment. Position applications are made through the relevant career websites. Candidates whose applications are examined are subjected to examination and interview. The offer process begins for the candidates who successfully pass the exam and interviews.

Interviews with candidates are also conducted in English, with the participation of relevant managing directors and the Human Resources Department.

English, general ability, memory and personality inventory tests are applied depending on the interview process and the criterias of the relevant position in the recruitment of inexperienced employees.

ICBC Turkey also prefers recruitment programs to recruit inexperienced young talents.

## RECRUITMENT PROGRAMS

## MANAGEMENT TRAINEE PROGRAM

The Management Trainee program, which provides the opportunity to work for inexperienced young talents who have recently graduated from university or who have recently begun their business life, is based on raising future management talents in accordance with the culture of ICBC Turkey. Management Trainee program includes two separate groups, the first one is Banking-oriented and the other one is information technology oriented.

Positions to be evaluated are chosen based on the Bank's strategies and needs. Before starting directly to work at Departments, Centers, Branches, Management Trainees must complete a one-month banking training course as well as technical training. Following the training, a detailed rotation plan including Department and Branch experience is prepared for the Banking group, with the goal of providing them with enlightening and efficient Banking experience. Technical trainings and rotation in information technology Departments are planned information technology oriented group.

Basis criteria for Management Trainee Programs:

- At least Bachelor Degree from relevant majors,
- Fluent in English,
- Candidates who are successful in the exams, have strong self-expression and communication skills in the group and individual interview stages, and have analytical thinking skills are employed in the relevant units of the Bank, which are required to recruit new employees.

Under the pandemic conditions of 2021, 18 MTs recruited to ICBC Turkey, completed their exams and trainings on the online platform.

## CORE BANKING GROUP (TELLER RECRUITMENT)

It is the recruitment made in line with the employee needs to support the processes in the operation units of ICBC Turkey branches. Candidates take the exam according to the requirements of the position. Candidates who are successful in the exam continue with the interview process. Candidates who successfully pass the interview stage receive an offer. Before starting the job, Basic Banking Training program is compulsory to attend. After the training, Tellers start working in the relevant positions of the Branches.

## PROMOTION IMPLEMENTATIONS

ICBC Turkey considers that every employee has the potential to be promoted and encourages them to be promoted. In this process, it approaches all its employees with a fair and transparent system and presents career goals. In line with the determined promotion criteria, employees who are found suitable as a result of the evaluations are entitled to be promoted.

Two different methods are followed in this process. The first method is the Open Competition. The Open Competition system has great advantages for the development of the bank. Announcement brings competition; competition often multiplies quality, performance and productivity. Open Competition participation rules are determined and published. Employees who meet the criteria make their applications. Nominations are selected by the Management Committee. ICBC Turkey has been realizing director position appointment with Open Competition for two years.

Another method is the process that continues according to the conditions existing in the Instruction Manuals. In promotions to the Senior Technical Expert title level and below, the promotion is realized after the approval of the Top Management and announced to the employees.

## ICBC TURKEY HUMAN RESOURCES PROFILE

The total number of employees at ICBC Turkey as of December 31, 2021 is 731. During the same time period, the bank had 350 employees in its 39 branches and 381 employees in its head office. In 2021, the average of seniority is 9.07 years, and the average age of the bank employee is 38.25. 71.3% of Bank employees hold a bachelor's degree, 11.9% hold a master's degree, and 0.3% hold a doctorate degree.

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

### HUMAN RESOURCES IMPLEMENTATIONS

#### EDUCATIONAL ORGANIZATIONS

Educational activities are organized with the understanding that career and education management is the key point to continuous development. It is ensured that the activities to be selected are carried out in a planned and effective manner in order to bring the employee a sense of corporate commitment and corporate culture.

As with all Human Resources practices, training and development activities are associated with the company's strategic goals and priorities. Current and future organizational and individual needs are taken into account, and the managerial and professional development needs of the employees are determined accordingly.

Renovation and development are indispensable elements of modern banking. ICBC Turkey builds on these elements and reinforces them with a learning organization approach.

Training is among the top priorities at the Bank, which aims to develop its employees and the entire environment within the scope of the ever-evolving system. For young employees participating in the ICBC Turkey organization; On-the-job, orientation and long-term development trainings are provided. Other employees who continue to work in their field of specialization and work at the Bank complete their management and specialization programs according to the determined career planning.

Training programs are differentiated in terms of content, scope and presentation methods, taking into account institutional goals and priorities and personal needs, and are presented in line with the needs. ICBC Turkey's training programs; It includes Career Education Programs, Personal Development Training Programs, Executive Development Training Programs, MT and Core Banking Training programs. Further training courses are offered by trainers from leading private training companies and the Bank's internal trainers.

Human Resources continued its training activities without slowing down under the pandemic conditions. In this process, cooperation with online training companies was strengthened, online training plans were created and suitable conditions for online training were provided for each line of business. In order to minimize the negative psychological effects of the pandemic, the bank supported its employees and provided motivation, awareness and remote working trainings.

#### Educational and Development Activities

In 2021, ICBC Turkey provided training programs to its employees through internal trainers, outsource training companies, and seminars and conferences organized by The Banks Association of Turkey.

During the year, 96 trainings were held, including internal, external, and online training programs, and 10.871 people attended. In this context, online training programs on 10 different subject as well as internal and external training on 86 different subjects.

#### Remuneration Committee and Remuneration Activities in 2021

By the decision of the Board of Directors of ICBC Turkey on 11 July 2011, a "Remuneration Committee" has been established for monitoring and auditing of remuneration practices on behalf of the Board of Directors. Mr. Jianfeng Zheng and Mrs. Ying Wang, who do not have executive duties in the Bank, were appointed as members of the "Remuneration Committee" with the Board of Directors decision dated May 22, 2015. Mrs. Ying Wang was elected chairman of the committee and continues to serve.

The Remuneration Committee carried out its activities between 01.01.2021- 31.12.2021 in accordance with the Bank's corporate governance principles.

Distribution methods have become more diverse and independent, and the sense of earning of employees who contribute more in this direction has been greatly improved. In line with the wage policy that was last updated in 2021; 32% increase in flexible salary and a 48% increase in additional income were realized.

#### ICBC Turkey Human Resources Policy

The Bank's Human Resources Policy is published on our website under the title of "Policies". This policy has come into effect with the decision of the Board of Directors.

Within the framework of these published policies, Human Resources carries out the "Most Talented Bank" strategy in order to make ICBC a global, leading Bank with the best profitability and to build a good workplace for all personnel to work with performance and prestige and grow the Bank.

Humans need to focus on corporate philosophy, under the leadership of Turkey's current situation and the main shareholder of the HR department, "Reform and Improvement of" the scope and efficiency of justice is the main objective to support the workers in the foreground holding.

The Human Resources policy increases the productivity and happiness of the employees by using compensation, performance evaluation, career planning, training and similar Human Resources tools in line with the Bank's goals and strategies. With this understanding, it is aimed to create an appropriate workplace environment that will enable employees to reveal their energy and creativity and to discover their talents.

ICBC Turkey Human Resources works in coordination with Departments, Centers and Branches under the leadership of the management committee, mainly by following the business objectives and strategies of the Bank in order to lead a comprehensive improvement in HR management.

The focus is on reforms and improvements in the organizational structure, employee development, salary rating, performance bonus, career path and training programs support employees.

The Bank has a standard salary rating system established with the application of salary payments and the HR project closely followed and developed by the HR team in order to improve per capita productivity and increase management efficiency. In addition, various premium payments are made in parallel with the contributions and success of the employees to the Bank.

ICBC Turkey has adopted the principle of maintaining a human resource consisting of highly motivated and loyal employees with effective and human-oriented Human Resources practices in line with its personnel management policy and that everyone should be the "Leader of their Business".

For operational processes, the job descriptions, authorities and responsibilities of the Bank personnel are determined according to each title and position. General Human Resources policies applied for the Bank's best performance are based on the principles summarized below. These principles are published in the Bank's intranet environment and on its website.

#### CODE OF ETHICS AND SOCIAL RESPONSIBILITY

##### Ethical Rules

ICBC Turkey, in our corporate management approach, Turkey Banks Union published by the "Code of Ethics" of the already adopted and implemented.

The attitudes and behaviors of employees at all levels and the ethical principles aiming to regulate their relations with individuals and organizations within and outside the Bank are explained under the heading "Our Bank's Ethical Principles" in Article 5 of the Personnel Regulation, which entered into force with the resolution of the Board of ICBC Turkey on December of 09<sup>th</sup> 2002 and revised again on January of 14<sup>th</sup> 2021.

These rules have been announced to the public through the website within the framework of the "Information Policy" of the Bank. All employees are informed about ethical principles. All personnel working in our Bank are asked to act in accordance with ethical principles and their signed statements are received in this regard. Turkey ICBC Corporate Governance Committee with the recommendation issued by the Banks Association of Turkey "Code of Ethics" was updated and published on the official website.

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## DONATIONS AND SOCIAL RESPONSIBILITY PROJECTS

## SOCIAL RESPONSIBILITY

In all of its applications and investments, ICBC Turkey pays attention to the corporate image, benefit and profitability as well as social benefit and to support social and cultural activities in the light of the principles of respect for the environment. The issues of developing the banking sector and maintaining the trust in the sector are observed, and contributes to the healthy development of the society by complying with the regulations regarding consumer and public health.

Within the scope of social responsibility; All crimes such as extortion, bribery, all kinds of corruption, money laundering and terrorist financing, and illegal betting and gambling are all struggled.

## INFORMATION RELATED TO THE DONATIONS AND THE DISBURSEMENTS MADE WITHIN THE SCOPE OF CORPORATE SOCIAL RESPONSIBILITY PROJECTS IN THE YEAR 2020

List of donation(s) made by the Bank to various institutions as of the date of December 31<sup>st</sup> 2020, is given below:

Donee Institution (full amount)	Amount (TL)
Türk Eğitim Vakfı	2,650
*ICBC Turkey Yatırım Menkul Değerler A.Ş. (Türk Eğitim Vakfı)	200
Total	2,850

\*Donation made by our subsidiary company.

- ICBC Turkey took main sponsorship role in the Economic and Trade Development Forum on the 50<sup>th</sup> Anniversary of the Establishment of Diplomatic Relations between China and Turkey (Ankara) in order to strengthen the economic and trade relations between the countries and to contribute to the cultural integration.
- 12 refurbished computers and desktops was donated to the Mehmet Ve İfakat Gülaçtı School in Elazığ city.
- Within the frame of afforestation works following forest fires that negatively affected Turkey in August, ICBC Turkey also participated in the sapling donation campaign initiated by the Banks Association of Turkey that called each member to contribute 5 saplings for each employee.
- Sign language training was given to the Branch employees by experts, and efforts are underway to expand these trainings.

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## ICBC TURKEY BANK A.Ş. 2021 CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE DECLARATION

ICBC Turkey Bank A.Ş. ("ICBC Turkey" or the "Bank") is subject to provisions relevant to Corporate Governance Principles stipulated for banks in Banking and Capital Market legislation. Within this scope, ICBC Turkey, adopted a management method based on caution, stability and trust.

The Bank is in compliance with compulsory principles among the Corporate Governance Principles taking place in the Corporate Governance Communiqué and Banking Regulation and Supervision Agency ("BRSA") Regulation on Corporate Governance Principles of the Bank.

According to Capital Markets Board's ("CMB") resolution dated 10.01.2019 and numbered 2/49 Corporate Governance Compliance Reporting has been done by Compliance and Corporate Governance Information forms on Public Disclosure Platform ("PDP"). The Bank has disclosed its Compliance Report Format ("CRF") and Corporate Governance Compliance Forms ("CGIFs") within the framework of its compliance principles on the link of [www.kap.gov.tr](http://www.kap.gov.tr) on 24.02.2021 as well as disclosed in the Annual Report.

In accordance with the new Corporate Governance Reporting frame accepted by CMB's dated 10.01.2019 resolution;

Corporate Governance Information Form gives information about shareholders, General Assembly, voting rights, minority rights, dividend rights, public disclosure and transparency, stakeholders and Board.

The principles which are not obligatory and only advisory are disclosed by Compliance Form according to apply or explain principle. The principles that are still not complied with has been mentioned below.

There hasn't been any conflict of interest arising from these not applied principles.

- » For the principle number 1.5.2., minority rights are not granted to those holding less than one twentieth of the capital with the Articles of Association of the Bank.
- » For the principle number 3.1.2., no written indemnity policy is issued for the Bank employees. All applications relevant to the Bank employees are subject to Labor Law and other relevant legislations, and as contradictory provisions are not set forth in in-Bank regulations, a separate indemnity policy is not issued.
- » For the principle number 4.2.8., against the damages the Members of the Board of Directors may cause in the Company during their duties, they are not insured with a value exceeding 25% of the company capital. However, there is a Financial Corporations Management Liability Insurance for the members of the board of directors of our Bank with a lower value and the policy period is between 01.09.2021 - 31.08.2022.
- » According to the principle number 4.3.9., no target rate or target time is specified for the female member rate in the Board of Directors and there is 1 female member in the Board of Directors in 2021 and 2 female members together with the natural Board member of our Bank as of 2022 January 10<sup>th</sup>.
- » According to the principle number 4.4.7., due to the business experiences and sectorial experiences of the Members of the Board of Directors having significant contribution to the Board of Directors, they are not restricted in taking part in duties other than the Bank. While duties of some members continue in in-group companies, some members take office only at our Bank. The members allocate sufficient time for the Bank.
- » According to the principle number 4.5.5., as the number of our Members of the Board of Directors is limited, assignment at the committees is carried out by considering knowledge and experiences of the Members of the Board of Directors, in line with the relevant legislation, and one Member of the Board of Directors may be assigned in more than one committee.
- » According to the principle number 4.6.5., salaries paid to and fringe benefits provided for the Members of the Board of Directors and the executives are announced to public through the annual report. However, the explanation made is in a way to separate the Board of Directors and the executives, not on person basis.

As announced earlier, in line with the announcements of the Board of Directors Borsa İstanbul A.Ş. ("Borsa" or Borsa İstanbul) numbered 17.09.2020 and the resolutions of the CMB dated 14.09.2020, in order to increase the depth of the shares traded in the Stock Market, to increase effective as of 01.10.2020, some changes were made in the Equity Market, in terms of market segment structuring, trading principles in the markets, market-segment change-over/ transition criteria between markets and listing requirements. These changes were declared with the announcement dated 17.09.2020 and numbered 2020/58 and entered into force as of 01.10.2020. In line with the announcements and evaluations of Borsa İstanbul dated 18.12.2020, 11.03.2021, our Bank was traded in the "SUB- MARKET". On the other hand, "About Equity Market Structure Principles" dated 10.09.2021 published by Borsa İstanbul during the year. In line with the announcement, ICBC TURKEY is currently traded on the "MAIN MARKET".

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

According to the announcement in CMB Bulletin dated January 21, 2021 and with number 2021/4, in the grouping determined as a result of the evaluation made by CMB, our Bank has taken place in the Second Group companies. Within this scope, exceptions/exemptions in the practice of the Corporate Governance Principles of the companies in the second group is applicable also for our Bank.

Within this scope;

It is stated in the 3<sup>rd</sup> item of the 6<sup>th</sup> article of the Communiqué on exceptions independent member of the board of directors for the banks is in discretion of the bank provided that the number of these members should not be less than three and the members of the board of directors assigned for the audit committee membership within the structuring of the Board of Directors of the banks shall be considered as the independent member of the Board of Directors within the framework of this Communiqué. Besides, it is stated that qualifications determined in the Corporate Governance Principle number 4.3.6. shall not be looked for in the audit committee members of the banks and Principles number 4.3.7. and 4.3.8. on selecting these members shall not be applied. Again in the same Communiqué; it is ensured that qualifications determined in the Principle number 4.3.6. shall be looked for any way for the independent members of the board of directors who shall not take place in the audit committee, and shall be looked for only one member in case all of the independent members of the board of directors take place in the audit committee, and Principles number 4.3.7. and 4.3.8. on selecting these independent members shall be applied.

As the Bank is in the second group companies, we are exempted from;

- » The Principle number 4.3.7. of Communiqué as "(t)he Board of Directors prepares the nominee list of the independent member within the framework of the report of the nominating committee and sends to the Capital Markets Board at least 60 days before the General Meeting along with the related report of the nominating committee and the decision of the Board of Directors",
- » The Principle number 4.3.8. of Communiqué as "(i)n case independent membership is vacant, the Board of Directors send the nominee list determined within the framework of the report of the nominating committee to the Capital Markets Board within 30 days".

As mentioned above, according to the announcement in CMB Bulletin dated January 21, 2021 and with number 2021/4, in the grouping determined as a result of the evaluation made by CMB, our Bank has taken place in the Second Group companies. According to the provision 11<sup>th</sup> article of the Communiqué, manager of the investor relations department shall have a "Capital Market Activities Level 3 Licence" and "Corporate Governance Rating License". The Manager of the Unit of the Shareholder Relations and Board Secretariat performing duty within this scope at our Bank holds Capital Market Activities Level 3 Licence and Corporate Governance Rating Licence.

Within the scope of Banking and Capital Market legislation, the Audit Committee is established on October 30<sup>th</sup> 2006, the Corporate Governance Committee is established on March 30<sup>th</sup> 2005, and Remuneration Committee is established on July 11<sup>th</sup> 2011. Within the year of 2012, considering the structuring of the Board of Directors and duties our independent members have undertaken in the committees they take part, it is decided the "Nominating Committee" not to be constituted separately and duties of this committee to be performed by the Corporate Governance Committee". The activities of the committees are detail explained in "Committees/ Information Regarding the Committees Established Within the Body of the Board of Directors" part.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status				Explanation
	Yes	Partial	No	Exempted	
<b>1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS</b>					
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X				
<b>1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION</b>					
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.	X				
<b>1.3. GENERAL ASSEMBLY</b>					
1.3.2 - The company ensures the clarity the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X				
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X
1.3.8 - Members of the board of director who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X				
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X				
1.3.11 - The General Shareholders' Meeting was held open to the public, including stakeholders, without having the right to speak.		X			As specified in the Article of Association, General Assembly Meeting was open to all shareholders. However, it was closed to media and public. The minutes of the General Assembly Meeting has been submitted to all stakeholders via PDP and website by the Bank.
<b>1.4. VOTING RIGHTS</b>					
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X				
1.4.2 - The company does not have shares that carry privileged voting rights.	X				
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X There is no mutual shareholding relationship in the structure of the Bank's capital.

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

### CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.5. MINORITY RIGHTS</b>						
1.5.1- The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2- The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Bank adopted its rates strictly which is outlooked for the public-held company in the regulation and minority rights has been determined according to Article 19 of the Bank's Article of Association at a rate of 1/20 at capital.
<b>1.6. DIVIDEND RIGHT</b>						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle	X					
2.1.2- The shareholding structure (names, privileges, number, ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.					X	There is no shareholder who has more than 5% of the paid-in capital.
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				Our Bank's website is arranged in English format as well as the majority of Turkish contents are also available in English version.
<b>2.2. ANNUAL REPORT</b>						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					

## Company Compliance Status

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website		X				No specific policy has been generated for stakeholders. Stakeholders' rights are protected within the framework of general regulations, contracts and goodwill rules.
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
<b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/ manuals), regulate the participation of employees in management.			X			Among the employees, mid-level and senior managers participate in decision-making mechanism through Bank Committees. Besides, Events are organized periodically within the Bank all employees of the Bank might be shared their suggestions to the Top Management.

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.2.2 - Survey/other research techniques, consultation, interviews, observation method etc. Were conducted to obtain opinions from stakeholders on decision that significantly affect them.		X				Employees' opinions and suggestions are also evaluated through surveys in decision processes that have important consequences. Suggestions and complaints are provided through relevant channels such as "Write to Us", Internet Mobile Branch and info@icbc.com.tr in order to assess employees, and stakeholders' requests. Communication channels are kept open for other stakeholders (suppliers, business partners, etc.) and still working on the surveys have been evaluated.
<b>3.3. HUMAN RESOURCES POLICY</b>						
114 3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.		X				The Bank has an employment policy ensuring equal opportunity, succession plan works have been going on. Succession planning in our Bank has been organized according to the current title structure of our Bank, and each title is a successor to a higher title, as per the Bank's Personnel Regulation.
3.3.2 - Recruitment criteria are documented.		X				
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.		X				
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.		X				

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.		X				Employees are notified directly, However, there is no governing body like the union.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and take into account to determine employee remuneration.		X				
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.		X				
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.			X			Within the scope of ICBC ethical principles, employees might be member of social, cultural, environmental projects and club or associations. The activities of these shouldn't be covering discriminatory, contrary to the religious or public welfare and must in no way to damage Bank's reputation. All of these ethical principles are also published on our official web-site.
3.3.9 - A safe working environment for employees in maintained.		X				
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1- The company measured its customer satisfaction, and operated to ensure full customer satisfaction.		X				
3.4.2 - Customers are notified of any delays in handling their requests.		X				
3.4.3 - The company complied with the quality standards with respect to its products and services.		X				
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.		X				
<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.		X				
3.5.2- The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.		X				

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

### CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
4.1.1- The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2-The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
<b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>						
4.2.1- The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2- Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4- Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7- The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
116 4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				The Bank's paid-in capital is 860 million.- TL and due to the defects of the Board Members during their duties, they are insured with a limit of 10 Million USD under the responsibility insurance policy against the risk of loss.
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.3.9- The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			There is no policy for the women membership in the Board of Director. There is consisted in 1 woman Board member out of 6 Board Members. Woman members is at a rate of %17.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>4.4. BOARD MEETING PROCEDURES</b>						
4.4.1 - Each board member attended the majority of the board meeting in person.		X				Our Board Members of Chinese nationality who non-resident in Turkey, could not physically attend the meetings due to the pandemic. During the pandemic process, all Board Members attended the quarterly meetings through the "Electronic BoD System" produced by MKK A.Ş.
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of the board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	There is no written format statement
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 -Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board member's external commitments at the General Shareholders' Meeting.			X			There is no restriction for the Board Members to have duties outside of the Bank. Duties held by the Board members out of the Bank is included in the Annual Report submitted to the General Assembly.

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>4.5. BOARD COMMITTEES</b>						
4.5.5 - Board members serve in only one of the Board's committees.			X			Due to the limited number of members of the Bank's Board of Director, committees are appointed in accordance with the relevant legislation by taking into consideration the knowledge and experience of the Board Members and one Board Member may serve in more than one Committee.
4.5.6- Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report					X	Committee didn't need to receive external consultancy services until today.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			In 2021, no specific study was conducted at the Board level for performance evaluation.
4.6.4 - The company did not extend any loans to its board directors and executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.		X				The loans to be granted to the members of the Board of Directors and employees are subject to restrictions set forth in Article 50 of the Banking Regulation. No other loans are granted to the Members of the Board of Directors or employees.
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				Annual salaries paid to the members of the Board of Directors and Top Management has been disclosed in the Annual Report totally.

## CORPORATE GOVERNANCE INFORMATION FORM

## 1. SHAREHOLDERS

## 1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organized by the company during the year

None

## 1.2. Right to Obtain and Examine Information

The number of special audit request(s)

None

The number of special audit requests that were accepted at the General Shareholders' Meeting

None

## 1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)

<https://www.kap.org.tr/Bildirim/912518>

The documents related to the General Assembly Meeting are presented on the Bank's website both in Turkish and English.

Related web site Turkish version:

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time

<https://www.icbc.com.tr/yatirimci-iliskileri/akordeon-pdf-liste/Olagan-Genel-Kurul-Toplantilari/149/0/0>,

Related web site English version:

<https://www.icbc.com.tr/en/investor-relations/pdf-list/Ordinary-General-Meetings/329/0/0>

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

None

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)

None.

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)

None.

Related web site Turkish version: [https://www.icbc.com.tr/tr/images/pdf/Bagis\\_ve\\_Yardim\\_Politikasi\\_2017.pdf](https://www.icbc.com.tr/tr/images/pdf/Bagis_ve_Yardim_Politikasi_2017.pdf)

The name of the section on the corporate website that demonstrates the donation policy of the company

Related Web Site in English version:

<https://www.icbc.com.tr/en/images/pdf/Donation-and-Contribution-Policy.pdf>

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved

<https://www.kap.org.tr/Bildirim/920494>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting

In the Articles of Association 3. Section between Article 18-34

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

Some stakeholders such as Independent Auditor, shareholders and employees attended the General Assembly Meeting within the knowledge of our Bank as observer.

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## 1.4. Voting Rights

Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares	There are no voting privileges but there are privileges in the structure of the Board of Director, in the election of the member of Board and in the election of liquidator. 860.000.000.-TL of our total capital, which is 602.000.000.-TL consist of A Group shares and 258.000.000.-TL B Group shares.
The percentage of ownership of the largest shareholder	92,84%

## 1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association	Minority rights have not been advanced in terms of content and percentage for minority rights, except for the verdict of the Articles of Association, Turkish Commercial Code and other relevant regulations.

## 1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	<a href="https://www.icbc.com.tr/en/images/pdf/13.04.2021ICBC%20TURKEY%20PROFIT%20DISTRIBUTION%20POLICY.pdf">https://www.icbc.com.tr/en/images/pdf/13.04.2021ICBC%20TURKEY%20PROFIT%20DISTRIBUTION%20POLICY.pdf</a>
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	Prepared by the Board, the proposal for the distribution of the Banks' Commercial profit for the year 2020 was submitted to the approval of the Ordinary General Assembly for 2020 held on 25.03.2021 and approved by majority vote. The information provided to the shareholders regarding the undistributed part of 2020 profit is provided in article 7 of the following link.  <a href="https://www.icbc.com.tr/en/images/pdf/25032021_Ordinary%20General%20Assembly%20Meeting_Minutes.pdf">https://www.icbc.com.tr/en/images/pdf/25032021_Ordinary%20General%20Assembly%20Meeting_Minutes.pdf</a>
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the General Assembly not to distribute dividends	<a href="https://www.kap.org.tr/Bildirim/920494">https://www.kap.org.tr/Bildirim/920494</a>

## General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations received by the board of directors	The link to the related PDP general shareholder meeting notification
25.03.2021	0	92,88%	0,0004%	92,84%	Investor Relations /General Assembly/ Ordinary General Assembly Meeting/ Minute	No Addressed Question	There is no agenda about related parties	219	<a href="https://www.kap.org.tr/Bildirim/920494">https://www.kap.org.tr/Bildirim/920494</a>

## 2. DISCLOSURES AND TRANSPARENCY

## 2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1	Turkish Web Site: Home Page > Investor Relations English Web Site: Home Page > Investor Relations
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Turkish Web Site: <a href="https://www.icbc.com.tr/yatirimci-iliskileri/detay/Ortaklik-Yapisi/129/113/0">https://www.icbc.com.tr/yatirimci-iliskileri/detay/Ortaklik-Yapisi/129/113/0</a> English Web Site: <a href="https://www.icbc.com.tr/en/investor-relations/detail/Shareholding-Structure/317/852/0">https://www.icbc.com.tr/en/investor-relations/detail/Shareholding-Structure/317/852/0</a>
List of languages for which the website is available	Turkish and English

## 2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	2021 Annual Report –Section II Management and Corporate Governance Practice> 2021 Corporate Governance Compliance Principles > Duties Held By Board Members out of the Bank
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members.	2021 Annual Report –Section II Management and Corporate Governance Practice > Board Members Declaration of Independence.
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure.	2021 Annual Report –Section II Management and Corporate Governance Practice > Committees
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings.	2021 Annual Report - Section II Management and Corporate Governance Practice > Information Regarding The Attendance By The Board of Directors and The Committee Members To The Related Meetings During The Accounting Period
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation.	2021 Annual Report - Section II Management and Corporate Governance Practice > Significant Legislative Changes Regarding the Banking Sector
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	2021 Annual Report Section I - General Information > Other General Information > Information Related to the Material Lawsuits Brought Against The Bank During the Year 2021 and Their Potential Outcomes
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	None
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no mutual shareholding relationship in the structure of the Bank's capital.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	2021 Annual Report Section II- Management and Corporate Governance Practice> Human Resources Practices > Recruitment Practices and Ethic Rules with Social Responsibility

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## 3. STAKEHOLDERS

## 3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	There is no severance policy for Bank's employees. All implementations for the Bank's employees depend on labor law legislation and other relevant regulations. As there is no inconsistency in the internal regulations of the Bank, no severance pay policy has been issued.
The number of definitive convictions the company was subject to in relation to breach of employee rights	9
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Head of Internal Audit
The contact detail of the company alert mechanism.	ihbar@icbc.com.tr

## 3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	There is no written internal regulation. In all projects carried out within the scope of the Bank's strategic priorities, support is received from the employees, and mid and senior managers are encouraged to make evaluation and participate in decision processes through committees.
Corporate bodies where employees are actually represented	Due to the title structure of our Bank, our employees who are at the senior top level participate in the committees, while our employees who are not at the managerial level but have senior titles can participate in the meetings as spectators and listeners. In addition, employees at all levels can convey their suggestions, comments, opinions and ideas through the "Suggestion System" on the Bank's intranet portal in order to ensure that employees take an active role in decision-making mechanisms and benefit from their innovative ideas. Besides, Events are organized periodically within the Bank all employees of the Bank might be shared their suggestions to the Top Management.

## 3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Succession planning in our Bank has been organized according to the current title structure of our Bank, and each title is a successor to a higher title.  Processes are initiated at the beginning of each year. Employees who meet the criteria and complete their seniority are evaluated every quarter. The appointment of the General Manager, Deputy and Assistant General Manager are carried out by the decision of the Board of Directors.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Summary of Human Resources Policy under the Policies in the Investor Relations section of the Bank's corporate website www.icbc.com.tr. The Bank's objective and strategy is to increase employees efficiency and happiness by using salary system, performance evaluation, career planning and developing, training and similar motivational tools and to create a suitable working environment that will reveal the creativity of our employees through these methods. The Human Resources Department carries out its activities in all matters that concern and cover its employees, regardless of race, gender, nationality, age, religion, political opinion, physical disability, and the principle of respecting private life and all citizenship rights, regardless of all privileges. With this understanding, the ultimate goal of the policy is to reveal the energies and creativity of the employees and to create a business environment conducive to displaying their talents. Issues regarding equal opportunities are included in the Personnel Regulations and are not disclosed on the corporate website.

Whether the company provides an employee stock ownership programme	There is no employee stock ownership programme.
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Turkish Web Site:

Yatırımcı İlişkileri > Kurumsal Yönetim > Politikalar > ICBC Turkey İnsan Kaynakları Politikası

English Web Site:

Investor Relations > Corporate Governance > Policies > Human Resources Policies

The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.

Human Resources Policy is published on the Corporate website. In addition, in the Personnel Regulation published within the Bank, equality of opportunity is taken as a basis in recruitment and career planning, and in accordance with our human resources policy, no discrimination is made among our employees for any reason, and all our personnel are treated within the framework of the principle of equal treatment. The criteria for recruitment are determined in writing and these criteria are followed.

The Bank takes utmost care to act fairly in all rights provided to employees. Training programs are carried out to increase the knowledge, skills and competencies of the employees, and in this direction, training policies are created according to the needs and objectives. Regular informative meetings are held with employees on matters such as the bank's financial status, wages, career, education and health, and sharing information each other. Job descriptions and distribution of duties and performance and reward criteria are regularly informed to the all employees. Efficiency is taken as a basis in determining the wages and other benefits given to employees in line with the policy.

The Bank's Human Resources policy is based on the principle of comprehensive opportunities and principle of equal opportunities in order to enhance occupational safety and personal development of the employee professionally. The Bank takes precautions against racial, religious, and gender discrimination among its employees and against physical, mental and mistreatment in the Bank's internal environment.

The number of definitive convictions the company is subject to in relation to health and safety measures	None
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## 3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	Home Page>Investor Relations> Banking Ethic Rules
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Home Page> Investor Relations>Financial Information> 4. Quarter Annual Report

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

<p>Any measures combating any kind of corruption including embezzlement and bribery</p>	<p>On-site and remote inspection and control activities carried out by Internal Audit and Internal Control and Compliance Department; utmost care is taken in prominent measures taken within the scope of combating all kinds of anti-corruption, including embezzlement and bribery, and necessary mechanisms have been set up to evaluate complaints that may arise in this direction. In addition, personnel are informed about these issues and their awareness is expanded during the trainings aimed at combating Laundering Proceeds of Crime and Financing of Terrorism. In our Bank, scenario-based AML (laundering- money detection) program is used; The warnings generated by the said program are examined and the transactions related to the warning are examined within the scope of monitoring and control activities aimed at preventing money laundering and financing of terrorism. When necessary, the branches or units are contacted to obtain detailed information about the nature of the transactions, the customer's risk profile, and the funding sources on which the transactions are based on. Transactions that cause suspicion that corruption may be related to all kinds of corruption including embezzlement and bribery are reported to MASAK by filling in the Suspicious Transaction Notification Form.</p>
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## 4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors	Explanations
Date of the last board evaluation conducted	21.02.2019
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Xiangyang Gao- Chairman, Executive Member (In charge of Human Resources, BoD Office) Shaoxiong Xie - Natural Board Member, General Manager Jinhong Li, Deputy General Manager
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	13
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	2021 Annual Report Section III - Assessment of Operation of Internal Control, Internal Audit and Risk Management Systems By The Audit Committee
Name of the Chairman	Xiangyang Gao
Name of the CEO	Shaoxiong Xie
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	The chairman and the General Manager are different persons.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Damages that may be caused by the members of the board of directors during the discharge of their duties have been insured under the liability insurance policy within the limit of USD 10 million. However, as stated in the Corporate Governance Principles Communiqué, the amount of insurance is not determined in excess of 25% of the Bank's capital and the issue is not disclosed in the PDP.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	There is no policy for the women membership of the Board of Director.
The number and ratio of female directors within the Board of Directors	There is consisted in 1 woman Board member out of 6 Board Members. Woman members is at a rate of %17. In the absence of the General Manager, Deputy General Manager Ms. Jinhong Li acted as a natural Board member and Deputy General Manager for a while for the General Manager's duties. Thus, our women members has reached %33 in a year.

## COMPOSITION OF BOARD OF DIRECTORS

Name, Surname of Board Member	The First Election Date To Board	Whether Executive Director Or Not	Whether Independent Director Or Not	Link to PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/ Or Finance Or Not
XIANGYANG GAO	22.05.2015	Executive	Not	-	No	No	Yes
JIANFENG ZHENG	22.05.2015	Non-Executive	Not	-	No	No	Yes
YING WANG	22.05.2015	Non-Executive	Independent Member	<a href="https://www.kap.org.tr/tr/Bildirim/920494">https://www.kap.org.tr/tr/Bildirim/920494</a>	Yes	No	Yes
PEIGUO LIU	02.01.2017	Non-Executive	Independent Member	-	No	No	Yes
SHAOXIONG XIE	29.11.2018	Executive	Not	-	No	No	Yes
SERHAT YANIK	24.02.2020	Non-Executive	Independent Member	<a href="https://www.kap.org.tr/tr/Bildirim/920494">https://www.kap.org.tr/tr/Bildirim/920494</a>	Yes	No	Yes

## 4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	4
Director average attendance rate at board meetings	Physical %83, Cir
Whether the board uses an electronic portal to support its work or not	Yes. "E- Board Meeting System" portal was obtained from Central Registry Agency (CRA). Since our Bank also has Board members residing in China (abroad), E-YKS Platform is actively used in physical meetings as of the 3 <sup>rd</sup> quarter.
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	Within the scope of our Bank's principles, information and related documents are submitted to the members at least 12 working days before the meeting.
The name of the section on the corporate website that demonstrates information about the board charter	Home Page > Investor Relations > Articles of Association
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no restriction for the Board members to have external duties outside the Bank. Duties held outside of the bank by the Board members are included in the Annual Report submitted to the General Assembly. While some members continue their duties in-group companies, some members are only fulfilling their duties for our Bank. The members allocate sufficient time for the Bank.

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## 4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented.

2021 Annual Report Section II- Management and Corporate Governance Practice / Committees/ Information Regarding the Committees Established within the Body of the Board of Directors

<https://www.kap.org.tr/tr/Bildirim/921005>  
<https://www.kap.org.tr/tr/Bildirim/852426>  
<https://www.kap.org.tr/tr/Bildirim/821196>  
<https://www.kap.org.tr/tr/Bildirim/795100>  
<https://www.kap.org.tr/tr/Bildirim/697417>  
<https://www.kap.org.tr/tr/Bildirim/672968>  
 Committees Working Principles/ Related Turkish Web-Site;  
<https://www.icbc.com.tr/tr/yatirimci-iliskileri/pdf-liste/Komiteler/145/0/0>

Link(s) to the PDP announcement(s) with the board committee charters

Committees Working Principles/ Related English Web Site;  
<https://www.icbc.com.tr/en/investor-relations/pdf-list/Committees/726/0/0>  
 There is no PDP link to have been disclosed to the public relevant to working principles. The responsibilities of the committees are explained in Section II of the Annual Report - Management and Corporate Governance Practices/ Committees/ Information Regarding the Committees Established within the Body of the Board of Directors.

## Composition of Board Committees - I\*

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chairman Or Not	Whether Board Member Or Not
Audit Committee		Peiguo LIU	Yes	Board Member
Audit Committee		Ying WANG	No	Board Member
Corporate Governance Committee		Serhat YANIK	Yes	Board Member
Corporate Governance Committee		Jianfeng ZHENG	No	Board Member
Corporate Governance Committee		Levent IŞCAN	No	Not Member of the Board
Remuneration Committee		Ying WANG	Yes	Board Member
Remuneration Committee		Jianfeng ZHENG	No	Board Member
Other	Credit Committee	Xiangyang GAO	Yes	Board Member
Other	Credit Committee	Shaoxiong XIE	No	Board Member
Other	Credit Committee	Peiguo LIU	No	Board Member
Other	Board - Risk Management Committee	Xiangyang GAO	Yes	Board Member
Other	Board - Risk Management Committee	Shaoxiong XIE	No	Board Member
Other	Board - Risk Management Committee	Peiguo LIU	No	Board Member
Other	Board - Risk Management Committee	Ying WANG	No	Board Member
Other	Board - Risk Management Committee	Jianfeng ZHENG	No	Board Member

\*After General Manager Shaoxiong Xie left our Bank as of 10.01.2022, Jinhong Li assumed the position of Deputy General Manager and natural Board of Directors Member as of 10.01.2022 in the absence of the General Manager, in accordance with Article 23 of the Banking Law. Member, Vice Chairman of the Credit Committee and Member of the Risk Management Committee of the Board of Directors by proxy.

## 4. BOARD OF DIRECTORS-III

## 4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)

2021 Annual Report Section II- Management and Corporate Governance Practices- Committees/ Information Regarding the Committees Established within the Body of the Board of Directors

Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)

2021 Annual Report Section II- Management and Corporate Governance Practices - Committees - Information Regarding the Committees Established within the Body of the Board of Directors.

Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)

The functions of the Nomination Committee are performed by the Corporate Governance Committee.

Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)

Within the scope of banking legislation, Credit and Risk Committees 2021 Annual Report Section II Management and Corporate Governance Practices- Information Regarding the Committees Established within the Body of the Board of Directors.

Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)

2021 Annual Report Section II- Management and Corporate Governance Practices - Committees -Information on the Committees Established Within the Board of Directors

## 4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)

2021 Annual Report Section II- Management and Corporate Governance Practices - Summary of the Board of Directors Annual Report

Specify the section of website where remuneration policy for executive and non-executive directors are presented.

Investor Relations - Corporate Governance/ Committees

Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)

2021 Annual Report Section II Management and Corporate Governance Practices/ Financial Rights

## Composition of Board Committees - II

Names of the Board Committees	Name Of Committees Defined As "Other" In The First Column	The Percentage Of Non executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee		100%	100%	4	31
Corporate Governance Committee		67%	33%	1	4
Remuneration Committee		100%	50%	2	4
Other	Credit Committee	33%	33%	38	2
Other	Risk Management Committee	60%	40%	4	4

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

### CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

#### Duties of the Board of Directors Outside of the Bank

Name / Surname	Positions Assumed at the Bank At the Last 5 Years	Positions Held out of the Bank (Segregated as Within the Group and Out of the Group)
Xiangyang GAO	Chairman of the Board of Directors and Credit Committee (Executive Member), Member of the Board of Directors, General Manager, Chairman of the Credit Committee, Chairman of the Board of Directors and Credit Committee, Member of the Risk Management Committee of the Board of Directors, Vice Chairman of the Credit Committee	
Shaoyong XIE	General Manager/Member of the Board of Directors, Vice President of Credit Committee, Member of the Risk Management Committee of the Board of Directors	Intra-Group: Chairman of the Board of Directors at ICBC Turkey Yatırım Menkul Değerler A.Ş., an affiliate of the Bank.
Peiguo LIU	Board of Directors Member, Chairman of the Audit Committee Credit Committee Member, Coordinator of the General Secretariat Group, Member of the Risk Management Committee of the Board of Directors	Intra-Group: Member of the Board of Directors at ICBC Turkey Yatırım Menkul Değerler A.Ş., an affiliate of the Bank
Jianfeng ZHENG	Member of the Board of Directors, Member of the Corporate Governance Committee, Member of the Remuneration Committee, Member of the Risk Management Committee of the Board of Directors, Alternate Member of the Credit Committee	Intra-Group: ICBC Group Corporate Strategy and Investor Relations Department Senior Expert, Non-Executive Member of the Board of Directors in ICBC Mexico Ltd., ICBC Macau Ltd. ICBC (Thai) Public Company Ltd., ICBC Credit Suisse Asset Management Co. Ltd. Supervisor
Ying WANG	Independent Member of the Board of Directors, Member of the Audit Committee, Chairman of the Remuneration Committee, Member of the Risk Management Committee of the Board of Directors, Alternate Member of the Credit Committee,	Intra-Group: ICBC Group Corporate Strategy and Investor Relations Department Senior Expert, Non-Executive Member of the Board of Directors in ICBC-AXA Assurance Co. Ltd., ICBC Europe S.A.
Serhat YANIK	Corporate Governance Committee Chairman	Istanbul University Academic Member (Professor)

<sup>1</sup>After previous General Manager Mr. Shaoyong Xie left our Bank as of January of 10<sup>th</sup>, 2022, Ms. Jinhong Li, as Deputy General Manager, pursuant to Article 23<sup>rd</sup> of the Banking Law, as of January of 10<sup>th</sup> 2022, she has been acting as General Manager and natural Board member, Vice Chairman of the Credit Committee and member of the Risk Management Committee of the Board of Directors in the absence of General Manager.

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

### SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

#### SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

Communiqué Amending the Corporate Governance Communiqué (the “Communiqué”), has been published in the Official Gazette dated 02.10.2020 and issue no. 31252, and has come into force accordingly, and the “Sustainability Principles” have been incorporated into the legislation for the first time. According to Article 8 of the Communiqué, compliance by the companies, with the sustainability principles are set forth as voluntary; however, they are set forth as a requirement that explanations should be set forth, in the annual reports, regarding whether the basic principles determined within the scope of sustainability principles compliance framework, are complied or not; if not, reasoned explanation in relation thereto; impacts which occur in the management of environmental and social risk management due to failure to comply with called risks fully. In this context, providing information to the public regarding whether the sustainability principles are complied or not, is based on “Comply or Disclose” principle.

Works performed, on global platform, by the United Nations (“OECD”) and at national level, by the Capital Markets Board and the Turkish Capital Markets Association, and on sector basis, by the Banking Regulation and Supervision Agency and the Banks Association of Türkiye, and all other developments, are followed by our Bank constantly.

In this context, detailed analysis studies are carried out for adopting, at our Bank, the “Environmental”, “Social”, “Corporate Governance” which consist of 17 main targets internally, and which is, essentially, based on environmental and social responsibility, together with other targets in relation thereto, and to ensure that they can become permanent. Furthermore, trainings which intend to provide information to, and encourage the employees for the purposes of analysing the efficiency of the Bank’s activities with regards to sustainability principles. Concurrently, process of compliance with the sustainability principles in the long run, is continuing.

ICBC Turkey, acting with the consciousness of observing all stakeholders and interest holders, is focused on its works, targets and policies, with the awareness to reach sustainability targets which have become a corporate culture constantly. Our Bank, in harmony with its strategic targets, adopts international standards and in integration with the ICBC Head Office, it targets to contribute to sustainability on global scale.

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Section	Principles	Compliance Status	Explanation
<b>A - General Principles</b>			
<b>A1</b>	<b>Strategies, Policies and Targets</b>		
	The Board of Directors should determine ESG-priority issues, risks and opportunities, and form ESG policies in accordance with them. For the sake of effective implementation of the aforesaid policies, internal directives, work procedures, etc. may be prepared for the corporation. For these policies, a decision of the Board of Directors should be taken and made public.	No	Studies of our Bank within the scope of the ESG policy, are continuing and in this context, Sustainability Management System consulting service has been received. After completion of the Sustainability Management System draft documentation process, opinions and proposals relating to these policies shall be presented to the Board of Directors. Thereby, we aim to target to analyse risks and opportunities, announcement be made to the public and the stakeholders, regarding the Bank's procedures, in accordance with established road map.
<b>A1</b>	Should determine a Corporation Strategy in compliance with ESG policies, risks and opportunities, and should determine and publicly disclose its short and long-term goals in line with its ESG policies.	No	A strategy in consistent with the ESG and the risks and opportunities, has not been composed yet. Some Departments evaluate, not according to a written procedure, the companies in the loan processes, within the scope of ESG. After short, medium and long term ESG targets are completed, we are planning to make announcement shall be made to the public.
<b>A2</b>	<b>Implementation/Monitoring</b>		
	Should appoint and publicly disclose its committees/units in charge of implementation of ESG policies. Committees/units in charge, should report the activities carried out under the policies to the Board of Directors at least once a year and in any case, within the maximum periods of time stipulated for disclosure of annual reports in the regulations of the Board pertaining thereto.	No	In line with the attitude of our Bank ICBC Head Office, it is planned to establish a committee, which shall report to a top management and which shall take as the basis the activities regarding manner of conducting ESG, and to compose an action plan which shall intended to increase efficiency of workshop group established during the year and thereby, to enhance awareness.
<b>A2</b>	Should formulate and publicly disclose the implementation and action plans in line with the short and long-term goals determined as above.	Partial	In the Annual report, 3 years strategic development planning has been explained. In the 3 years strategic development plans which shall be announced in the future in parallel with the targets of ICBC Head Office, it is projected that ESG scopes shall be considered as well.
<b>A2</b>	Should determine ESG Key Performance Indicators (KPIs) and declare them comparatively on an annual basis. In case of availability of verifiable data, it should present KPIs with local and international sector comparisons.	No	Our process of forming data set for announcement of KPIs within the scope of ESG on the basis of years, and for making sector-based and international comparison analyses; is continuing. There is no KPI which is not announced to public yet.

Section	Principles	Compliance Status	Explanation
			The Bank, in its "Project Finance" operations, is evaluating the projects which decrease carbon emissions, which prioritise environmentally friendly renewable energy investments, and thereby, putting efforts to increase the share of such transactions in its loan placement. On the other hand, at certain periods meetings are held by attendance of all marketing business lines, and marketing strategies consistent with ICBC Head Office's green energy policies, are discussed. To support Green Energy financing, competitive prices may be offered to customers who make such investments. It is targeted to enhance awareness of the employees for innovation activities intended to improve sustainability performance. In this context, completion of certification trainings of related personnel and providing them with innovative way of thinking and sustainable perspective, is among the goals with priority.
<b>A2</b>	Should declare innovation activities aimed to improve the sustainability performance in relation with business processes or products and services.	Yes	As of the end of November 2021, the "Green Classification" study has been started in accordance with the Head Office's practices and instructions. All firms with commercial risk are divided into groups for assessment of their risk statuses, and classification has been made accordingly. Although there is no written application instruction for these policies, studies which are being carried out currently, are evaluated also according to project-based demands received from the companies. Our customers are directed to digital applications such as e-account statement, e-signature, e-collateral, and thereby, activities are carried out with the intention to reduce paper consumption. By use of QR code, it is targeted to decrease use of plastic card in the future, by means of innovative products.
<b>A3</b>	<b>Reporting</b>		
	Should report and publicly disclose its sustainability performance, goals and actions at least once a year. Should provide information about its sustainability activities within its annual report.	No	Sustainability Report has not been published yet. Annual Reports are published annually. After its strategic targets, ESG policies and governance structure are defined, the Committee is formed, resolutions of the Board of Directors are taken in accordance with our strategies and they are announced to the public; works for preparations of Sustainability reporting in accordance with international metrics, shall be intensified.
<b>A3</b>	It is essential to ensure that information material for stakeholders to understand and grasp the current position, performance and development of the corporation is shared directly and concisely. It may separately declare detailed information and data on its corporate internet site, and may prepare separate reports directly meeting the needs of different stakeholders.	Yes	<a href="https://www.icbc.com.tr/en/investor-relations/accordion-list/Board-of-Directors/311/0/0">https://www.icbc.com.tr/en/investor-relations/accordion-list/Board-of-Directors/311/0/0</a>

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Section	Principles	Compliance Status	Explanation
A3	It should exercise utmost care in terms of transparency and reliability. As a requirement of balanced approach, it should declare objectively all kinds of developments relating to the priority issues in its statements and reports.	Yes	<a href="https://www.icbc.com.tr/en/investor-relations/accordion-list/Board-of-Directors/311/0/0">https://www.icbc.com.tr/en/investor-relations/accordion-list/Board-of-Directors/311/0/0</a>
A3	It should provide information as to with which of the United Nations (UN) 2030 Sustainability Development Goals its activities are related.	Partial	The Bank currently conducts maximum care with regards to compliance with mandatory articles which intend to protect rights of all stakeholders within the scope of the Corporate Governance Principles. The Bank targets to relate its Sustainable Development Targets, with the Bank's policy in the long run.
A3	It should disclose information about lawsuits filed and/or completed against it in environmental, social and corporate governance issues.	Yes	Within the Corporate Compliance Report, which the CMB requires companies to announce every year, the Bank shares information regarding lawsuits brought against it, lawsuits relating to rights of the employees and work accidents. There is no lawsuit and legal process, which our Bank is party to, with regards to ESG issues.
A4	<b>Verification</b>		
A4	If verified by independent third parties (independent sustainability assurance providers), it should disclose its sustainability performance measures, and should endeavour to increase said verification actions.	No	Our primary purpose in our sustainability business steps, is to make gap analyse of our Bank and to document all our positive perspectives, which currently exist, but not set forth in writing, and to compose a procedure, and thereafter, to draw comprehensive a roadmap, observing interests of all stakeholders. It is targeted to set policy (goal) in consistent with the GRI standards and in compliance with the principles which consist of 17 Main Sustainable Development purposes set by United Nations, and furthermore, to announce, to the public, annual report consistent with these standards. It is planned to make application to GRI in order to prepare our reports in compliance with GRI standards, in the upcoming periods as well.
<b>B - Environmental Principles</b>			
B1	Should declare its policies and practices, action plans, and environmental management systems (known as ISO 14001 standard) and programs.	No	There is no written policy or implementation regarding environmental management system yet. It is targeted to have a comprehensive program be applied by ad between related Departments and the from, from which we receive services.

Section	Principles	Compliance Status	Explanation
B1	It should comply with and declare the laws and other pertinent regulations with respect to the environment.	Partial	As ICBC Turkey, to emphasize our sensitivity regarding environment; sensitivities, regarding environment, of the forms selected at purchasing committees, are included in the scoring in purchasing processes. The Bank, at its scale, acts with good faith and conducts maximum care in compliance with the laws and regulations.
B1	Should disclose limitations to the environmental report that will be prepared under the Sustainability Principles, reporting period, reporting date, data collection process and restrictions in reporting conditions.	No	Since the Sustainability Report has not been published yet, no methodology is applied. Following clarification of the metrics in the upcoming period, it is planned to share detailed information, taking into account the impact of environmental factors.
B1	Should provide information about the most senior director and related committees of the corporation with respect to environment and climate change issues, as well as their duties and functions.	No	Within the scope of Sustainability Management System works, works are continued to set environmental and climate change policies and to establish committee. Within the scope of these works, members included in the workshop group, plan to submit their proposals to top management members, responsible for the Committee.
B1	Should disclose the incentives it offers for management of environmental issues, including the achievement of goals.	No	ICBC Turkey is focused on keeping its employees' motivation at maximum level and providing necessary environment and means for them to improve their competences. To ensure stability of the employees with high motivation, strong loyalty to their job, social rights and rewards are provided. It targets to implement the principle of "acting carefully to be fair, in order to increase productivity", set by ICBC Head Office and the Board of Directors. Within the framework of ethical rules, for the purpose of encouraging the employees, it is planned to integrate projects sensitive for the environment, to the rewarding systems.

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Section	Principles	Compliance Status	Explanation
			As ICBC Turkey Bank, taking into account the customer portfolio and target customer group, in particular after 2015, intermediation has been started to be provided for financing of project loans. Each project is evaluated in details by related Departments and the Credit Committees, taking into account the position whether our is the sole financier or participates in a syndication, and especially projects which may give rise to adverse environmental impact and projects, in the EIE (Environmental Impact Evaluation) reports of which there is any deficiency or inconsistency, are handled with more sensitivity. It is avoided to become financier especially for projects which may have adverse environmental impact. In projects, environmental effects of which may conclude adversely, articles which require obtaining EIE reports, are set forth in the loan agreements, as precondition before making available any loan. Situations of any deficiency, problem, cancellation which shall occur subsequently with regards to EIE reports are followed closely and actions are taken quickly, when necessary.
B1	Should disclose how environmental issues are integrated into business objectives and strategies.	Yes	<p>Although there is no written policy with regards to evaluation processes; the "List of restricted Companies", received from the Internal Control and Compliance Department, lists of restricted parties received from the Credit Allocation Department, in which counter-party risks are monitored, and sector analyses of firms with commercial risk and so categorised, received from the Credit and Investment Department, in consistent with ICBC Head Office's Policies, are evaluated and operations are carried out accordingly.</p> <p>We maintain close working relations, relating to funding transactions which prioritise green finance, with institutions like EBRD (the European Bank for Reconstruction and Development), IFC (International Finance Corporation), which have experience in developing projects within the scope of sustainability.</p> <p>Loans, for which PLM Report (Post Loan Management report) is issued, are followed by our Department, from the commencement of agreement phase of the process until the end of the process, and when required, the situation is followed in coordination with relevant business lines. In projects involving high amounts and/or with multiple participants, audit is conducted for technical and operational processes. Consulting services may also be received in line with the specifications required by a consortium.</p> <p>Furthermore, in line with the Bank's needs, in purchasing processes, when selecting a supplier firm, priority is given to firms, with sensitive approach to environmental issues.</p>
B1	Should disclose sustainability performances relating to business processes or products and services, and activities for improvement of said performance.	No	Planning processes intended to conduct the Bank's business processes in accordance with sustainability and to compose environmentally friendly products, are continuing and since, currently, there is no KPI which assess sustainability performance, studies relating to this matter are continuing.

Section	Principles	Compliance Status	Explanation
B1	Should disclose how it manages environmental issues and integrates suppliers and customers into its strategies, not only in terms of direct operations, but also along the corporation value chain.	Partial	In receiving supply services; sensibility to environment, of the companies from which services shall be received, shall be considered as a criteria, by the Bank's Group of Experts who assess related service.
B1	Should disclose whether it is included in the (sectoral, regional, national and international) policy formulating processes on environmental issues or not, as well as associations it is a member of, its environmental cooperation initiatives entered into with related institutions and non-governmental organizations, and its duties and functions, if any, assumed thereon, and the activities supported by it.	No	Although we do not have a membership to any initiative regarding the environmental policy development process, our evaluation process still continue.
B1	Should periodically report in a comparable manner, information about environmental effects in the light of environmental indicators [Greenhouse gas emissions {Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)11}, air quality, energy management, water and waste water management, waste management, biodiversity effects].	Partial	Some of the environmental indicators are irrelevant to the Banking industry, and reports are followed within the Bank, periodically and in comparable manner.
B1	Should disclose details in relation to standards, protocols, methodologies and base year employed for collection and calculation of its data.	Partial	The environmental data preparation methodologies process is continuing and the data relating to last 3 years, are followed within the Bank periodically and in comparable manner.
B1	Should declare the status of environmental indicators for the reporting year in comparison with past years (increase or decrease).	Partial	Increases and decreases in environmental data in the last 3 years, are monitored within the Bank, periodically and in comparative manner. It is projected that details of environmental indicators shall be specified in the Sustainability Report, planned to be published within this year, following application of the policies and methodologies to the Bank's strategy.
B1	Should determine and disclose short and long-term goals for reduction of its environmental impact. These goals are recommended to be determined in Science-Based manner as advised by the United Nations Climate Change Conference of the Parties. If an improvement is detected in the reporting year over the previously determined goals, it should provide information thereabout.	No	Although the Bank doesn't have any study on SBTI (Science Based Target Initiative) yet, development process continues.

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Section	Principles	Compliance Status	Explanation
B1	Should disclose its strategy and actions for fight against climate crisis.	Partial	Currently, studies are carried out for classification of environmental impacts in transactions of loan extension (making available loan), and in the future, these studies shall be set forth in the form of written policy, by methodologies in international standards generally accepted, scientific and which intend to prevent counter-party risk. It is targeted to ensure compliance, fully, with the climate combating strategy of ICBC Head Office.
B1	Should disclose its programs or procedures aiming to prevent or minimize the potential negative effects of its products and/or services, and should also declare the actions of third parties aiming to reduce greenhouse gas emissions.	Partial	Each project, for which loan is provided, is evaluated in details by related Departments and the Credit Committees, taking into account whether our Bank is the sole financier or participates in a syndication, and particularly, the projects which may cause adverse environmental effect and the projects, in the EIE (Environmental Impact Evaluation) reports of which there is any deficiency or inconsistency, are handled with more sensitivity. In addition to developing products sensitive to environment, innovative and technology friendly, considering the elements which shall mitigate counter-party risk, covering all stakeholders, cover all work activities of the Bank regarding the subject matter.
B1	Should declare the total number of actions taken, projects implemented and initiatives entered into for reduction of its environmental impact, as well as their environmental benefits and cost savings.	Yes	Within the framework of its work activities intended to avoid adverse environmental effects, there is renewable energy investment, for which financing has been provided by ICBC Turkey until today, in the total amount of 205 mio USD in totally 6 projects, for financing the sectors with low carbon and low emission; and as a result of these investments, it is expected to produce 503,3 MW electricity from green energy resources.
B1	Should report total energy consumption data (with the exception of raw materials), and disclose its energy consumptions as Scope-1 and Scope-2.	No	In 2021, with regards to greenhouse gas emission, vehicles included in Scope-1 have consumed 83,000 LT fuel totally. Our fuel consumption has increased, compared to previous years, due to private vehicles allocated for protecting our employees within the scope of measures against epidemic.  Fuel consumption in 2020: 78,000 LT, fuel consumption in 2019: 69,000 LT Our natural gas consumption has decreased by 4,31%, compared to last year.  Although there is no calculation of carbon emissions at the moment, but it is planned to be included in the reporting process of the Bank after the relevant metrics are prepared.
B1	Should provide information about electricity, heat, vapour and refrigeration produced and consumed in the reporting year.	Yes	In 2021, our electricity consumption, which realised as 3,788,534 kwh, has decreased by 6,25% compared to 2019.

Section	Principles	Compliance Status	Explanation
B1	Should carry out and disclose works on increasing the use of renewable energy sources, and transition to zero or low carbon electricity.	Partial	The Bank, in order to provide active support regarding green finance, carries out studies on its policies, systems and management processes. By the improvements it provides in these fields, it targets to contribute to economic development based on preventing and controlling environmental and social risks. Based on this approach, work activities which are carried out currently to support also renewable energy resources and electrical vehicle investments, will be increased. Study on prioritising renewable energy projects in the loan extension transactions, is continuing, and there is no study we currently make within our Bank, for transition to zero or low carbon electricity.
B1	Should disclose its renewable energy generation and consumption data.	Irrelevant	The Bank does not generate and use any renewable energy.
B1	Should conduct energy efficiency projects, and disclose the resulting reduction in energy consumption and emission due to its projects.	Yes	As a result of minimisation works we have performed; our natural gas consumption has decreased by 4,31% compared to last year. In 2021, our electricity consumption has decreased by 6,25% compared to 2019.
B1	Should report quantities, sources and procedures of water extracted from underground or ground waters, used, recycled and discharged (Total water extraction on source basis, water sources affected from water extraction, percentage and total volume of recycled and reused water, etc.).	Partial	In 2021, we have had average water consumption of 10,000 m3.
B1	Should disclose whether its operations or activities are included in any carbon pricing system or not (Emission Trade System, Cap & Trade or Carbon Tax).	Irrelevant	Operations and activities are not included in the carbon pricing system.
B1	Should disclose its carbon credit data accumulated or bought in the reporting period.	Irrelevant	Operations and activities are not included in the carbon pricing system.
B1	If carbon pricing is applied in the corporation, it should disclose details relating thereto.	Irrelevant	Carbon pricing is not applied in the partnership (company).
B1	Should disclose all mandatory and voluntary platforms where its environmental data are disclosed.	Partial	According to the Bank's mission, vision and 3 years strategic development planning; target, policy, governance design relating to "Environmental", "Social" and "Governance" terms of Sustainability. Following completion of the works, the Bank shall announce to public, on Public Disclosure Platform and on its official web site, its sustainability targets covering its environmental policy as well.

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

### SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Section	Principles	Compliance Status	Explanation
<b>C - Social Principles</b>			
<b>C1</b>	Human Rights and Employee Rights Should establish a Corporate Human Rights and Employee Rights Policy covering its commitment of full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey, and legal framework and legislation regulating human rights and labour issues in Turkey. Should disclose the aforesaid policy and the roles played and responsibilities assumed in the implementation of the policy.	Partial	The Bank has no Human Rights Policy, consistent with Corporate Human Rights and Employee Rights Policy; however, it has personnel regulation and code of ethics which has been announced to the public.  Code of Ethics: <a href="https://www.icbc.com.tr/en/investor-relations/pdf-list/Ethical-Principles/780/3672/0">https://www.icbc.com.tr/en/investor-relations/pdf-list/Ethical-Principles/780/3672/0</a>
<b>C1</b>	Should provide equal opportunities in recruitment processes. Includes fair labour, improvement of working standards, employment of women and social inclusion issues (such as non-discrimination towards women, men, religious beliefs, language, race, ethnical origin, age, disablement, refugees, etc.) in its policies by also considering the supply and value chain effects.	Yes	The Bank evaluates equally all candidates who meet the qualifications required for relevant position, the recruitment processes, and offers equal opportunities for candidates. According to our human resources policy, no discrimination is made between our employees based on any reason, all our personnel shall be treated equally.  Human Resources Policy: <a href="https://www.icbc.com.tr/en/investor-relations/pdf-list/Policies/315/0/0">https://www.icbc.com.tr/en/investor-relations/pdf-list/Policies/315/0/0</a>
<b>C1</b>	Should disclose measures taken along the value chain for the sake of supervision and protection of rights/equal opportunities for minorities or certain population segments vulnerable to particular economic, environmental and social factors (low-income segments, women, etc.).	Yes	All policies and implementations of our Bank are prepared in writing, observing the principle of equality and all employees adopt these principles.  Human Rights Policy: <a href="https://www.icbc.com.tr/en/investor-relations/pdf-list/Policies/315/0/0">https://www.icbc.com.tr/en/investor-relations/pdf-list/Policies/315/0/0</a>
<b>C1</b>	Should report developments relating to applications aiming to prevent and correct discrimination, inequality, breaches of human rights and forced labour, and disclose its regulations and measures aiming to prevent employment of child labour.	Yes	In accordance with ICBC Turkey Personnel Regulation and the code of ethics, prepared in accordance with the banking legislation; no child labour may be employed at the Bank and its subsidiaries. Personnel Regulation, article 4, Recruitment (Internally within the Bank)

Section	Principles	Compliance Status	Explanation
<b>C1</b>	Should disclose its policies regarding investments in employees (training and development policies), compensations, fringe benefits, unionization rights, work/life balance solutions and talent management. Should determine dispute resolution processes through the establishment of mechanisms for resolution of employee complaints and disputes, and determine its dispute resolution processes. Regularly declares its activities aimed at employee satisfaction.	Yes	The Bank; for the purposes of enhancing practical and theoretical knowledge of the personnel relating to their duties, providing them with the opportunity to gain competences relating to job and preparing them for higher positions; conducts work activities regarding determination of the personnel's training needs, establishing and implementing the training system in relation thereto. In activities carried out in this context and in disputes in relation thereto, rules and policies relating to training/development/compensation/fringe rights of the employees, set forth in writing in ICBC Turkey Personnel Regulation; are applied.  For Training-Development Policies; Personnel Regulation (Internal within the Bank) article 8, Career Improvement furthermore Training, Examination, Certificates UT  For Compensation; Personnel Regulation (Internal within the Bank) article 11, Leaving the Job  Fringe Rights; Personnel Regulation (Internal within the Bank) article 7, Payments and Social Aids
<b>C1</b>	Should formulate and disclose its occupational health and safety policies. Should disclose actions and measures taken for protection of health and against occupational accidents, and occupational accident statistics.	Yes	Within the scope of Occupational health and safety, by the resolutions taken by the Bank's Occupational Health and Safety Committee, all measures have been taken in compliance with the Occupational Health Legislation. These resolutions are supported by Occupational Health and Safety trainings (disaster, first aid, fire, etc.) and it is ensured that the personnel gains awareness.  No accident at work happened in 2021.
<b>C1</b>	Should formulate and disclose to public its personal data protection and data security policies.	Yes	<a href="https://www.icbc.com.tr/en/lppd/detail/LPPD/450/2351/0">https://www.icbc.com.tr/en/lppd/detail/LPPD/450/2351/0</a>
<b>C1</b>	Should formulate and disclose its ethics policy (also including business, work ethics, compliance processes, advertising and marketing ethics, public information, etc. initiatives).	Yes	<a href="https://www.icbc.com.tr/en/investor-relations/pdf-list/Ethical-Principles/780/3672/0">https://www.icbc.com.tr/en/investor-relations/pdf-list/Ethical-Principles/780/3672/0</a>

## Section II

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Section	Principles	Compliance Status	Explanation
C1	Should disclose initiatives focused on social investment, social responsibility, financial inclusion and access to finance.	Yes	ICBC applies, actively, five main development concepts, namely "Innovation, Coordination, Green, Opening and Sharing"; and speeds up its efforts in the field of green finance as a significant strategy for making long term commitment with regards to various aspects including policies and systems, governance processes. It improves its policies and governance processes in order to encourage fully construction of green finance, to support development of green industries actively, to fortify prevention and control of environmental and social risks and to improve, constantly, the operations with low carbon which aims at achieving economic development, to provide social and ecological benefits.
			On the other hand, aid associations, which have been operating in our country for long years, have been searched and they have been contacted, and work activities have been carried out to open account, with the Bank, for associations and foundations, and thereby, to increase collected donations. In this context, initially, accounts have been opened for KAÇUV and the Foundation for Autism.
			Sign language training has been given by experts, to the employees who work at the branches, and work efforts are continuing to generalise these trainings. ICBC Turkey is aware of importance of equal opportunities in education, and has donated computer to Elazığ Mehmet and İfakat Gülaçtı School.
C1	Should organizes information meetings and training programs for employees with respect to ESG policies and applications.	Yes	Within the scope of access to financing and improvement of Turkey-China commercial relations, ICBC Turkey has become the main sponsor of the "Chinese-Turkish Business Development Forum at the 50 <sup>th</sup> Anniversary of China and Turkey Diplomatic Relations", held in Ankara.
			ICBC Global organises ESG Trainings and training programs in the field of Green Finance, periodically at all its overseas branches. In this context, lately in October, it has organised awareness training which reflects its global perspective relating to Global Trends and practices in China in ESG and Green Finance in the Banking industry.  Our credit departments and our staff at the branches, have received "Basic Project Finance" training within the scope of annual "training work targets", and it is targeted to gain a basic perspective regarding both project loans and renewable energy resources. It is targeted that, thereby, awareness shall be created regarding, particularly, project finance and its environmental impacts in the forthcoming periods, and to have the Bank's business targets and strategies better understood.

Section	Principles	Compliance Status	Explanation
C2	Stakeholder, International Standards and Initiatives	Partial	Should conduct its activities in sustainability field by taking into consideration the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public administrations, shareholders, communities and non-governmental organizations, etc.).
			Should formulate and disclose its customer satisfaction policy dealing with management and resolution of customer complaints.
			Our customers can forward their demands by using our digital channels (our official web site, Write Us form available in our internet - mobile branches, our phone branch) or through official channels. ICBC Turkey evaluates and answers, with utmost care, all messages received from the customers, within the framework of a customer-oriented perspective. The Customer Communication Management Team considers each customer message as an improvement opportunity and identifies the issues which adversely affect customer experience, and detects the root cause, to avoid any repetition of the situation, offers solution proposals and monitors each phase until permanent solution is provided.
C2	Should handle stakeholder communications continuously and transparently, and disclose with which stakeholders, for which purposes, on which issues and in which frequency it communicates, as well as the developments in its sustainability activities.	Yes	On the Bank's corporate web site, our policy on providing information to the stakeholders, is published. Maximum care is conducted to observe rights of all interest holders and stakeholders.  <a href="https://www.icbc.com.tr/en/investor-relations/pdf-list/Policies/315/0/0">https://www.icbc.com.tr/en/investor-relations/pdf-list/Policies/315/0/0</a>
			Should disclose international reporting standards it has adopted [Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD), etc.].
C2	Should disclose international reporting standards it has adopted [Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD), etc.].	No	The Main Partnership Bank issues its financial statements in compliance with the "Regulation on Procedures and Principles Regarding Accounting Practices of Banks and Keeping the Documents", published in the Official Gazette dated 1 November 2006 and issue no.226333, and other regulations issued by the Banking Regulation and Supervision Board relating to banks' order of accounts and records, and the circular letters and explanations of the Banking Regulation and Supervision Agency ("BRSA"), and for matters regarding which there is no provision in said regulations, in compliance with the "BRSA Accounting and Financial Reporting Legislation", which contains provisions of the Turkish Financial Reporting Standards ("TFRS"), put into effect by the Public Oversight Accounting and Audit Standards Agency ("POA").  Reporting standards, which are evaluated within the scope of sustainability, they're planned to be included in the Bank's independent audit reports in the coming periods.

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## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Section	Principles	Compliance Status	Explanation
C2	Should disclose the international organizations or principles it has signed or enrolled in [Equator Principles, United Nations Environmental Program - Financial Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles of Responsible Investment (UNPRI), etc.] and the international principles it has adopted [such as International Capital Markets Association (ICMA) Green/Sustainable Bond Principles].	No	The Bank is not a member of any association or organisation within the scope of sustainability.
C2	Should concretely endeavour to be included in the Borsa İstanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	No	ICBC Turkey is not involved in Borsa İstanbul Sustainability Index and international sustainability indices. It is planned to make studies in order to be included in Sustainable Stock Exchange (SSE) Initiative on international platform and in BIST Sustainability Index at national level, after mutual agreement is reached with regards to voluntary public commitment.
D -	<b>Corporate Governance Principles</b>		
D1	Should exert maximum efforts for compliance with all Corporate Governance principles, apart from the Corporate Governance principles mandatorily required to be complied under and pursuant to the Corporate Governance Communiqué No. II-17.1 of the Capital Markets Board	Yes	2021 Annual (Activities) Report Corporate Compliance Report
D1	Should take into consideration sustainability issues, environmental effects of its activities, and principles pertaining thereto in determination of its corporate governance strategy.	Partial	The Bank shall consider its value creation mission and process in the long run, not only focused to profitability and economic factors, but also the needs of future generations, and it shall continue to make its evaluations within the scope of ESG; it shall better analyse economic factors such as processes of extending loan, social and ecological factors, and shall set forth, in writing potential risks, counter-party risks and opportunities, by setting metrics within the framework of Corporate Sustainability Components.
D1	Should take all of the required measures in order to comply with principles regarding stakeholders and to strengthen communications with stakeholders as stated in the Corporate Governance Principles. Should consult with stakeholders in determination of measures and strategies in sustainability field.	Partial	The Bank's Policy on Providing Information covers all information relating to providing information to the public, other than the information in the nature of "confidential banking information" and "confidential business information", which falls within the scope of article 73, entitled "Confidentiality", of the Banking Law, and regarding disclosure of which there is no legal restriction. All interest holders may send their opinions and proposals via the "Write Us" section, available on the Bank's official web site, and declared opinions shall be examined and considered by related units.  Write Us: <a href="https://www.icbc.com.tr/en/contact-us/default/Contact-Us/304/1104/0">https://www.icbc.com.tr/en/contact-us/default/Contact-Us/304/1104/0</a>  Policy on Providing Information: <a href="https://www.icbc.com.tr/en/investor-relations/pdf-list/Policies/315/0/0">https://www.icbc.com.tr/en/investor-relations/pdf-list/Policies/315/0/0</a>

Section	Principles	Compliance Status	Explanation
			The Bank plans to integrate generally accepted norms and ESG reporting metrics at international scale, in a manner consistent with the Bank's structure and strategic targets and to handle effects of sustainable transformations, with a perspective of holistic approach. In this context, in the middle of 2021, for the purpose of ensuring an efficient transition to the Bank's Sustainable Governance System and Reporting process, services have been started to be received from a firm, which has a leading position in its sector. The process has been started actively, in the last quarter of 2021. In this context, following completion of Gap Analysis processes, it is projected to design the Bank's policy and governance structure, system documentation, establishment of the Committee and announcement of it to the public, commencement of training and reporting processes.
D1	Should endeavour to raise awareness on sustainability and the importance thereof through social responsibility projects, awareness activities and trainings.	Yes	Consulting firm which provides services to the Bank, has given awareness training to the Bank's personnel and has organised awareness trainings reflecting its perspective relating to Global trends and practices in China in ESG and Green Finance in the Banking sector. Additionally, aid associations, which have been operating in our country for long years, have been searched and they have been contacted, and work activities have been carried out to open account, with the Bank, for associations and foundations, and thereby, to increase collected donations. In this context, initially, accounts have been opened for KAÇUV and the Foundation for Autism.  Sign language training has been given by experts, to the employees who work at the branches, and work efforts are continuing to generalise these trainings. ICBC Turkey is aware of importance of equal opportunities in education, and has donated computer to Elaziğ Mehmet and İfakat Gülaçtı School.  Within the scope of access to financing and improvement of Turkey-China commercial relations, ICBC Turkey has become the main sponsor of the "Chinese-Turkish Business Development Forum at the 50 <sup>th</sup> Anniversary of China and Turkey Diplomatic Relations", held in Ankara.

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## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

### SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Section	Principles	Compliance Status	Explanation
D1	Should endeavour to be a member of and to contribute to works and activities of international standards and initiatives on sustainability.	Yes	<p>The Bank, with regards to compliance with international standards in the field of sustainability, shall continue to benefit from the magnitude, experience and internationally deployed service network of ICBC Head Office.</p> <p>ICBC culture is based on long term and strategic thinking. To be scope of ICBC Head Office opening to Turkey, within the framework of the ICBC Head Office's goals, ICBC Turkey considers compliance revision of its green loan policy, and applies its diversified loan policy. Planning works relating to implementation of standards such as Global Compact, GRI, Ecuador Principles etc., are continuing.</p>
D1	Should disclose its policies and programs with respect to fight against bribery and corruption and the tax honesty principle.	Yes	<p>The Bank has Conflicts of Interest Policies; and potential conflicts of interest between the employees and customers, and ethical principles required to be complied with, are set forth in called in policy document.</p> <p>In the Bank's Compliance Policies document, under the title of "Attaching Importance on Combating Against Bribery and Corruption"; it is set forth that importance is attached to ensuring compliance with applicable regulations in the field of combating against bribery and corruption, and that, to prevent use of our Bank in bribery and corruption events, all personnel should conduct necessary attention and care.</p> <p>In the Bank's Compliance Policies document, under the title of "Integration of Information Systems to the General Banking Regulations"; it is set forth that amendments in the legislation relating to tax, withholding, etc., shall be reflected to the information systems on time, correctly and swiftly, and the Bank's information systems shall be designed in a manner capable of making such amendments on time.</p> <p>In the trainings regarding Combating Against Laundering Proceeds of Crime and Financing of terrorism; the issue of "Preventing Bribery and Corruption" is explained and it is ensured that awareness of the personnel is increased.</p>

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

### SIGNIFICANT LEGISLATIVE CHANGES REGARDING THE BANKING SECTOR

- 1) Amendment of Regulation on Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism**
  - The Regulation prepared by the Ministry of Treasury and Finance was published in the Official Gazette dated 24.02.2021 and entered into force on 01.05.2021.
  - Remote identification can be applied to real persons.
- 2) Amendment of Regulation on Program of Compliance with Obligations of Anti-Money Laundering and Combating the Financing of Terrorism**
  - The Regulation prepared by the Ministry of Treasury and Finance was published in the Official Gazette dated 26.02.2021 and entered into force on 01.05.2021.
  - Compliance program should be established at the financial group level.
  - It is necessary to establish policies on the basis of financial group.
  - The main financial institution's compliance officer and compliance unit will be appointed as the financial institution compliance officer and compliance unit.
- 3) Regulation on Using Remote Identification Methods and Establishing Electronic Agreement with Customers**
  - The Regulation prepared by the BRSA was published in the Official Gazette dated 01.04.2021 and entered into force on 01.05.2021.
  - The Regulation provides opportunity to the banks about performing remote identification and sign contracts electronically.
- 4) Regulation on Sharing Secret Information**
  - The Regulation prepared by the BRSA was published in the Official Gazette dated 04.06.2021 and entered into force 01.01.2022.
  - The scope, form, procedures and principles have been determined for the sharing and transfer of information in the nature of bank secrets and customer secrets.
  - The Information which is in the nature of customer secrets and bank secrets can be shared only to be limited to the purposes specified in the regulation and to include as much data as required for these purposes in accordance with the principle of proportionality.
  - If the stated purpose can be achieved without some of the shared data, it cannot be accepted that the sharing is proportional.
  - The Information which is in the nature of customer secret cannot be shared with third parties in the country or abroad without a request or instruction from the customer, even with the explicit consent of the customer, with exceptions.
- 5) Regulation Amending the Regulation on Credit Transactions of Banks**
  - The Regulation prepared by the BRSA was published in the Official Gazette dated 08.07.2021 and entered into force on the same date. However, the transition period for some substances has been determined as 31.12.2021.
  - New articles have been added regarding the resolution of non-performing receivables, the bad receivables strategy, and the establishment of operational plan and resolution units.
  - Problem receivables strategy and resolution units are formed by banks with a ratio of gross non-performing loans amount to the total gross non-performing loan amount of the sector of five per thousand or more, in order to manage the non-performing receivables and to reduce them within a reasonable time. The data from the previous year are used in the calculation of the said ratio.
  - Problem debt strategies and operational plans to be prepared for the first time by banks should be submitted to the BRSA.
- 6) Regulation on Operating Principles of Digital Banks and Service Model Banking**
  - The regulation prepared by the BRSA was published in the Official Gazette on 29.12.2021. It entered into force on 01.01.2022.
  - The purpose of the regulation is to determine the procedures and principles regarding the activities of branchless banks that serve only through electronic banking services distribution channels and the provision of banking services to financial technology companies and other businesses as a service model.

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# Forward with Determined Targets

## Section III

## UNCONSOLIDATED FINANCIAL INFORMATION AND THE ASSESSMENTS RELATED TO THE RISK MANAGEMENT

## ASSESSMENT OF OPERATION OF THE INTERNAL CONTROL, INTERNAL AUDIT AND THE RISK MANAGEMENT SYSTEMS BY THE AUDIT COMMITTEE

## UNCONSOLIDATED FINANCIAL INFORMATION AND THE ASSESSMENTS RELATED TO THE RISK MANAGEMENT

## ASSESSMENT OF OPERATION OF THE INTERNAL CONTROL, INTERNAL AUDIT AND THE RISK MANAGEMENT SYSTEMS BY THE AUDIT COMMITTEE

Developments in recent years showed once again how an important function is risk management in banking. Risk management, which have always been the main function of banking and implemented most effectively at all times, have started to be implemented more differently and delicately in the recent years compared to the previous years due to more technical applications being implemented, risk sensitivity being further considered and the special attention paid to the matter by the local authorities and the support of the legislation.

At our Bank, the framework of the Risk Management has been determined by the Board of Directors and the Risk Management Department and risk committees consisting of the senior executives of the business lines have been assigned to deal with this issue. Together with the parties responsible for the processes, the Risk Management Department is responsible for establishing the risk policies and procedures, computing, analyzing, monitoring and reporting the risks, within the framework of the principles approved by the Board of Directors.

The Internal Audit Board of our Bank has been operating pursuant to the Banking Law numbered 5411 and the Regulation

on the Internal Systems of the Banks and the Internal Capital Adequacy Assessment Process issued pursuant to the Banking Law. The purpose of the Board is to ensure our Bank's senior management that the banking operations are being conducted in compliance with the laws and the related legislation and the internal strategies, policies, principles and targets of our Bank and the efficiency and sufficiency of our Bank's internal control and risk management systems. The Board performs its duties independently and objectively directly under supervision of the Board of Directors.

At our Bank, an Internal Control and Compliance Department operating under supervision of the Board of Directors, has been formed in order to design the internal control activities and collaboration. Within the scope of the internal control activities included are the controlling of the operational transactions for the conducting of the activities, communication channels, information technologies and financial reporting and the compliance controls. Regulations as to the requisite of obtaining approvals from the Internal Control and Compliance Department for the new products and transactions and the activities planned to be conducted prior to submitting them to the Board of Directors have been implemented. Within the scope of the legislation on prevention of laundering proceeds of crime and financing of terrorism, a Compliance Program has been initiated in our Bank and the risk management, monitoring and controlling and training activities within the scope of the aforementioned legislation are conducted by the Internal Control and Compliance Department. Our Bank recognizes the importance of the risk management, internal control and inspection functions that are the subject matter of the internal systems and closely monitors the developments in this matter and benefits from the outputs thereof. In this context, assessments and decisions taken at the quarterly Audit Committee meetings made in quarterly periods with the presence of the department heads of the Internal Systems have been submitted to the Board of Directors for their attention and approval.

In the period ahead, as has been so far, our Bank shall continue its decisiveness with regards to the risk oriented approach and closely monitor the internal systems and the implementation results as well as the proposals by the independent auditors and necessary remediation shall be put in place and addressed at the Audit Committee meetings.

Sincerely yours,

Peiguo Liu, Chairman of the Audit Committee

Ying Wang, Member of the Audit Committee

## UNCONSOLIDATED FINANCIAL INFORMATION AND THE ASSESSMENTS RELATED TO THE RISK MANAGEMENT

## INFORMATION REGARDING THE 2021 ACTIVITIES OF THE INTERNAL CONTROL, INTERNAL AUDIT AND THE RISK MANAGEMENT SYSTEMS

## INFORMATION REGARDING THE 2021 ACTIVITIES OF THE INTERNAL CONTROL, INTERNAL AUDIT AND THE RISK MANAGEMENT SYSTEMS

## INTERNAL CONTROL AND COMPLIANCE DEPARTMENT

An internal control system has been established, in compliance with the BRSA regulations and covering all the activities of the branches, Head Office departments and the Bank's affiliates included in the consolidation, in order to protect the Bank's assets, conduct the Bank's activities effectively and efficiently in compliance with the Banking Law and other related legislation, the Bank's internal policies and rules and the general practices of the banking sector, ensure that the accounting and financial reporting systems are secured, integrated and the information is obtained on a timely basis.

The Bank has already established and announced to all of its personnel its strategies and policies regarding the control activities and the measures necessary to maintain the internal control systems effectively within the Bank have been taken by the Board of Directors. In order to achieve the foreseen purpose from the internal control systems, functional segregation of duties have been identified, responsibilities have been allocated, accounting and financial reporting systems, information technologies and internal communication channels have been established to work effectively, business sustainability plan has been prepared, internal control activities have been determined and the work flow charts indicating the controls over the work processes and business steps have been prepared.

Within the scope of the internal control activities included are the controlling of the operational transactions for conducting of the activities, communication channels, information systems and financial reporting and the compliance controls. Control of the uninterrupted compliance is conducted by the Internal Control and Compliance Department. Regulations as to the requisite of obtaining the Internal Control and Compliance Department's opinion for the new products and transactions and the activities planned to be conducted prior to submitting them to the Board of Directors have been implemented. Internal control activities have been designed as an integral part of the Bank's daily operations. Written policies and the implementation procedures of the internal controls have been developed and all of the Bank's personnel have been and are being informed regarding the policies and implementation procedures related to internal control activities developed for their lines of activities.

In the Bank, an Internal Control Department operating under the Board of Directors was formed in 2001 in accordance with the regulations issued by the Banking Regulation and Supervision Agency (the BRSA) in order to design the internal control activities and collaboration and on March 10<sup>th</sup> 2008, with the integration of the compliance function, the name of the department was changed to Internal Control and Compliance Department. Legislation Unit has also been operating under the department since April 1<sup>st</sup> 2011. The department fulfilled its responsibilities to the Board of Directors through the Audit Committee until 05.11.2019. Within the scope of the Enterprise Risk Management Regulation published on 05.11.2019, the department fulfils its responsibilities to the Board of Directors through the Risk Management Committee of Board of Directors.

Internal control systems and activities and how they shall be implemented are designed by the Internal Control and Compliance Department in coordination with the senior managers of the related departments by taken the characteristics of all of the activities that the Bank conducts into account. Within the scope of the legislation on the prevention of laundering proceeds of crime and financing of terrorism, a Compliance Program has been established in our Bank and the risk management, monitoring and controlling and training activities within the scope of the aforementioned legislation are conducted by the Internal Control and Compliance Department. In addition within the department, activities are conducted for following-up of Banking and other relevant legislation, making necessary announcements and notifications to the relevant departments and branches in case of changes in the legislation, researching and answering the questions encountered in the implementation of the legislation.

As of the end of 2021, there are 14 persons working in the Internal Control and Compliance Department, 1 Managing Director, 1 Director, 7 Manager, 1 Assistant Manager, 3 Senior Specialist, 1 Specialist. Internal control and compliance personnel perform their duties in the branches where the operations are conducted, in the Head Office and the affiliates included in the consolidation. There are two units operating under the Internal Control and Compliance Department: Head Office and Branches Control Unit, Legislation and Compliance Unit. Within the scope of branch control activities, regional structures have been set up, hence the Branches are subject to on-site control activities within the scope of the control planning.

The Internal Control and Compliance Department performs both the Head Office and information systems, branches and compliance control studies as an integral part of its daily activities in the form of periodic, spot and on-site controls and prepares reports based on the content of the works performed. In the reports prepared, great importance is attached to the development of the internal control system and the suggestions to enhance the control culture in-bank. Preventive control points are created by focusing on areas that may create high risks in activities. During 2021 operating period, each internal control employee in the branches was given the responsibility of 13 branches in average and within this context, 3 internal control personnel were continuously conducting control activities in the branches; all branches were subjected to on-site control studies on average 1.66

## Section III

## UNCONSOLIDATED FINANCIAL INFORMATION AND THE ASSESSMENTS RELATED TO THE RISK MANAGEMENT INFORMATION REGARDING THE 2021 ACTIVITIES OF THE INTERNAL CONTROL, INTERNAL AUDIT AND THE RISK MANAGEMENT SYSTEMS

times during the year. Apart from these, control responsibilities have been identified among the personnel performing operational transactions in some departments and units of the Head Office and in branches, these responsible persons carry out control studies within the scope of the control lists prepared by the Internal Control and Compliance Department and on other necessary issues, and report them to the department within specified periods.

### INTERNAL AUDIT

Internal Audit Department of the Bank has been operating pursuant to the Banking Law no.5411 and the Regulation on the Internal Systems and Assessment of the Internal Capital Adequacy Processes of the Banks issued pursuant to the Banking Law. The purpose of the Board is to ensure the Bank's senior management that the Banking operations are being conducted in compliance with the laws and the related legislation and the internal strategies, policies, principles and targets of the Bank and the efficiency and sufficiency of the Bank's internal control and risk management systems. The Board performs its duties independently and objectively, under supervision of the Board of Directors through the Audit Committee.

As of December 31<sup>st</sup> 2021, the Internal Audit Department consisted of 14 people; 1 Managing Director, 1 Director, 1 Technical Advisor, 7 Auditors, 3 Assistant Auditors and 1 Expat.

Branches, Head Office Departments and the Bank's Affiliate(s) and the processes and activities implemented and conducted therein, are included in the annual audit plan based on periodicity and risk management. The Internal Audit Department presents its opinions and recommendations as to the deficiencies and mistakes identified as a result of such audits, utilization of the Bank's resources more effectively and efficiently and limitation of the risks. As a result of the risk assessments, activities of the Internal Audit Department in 2021 have concentrated on the credit risks and operational risks. Among its other responsibilities, the Internal Audit Department is also responsible for coordination of all external audits.

Information technologies systems are inspected based on the adaptation of the methods set out in the "Controlling of the Information Technologies Targets (COBIT)", an international standard in this area and articles within the scope of the "Regulation on Information Systems of Banks and Electronic Banking Services". In order to enhance these types of audits, one Auditor and two Assistant Auditors within the Internal Audit Department have been assigned to this task and audit of the information technologies systems has been an on-going process.

Internal Audit Department is authorized to investigate and identify whether the personnel working in the Headquarters' Units, Branches and the affiliates of the Bank commit any acts that have been determined as crime and fault in the related legislation. These investigations include determination of the degrees of such crime and recommendation of suitable penalties, identification and elimination remedy works of the losses and deficiencies incurred or threatened to incur. Furthermore, investigations continue to be carried out in case of significant personnel wrongdoings or significant wrong implementations as determined by the "Internal Control and Compliance" Department regarding loans transferred to legal proceedings and / or administrative penalties from regulatory authorities.

Auditors submit their reports containing the findings of their audits to the Senior Management and the Audit Committee through the Board, as practicable as possible.

For the auditors to perform their duties with the professional care and attention, all kinds of measures are taken and attention is paid for their professional training activities and personal development.

### RISK MANAGEMENT

#### INFORMATION RELATED TO THE RISK MANAGEMENT POLICIES IMPLEMENTED BASED ON THE RISK TYPES

Risk management activities are conducted by the Risk Management Committee of Board of Directors that reports directly to the Board of Directors and the Risk Management Department which fulfills its responsibilities against the Board of Directors through said committee and the Risk Management Committee of Senior Management, composed of the senior management and chaired by the General Manager and sub risk management committees chaired by the persons who are responsible for related risks. Risk management sub-committees are; the Market Risk Committee, Credit Risk Committee, Operational Risk Committee. The sub-committees hold meeting to analyze the related risk management works and report to Risk Management Department monthly. The Risk Management Department prepares the enterprise risk management report accordingly.

- The division of leading management responsibilities for various risks as follow:
- Risk Management Department is responsible for enterprise risk, market risk and country risk management,
- Credit and Investment Management Department takes the lead in credit risk management,
- Internal Control & Compliance Department takes the lead in operational risk, compliance and AML risk management,
- Asset & Liability Management Department is responsible for liquidity risk, interest rate risk and exchange rate risk management of banking book,
- Executive Office is responsible for reputational risk management,
- Economic Researches Department is responsible for strategic risk management,
- Legal Affairs Department is responsible for legal risk management.

Risk management policies are determined in accordance with the Bank's operations size, quality and complexity and are based on the Bank's past experience and performance. Bank's main risk policies including risk appetite and limits for each risk are credit risk, market risk, operational risk, country risk, interest rate risk, liquidity risk, strategic risk, reputational risk policies.

The Bank has set out the ICAAP management implementation principles, covering all risks on consolidated basis, consistent with the risk appetite, based on adequate and convenient quantification- assessment methods and processes and with a forward looking perspective, as a part of the Bank's internal governance processes and decision making culture.

ICAAP (Internal Capital Adequacy Assessment Process) is to be under responsibility of the Risk Management Department and it is planned to be revised in annual periods or more frequently, if needed.

Risk Policies reflecting the risk taking approach of the Bank, set out the standards and principles applicable throughout the Bank.

Credit Risk Policy, formed to ensure efficient risk management considering asset quality and risk/return balance, includes also the limits relating to credit risk determined in accordance with the risk tolerance.

In risk management, different ratings models are used for corporate and commercial banking, enterprise banking and individual banking segments and credit cards.

Credit performances of the customers are followed by a system, containing early warning signals. Thereby, necessary actions may be taken automatically.

At ICBC Turkey, operational risk management activities are conducted in compliance with local and international regulations in line with Basel II. Operational Risk Policies, Operational Risk Monitoring Rules and Operational Risk Mitigation Principles which have been prepared in this direction, are in force and effect.

Business continuity activities are conducted by the Operational Risk Committee, according to the Bank's Business Continuity Strategy.

At ICBC Turkey, market risk management activities include quantification, monitoring and reporting the risks encountered due to price, exchange rate, interest fluctuations that occur at financial markets and effects of such risks on liquidity. Market Risk Policy sets out the market risk management framework.

## Section III

## UNCONSOLIDATED FINANCIAL INFORMATION AND THE ASSESSMENTS RELATED TO THE RISK MANAGEMENT INFORMATION REGARDING THE 2021 ACTIVITIES OF THE INTERNAL CONTROL, INTERNAL AUDIT AND THE RISK MANAGEMENT SYSTEMS

To manage market risk, the Bank benefits from the results obtained by it by Basel II advanced quantification techniques, for setting the limits intended to limit the risk. In this context, advance quantification models are used and risk quantifications and daily limits controls are made and various scenario analysis and stress tests are applied.

Results of calculations and analysis made by the Risk Management Department, are reported to related business units and to the senior management in daily, weekly and monthly periods.

### MARKET RISK MANAGEMENT

Market risk refers to the risk of loss that may be incurred due to fluctuations in the value of positions included in trading accounts of the Bank, in interest rates, equity prices and exchange rates.

At our Bank, for market risk management, quantification methods such as the Value at Risk (VaR), stress test and scenario analysis, duration gap and sensitivity analysis are used.

VaR, as quantification of maximum potential loss that may be sustained in the market value of the trading portfolio in hand, in a certain time period; is calculated on daily basis by Historical Simulation, Variation-Co variation and Monte-Carlo Simulation methods for 99% confidence interval and for one day holding period. VaR calculated by internal models is used for market risk management of trading transactions.

In order to manage the market risk encountered due to the positions carried in trading accounts, efficiently and in consistent with the Bank's risk tolerance; risk limits linked to the ratio of VaR to equity capital, are set out. Compliance with the limits is monitored by the Risk Methodology Model Development and Reporting Unit and the VaR results are reported regularly.

By the risk quantification method used, estimated earnings/losses are compared with realised values and thereby, retrospective test is applied and the reliability of the model is monitored. Durability of the share capital against the risks that may occur at the times when fluctuations are at very high level at the market, is measured by stress tests and scenario analysis. In accordance with existing legal regulations, legal capital requirement for market risk is calculated by using standard method and is reported to the BRSA.

### MANAGING THE INTEREST RATE RISK ARISING FROM THE BANKING ACCOUNTS

Interest Rate Risk Arising from the Banking Accounts refers to the risk incurred by the Bank due to inconsistency in maturity periods in its balance sheet. The risk is managed by the Treasury Department within the framework of the strategies set by the Assets and Liabilities Committee, in accordance with the policy approved by the Board of Directors.

To measure the risk; the duration gap reports prepared according to the current values calculated by using the market interest rates on cash flows, of all interest-sensitive assets and liabilities in and out of the balance sheet, on the basis of each transaction; are used. Impact of change in interest rates on the net economic value, is measured by scenario analysis. In the scenario analysis, as a shock scenario, for TL assets-liabilities +5/-4, for FX assets-liabilities +2/-2 interest shock is applied in accordance with legal regulations and they are reported to the BRSA.

Impact of changes in Exchange rates and interests, on the net balance sheet value, is followed regularly by various scenarios and the impact of change on equity capital, is followed closely.

### LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the risk of inability to fulfil, fully and on time, the obligations due to market conditions and inconsistencies in cash flow which may arise from the Bank's balance sheet structure. Liquidity management is conducted by the Treasury Department within the framework of the strategies set by the Assets and Liabilities Committee, in accordance with the policy approved by the Board of Directors.

The Bank monitors the liquidity risk within the framework of the early warning signals and the actions that may be taken, set out in writing in the Principles on Liquidity Management. Various liquidity ratios are calculated within the framework of the Principles on Liquidity Management and their Management and their development is followed. Scenario analysis is also used within the scope of liquidity management.

### CREDIT RISK MANAGEMENT

Credit risk means the probability of losses that may occur as a result of partial or whole non-fulfilment of the responsibilities under the credit agreements by the customers who have utilized credits.

The Bank manages its credit risk on a portfolio basis by considering the balance of risk and return and the asset quality of the Bank. As a result of the legal share capital need to be allocated for the credit risk being very high due to the weight of the loans in the balance sheet, credit risk management policies are established in such a way as to minimize the foreseeable risks related to the loans and target to interfere, control and take action on a timely basis in order to ensure that the credit process works effectively.

The Bank has adopted concentration limits - degree, sector, product, collateral, size of the risk, currency, maturity -, all determined internally and approved by the Board of Directors in order to keep the structure and the quality of the credit portfolio at a determined level.

Monitoring of the credit policy limits and the assessments related to the rating models used are performed by the Risk Management Department. Scenario analyses are also used in managing the credit risk and due precautions are taken without delay, for credit quality in compliance with the risk appetite.

### OPERATIONAL RISK MANAGEMENT

Priority of the Bank in terms of the works performed within the scope of the operational risk management, is the compliance with Basel II in every stage. Additionally, importance is attached to the works intended to make the operational risk awareness as part of the corporate culture as well.

Operational risks are classified and monitored in groups as recommended by Basel II. Data regarding losses are collected by the operational risk loss database.

Operational risks are identified through risk control and self-evaluation works which ensure taking actions for material risks.

### BUSINESS CONTINUITY MANAGEMENT

With regards to business continuity, the Bank has prepared a Business Continuity and Emergency Plan and Emergency Manual Operations Application Instruction in order to minimize the losses in case the banking activities cannot be conducted during any internal and external emergency situations and in the unexpected circumstances. Emergency tests for critical business processes identified through consolidated business-impact analysis are conducted at the Business Continuity Center. In addition, Emergency Manual Operations Application Instruction, restore, communication network tests, as well as emergency evacuation drills are performed in all branches and headquarters.

### COUNTRY RISK MANAGEMENT

Country risks that may be exposed to due to international lending and investment activities are monitored periodically in order to take the necessary measures despite the deterioration in the economic, political and social factors that may arise.

### STRATEGIC RISK MANAGEMENT

The Bank closely monitors the risks that may arise as a result of wrong business choices or improper implementation of business choices or the failure to analyze and interpret sectoral changes well, and not to make decisions and to act in accordance with the opportunities and threats that may arise from these changes in the future.

### REPUTATIONAL RISK MANAGEMENT

Decreasing trust in the Bank or the potential loss of reputational risk towards the Bank as a result of negative opinions of the parties, such as existing or potential customers, partners, competitors and supervisors, or failure to comply with the current legal regulations, is an important part of all business decisions.

## Section III

## UNCONSOLIDATED FINANCIAL INFORMATION AND THE ASSESSMENTS RELATED TO THE RISK MANAGEMENT

## INFORMATION ON THE FINANCIAL POSITION, PROFITABILITY AND SOLVENCY OF THE BANK

## FINANCIAL POSITION

As of year-end 2021, the Bank's total asset size reached TL 39.1 billion with an increase of 57.4% year-on-year. Total loans increased by 53% and accounted for 55.3% of the total assets. In 2021, non-performing loans ratio was 0.20% (31 December 2020: 0.32%). Customer Deposits increased by 36% from last year to TL 16.1 billion.

The share of deposits in total liabilities was 41%. The Bank's total shareholders' equity was TL 1.4 billion as of year-end 2021. Unconsolidated capital adequacy ratio was 26.86%. (31 December 2020: 19.51%).

Million TL	31 Dec 2020	%	31 Dec 2021	%	Change amount	Change %
<b>Assets</b>	<b>24,863</b>	<b>100</b>	<b>39,130</b>	<b>100</b>	<b>14,267</b>	<b>57.38</b>
<b>Current Assets</b>	<b>5,029.0</b>	<b>20.2</b>	<b>7,989.6</b>	<b>20.4</b>	<b>2,961</b>	<b>58.9</b>
Cash and Cash Equivalents & Central Bank	3,161.2	12.7	7,604.8	19.4	4,444	140.6
Banks and Other Financial Institutions	1,870.0	7.5	389.4	1.0	-1,481	-79.2
<b>Financial Assets at Fair Value Through Profit or Loss (*)</b>	<b>15.8</b>	<b>0.1</b>	<b>216.2</b>	<b>0.6</b>	<b>200</b>	<b>1,266.3</b>
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>1,166.2</b>	<b>4.7</b>	<b>1,473.7</b>	<b>3.8</b>	<b>308</b>	<b>26.4</b>
<b>Financial Assets Measured At Amortised Cost</b>	<b>4,391.1</b>	<b>17.7</b>	<b>7,997.4</b>	<b>20.4</b>	<b>3,606</b>	<b>82.1</b>
<b>Loans (Net)</b>	<b>13,830.9</b>	<b>55.6</b>	<b>20,872.7</b>	<b>53.3</b>	<b>7,042</b>	<b>50.9</b>
TL Loans	2,424.6	9.8	4,304.2	11.0	1,880	77.5
FC Loans (**)	11,360.8	45.7	16,524.7	42.2	5,164	45.5
Non-Performing Loans	45.6	0.2	43.8	0.1	-2	-3.9
Provisions	323.9	1.3	787.6	2.0	464	143.2
<b>Fixed Assets</b>	<b>193.3</b>	<b>0.8</b>	<b>207.2</b>	<b>0.5</b>	<b>14</b>	<b>7.2</b>
Subsidiaries and Affiliates	76.0	0.3	76.0	0.2	0	0.0
Tangible Assets	110.2	0.4	120.9	0.3	11	9.7
Intangible Assets	7.1	0.0	10.3	0.0	3	45.1
<b>Other Assets</b>	<b>236.3</b>	<b>1.0</b>	<b>372.8</b>	<b>1.0</b>	<b>137</b>	<b>57.8</b>

(\*) Including derivative financial assets.

(\*\*) Including the loans which are classified as Financial Assets at Fair Value Through Other Comprehensive Income.

TL Million	31 Dec 2020	%	31 Dec 2021	%	Change (amount)	Change %
<b>Liabilities</b>	<b>24,863</b>	<b>100.00</b>	<b>39,130</b>	<b>100</b>	<b>14,267</b>	<b>57.38</b>
Deposits (**)	<b>11,856.1</b>	<b>47.7</b>	<b>16,098.2</b>	<b>41.1</b>	<b>4,242</b>	<b>35.8</b>
TL Deposits	<b>1,761.6</b>	<b>7.1</b>	<b>1,620.0</b>	<b>4.1</b>	<b>-142</b>	<b>-8.0</b>
Demand Deposits	142.0	0.6	214.3	0.5	72	50.9
Time Deposits	1,619.6	6.5	1,405.7	3.6	-214	-13.2
FC Deposits	<b>10,094.5</b>	<b>40.6</b>	<b>14,478.2</b>	<b>37.0</b>	<b>4,384</b>	<b>43.4</b>
Demand Deposits	700.1	2.8	2,514.6	6.4	1,815	259.2
Time Deposits	9,394.4	37.8	11,963.6	30.6	2,569	27.3
Money Markets	<b>180.0</b>	<b>0.7</b>	<b>748.0</b>	<b>1.9</b>	<b>568</b>	<b>315.6</b>
Bank Deposits	<b>697.7</b>	<b>2.8</b>	<b>3,024.5</b>	<b>7.7</b>	<b>2,327</b>	<b>333.5</b>
Borrowings	<b>10,294.4</b>	<b>41.4</b>	<b>16,963.7</b>	<b>43.4</b>	<b>6,669</b>	<b>64.8</b>
Provisions	<b>199.7</b>	<b>0.8</b>	<b>417.6</b>	<b>1.1</b>	<b>218</b>	<b>109.1</b>
Other	<b>319.7</b>	<b>1.3</b>	<b>428.8</b>	<b>1.1</b>	<b>109</b>	<b>34.1</b>
Shareholders' Equity	<b>1,315.4</b>	<b>5.3</b>	<b>1,448.7</b>	<b>3.7</b>	<b>133</b>	<b>10.1</b>
Paid in Capital	860.0	3.5	860.0	2.2	0	0.0
Reserves	455.4	1.8	588.7	1.5	133	29.3
Profit/Loss	<b>58.0</b>	<b>0.2</b>	<b>115.9</b>	<b>0.3</b>	<b>58</b>	<b>99.8</b>

(\*) Excluding bank deposits.

## PROFITABILITY

The Bank's net profit increased to TL 57.8 million, compared to that of the previous year and reached TL 115.6 million. In 2021, the return on assets and return on equity ratios of the Bank were 0.36% (31 December 2020: 0.25%) and 8.39% (31 December 2020: 4.37%), respectively.

Operating income of ICBC Turkey in 2021 was TL 1,3 million. Our Bank achieved a net profit level of TL 115.9 million at year-end 2021. Interest income increased by 39,8% and net fees and commission income decreased by 11% compared to the end of 2020.

Income Statement	31 Dec 2020	31 Dec 2021	Change	Change %
Interest Income	1,128.3	1,577.1	448.8	39.8
Interest Expense	689.9	760.7	70.8	10.3
Net Interest Income	<b>438.4</b>	<b>816.4</b>	<b>378.0</b>	<b>86.2</b>
Net Fees and Commission Income	131.0	116.5	-14.5	-11.0
Net Trading Profit / Loss	66.0	318.7	252.7	382.8
Other Operating Income	141.6	92.8	-48.8	-34.5
Total Operating Income	<b>777.1</b>	<b>1,344.4</b>	<b>567.4</b>	<b>73.0</b>
Other Operating Expenses <sup>(*)</sup>	460.5	685.7	225.2	48.9
Provisions for Loans and Other Receivables	228.7	510.0	281.4	123.0
Profit/Loss Before Tax	<b>87.9</b>	<b>148.7</b>	<b>148.7</b>	<b>69.2</b>
Provision for Taxes	29.9	32.9	3.0	10.0
Net Profit/Loss for the Period	58.1	115.9	57.8	99.7

(\*) Staff costs are included.

## UNCONSOLIDATED FINANCIAL INFORMATION AND THE ASSESSMENTS RELATED TO THE RISK MANAGEMENT

## BANK'S CREDIT RATING SCORES AND RELATED EXPLANATIONS

Fitch Ratings, revised ICBC Turkey's Long-Term FC IDR and Long-Term LC IDR's Outlooks as "Stable" on October 13<sup>th</sup> 2020.

The current rating notes of the Bank has been mentioned below.

**Fitch Ratings**

Long term credit rating denominated in TL	BB-
Long term credit rating denominated in foreign currency	B+
National long term credit rating	AA (tur)
Short term credit rating denominated in foreign currency and in TL	B
Viability rating	b
Support Rating	4
Outlook	Stable

As of 18 December 2020, the "Credit Rating" services provided by Fitch Ratings to ICBC Turkey Bank A.Ş. has been mutually decided to be cancelled and the rating process has been terminated.

## SUMMARY OF 5-YEARS FINANCIAL INFORMATION INCLUDING THE REPORT PERIOD

Bin TL	2017	2018	2019	2020	2021
Total Assets	12,888,024	15,524,795	18,191,150	24,862,623	39,130,425
Total Deposits*	3,287,840	6,885,541	10,437,573	11,856,143	16,098,262
Total Loans**	7,630,620	7,829,445	9,088,109	14,154,863	21,661,297
Shareholders' Equity	1,093,724	1,127,994	1,259,775	1,315,427	1,448,677
Net Profit	42,484	62,069	40,869	58,048	115,894

\*Excluding bank deposits.

\*\*Including the loans which are classified as Financial Assets at Fair Value Through Other Comprehensive Income.

## OTHER ISSUES - EXPLANATIONS REGARDING THE POST BALANCE SHEET EVENTS PERIOD

Detailed explanations on the matters occurred after the balance sheet date, are given in the footnote no. 5. of the Section IX. of the "Unconsolidated and Consolidated Financial Statements to be Disclosed to Public for the Reporting Period ended as of December 31<sup>st</sup> 2021, the Explanations and Footnotes Related Thereto and the Independent Audit Report".

THE UNCONSOLIDATED YEAR-END FINANCIAL STATEMENTS PREPARED AS OF DECEMBER 31<sup>ST</sup> 2021

Turkish version of Unconsolidated Financial Statements of ICBC Turkey for the reporting period ended as of December 31<sup>st</sup> 2021, Explanations and Footnotes Related Thereto and the Independent Audit Report are available at the Bank's website at the address of "http://www.icbc.com.tr" under the heading "Investor Relations"/ "Financial Information".

From Challenges  
To Achievements  
2021

## FINANCIAL INFORMATION

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## CONSOLIDATED FINANCIAL INFORMATION

## SUMMARY OF 5-YEARS CONSOLIDATED FINANCIAL INFORMATION INCLUDING THE REPORT PERIOD

Thousands TL	2017	2018	2019	2020	2021
Total Assets	13,315,560	15,852,490	18,391,481	25,181,183	39,372,886
Total Deposits	3,273,860	6,699,689	9,790,304	11,459,149	16,306,553
Total Loans <sup>(*)</sup>	7,680,821	7,874,592	9,132,429	14,241,068	21,775,246
Shareholders' Equity	1,112,294	1,166,569	1,329,312	1,417,816	1,625,213
Net Profit	48,283	83,549	71,510	90,931	187,189

<sup>(\*)</sup> Including the loans which are classified as Financial Assets at Fair Value Through Other Comprehensive Income.

## Financial Highlights (Million TL)

	31 Dec 2020	31 Dec 2021	%
Total Assets	25,181,183	39,372,886	56
Deposits <sup>(*)</sup>	11,459,149	16,306,553	42
Loans <sup>(**)</sup>	14,241,068	21,775,246	53
Shareholders' Equity	1,417,816	1,625,213	15
Net Profit	90,931	187,189	118

<sup>(\*)</sup> Excluding deposits from banks.

<sup>(\*\*)</sup> Including the loans which are classified as Financial Assets at Fair Value Through Other Comprehensive Income.

## Financial Ratios (%)

	31 Dec 2020	31 Dec 2021	%
Return on Assets	0.42	0.58	39
Return on Equity	6.62	12.30	86
Capital Adequacy Ratio	19.61	26.93	37
Loans/Total Assets	56.55	55.30	-2,2
Deposits/Total Assets <sup>(*)</sup>	41.42	45.51	-9
NPL Ratio	0.32	0.20	-37

<sup>(\*)</sup> Excluding deposits from banks.

## INFORMATION RELATED TO THE CONSOLIDATED SUBSIDIARIES

Company	Address (City/Country)	Stake (%)	Stake in Bank's Risk Group
ICBC Turkey Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	99.998	100

Summary financials of the above-mentioned subsidiary (31 December 2021):

Total Assets	Shareholders' Equity	Fixed Assets	Interest Income	Income from Securities	Net Income	Prior Period Net Income	Fair Value
853,733	247,727	3,551	35,472	-	70,021	32,883	-

THE CONSOLIDATED YEAR-END FINANCIAL STATEMENTS PREPARED AS OF DECEMBER 31<sup>ST</sup> 2021

The Consolidated Financial Statements of ICBC Turkey for the reporting period ended as of December 31<sup>st</sup> 2021, Explanations and Footnotes Related Thereto and the Independent Audit Report are available at the Bank's website at the address of "http://www.icbc.com.tr" under the heading "Investor Relations" / "Financial Information".

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# CONSOLIDATED FINANCIAL STATEMENTS AND THE INDEPENDENT AUDITOR'S REPORT FOR PERIOD ENDED 31 DECEMBER 2021

(Convenience translation of consolidated year ended financial statements and related disclosures and notes originally issued in Turkish )

## (CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH) INDEPENDENT AUDITOR'S REPORT

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

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

#### 1) Opinion

We have audited the financial statements of ICBC Turkey Bank A.Ş. (the "Bank") and its consolidated subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and, notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and 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 BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

#### 2) Basis for Opinion

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

#### 3) Key Audit Matters

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

## INDEPENDENT AUDITOR'S REPORT

Key Audit Matters	How the matter was addressed in the audit
<p><b>Impairment of loans in accordance with TFRS 9 Financial Instruments Standard ("TFRS 9")</b></p> <p>Impairment of loans is a key area of judgment for the management. The Group has the total loans and receivables amounting to TL 18,729,343 thousands, which comprise 48% of the Group's total assets in its consolidated financial statements and the total provision for impairment amounting to TL 770,278 as at 31 December 2021.</p> <p>As of 1 January 2018, the Group has started to recognize provisions for impairment in accordance with TFRS 9 and also "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. In this respect, the method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies has been applied the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p>The Group exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models. In addition, impairment of loans and receivables consist of significant judgments and assumptions regarding with Covid 19 effects.</p> <p>Not fulfilling the requirements of the TFRS 9 is a potential risk for the Bank. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter.</p> <p>Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.6.</p>	<p>As part of our audit work, the following procedures were performed:</p> <p>We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Group with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p>We have assessed and analysed the relevant contract terms to assess management's accounting policy and classification of the instrument for selected samples.</p> <p>We have performed loan review procedures on selected samples of loans and receivables considering effects of Covid 19 with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation.</p> <p>We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable regarding with Covid 19 effects, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p>We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p>We have tested whether the model is applied to appropriate segments of assets which share credit risk characteristics and whether the historical loss rates were incurred under economic conditions representative of those that may exist during the assets' exposure periods.</p> <p>We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p>Based on our discussions with the Group management, we evaluated whether the key assumptions and other judgements considering Covid 19 effects underlying the estimations of impairments were reasonable.</p> <p>We assessed expected credit losses determined based on individual assessment per Group's policy by means of supporting data, and evaluated appropriateness via communications with management considering Covid 19 effects.</p> <p>Our specialists are involved in all procedures related to models and assumptions.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the consolidated financial statements of the Group with respect to loans and receivables and related impairment provisions.</p>

Key Audit Matters	How the matter was addressed in the audit
<p><b>Information Technologies Audit</b></p> <p>The Group and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Group and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Group means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping.</p>	<p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"> <li>- We identified and tested the Group's controls over information systems as part of our audit procedures.</li> <li>- Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas: <ul style="list-style-type: none"> <li>- Security management</li> <li>- Change management</li> <li>- Operations management</li> </ul> </li> <li>- We selected high-risk areas as, database logging and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner.</li> <li>- We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation.</li> <li>- Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation.</li> <li>- We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components.</li> <li>- Finally, we understood and tested the controls over database, network, application and operating system layers of applications.</li> </ul>

#### 4) Other Matters

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 were audited by another auditor who expressed an unqualified opinion on 24 February 2021.

#### 5) Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

#### 6) Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

#### B) Other Responsibilities Arising From Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Group's set of accounts for the period 1 January - 31 December 2021 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Müjde Aslan.

#### 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 consolidated financial statements differ materially from IFRS. Accordingly, the accompanying consolidated financial statements are not intended to present the Group's consolidated 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 A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Müjde Aslan, SMMM  
Partner  
Istanbul, 23 February 2022

#### ICBC TURKEY BANK A.Ş.

## CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2021

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

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

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

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

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

**XIANGYANG GAO**  
Chairman of Board of  
Directors

**PEIGUO LIU**  
Chairman of Audit  
Committee and Member  
of Board of Directors

**JINHONG LI**  
Deputy General  
Manager

**HÜSEYİN HASAN İMECE**  
Deputy General Manager  
Responsible for Financial  
Control and Accounting, Assets  
and Liabilities and Economic  
Research Department

**YAFENG HE**  
Managing Director

Contact information for questions on this financial report

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## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## 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 of 31 December 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 İstanbul 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 ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### 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
	Ying Wang	Audit Committee Member and Independent Member of the Board of Directors	Graduate
Member of the Audit Committee:	Shaoxiong Xie (*)	General Manager and Member of the Board of Directors	
	Jianfeng Zheng	Member of the Board of Directors	Graduate
	Serhat Yanik	Independent Member of the Board of Directors	Graduate
General Manager:	Shaoxiong Xie (*)	General Manager and Member of the Board of Directors	Doctorate
Deputy General Managers:	Jinhong Li	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	Undergraduate
	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, Corporate Banking Department and Project and Cross Border Finance Department	Graduate
Head of the Board of Inspectors:	Selçuk İçten	President of Inspectors' Group	Under-Graduate

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

(\*) On 10 January 2022, Shaoxiong Xie resigned from his duties as a member of the Board of Directors and General Manager, and Jinhong Li was appointed as the Acting General Manager as of the same date.

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## 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, 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 of 31 December 2021, the Group has 59 branches close to industrial zones of Turkey. The Bank has 831 employees as of 31 December 2021 (As of 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 31 December 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, Note 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
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- IV. Consolidated statement of profit or loss and other comprehensive income
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- VI. Consolidated statement of cash flows
- VII. Statement of Parent Bank profit distribution

## PART IV

**ICBC TURKEY BANK ANONİM ŞİRKETİ**  
**CONSOLIDATED BALANCE SHEET**  
**(STATEMENT OF FINANCIAL POSITION)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL").)

		THOUSANDS OF TURKISH LIRA					
		Audited CURRENT PERIOD 31/12/2021			Audited PRIOR PERIOD 31/12/2020		
		TL	FC	Total	TL	FC	Total
	<b>ASSETS</b>						
<b>I.</b>	<b>FINANCIAL ASSETS (Net)</b>	<b>738,799</b>	<b>12,118,342</b>	<b>12,857,141</b>	<b>1,315,692</b>	<b>9,340,398</b>	<b>10,656,090</b>
<b>1.1</b>	<b>Cash and Cash Equivalents</b>	<b>344,676</b>	<b>7,735,190</b>	<b>8,079,866</b>	<b>618,882</b>	<b>4,647,341</b>	<b>5,266,223</b>
1.1.1	Cash and Balances at Central Bank	314,003	7,290,755	7,604,758	113,485	3,047,428	3,160,913
1.1.2	Banks	12,851	446,330	459,181	2,592	1,604,376	1,606,968
1.1.3	Receivables from Money Markets	20,955	-	20,955	504,390	-	504,390
1.1.4	Allowance For Expected Credit Losses (-)	3,133	1,895	5,028	1,585	4,463	6,048
<b>1.2</b>	<b>Financial Assets at Fair Value Through Profit or Loss</b>	<b>41,530</b>	<b>25,694</b>	<b>67,224</b>	<b>21,923</b>	<b>14,282</b>	<b>36,205</b>
1.2.1	Public Debt Securities	-	-	-	-	-	-
1.2.2	Equity Instruments	69	25,694	25,763	77	14,282	14,359
1.2.3	Other Financial Assets	41,461	-	41,461	21,846	-	21,846
<b>1.3</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>225,646</b>	<b>4,293,975</b>	<b>4,519,621</b>	<b>674,573</b>	<b>4,677,593</b>	<b>5,352,166</b>
1.3.1	Public Debt Securities	225,646	1,019,430	1,245,076	674,573	178,864	853,437
1.3.2	Equity Instruments	-	-	-	-	-	-
1.3.3	Other Financial Assets	-	3,274,545	3,274,545	-	4,498,729	4,498,729
<b>1.4</b>	<b>Derivative Financial Assets</b>	<b>126,947</b>	<b>63,483</b>	<b>190,430</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	126,947	63,483	190,430	314	1,182	1,496
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-
<b>II.</b>	<b>FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>	<b>7,526,949</b>	<b>18,412,071</b>	<b>25,939,020</b>	<b>3,341,509</b>	<b>10,780,839</b>	<b>14,122,348</b>
<b>2.1</b>	<b>Loans</b>	<b>4,553,773</b>	<b>14,175,570</b>	<b>18,729,343</b>	<b>2,622,721</b>	<b>7,432,590</b>	<b>10,055,311</b>
<b>2.2</b>	<b>Receivables from Leasing Transactions</b>	-	-	-	-	-	-
<b>2.3</b>	<b>Factoring Receivables</b>	-	-	-	-	-	-
<b>2.4</b>	<b>Financial Assets Measured at Amortised Cost</b>	<b>3,065,166</b>	<b>4,932,278</b>	<b>7,997,444</b>	<b>781,293</b>	<b>3,609,776</b>	<b>4,391,069</b>
2.4.1	Public Debt Securities	3,065,166	4,254,512	7,319,678	781,293	2,415,287	3,196,580
2.4.2	Other Financial Assets	-	677,766	677,766	-	1,194,489	1,194,489
<b>2.5</b>	<b>Allowance for Expected Credit Losses (-)</b>	<b>91,990</b>	<b>695,777</b>	<b>787,767</b>	<b>62,505</b>	<b>261,527</b>	<b>324,032</b>
<b>III.</b>	<b>NON-CURRENT ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND FROM DISCONTINUED OPERATIONS (Net)</b>	-	-	-	-	-	-
3.1	Held for Sale	-	-	-	-	-	-
3.2	Held from Discontinued Operations	-	-	-	-	-	-
<b>IV.</b>	<b>INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>	-	-	-	-	-	-
<b>4.1</b>	<b>Investments in Associates (Net)</b>	-	-	-	-	-	-
4.1.1	Associates accounted by using equity method	-	-	-	-	-	-
4.1.2	Non-Consolidated Associates	-	-	-	-	-	-
<b>4.2</b>	<b>Investments in Subsidiaries (Net)</b>	-	-	-	-	-	-
4.2.1	Non-Consolidated Financial Subsidiaries	-	-	-	-	-	-
4.2.2	Non-Consolidated Non-Financial Subsidiaries	-	-	-	-	-	-
<b>4.3</b>	<b>Joint Controlled Partnership (Joint Ventures) (Net)</b>	-	-	-	-	-	-
4.3.1	Jointly Controlled Partnership Accounted by Using Equity Method	-	-	-	-	-	-
4.3.2	Non-Consolidated Jointly Controlled Partnership	-	-	-	-	-	-
<b>V.</b>	<b>TANGIBLE ASSETS (Net)</b>	<b>123,237</b>	-	<b>123,237</b>	<b>113,423</b>	-	<b>113,423</b>
<b>VI.</b>	<b>INTANGIBLE ASSETS (Net)</b>	<b>11,437</b>	-	<b>11,437</b>	<b>7,839</b>	-	<b>7,839</b>
6.1	Goodwill	-	-	-	-	-	-
6.2	Others	11,437	-	11,437	7,839	-	7,839
<b>VII.</b>	<b>INVESTMENT PROPERTIES (Net)</b>	-	-	-	-	-	-
<b>VIII.</b>	<b>CURRENT TAX ASSETS</b>	<b>504</b>	-	<b>504</b>	<b>19</b>	-	<b>19</b>
<b>IX.</b>	<b>DEFERRED TAX ASSETS</b>	<b>300,614</b>	-	<b>300,614</b>	<b>116,269</b>	-	<b>116,269</b>
<b>X.</b>	<b>OTHER ASSETS (Net)</b>	<b>136,512</b>	<b>4,421</b>	<b>140,933</b>	<b>72,764</b>	<b>92,431</b>	<b>165,195</b>
	<b>TOTAL ASSETS</b>	<b>8,838,052</b>	<b>30,534,834</b>	<b>39,372,886</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 financial statements.

**ICBC TURKEY BANK ANONİM ŞİRKETİ**  
**CONSOLIDATED BALANCE SHEET**  
**(STATEMENT OF FINANCIAL POSITION)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL").)

		THOUSANDS OF TURKISH LIRA					
		Audited CURRENT PERIOD 31/12/2021			Audited PRIOR PERIOD 31/12/2020		
		TL	FC	Total	TL	FC	Total
	<b>LIABILITIES</b>						
<b>I.</b>	<b>DEPOSIT</b>	<b>2,233,408</b>	<b>14,073,145</b>	<b>16,306,553</b>	<b>1,783,716</b>	<b>9,854,981</b>	<b>11,638,697</b>
<b>II.</b>	<b>LOANS RECEIVED</b>	<b>11,041</b>	<b>12,963,603</b>	<b>12,974,644</b>	<b>639,192</b>	<b>7,452,646</b>	<b>8,091,838</b>
<b>III.</b>	<b>MONEY MARKET FUNDS</b>	<b>3,024,482</b>	-	<b>3,024,482</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>	<b>11,820</b>	<b>4,503</b>	<b>16,323</b>	<b>293</b>	<b>89,662</b>	<b>89,955</b>
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss	11,820	4,503	16,323	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>	<b>74,534</b>	-	<b>74,534</b>	<b>72,700</b>	-	<b>72,700</b>
<b>X.</b>	<b>PROVISIONS</b>	<b>337,859</b>	<b>96,948</b>	<b>434,807</b>	<b>144,829</b>	<b>59,169</b>	<b>203,998</b>
10.1	Provision for Restructuring	-	-	-	-	-	-
10.2	Reserves for Employee Benefits	43,773	-	43,773	27,024	-	27,024
10.3	Insurance Technical Reserves (Net)	-	-	-	-	-	-
10.4	Other Provisions	294,086	96,948	391,034	117,805	59,169	176,974
<b>XI.</b>	<b>CURRENT TAX LIABILITIES</b>	<b>199,192</b>	-	<b>199,192</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>	-	-	-	-	-	-
13.1	Held for Sale	-	-	-	-	-	-
13.2	Related to Discontinued Operations	-	-	-	-	-	-
<b>XIV.</b>	<b>SUBORDINATED DEBT</b>	-	<b>3,999,625</b>	<b>3,999,625</b>	-	<b>2,202,640</b>	<b>2,202,640</b>
14.1	Loans	-	3,999,625	3,999,625	-	2,202,640	2,202,640
14.2	Other Debt Instruments	-	-	-	-	-	-
<b>XV.</b>	<b>OTHER LIABILITIES</b>	<b>158,956</b>	<b>558,556</b>	<b>717,512</b>	<b>327,516</b>	<b>369,077</b>	<b>696,593</b>
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>1,623,659</b>	<b>1,555</b>	<b>1,625,214</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	26,365	-	26,365	18,248	-	18,248
16.4	Other Accumulated Comprehensive Income that will be Reclassified in Profit or Loss	2,458	1,555	4,013	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	243,825	-	243,825	141,998	-	141,998
16.6.1	Prior Years' Profits or Losses	56,636	-	56,636	51,067	-	51,067
16.6.2	Current Period's net Profit or Loss	187,189	-	187,189	90,931	-	90,931
16.7	Minority Shares'	-	-	-	-	-	-
	<b>TOTAL LIABILITIES</b>	<b>7,674,951</b>	<b>31,697,935</b>	<b>39,372,886</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 financial statements.

## PART IV

**ICBC TURKEY BANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF**  
**OFF-BALANCE SHEET ITEMS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL").)

	Notes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Audited CURRENT PERIOD			Audited PRIOR PERIOD		
		31/12/2021	31/12/2021	31/12/2021	31/12/2020	31/12/2020	31/12/2020
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET</b>							
<b>COMMITMENTS (I+II+III)</b>		<b>2,423,686</b>	<b>21,926,199</b>	<b>24,349,885</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>811,755</b>	<b>9,691,300</b>	<b>10,503,055</b>	<b>899,364</b>	<b>8,512,185</b>	<b>9,411,549</b>
1.1. Letters of Guarantee		811,755	3,926,614	4,738,369	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		811,755	3,926,614	4,738,369	873,917	2,429,013	3,302,930
1.2. Bank Loans		-	-	-	-	-	-
1.2.1. Import Acceptance Loans		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	1,379,096	1,379,096	25,447	439,924	465,371
1.3.1. Documentary Letters of Credit		-	480,184	480,184	25,447	201,616	227,063
1.3.2. Other Letters of Credit		-	898,912	898,912	-	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		-	4,385,590	4,385,590	-	5,643,248	5,643,248
1.9. Other Warranties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.III.1)	<b>324,503</b>	<b>233,544</b>	<b>558,047</b>	<b>130,428</b>	<b>45,000</b>	<b>175,428</b>
2.1. Irrevocable Commitments		324,503	233,544	558,047	130,428	45,000	175,428
2.1.1. Asset Purchase and Sales Commitments		212,880	233,544	446,424	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		30,958	-	30,958	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		6,261	-	6,261	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		74,208	-	74,208	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		193	-	193	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>1,287,428</b>	<b>12,001,355</b>	<b>13,288,783</b>	<b>16,043</b>	<b>6,122,481</b>	<b>6,138,524</b>
3.1. Derivative Financial Instruments Held for Hedging		-	-	-	-	-	-

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

**ICBC TURKEY BANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF**  
**OFF-BALANCE SHEET ITEMS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL").)

	Notes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Audited CURRENT PERIOD			Audited PRIOR PERIOD		
		31/12/2021	31/12/2021	31/12/2021	31/12/2020	31/12/2020	31/12/2020
		TL	FC	Total	TL	FC	Total
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		1,287,428	12,001,355	13,288,783	16,043	6,122,481	6,138,524
3.2.1. Forward Foreign Currency Purchase and Sale Transactions		99,729	123,208	222,937	9,844	27,516	37,360
3.2.1.1. Forward Foreign Currency Purchase Transactions		98,206	12,241	110,447	7,132	11,708	18,840
3.2.1.2. Forward Foreign Currency Sale Transactions		1,523	110,967	112,490	2,712	15,808	18,520
3.2.2. Currency and Interest Rate Swaps		1,187,699	11,878,147	13,065,846	6,199	6,080,240	6,086,439
3.2.2.1. Currency Swap Purchase Transactions		-	6,619,622	6,619,622	-	3,000,604	3,000,604
3.2.2.2. Currency Swap Sale Transactions		1,187,699	5,258,525	6,446,224	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		-	-	-	-	14,725	14,725
3.2.3.1. Currency Purchase Options		-	-	-	-	7,341	7,341
3.2.3.2. Currency Sale Options		-	-	-	-	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>18,353,673</b>	<b>178,900,665</b>	<b>197,254,338</b>	<b>18,199,177</b>	<b>91,152,523</b>	<b>109,351,700</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>8,141,876</b>	<b>96,600,634</b>	<b>104,742,510</b>	<b>7,896,731</b>	<b>38,703,770</b>	<b>46,600,501</b>
4.1. Customer Fund and Portfolio Assets		-	-	-	-	-	-
4.2. Securities Held in Custody		1,602,505	76,749	1,679,254	1,474,262	23,099	1,497,361
4.3. Checks Received for Collection		51,374	56,294	107,668	49,343	23,103	72,446
4.4. Commercial Notes Received for Collection		7,382	14,544	21,926	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		6,477,685	96,453,047	102,930,732	6,369,985	38,648,016	45,018,001
4.8. Custodians		2,930	-	2,930	634	404	1,038
<b>V. PLEDGED ITEMS</b>		<b>10,211,797</b>	<b>82,300,031</b>	<b>92,511,828</b>	<b>10,302,446</b>	<b>52,448,753</b>	<b>62,751,199</b>
5.1. Marketable Securities		18,709	-	18,709	14,573	-	14,573
5.2. Guarantee Notes		921	133	1,054	921	440	1,361
5.3. Commodity		33,787	92,741	126,528	43,956	69,335	113,291
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		2,606,310	54,053,575	56,659,885	2,865,716	36,879,643	39,745,359
5.6. Other Pledged Items		7,552,070	28,153,582	35,705,652	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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>20,777,359</b>	<b>200,826,864</b>	<b>221,604,223</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 financial statements.

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

	Notes (Section Five)	THOUSANDS OF TURKISH LIRA	
		Audited CURRENT PERIOD (01/01/2021 - 31/12/2021)	Audited PRIOR PERIOD (01/01/2020 - 31/12/2020)
<b>I. INTEREST INCOME</b>	(5.IV.1)	<b>1,608,320</b>	<b>1,143,897</b>
1.1 Interest on Loans		893,013	645,962
1.2 Interest Received from Reserve Deposits		25,704	1,295
1.3 Interest Received from Banks		17,121	34,615
1.4 Interest Received from Money Market Transactions		83,027	50,543
1.5 Interest Received from Marketable Securities Portfolio		584,044	408,753
1.5.1 Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.2 Financial Assets at Fair Value Through Other Comprehensive Income		105,786	113,926
1.5.3 Financial Assets Measured at Amortised Cost		478,258	294,827
1.6 Finance Lease Income		-	-
1.7 Other Interest Income		5,411	2,729
<b>II. INTEREST EXPENSES</b>	(5.IV.2)	<b>758,761</b>	<b>688,422</b>
2.1 Interest on Deposits		504,777	363,983
2.2 Interest on Funds Borrowed		207,658	261,647
2.3 Interest on Money Market Transactions		32,661	17,012
2.4 Interest on Securities Issued		-	-
2.5 Interest on Leases		11,366	12,781
2.6 Other Interest Expenses		2,299	32,999
<b>III. NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>849,559</b>	<b>455,475</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>161,874</b>	<b>162,250</b>
4.1 Fees and Commissions Received		184,079	177,720
4.1.1 Non-Cash Loans		42,576	24,757
4.1.2 Other		141,503	152,963
4.2 Fees and Commissions Paid (-)		22,205	15,470
4.2.1 Non-Cash Loans		97	28
4.2.2 Other		22,108	15,442
<b>V. DIVIDEND INCOME</b>	(5.IV.3)	<b>201</b>	<b>90</b>
<b>VI. TRADING PROFIT/LOSS (Net)</b>	(5.IV.4)	<b>382,515</b>	<b>100,920</b>
6.1 Profit/Losses from Capital Market Transactions		29,647	28,660
6.2 Profit/Losses from Derivative Financial Transactions		267,056	(229,793)
6.3 Foreign Exchange Profit/Losses		85,812	302,053
<b>VII. OTHER OPERATING INCOME</b>	(5.IV.5)	<b>106,010</b>	<b>146,702</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>1,500,159</b>	<b>865,437</b>
<b>IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	(5.IV.6)	<b>497,752</b>	<b>224,637</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	(5.IV.6)	<b>12,425</b>	<b>4,042</b>
<b>XI. PERSONNEL EXPENSES (-)</b>		<b>364,610</b>	<b>264,222</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	(5.IV.7)	<b>384,724</b>	<b>242,394</b>
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>240,648</b>	<b>130,142</b>
<b>XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-
<b>XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-
<b>XVI. NET MONETARY POSITION GAIN/LOSS</b>		-	-
<b>XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)</b>		<b>240,648</b>	<b>130,142</b>
<b>XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.IV.8)	<b>53,459</b>	<b>39,211</b>
18.1 Current Tax Provision	(5.IV.9)	239,888	123,681
18.2 Expense Effect of Deferred Tax (+)		27,608	13,810
18.3 Income Effect of Deferred Tax (-)		214,037	98,280
<b>XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	(5.IV.10)	<b>187,189</b>	<b>90,931</b>
<b>XX. 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. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
21.1 Expenses on Tangible Assets Held for Sale		-	-
21.2 Losses from Sale of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Other Expenses from Discontinued Operations		-	-
<b>XXII. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)</b>	(5.IV.8)	-	-
<b>XXIII. 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. CURRENT PERIOD NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-
<b>XXV. CURRENT PERIOD NET PROFIT/LOSS (XIX+XXIV)</b>	(5.IV.11)	<b>187,189</b>	<b>90,931</b>
25.1 Group's Profit/Loss		187,189	90,931
25.2 Minority Shares Profit/Loss (-)		-	-
Profit/Loss per Share		0.0218	0.0106

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

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

	THOUSANDS OF TURKISH LIRA	
	Audited CURRENT PERIOD (01/01/2021 - 31/12/2021)	Audited PRIOR PERIOD (01/01/2020 - 31/12/2020)
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>187,189</b>	<b>90,931</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>16,673</b>	<b>(7,187)</b>
<b>2.1 Other Items That Will Not Be Reclassified to Profit or Loss</b>	<b>8,117</b>	<b>1,938</b>
2.1.1 Gains/Losses on Revaluation of Tangible Assets	12,379	2,232
2.1.2 Gains/Losses on Revaluation of Intangible Assets	-	-
2.1.3 Gains/Losses on Remeasurements of Defined Benefit Plans	(4,697)	(368)
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	435	74
<b>2.2 Other Items That Will Be Reclassified to Profit or Loss</b>	<b>8,556</b>	<b>(9,125)</b>
2.2.1 Exchange Differences on Translation	-	-
2.2.2 Valuation and/or Reclassification Profit/Loss from Financial Assets at Fair Value Through Other Comprehensive Income	11,076	(10,006)
2.2.3 Income/Loss Related with Cash Flow Hedges	-	-
2.2.4 Income/Loss Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Components of Other Comprehensive Income That Will Be Reclassified to Other Profit or Loss	-	-
2.2.6 Taxes Relating To Components of Other Comprehensive Income That Will Be Reclassified To Profit or Loss	(2,520)	881
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>203,862</b>	<b>83,744</b>

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

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income and Expenses That Will Not Be Reclassified in Profit and Loss			Other Accumulated Comprehensive Income and Expenses 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 (31/12/2020)</b>																
<b>I. Balance at the End of Previous Period</b>	860,000	(587)	-	-	15,094	1,216	-	-	4,582	-	328,778	120,229	-	1,329,312	-	1,329,312
<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>	860,000	(587)	-	-	15,094	1,216	-	-	4,582	-	328,778	120,229	-	1,329,312	-	1,329,312
<b>IV. Total Comprehensive Income</b>	-	-	-	-	2,232	(294)	-	-	(9,125)	-	-	-	90,931	83,744	-	83,744
<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</b>	-	-	-	-	-	-	-	-	-	-	-	2,348	-	2,348	-	2,348
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	73,922	(71,510)	-	2,412	-	2,412
11.1 Dividends Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers Legal Reserves	-	-	-	-	-	-	-	-	-	-	73,922	(71,510)	-	2,412	-	2,412
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the end of Period (III+IV+...+X+XI) 31/12/2020</b>	860,000	(587)	-	-	17,326	922	-	-	(4,543)	-	402,700	51,067	90,931	1,417,816	-	1,417,816

1. Accumulated revaluation increases/decreases of non-current assets.

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/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).

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income and Expenses That Will Not Be Reclassified in Profit and Loss			Other Accumulated Comprehensive Income and Expenses 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>Current Period (31/12/2021)</b>																
<b>I. Balance at the End of Previous Period</b>	860,000	(587)	-	-	17,326	922	-	-	(4,543)	-	402,700	141,998	-	1,417,816	-	1,417,816
<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>	860,000	(587)	-	-	17,326	922	-	-	(4,543)	-	402,700	141,998	-	1,417,816	-	1,417,816
<b>IV. Total Comprehensive Income</b>	-	-	-	-	11,760	(3,643)	-	-	8,556	-	-	-	187,189	203,862	-	203,862
<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</b>	-	-	-	-	-	-	-	-	-	-	-	3,536	-	3,536	-	3,536
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	88,898	(88,898)	-	-	-	-
11.1 Dividends Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers Legal Reserves	-	-	-	-	-	-	-	-	-	-	88,898	(88,898)	-	-	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the end of Period (III+IV...+X+XI) 31/12/2021</b>	860,000	(587)	-	-	29,086	(2,721)	-	-	4,013	-	491,598	56,636	187,189	1,625,214	-	1,625,214

1. Accumulated revaluation increases/decreases of non-current assets.

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/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/loss).

## PART IV

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF CASH FLOW

### FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

	Note (Section Five)	THOUSANDS OF TURKISH LIRA	
		Audited	Audited
		CURRENT PERIOD (01/01/2021-31/12/2021)	PRIOR PERIOD (01/01/2020 - 31/12/2020)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>747,471</b>	<b>687,210</b>
1.1.1 Interest Received		1,167,788	1,047,116
1.1.2 Interest Paid		(614,813)	(600,078)
1.1.3 Dividend Received		201	90
1.1.4 Fees And Commissions Received		138,051	226,515
1.1.5 Other Income		280,679	57
1.1.6 Collections from Non-Performing Receivables Accounted as Loss		5,311	123,295
1.1.7 Cash Payments to Personnel and Service Suppliers		(352,558)	(259,533)
1.1.8 Taxes Paid		(21,149)	(149,911)
1.1.9 Other	(5.VI.3)	143,961	299,659
<b>1.2 Changes in Operating Assets and Liabilities Subject to Banking Operations</b>		<b>211,764</b>	<b>(580,576)</b>
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss		(17,246)	(5,253)
1.2.2 Net (Increase) Decrease in due from Banks		(1,830,706)	(818,382)
1.2.3 Net (Increase) Decrease in Loans		(6,937,264)	(5,087,471)
1.2.4 Net (Increase) Decrease in Other Assets	(5.VI.3)	(2,614,667)	(560,839)
1.2.5 Net Increase (Decrease) in Bank Deposits		564,986	3,091
1.2.6 Net Increase (Decrease) in Other Deposits		4,106,093	1,668,612
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		4,735,635	3,765,718
1.2.9 Net Increase (Decrease) in Matured Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(5.VI.3)	2,204,933	453,948
<b>I. Net Cash Provided by Banking Operations</b>		<b>959,235</b>	<b>106,634</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Flows from Investing Activities</b>		<b>(1,334,476)</b>	<b>(334,034)</b>
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Joint Ventures		-	-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint Ventures		-	-
2.3 Cash Paid For the Purchase of Tangible and Intangible Asset		(18,776)	(22,806)
2.4 Cash Obtained from the Sale of Tangible and Intangible Asset		-	3,277
2.5 Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(324,176)	(43,029)
2.6 Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income		26,613	622,028
2.7 Cash Paid for Purchase of Financial Assets Measured at Amortised Cost		(2,135,581)	(1,240,930)
2.8 Cash Obtained from Sale of Financial Asset Measured at Amortised Cost		1,114,930	343,919
2.9 Other	(5.VI.3)	2,515	3,507
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>(1,834)</b>	<b>(9,586)</b>
3.1 Cash Obtained from Loans and Securities Issued		-	-
3.2 Cash Outflow Arised From Loans and Securities Issued		-	-
3.3 Equity Investments Issued		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Lease Liabilities		(1,834)	(9,586)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	(5.VI.3)	<b>1,354,684</b>	<b>121,508</b>
<b>V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>977,609</b>	<b>(115,478)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of Period</b>		<b>3,750,867</b>	<b>3,866,345</b>
<b>VII. Cash and Cash Equivalents at the End of Period (V+VI)</b>	(5.VI.1)	<b>4,728,476</b>	<b>3,750,867</b>

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

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION

### FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

	THOUSANDS OF TURKISH LIRA	
	CURRENT PERIOD <sup>(1) (2)</sup>	PRIOR PERIOD
	(01/01/2021 - 31/12/2021)	(01/01/2020 - 31/12/2020)
<b>I. DISTRIBUTION OF CURRENT YEAR PROFIT</b>		
1.1 CURRENT YEAR INCOME	148,744	87,908
1.2 TAXES AND LEGAL DUTIES PAYABLES (-)	32,850	29,860
1.2.1 Corporate Tax (Income Tax)	216,160	114,950
1.2.2 Income Withholding Tax	-	-
1.2.3 Other Taxes and Duties	(183,310)	(85,090)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>115,894</b>	<b>58,048</b>
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>115,894</b>	<b>58,048</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Preferred Shares	-	-
1.6.3 To Owners of Redeemed Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Preferred Shares	-	-
1.9.3 To Joining Usufruct Certificates	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.10 STATUTORY RESERVES (-)	-	-
1.11 EXTRAORDINARY RESERVES	-	55,146
1.12 OTHER RESERVES	-	2,902
1.13 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 APPROPRIATED RESERVES	-	-
2.2 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3 To Owners of Ordinary Shares	-	-
2.3.1 To Owners of Preferred Shares	-	-
2.3.2 To Joining Usufruct Certificates	-	-
2.3.3 To Profit Sharing Bonds	-	-
2.3.4 To Holders of Profit and Loss Sharing Certificates	-	-
2.3.5 DIVIDENDS TO PERSONNEL (-)	-	-
2.4 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES (full TL)	0.0135	0.0067
3.2 TO OWNERS OF ORDINARY SHARES (%)	13.5	6.7
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

<sup>(1)</sup> The authorised body of the Bank for the distribution of the current period's profit is the General Assembly. The Bank's annual ordinary General Assembly meeting had not been held as of the date on which these financial statements were prepared.<sup>(2)</sup> Statement of profit distribution above belongs to the Parent Bank.

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

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## 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 in accordance with the "Communique amending the Communique on the Financial Statements and Related Disclosures and Notes 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 notes.

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 31 December 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. 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 Parent Bank's financials have been evaluated and it has been concluded that there is no material impact on financial statements. On the other hand, the Bank's studies continues within the scope of compliance with the changes.

The amounts in the consolidated financial statements and the related explanations and notes are expressed in thousands of Turkish Lira unless otherwise stated.

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## I. Explanations on the Basis of Presentation (continued)

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

The accounting policies and the valuation principles used in the preparation of the consolidated financial statements have been determined in accordance with the regulations, communiqués, explanations and circulars published by the BRSA on accounting and financial reporting principles, and the principles within the scope of TFRS ("BRSA Accounting and Financial Reporting Legislation" as a whole), which was put into effect by the POA for matters not regulated by these.

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index ("CPI") rates, it has been stated that entities applying the Turkish Financial Reporting Standards ("TFRS") are not required to make any restatements in their financial statements for 2021 within the scope of TAS 29 "Financial Reporting in High Inflation Economies". In the accompanying consolidated financial statements, no inflation adjustment has been made in accordance with TAS 29.

## II. Explanations on Usage Strategy of Financial Instruments 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 risk and liquidity risk are measured and monitored instantly by various risk management systems, and balance sheet management is carried out within the risk limits and legal limits determined in this framework. Asset-Liability management models, value-at-risk calculations, stress tests and scenario analyzes 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:

The Bank covers and controls the exchange rate risks it is exposed to due to foreign currency transactions through various derivative instruments that establish the general balance of foreign currency assets and liabilities.

Monetary assets and liabilities denominated in foreign currencies are translated by using currency exchange rates on the balance sheet date. Currency differences arising from the valuation of monetary items are accounted for in the profit or loss statement as "Foreign Exchange Transactions Profit/Loss".

As of 31 December 2021, the USD exchange rate used in the conversion of foreign currency transactions into Turkish currency and their reflection in the financial statements is 13.3290 full TL, Euro exchange rate is 15.0867 full TL, British Pound exchange value is 17.9667 full TL and Japanese Yen exchange rate is 0.1155 full TL.

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

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## III. Explanations on Subsidiaries and Associates

As of 31 December 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 30 June 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 31 December 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 31 December 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.

## IV. Explanations on Forwards, Options and Derivative Transactions

The derivative transactions of the Group mainly consist of foreign currency swaps, foreign currency options and forward contracts.

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 31 December 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/Loss" under the "Derivative Financial Assets" or "Derivative Financial Liabilities at Fair Value through Profit/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.

## ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## 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 (Internal Rate of Return) 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/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.

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/Loss:

Financial assets at fair value through profit or loss consist of financial assets other than the business model that aims to hold contractual cash flows to collect and the business model that aims to collect and sell contractual cash flows. Financial assets valued at fair value through profit or loss are valued at their fair values. Gain/loss arising on those assets is recorded in the statement of profit or loss.

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

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

#### 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 (internal rate of return) 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.

### VIII. Explanations on Impairment of Financial Assets

#### Recognition of Expected Credit Losses in Financial Statements:

The Group 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 Groups 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.

Within the scope of TFRS 9, 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.

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

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

#### Recognition of Expected Credit Losses in Financial Statements (continued):

##### 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 Group 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.

##### 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 obligor may be considered as Phase 3 in cases where the Group does not find it possible to pay its obligations regardless of the number of days of delay and without resorting to collateral.

This may include;

- Deterioration in the financial position of the counterparty (memzuc records, bounced check recording, application for condordato, bankruptcy/suspension bankruptcy, etc.) and 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:

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

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

#### Recognition of Expected Credit Losses in Financial Statements (continued):

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

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

**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. Lifetime expected credit losses are recorded for impaired assets. The probability of default is taken into account as 100%.

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

The Group 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. The Group evaluated the negative effects of the COVID-19 outbreak in its models by updating the macroeconomic information for the future.

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

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

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

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel of the Bank
- 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 Group 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).

#### 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.

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### IX. Explanations on Write-down Policy

The amendment with respect to the regulation on the "Principles and Procedures Regarding the Classification of Loans and Provisions To Be Set Aside" for These Loans entered into force with its publication in the Official Gazette No.30961 on 27 November 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.

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

### X. Explanations On Offsetting Financial Instruments

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

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

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

Securities sold under repurchase agreements ("Repo") are classified as "Financial Assets at Fair Value Through Profit/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

Non-current assets held for sale are accounted for in accordance with the provisions of "TFRS 5 Turkish Financial Reporting Standard on Assets Held for Sale and Discontinued Operations" in the financial statements. In accordance with TFRS 5 - "Non-current Assets Held for Resale and Discontinued Operations", an asset (or disposal group) classified as held for sale is measured at the lower of its carrying amount 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 31 December 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. The useful life of the asset is determined by evaluating the expected life of the asset, technical, technological or other types of obsolescence, and the maintenance costs necessary to obtain the expected economic benefit from the asset.

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

**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
Office machinery, furniture and vehicles	3 - 50 years
Leasehold improvements costs	The shorter of the economic life of lease term

As of the balance sheet date, the amount of depreciation calculated by proportioning the amount of depreciation foreseen for a full year with the period of stay of the asset for the assets that are in the asset for less than one accounting period is depreciated.

If the cost value is higher than the "Net realizable value" of the related tangible asset, the value of the said asset is reduced to its "Net realizable value" in accordance with the "Turkish Accounting Standard for Impairment of Assets" ("TAS 36") and the provision for impairment is associated with expense accounts.

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 a revaluation model within the framework of TAS 16 "Recognition of Tangible Assets" for buildings included in tangible assets. For this purpose, the fair values of the buildings are determined once a year by an independent valuation firm authorized by the BRSA and the Capital Markets Board. The increase in the book value of the buildings as a result of the revaluation is reflected in the Tangible Assets Revaluation Differences account in the equity account group. As a result of the valuation of the buildings, there is a pre-tax value increase of TL 29,086 (31 December 2020: TL 16,740) in the Tangible Assets item as of 31 December 2021.

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

After the commencement date of the lease, the lessee increases the carrying amount of the lease liability to reflect the interest on the lease liability and decreases the carrying amount to reflect the lease payments made. It is remeasured in the event of a change in the lease term and in the assessment of the option to purchase the asset, and in the event of a change in the amounts expected to be paid under the residual value commitment, and in the event of a change in these payments as a result of a change in the index or 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 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.

## ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

**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 business. Since recognizing the contingent assets in the financial statements may result in the accounting of an income, which will never be generated, the related assets are not included in the financial statements. If an inflow of economic benefits has become probable, then the contingent asset is disclosed in the notes to the consolidated financial statements. Developments related to the contingent assets are constantly evaluated to be reflected rightly in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements of the period in which the change occurs.

**XVIII. Explanations on Obligations Related to Employee Rights**

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

Under the Turkish Labor Law, the Bank and its subsidiaries operating in Turkey are required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labor Law. According to the related regulation, the Bank is obliged to pay termination benefits for employees who retire, quit for their military service obligations, who have been dismissed as defined in the related regulation or who have completed at least one year of service. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Group was recorded under equity according to "TAS 19 - Employee Benefits". The discount rate has been applied as 3.09% as of 31 December 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 No. 7316 on the "Law on the Collection of Public Claims and Amendments to Certain Laws" published in the Official Gazette dated 22 April 2021, this rate will be applied as 25% for the corporate earnings of the institutions for the 2021 taxation period, and 23% for the corporate earnings for the 2022 taxation period, starting from the declarations that must be submitted as of 1 July 2021.

The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as a deduction in accordance with the tax laws to the commercial income of the corporations, deducting the exceptions (such as the participation earnings exception) and discounts (such as the investment discount) in the tax laws. 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. Dividend payments made to individuals and institutions other than these are subject to 15% withholding tax. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied. Pursuant to the President's Decision No. 4936 published in the Official Gazette dated 22 December 2021, the dividends distributed by fully-paying corporations are covered by Article 94 of the Income Tax Law and Articles 15 and 30 of the Corporate Tax Law the rate of withholding was reduced from 15% to 10%. The decision is applicable as of 22 December 2021.

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.

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### XIX Explanations on Taxation (continued)

#### a. Current Tax: (continued)

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.

According to the "Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law" numbered 7352 published in the Official Gazette dated 29 January 2022 and numbered 31734, regardless of whether the conditions for the inflation adjustment within the scope of article 298 are met during the temporary tax periods, the application of inflation adjustment in the financial statements has been postponed to 31 December 2023.

#### 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.

For the items subject to deferred tax calculation as of 31 December 2021, enacted tax rates that are valid in accordance with the current tax legislation are used. Within the scope of the law numbered 7316 published in the Official Gazette dated 22 April 2021, this rate will be applied as 25% for the corporate earnings of the institutions for the 2021 taxation period, and as 23% for the corporate earnings of the 2022 taxation period, starting from the declarations that must be submitted as of 1 July 2021. As of 31 December 2020, deferred tax is calculated over 20%.

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

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

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

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

#### c. Transfer Pricing:

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

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

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

### XX. Additional Explanations on Borrowings

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

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# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### XXI. Explanations on Issued Stock

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

### XXII. Explanations On Bills And Acceptances

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

### XXIII. Explanations on Government Grants

As of 31 December 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 25 March 2021, it was decided to allocate 5% of the legal reserves of TL 2,902 from TL 58,048, which constitutes the net after-tax unconsolidated balance sheet profit of 2020, in accordance with Article 519/1 of the TCC and the remaining TL 55,146 was decided to be transferred to extraordinary reserves.

### XXV. Related Parties

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

### 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.

	31 December 2021	31 December 2020
Net Profit/(Loss) for the Period	187,189	90,931
Number of Shares	8,600,000	8,600,000
<b>Profit/(Loss) Per Share (*)</b>	<b>0.0218</b>	<b>0.0106</b>

(\*) Expressed as full TL.

### XXIX. Reclassifications

As of 31 December 2021, the Group has made a classification in prior year financial statements in order to comply with the current year presentation. Amounting to TL 49,173 interest from reverse repo transactions which were classified under "Other interest income" in 31 December 2020 were reclassified to "Interest received from money market transactions" on consolidated statement of profit or loss and amounting to TL (233,543) which were classified under "Other interest income" in 31 December 2020 were reclassified to "Other" line under consolidated statement of cash flows.

### XXX. Explanations on Other Matters

None.

## PART IV

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## SECTION FOUR

## EXPLANATIONS ON CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT

## I. Explanations on Consolidated Equity

## Information about consolidated equity items:

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 26.93% (31 December 2020: 19.75%).

Current Period	31 December 2021	31 December 2020
<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	60,389	19,249
Profit	243,825	141,998
Current period profit	187,189	90,931
Prior period profit/loss	56,636	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>1,655,225</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	3,920	4,545
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	11,437	7,839
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	4,828	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 core capital 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 core capital of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the core capital	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the core capital	-	-
Amount exceeding 15% of the core capital 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 core 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 1 Capital</b>	<b>20,185</b>	<b>13,921</b>
<b>Total Common Equity Tier I Capital</b>	<b>1,635,040</b>	<b>1,409,439</b>

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## I. Explanations on Consolidated Equity (continued)

## Information about consolidated total capital (continued):

	31 December 2021	31 December 2020
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred stock not included in core capital 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 1 Capital before Deductions</b>	<b>-</b>	<b>-</b>
<b>Deductions from Additional Tier 1 Capital</b>		
Direct and indirect investments of the Bank in its own additional Tier 1 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>1,635,040</b>	<b>1,409,439</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	3,998,700	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)	236,282	295,824
<b>Tier II Capital Before Deductions</b>	<b>4,234,982</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>4,234,982</b>	<b>2,498,464</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>5,870,022</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	158	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	-	-

## PART IV

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## I. Explanations on Consolidated Equity (continued)

## Information about consolidated total capital (continued):

	31 December 2021	31 December 2020
<b>TOTAL CAPITAL</b>		
Total capital (The Sum of Tier I Capital and Tier II)	5,869,864	3,907,729
Total Risk Weighted Amounts	21,799,994	19,964,381
<b>CAPITAL ADEQUACY RATIOS <sup>(2)</sup></b>		
Core Capital Adequacy Ratio (%)	7.50	7.06
Tier 1 Capital Adequacy Ratio (%)	7.50	7.06
Capital Adequacy Ratio (%)	26.93	19.57
<b>BUFFERS</b>		
Bank-specific total core capital ratio	2.57	2.73
Capital conservation buffer ratio (%)	2.50	2.50
Bank specific countercyclical buffer ratio (%)	0.07	0.23
Systemically significant bank buffer ratio (%)	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	-
<b>Amounts below the financial limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from mortgage servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
<b>Limits Related to Provisions Considered in Tier II Calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	857,333	355,904
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	236,282	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 31 December 2021, the Parent Bank has taken into consideration subordinated loan amounting TL 3,998,700 (31 December 2020: TL 2,202,640) from its main shareholder, Industrial and Commercial Bank of China Limited Company, for capital adequacy calculation.

As of 31 December 2021 in accordance with BRSA's decision dated 8 December 2020 and numbered 9312, the Bank, effective until 31 December 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 Institution's decision numbered 9795 as of 16 September 2021, it has been decided to continue to implement this practice until a Board decision to the contrary is taken. In addition, if the net valuation differences of the securities held by the Parent Bank in the portfolio of "Securities at Fair Value Reflected in Other Comprehensive Income" are negative, the regulation regarding these differences to be calculated in accordance with the Regulation on Bank's Equity and not to be taken into account in the amount of equity to be used for the capital adequacy ratio, pursuant to the Board decision numbered 9996 dated 21 December 2021 and therefore, negative differences in the calculations for the December period are also not included in the equity calculation. As of April 2020, 0% risk weight has been applied to FX receivables from the central government.

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## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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## I. Explanations on Consolidated Equity (continued)

## 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 3,998,700
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 8
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 8

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## II. Explanations on Consolidated Credit Risk

1. Credit risk represents the risks and losses that may arise from the failure of the counter party, with whom the Group has a relationship, to partially or completely fulfill its obligations on time by not complying with the contractual requirements of the Group.

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

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

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

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

31 December 2021 Risk Classifications	Current Period Risk Amount <sup>(1)</sup>	Average Risk Amount
Contingent and non-contingent claims on central governments or Central Banks	13,268,774	8,777,982
Contingent and non-contingent claims on regional governments or local authorities	21,985	24,292
Contingent and non-contingent claims on administrative bodies and non-commercial undertakings	411,651	49,202
Contingent and non-contingent claims on multilateral development banks	-	-
Contingent and non-contingent claims on international organizations	-	-
Contingent and non-contingent claims on banks and intermediary institutions	7,092,237	9,084,171
Contingent and non-contingent claims on corporate	13,704,948	10,884,418
Contingent and non-contingent claims on retail	82,582	95,849
Contingent and non-contingent claims secured by residential property	1,967,827	2,015,293
Past due loans	6,014	6,736
Higher risk categories decided by the Board	-	-
Secured by mortgages	-	-
Securitization positions	-	-
Short-term claims on banks and intermediary institutions and short-term corporate receivables	-	-
Undertakings for collective investments in mutual funds	-	-
Stock Investments	-	-
Other receivables	441,121	318,344

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

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

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

31 December 2020 Risk Classifications	Current Period Risk Amount <sup>(1)</sup>	Average Risk Amount
Contingent and non-contingent claims on central governments or Central Banks	7,529,189	6,646,492
Contingent and non-contingent claims on regional governments or local authorities	26,905	23,788
Contingent and non-contingent claims on administrative bodies and non-commercial undertakings	-	-
Contingent and non-contingent claims on multilateral development banks	-	-
Contingent and non-contingent claims on international organizations	-	-
Contingent and non-contingent claims on banks and intermediary institutions	12,010,571	9,847,013
Contingent and non-contingent claims on corporate	10,081,232	8,290,632
Contingent and non-contingent claims on retail	117,955	110,238
Contingent and non-contingent claims secured by residential property	1,933,898	1,626,726
Past due loans	9,824	25,542
Higher risk categories decided by the Board	-	-
Secured by mortgages	-	-
Securitization positions	-	-
Short-term claims on banks and intermediary institutions and short-term corporate receivables	-	-
Undertakings for collective investments in mutual funds	-	-
Stock Investments	-	-
Other receivables	346,329	310,594

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

2. The Parent Bank has control limits over the positions of forward transactions, options and other similar agreements. The credit risk arising from these instruments are managed together with other potential risks resulting from market fluctuations.

3. Regarding forward transactions, if it is required, reverse positions of the current positions are purchased to minimize the risk.

4. Indemnified non-cash loans are treated as non-performing loans. Standard loans restructured and rescheduled loans are followed-up in accordance with the monitoring methods defined by banking regulations.

5. There is a structure for foreign funding transactions, where the countries and their market risks are analyzed. When the international interbank credit transactions of the Group are assessed, the majority of the current international credit risk amounts consist of cash-to-cash transactions.

6. a) As of 31 December 2021, the shares of the top 100 and 200 cash loan customers of the Group constitute 97.2% and 98.1% of the total cash loans portfolio (31 December 2020: 94.7% and 95.3%), respectively.

b) As of 31 December 2021, the shares of the top 100 and 200 non-cash loan customers of the Group constitute 99.4% and 99.9% of the total non-cash loans portfolio (31 December 2020: 99.93% and 99.99%), respectively.

c) As of 31 December 2021, the Group's total cash and non-cash loans from its top 100 and 200 loan customers comprise 12.10% and 12.20% of the aggregate of total assets and off-balance sheet items (31 December 2020: 12.24% and 12.28%), respectively.

7. As of 31 December 2021, the Group's stage 1 and stage 2 expected loan loss provision amounts to TL 732,332 (31 December 2020: TL 284,980).

## PART IV

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

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

## 8.a) Profile of significant exposures in major regions:

31 December 2021 <sup>(4)</sup>	Risk Classifications <sup>(1)</sup>							Risk Classifications <sup>(1)</sup>									Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Domestic	13,268,774	21,985	411,651	-	-	5,648,500	13,392,791	82,443	1,967,827	6,014	-	-	-	-	-	441,121	35,241,106
European Union Countries	-	-	-	-	-	119,867	59,310	1	-	-	-	-	-	-	-	-	179,178
OECD Countries <sup>(2)</sup>	-	-	-	-	-	2,810	26,694	-	-	-	-	-	-	-	-	-	29,504
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	18,787	-	1	-	-	-	-	-	-	-	-	18,788
Other Countries	-	-	-	-	-	1,302,273	226,153	137	-	-	-	-	-	-	-	-	1,528,563
Investments and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>13,268,774</b>	<b>21,985</b>	<b>411,651</b>	<b>-</b>	<b>-</b>	<b>7,092,237</b>	<b>13,704,948</b>	<b>82,582</b>	<b>1,967,827</b>	<b>6,014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>441,121</b>	<b>36,997,139</b>

31 December 2020 <sup>(4)</sup>	Risk Classifications <sup>(1)</sup>							Risk Classifications <sup>(1)</sup>									Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Domestic	7,529,189	26,905	-	-	-	10,944,117	9,333,639	117,855	1,933,898	9,824	-	-	-	-	-	346,329	30,241,756
European Union Countries	-	-	-	-	-	298,881	440,833	2	-	-	-	-	-	-	-	-	739,716
OECD Countries <sup>(2)</sup>	-	-	-	-	-	2,761	38,574	-	-	-	-	-	-	-	-	-	41,335
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	145,154	-	1	-	-	-	-	-	-	-	-	145,155
Other Countries	-	-	-	-	-	619,658	268,186	97	-	-	-	-	-	-	-	-	887,941
Investments and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7,529,189</b>	<b>26,905</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,010,571</b>	<b>10,081,232</b>	<b>117,955</b>	<b>1,933,898</b>	<b>9,824</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>346,329</b>	<b>32,055,903</b>

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

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

<sup>(2)</sup> Includes OECD countries other than EU countries, USA and Canada<sup>(3)</sup> Includes asset and liability items that cannot be allocated on a consistent basis<sup>(4)</sup> Risk amounts present amounts before credit risk mitigation, after credit conversion rate process.

## PART IV

# ICBC TURKEY BANK ANONİM ŞİRKETİ

## EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

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

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

31 December 2021 <sup>(2)</sup>	Risk Classifications <sup>(1)</sup>							Risk Classifications <sup>(1)</sup>										TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16				
<b>Industries/Counterparties</b>																				
<b>Agriculture</b>	-	-	<b>254,334</b>	-	-	-	<b>101</b>	<b>94</b>	-	-	-	-	-	-	-	-	<b>254,529</b>	-	<b>254,529</b>	
Farming and Raising Livestock	-	-	254,334	-	-	-	92	94	-	-	-	-	-	-	-	-	254,520	-	254,520	
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fishery	-	-	-	-	-	-	9	-	-	-	-	-	-	-	-	-	9	-	9	
<b>Manufacturing</b>	-	-	<b>157,317</b>	-	-	-	<b>4,787,194</b>	<b>299</b>	<b>92,672</b>	<b>1</b>	-	-	-	-	-	-	<b>716,919</b>	<b>4,320,564</b>	<b>5,037,483</b>	
Mining and Quarrying	-	-	-	-	-	-	47,497	46	-	-	-	-	-	-	-	-	2,666	44,877	47,543	
Production	-	-	-	-	-	-	2,602,972	211	92,372	1	-	-	-	-	-	-	698,476	1,997,080	2,695,556	
Electric, Gas and Water	-	-	157,317	-	-	-	2,136,725	42	300	-	-	-	-	-	-	-	15,777	2,278,607	2,294,384	
<b>Construction</b>	-	-	-	-	-	-	<b>1,074,188</b>	<b>151</b>	<b>1,130,966</b>	<b>3,832</b>	-	-	-	-	-	-	<b>398,832</b>	<b>1,810,305</b>	<b>2,209,137</b>	
<b>Services</b>	<b>13,268,774</b>	<b>21,985</b>	-	-	-	<b>6,187,424</b>	<b>6,822,928</b>	<b>759</b>	<b>447,068</b>	<b>2</b>	-	-	-	-	-	-	<b>7,488,391</b>	<b>19,260,549</b>	<b>26,748,940</b>	
Wholesale and Retail Trade	-	-	-	-	-	-	2,619,100	583	3	2	-	-	-	-	-	-	502,387	2,117,301	2,619,688	
Hotel, Food and Beverage	-	-	-	-	-	-	94,957	9	253,557	-	-	-	-	-	-	-	21,249	327,274	348,523	
Transportation and Telecommunication	-	-	-	-	-	-	1,497,298	-	-	-	-	-	-	-	-	-	148,638	1,348,660	1,497,298	
Financial Institutions	13,268,774	-	-	-	-	6,187,424	884,196	38	-	-	-	-	-	-	-	-	6,779,369	13,561,063	20,340,432	
Real Estate and Rental Services	-	-	-	-	-	-	795,021	18	193,508	-	-	-	-	-	-	-	4,210	984,337	988,547	
Self Employment Services	-	-	-	-	-	-	922,039	25	-	-	-	-	-	-	-	-	150	921,914	922,064	
Educational Services	-	-	-	-	-	-	15	-	-	-	-	-	-	-	-	-	15	-	15	
Health and Social Services	-	21,985	-	-	-	-	10,302	86	-	-	-	-	-	-	-	-	32,373	-	32,373	
<b>Other</b>	-	-	-	-	-	<b>904,813</b>	<b>1,020,537</b>	<b>81,279</b>	<b>297,121</b>	<b>2,179</b>	-	-	-	-	-	-	<b>441,121</b>	<b>1,012,898</b>	<b>1,734,152</b>	<b>2,747,050</b>
<b>Total</b>	<b>13,268,774</b>	<b>21,985</b>	<b>411,651</b>	-	-	<b>7,092,237</b>	<b>13,704,948</b>	<b>82,582</b>	<b>1,967,827</b>	<b>6,014</b>	-	-	-	-	-	-	<b>441,121</b>	<b>9,871,569</b>	<b>27,125,570</b>	<b>36,997,139</b>

<sup>(1)</sup> Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" have been used. Risk classes that do not have a base amount for credit risk are not included in the table.

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

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



## PART IV

**ICBC TURKEY BANK ANONİM ŞİRKETİ**  
**EXPLANATIONS AND NOTES TO CONSOLIDATED**  
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(Amounts expressed in thousands of Turkish Lira ("TL").)

**II. Explanations on Consolidated Credit Risk (continued)****8.c) Analysis of maturity-bearing exposures according to remaining maturities:**

31 December 2021	Term to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	Over 1 Year
<b>Risk Classification <sup>(1)</sup></b>					
Contingent and non-contingent claims on central governments or Central Banks <sup>(3)</sup>	4,049,773	641,680	1,952	923,211	4,507,828
Contingent and non-contingent claims on regional governments or local authorities	-	-	-	-	21,985
Contingent and non-contingent claims on administrative bodies and other non-commercial undertakings	-	-	254,334	157,318	-
Contingent and non-contingent claims on multilateral development banks	-	-	-	-	-
Contingent and non-contingent claims on international organizations	-	-	-	-	-
Contingent and non-contingent claims on banks and intermediary institutions	1,713,115	562,575	237,099	2,899,553	1,186,532
Contingent and non-contingent claims on corporate portfolios	937,727	990,944	939,587	1,264,349	8,974,676
Contingent and non-contingent claims on retail portfolios	15,929	832	1,463	7,740	36,419
Contingent and non-contingent claims secured by residential property	324	325	1,663	202,815	1,761,823
Past due loans <sup>(2)</sup>	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-
Secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term claims on banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-
Equity investments	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other receivables	-	-	-	-	21,928
<b>Total <sup>(2)</sup></b>	<b>6,716,868</b>	<b>2,196,356</b>	<b>1,436,098</b>	<b>5,454,986</b>	<b>16,511,191</b>

<sup>(1)</sup> Risk figures present amounts before credit risk mitigation, after credit conversion rate process.<sup>(2)</sup> Net impaired loans amounting to TL 6,014 are not included.<sup>(3)</sup> The amount of restricted time deposits kept at Central Bank of the Republic of Turkey is presented under the 1-month column.

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**II. Explanations on Consolidated Credit Risk (continued)****8.c) Analysis of maturity-bearing exposures according to remaining maturities: (continued)**

31 December 2020	Term to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	Over 1 Year
<b>Risk Classification <sup>(1)</sup></b>					
Contingent and non-contingent claims on central governments or Central Banks <sup>(3)</sup>	576,051	85,765	-	670,053	6,197,320
Contingent and non-contingent claims on regional governments or local authorities	-	-	-	-	26,905
Contingent and non-contingent claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-
Contingent and non-contingent claims on multilateral development banks	-	-	-	-	-
Contingent and non-contingent claims on international organizations	-	-	-	-	-
Contingent and non-contingent claims on banks and intermediary institutions	1,560,601	887,195	447,299	1,026,090	8,089,386
Contingent and non-contingent claims on corporate portfolios	950,448	997,700	280,768	1,853,418	5,998,898
Contingent and non-contingent claims on retail portfolios	14,731	1,252	2,727	8,959	90,286
Contingent and non-contingent claims secured by residential property	1,495	893	4,127	7,208	1,920,175
Past due loans <sup>(2)</sup>	-	-	-	-	9,824
Higher risk categories decided by the Board	-	-	-	-	-
Secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term claims on banks and intermediary institutions and short-term corporate receivables	-	-	-	-	-
Equity investments	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-
Other receivables	-	-	-	-	346,329
<b>Total <sup>(2)</sup></b>	<b>3,103,326</b>	<b>1,972,805</b>	<b>734,921</b>	<b>3,565,728</b>	<b>22,679,123</b>

<sup>(1)</sup> Risk figures present amounts before credit risk mitigation, after credit conversion rate process.<sup>(2)</sup> Net impaired loans amounting to TL 9,824 are not included.<sup>(3)</sup> The amount of restricted time deposits kept at Central Bank of the Republic of Turkey is presented under the 1-month column.**9. Information related to Credit Ratings:**

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

**Risk amounts according to risk weight:**

Risk Weight - 31 December 2021	0%	20%	35%	50%	75%	100%	150%	200%	Deducted From Equity <sup>(1)</sup>
Exposures Before Credit									
Risk Mitigation	13,432,595	1,820,787	285,089	5,881,239	74,037	15,483,072	20,320	-	15,515
Exposures After Credit									
Risk Mitigation	13,478,157	1,869,323	284,504	5,857,938	67,330	15,429,350	10,537	-	15,515

<sup>(1)</sup> Ana sermayeden indirilen tutarlar dahil edilmiştir.

Risk Weight - 31 December 2020	0%	20%	35%	50%	75%	100%	150%	200%	Deducted From Equity <sup>(1)</sup>
Exposures Before Credit									
Risk Mitigation	7,613,484	1,235,579	381,400	9,009,318	117,955	13,696,469	1,696	-	14,095
Exposures After Credit									
Risk Mitigation	7,799,710	1,574,616	380,736	8,690,559	101,892	13,506,692	1,696	-	14,095

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

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

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

#### 10. Information of major industries or type of counterparties:

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

31 December 2021	Loans <sup>(1)</sup>		Provisions
	Impaired (TFRS 9)		
	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III)	
			Expected Credit Loss Provisions (TFRS 9)
<b>Major Industries/Counterparties</b>			
<b>Agriculture</b>	-	15	15
Farming and Raising Livestock	-	14	14
Forestry	-	1	1
Fishery	-	-	-
<b>Manufacturing</b>	635,214	1,308	272,399
Mining and Quarrying	-	10	10
Production	66,921	1,289	16,389
Electricity, Gas and Water	568,293	9	256,000
<b>Construction</b>	-	19,151	15,320
<b>Services</b>	418,908	17,129	306,825
Wholesale and Retail Trade	418,908	16,260	305,956
Accommodation and Dining Services	-	1	1
Transportation and Telecommunication	-	351	351
Financial Institutions	-	-	-
Real Estate and Lending Services	-	506	506
Self Employment Services	-	-	-
Educational Services	-	-	-
Health and Social Services	-	11	11
<b>Other</b>	3,485	6,357	4,271
<b>Total</b>	<b>1,057,607</b>	<b>43,960</b>	<b>598,830</b>

<sup>(1)</sup> Includes information related to cash loans.

31 December 2020	Loans <sup>(1)</sup>		Provisions
	Impaired (TFRS 9)		
	Significant Increase in Credit Risk (Stage II)	Credit-Impaired Losses (Stage III)	
			Expected Credit Loss Provisions (TFRS 9)
<b>Major Industries/Counterparties</b>			
<b>Agriculture</b>	-	404	404
Farming and Raising Livestock	-	-	-
Forestry	-	404	404
Fishery	-	-	-
<b>Manufacturing</b>	591,230	1,682	203,836
Mining and Quarrying	39,228	189	9,027
Production	246,036	1,491	86,249
Electricity, Gas and Water	305,966	2	108,560
<b>Construction</b>	1,968	18,093	14,924
<b>Services</b>	14,712	921	1,937
Wholesale and Retail Trade	14,712	-	1,016
Accommodation and Dining Services	-	-	-
Transportation and Telecommunication	-	347	347
Financial Institutions	-	-	-
Real Estate and Lending Services	-	505	505
Self Employment Services	-	-	-
Educational Services	-	-	-
Health and Social Services	-	69	69
<b>Other</b>	2,384	24,643	18,536
<b>Total</b>	<b>610,294</b>	<b>45,743</b>	<b>239,637</b>

<sup>(1)</sup> Includes information related to cash loans.

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

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

#### 11. Information related with value adjustments and loan loss provisions:

31 December 2021	Opening Balance	Provision within the Period	Provision Reversals	Other Adjustments <sup>(1)</sup>	Closing Balance
Stage III Provision <sup>(2)</sup>	35,919	4,483	(2,456)	-	37,946
Stage I and II Provisions	284,980	503,120	(55,768)	-	732,332

<sup>(1)</sup> Other adjustments in Stage Three Provisions include amounts for non-performing loans written off and disposed of through sale.<sup>(2)</sup> Includes information related to cash loan.

31 December 2020	Opening Balance	Provision within the Period	Provision Reversals	Other Adjustments <sup>(1)</sup>	Closing Balance
Stage III Provision <sup>(2)</sup>	113,666	485	(60,948)	(17,284)	35,919
Stage I and II Provisions	92,185	218,798	(26,003)	-	284,980

<sup>(1)</sup> Other adjustments in Stage Three Provisions include amounts for non-performing loans written off and disposed of through sale.<sup>(2)</sup> Includes information related to cash loan.

#### 12. Risks included in the calculation of circular capital:

31 December 2021	Private sector loans in banking accounts	Risk-weighted amount calculated within the scope of trading accounts	Total
Turkey	14,752,723	-	14,752,723
China	770,311	-	770,311
North Macedonia	106,197	-	106,197
Germany	47,984	-	47,984
Luxembourg	26,765	-	26,765
Malta	26,694	-	26,694
United States of America	18,055	-	18,055
Italy	15,800	-	15,800
Other	19,714	-	19,714

### III. Explanations on Consolidated Operational Risk

The Group used the "Basic Indicators Approach" in computation of its operational risk. In accordance with the 3rd section 'Computation of the Operational Risk' of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks", published in the Official Gazette no. 29111 dated 6 September 2014, operational risk is computed using the gross income of the Group for the years ended 2020, 2019 and 2018. Operational risk used in computation of capital adequacy ratio per article I of this section is 8% of TL 1,035,780 which is TL 82,822. TL 82,822 represents also the minimum capital amount to eliminate the operational risk.

#### Information related with operational risk that is calculated with basic indicator approach:

	2 PP Amount	1 PP Amount	CP Amount	Total/Number of years of positive gross	Rate (%)	Total
Gross income	578,072	552,508	749,624	626,734	15	94,010
Value at Operational Risk (Total*12.5)						1,175,127

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## IV. Explanations 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 consolidated currency risk. Net short and long positions of TL equivalents of all types of currencies are calculated. Position with the higher absolute value, which is the basis for the capital obligation, is used measuring the capital obligation for currency risk.

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

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

	27.12.2021	28.12.2021	29.12.2021	30.12.2021	31.12.2021
<b>USD</b>	11.3900	11.8302	12.2219	12.9775	13.3290
<b>GBP</b>	15.2412	15.8766	16.3800	17.4530	17.9667
<b>EURO</b>	12.8903	13.4000	13.8011	14.6823	15.0867
<b>JPY</b>	0.0992	0.1028	0.1061	0.1124	0.1155

The basic arithmetical average of the Parent Bank's foreign exchange bid rates for the last thirty-one days ending 31 December 2021 (TL full):

	Monthly Average FC Exchange Bid Rates
<b>USD</b>	13.6355
<b>GBP</b>	18.1085
<b>EURO</b>	15.4155
<b>JPY</b>	0.1194

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## IV. Explanations on Consolidated Foreign Currency Exchange Rate Risk (continued)

### Information on consolidated foreign currency rate risk:

31 December 2021	EURO	USD	Other FC	Total
<b>Assets</b>				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with The CBRT <sup>(1)</sup>	799,207	6,490,658	890	7,290,755
Banks	31,748	350,893	63,689	446,330
Financial Assets at Fair Value Through Profit or Loss	25,694	-	-	25,694
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	3,045,904	449,798	798,273	4,293,975
Loans <sup>(2)</sup>	8,512,136	5,663,434	-	14,175,570
Investment and Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial Assets Measured at Amortized Cost	-	4,932,278	-	4,932,278
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	570	3,849	2	4,421
<b>Total Assets</b> <sup>(2) (3) (7)</sup>	<b>12,415,259</b>	<b>17,890,910</b>	<b>862,854</b>	<b>31,169,023</b>
<b>Liabilities</b>				
Interbank Deposits	-	5	128,067	128,072
Foreign Currency Deposits	4,206,138	9,348,479	390,456	13,945,073
Fund Provided From Money Market	-	-	-	-
Funds Provided From Other Financial Institutions	3,621,611	13,341,617	-	16,963,228
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities Held For Hedging	-	-	-	-
Other Liabilities	279,518	123,934	155,104	558,556
<b>Total Liabilities</b> <sup>(2) (6) (8)</sup>	<b>8,107,267</b>	<b>22,814,035</b>	<b>673,627</b>	<b>31,594,929</b>
<b>Net On Balance Sheet Position</b>	<b>4,307,992</b>	<b>(4,923,125)</b>	<b>189,227</b>	<b>(425,906)</b>
<b>Net Off Balance Sheet Position</b>	<b>(4,210,917)</b>	<b>5,724,264</b>	<b>(187,665)</b>	<b>1,325,682</b>
Financial Derivatives Assets <sup>(5)</sup>	100,327	6,293,913	386,051	6,780,291
Financial Derivatives Liabilities <sup>(5)</sup>	4,311,244	569,649	573,716	5,454,609
<b>Non-Cash Loans</b> <sup>(4)</sup>	<b>3,897,453</b>	<b>5,780,541</b>	<b>13,306</b>	<b>9,691,300</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 31 December 2021 and 31 December 2020, the Group does not have precious metals in CBRT accounts.

<sup>(2)</sup> As of 31 December 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 63,483 and TL 4,503 respectively (31 December 2020: to TL 1,182 and TL 89,662) are not included in the table.

<sup>(3)</sup> As of 31 December 2021, there are no foreign currency indexed 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 31 December 2021, foreign currency purchase transactions amounting to TL 148,427 and selling transactions with a value date of TL 85,117 are included in the "Forward Assets Purchase/Sale Commitments" item in off-balance sheet accounts (31 December 2020: TL 25,420 and TL 15,580).

<sup>(6)</sup> As of 31 December 2021, "Valuation Differences of Securities" amounting to TL 1,555 (31 December 2020: TL 6,377) which are classified under shareholders' equity, are not included.

<sup>(7)</sup> As of 31 December 2021, assets amounting to TL 697,672 (31 December 2020: TL 265,990) are not included "Expected Loss Provisions".

<sup>(8)</sup> As of 31 December 2021, liabilities amounting to TL 96,948 (31 December 2020: TL 59,169) are not included "Other Provisions".

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### V. Explanations 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.

The Parent Bank deals with interest rate risk in the scope of market risk management and asset-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>31 December 2021</b>							
<b>Assets</b>							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with The CBRT	4,910,310	-	-	-	-	2,694,448	7,604,758
Banks	291,651	268	-	-	-	167,262	459,181
Financial Assets at Fair Value Through Profit or Loss <sup>(2)</sup>	164,627	15,190	10,613	-	-	67,224	257,654
Money Market Placements	20,955	-	-	-	-	-	20,955
Financial Assets at Fair Value Through Other Comprehensive Income	214,755	3,789,210	192,673	225,386	97,597	-	4,519,621
Loans	4,787,547	8,418,843	1,681,010	2,816,657	1,025,286	-	18,729,343
Financial Assets Measured at Amortized Cost	935,014	467,870	2,410,375	3,932,655	251,530	-	7,997,444
Other Assets <sup>(1)</sup>	698	-	-	-	-	(216,768)	(216,070)
<b>Total Assets</b>	<b>11,325,557</b>	<b>12,691,381</b>	<b>4,294,671</b>	<b>6,974,698</b>	<b>1,374,413</b>	<b>2,712,166</b>	<b>39,372,886</b>
<b>Liabilities</b>							
Bank Deposits	600,253	-	-	-	-	148,109	748,362
Other Deposits	9,938,998	2,396,974	518,464	1,071	-	2,702,684	15,558,191
Money Market Borrowings	3,024,482	-	-	-	-	-	3,024,482
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	615,308	2,006,335	14,352,626	-	-	-	16,974,269
Other Liabilities	565,285	4,379	10,491	-	-	2,487,427	3,067,582
<b>Total Liabilities</b>	<b>14,744,326</b>	<b>4,407,688</b>	<b>14,881,581</b>	<b>1,071</b>	<b>-</b>	<b>5,338,220</b>	<b>39,372,886</b>
Balance Sheet Long Position	-	8,283,693	-	6,973,627	1,374,413	-	16,631,733
Balance Sheet Short Position	(3,418,769)	-	(10,586,910)	-	-	(2,626,054)	(16,631,733)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(3,418,769)</b>	<b>8,283,693</b>	<b>(10,586,910)</b>	<b>6,973,627</b>	<b>1,374,413</b>	<b>(2,626,054)</b>	<b>-</b>

<sup>(1)</sup> Tangible and intangible assets amounting to TL 134,674, deferred tax assets amounting to TL 300,614, tax assets amounting to TL 504, expected loss provisions amounting to TL (792,795) and other assets amounting to TL 140,235, are included in other assets line in the interest-free column; provisions amounting to TL 434,807, tax liability amounting to TL 199,192, lease liabilities amounting to TL 74,534, other foreign sources amounting to TL 153,680 and shareholders' equity amounting to TL 1,625,214 are presented in other liabilities as non-interest bearing.

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

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### V. Explanations 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	3,075,790	-	-	-	-	85,123	3,160,913
Banks	950,086	369,237	-	-	-	287,645	1,606,968
Financial Assets at Fair Value Through Profit or Loss <sup>(2)</sup>	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>6,402,799</b>	<b>9,071,727</b>	<b>4,472,659</b>	<b>4,095,310</b>	<b>671,340</b>	<b>467,348</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	(3,563,782)	-	(2,183,351)	-	-	(2,315,762)	(8,062,895)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(3,563,782)</b>	<b>3,690,941</b>	<b>(2,183,351)</b>	<b>3,700,614</b>	<b>671,340</b>	<b>(2,315,762)</b>	<b>-</b>

<sup>(1)</sup> Tangible and intangible assets amounting to TL 121,262, deferred tax assets amounting to TL 116,269, current 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 of TL 69,246, other liabilities amounting to TL 97,214, liabilities from lease transactions amounting to TL 72,700 and equity amounting to TL 1,417,816 are presented in other liabilities as non-interest bearing.

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

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## V. Explanations on Consolidated Interest Rate Risk (continued)

## Interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
<b>31 December 2021 <sup>(1)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	8.50
Banks	-	0.10	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	16.86
Financial Assets at Fair Value Through Other Comprehensive Income	2.65	5.05	-	22.05
Loans	3.00	3.67	-	18.17
Financial Assets Measured at Amortised Cost	-	5.91	-	9.86
<b>Liabilities</b>				
Bank Deposits	-	-	-	15.23
Other Deposits	0.47	1.00	-	15.23
Money Market Borrowings	-	-	-	14.02
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	0.05	1.16	-	17.02

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

	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 Amortised 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.

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## V. Explanations on Consolidated Interest Rate Risk (continued)

## Interest rates applied to monetary financial instruments (continued):

## The interest rate risk of the banking book items:

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

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

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

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

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

The following table presents the economic value differences arising from fluctuations in interest rates in accordance with the Regulation on Measurement and Evaluation of Interest Rate on Banking Accounts by Standard Shock, divided by different currencies as of 31 December 2021. Tax effects are excluded in the study.

Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity-Losses/Equity
<b>TL</b>	500	(102,089)	(1.79%)
	(400)	89,713	1.57%
<b>EURO</b>	200	(181,200)	(3.18%)
	(200)	12,255	0.22%
<b>USD</b>	200	(132,357)	(2.32%)
	(200)	182,470	3.20%
<b>Total (for Negative Shocks)</b>		<b>284,438</b>	<b>4.99%</b>
<b>Total (for Positive Shocks)</b>		<b>(415,646)</b>	<b>(7.30%)</b>

## VI. Explanations on Consolidated Liquidity Management and Liquidity Coverage Ratio

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.

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## VI. Explanations on Consolidated Liquidity Management and Liquidity Coverage Ratio (continued)

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.

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

	Min FC (%)	Min Sum (%)	Max FC (%)	Max Sum (%)
Month	31 October 2021	31 December 2021	31 December 2021	30 November 2021
Ratio (%)	266.24	334.57	356.38	346.39

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## VI. Explanations on Consolidated Liquidity Management and Liquidity Coverage Ratio (continued)

31 December 2021	Unweighted Amounts <sup>(1)</sup>		Weighted Amounts <sup>(1)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			<b>8,080,376</b>	<b>5,901,739</b>
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers Deposits	7,125,264	5,297,112	664,055	529,463
Stable deposits	969,431	4,966	48,472	248
Less Stable Deposits	6,155,833	5,292,146	615,583	529,215
Unsecured Funding other than Retail and Small Business Customer Deposits	8,984,008	8,094,030	4,329,623	3,821,552
Operational Deposits	2,033	-	323	-
Non-Operational Funding	7,470,586	7,075,842	3,061,448	2,839,502
Other Unsecured Funding	1,511,389	1,018,188	1,267,852	982,050
Secured Funding	-	-	-	-
Other Cash Outflows	2,321,782	2,061,348	2,046,191	1,865,776
Liquidity Needs Related to Derivatives and Market Valuation Changes on Derivatives Transactions	1,862,464	1,735,394	1,862,464	1,735,394
Debts Related to The Structured Financial Products	-	-	-	-
Commitments Related to Debts To Financial Markets and Other Off Balance Sheet Liabilities	459,318	325,954	183,727	130,382
Commitments That Are Unconditionally Revocable at Any Time by The Bank and Other Contractual Commitments	533,487	533,487	26,674	26,674
Other Irrevocable or Conditionally Revocable Commitments	2,784,681	2,449,814	284,145	249,581
<b>TOTAL CASH OUTFLOWS</b>			<b>7,350,688</b>	<b>6,493,046</b>
<b>CASH INFLOWS</b>				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	3,363,675	3,067,427	2,948,738	2,678,270
Other Contractual Cash Inflows	1,557,930	1,552,284	1,557,930	1,552,284
<b>TOTAL CASH INFLOWS</b>	<b>4,921,605</b>	<b>4,619,711</b>	<b>4,506,668</b>	<b>4,230,554</b>
			<b>Upper Limit Applied Accounts</b>	
<b>TOTAL HIGH LIQUIDITY ASSETS</b>			<b>8,080,376</b>	<b>5,901,739</b>
<b>TOTAL NET CASH OUTFLOWS <sup>(1)</sup></b>			<b>2,844,020</b>	<b>2,262,492</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>284.12</b>	<b>260.85</b>

<sup>(1)</sup> Simple arithmetical average of the monthly consolidated liquidity coverage ratios of the last three months of 2021 was taken.

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## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## VI. Explanations on Consolidated Liquidity Management and Liquidity Coverage Ratio (continued)

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

<sup>(1)</sup> Simple arithmetical average of the monthly consolidated liquidity coverage ratios of the last three months of 2020 was taken.

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

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## VI. Explanations on Consolidated Liquidity Management and Liquidity Coverage Ratio (continued)

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

31 December 2021	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 Years	5 years and over	Undist.	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the CBRT	2,694,448	4,910,310	-	-	-	-	-	7,604,758
Banks	167,262	291,651	268	-	-	-	-	459,181
Financial Assets at Fair Value Through Profit or Loss <sup>(4)</sup>	67,224	164,627	15,190	10,613	-	-	-	257,654
Interbank Money Market Placements	-	20,955	-	-	-	-	-	20,955
Financial Assets at Fair Value Through Other Comprehensive Income	-	214,277	743,787	3,238,576	225,385	97,596	-	4,519,621
Loans	-	3,034,353	1,041,158	3,882,583	6,246,139	4,525,110	-	18,729,343
Financial Assets Measured at Amortised Cost	-	674,977	436,741	1,283,531	4,540,085	1,062,110	-	7,997,444
Other Assets	-	131,040	2,533	3,639	1,564	300,614	(655,460)	(216,070)
<b>Total Assets</b>	2,928,934	9,442,190	2,239,677	8,418,942	11,013,173	5,985,430	(655,460)	39,372,886
<b>Liabilities</b>								
Bank Deposits	148,109	600,253	-	-	-	-	-	748,362
Other Deposits	2,702,684	9,938,998	2,396,974	518,464	1,071	-	-	15,558,191
Funds Borrowed from Other Financial Institutions	-	11,041	1,333,070	10,353,001	1,277,532	3,999,625	-	16,974,269
Interbank Money Markets	-	3,024,482	-	-	-	-	-	3,024,482
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	31,722	173,321	18,693	19,155	47,158	2,777,533	3,067,582
<b>Total Liabilities</b>	2,850,793	13,606,496	3,903,365	10,890,158	1,297,758	4,046,783	2,777,533	39,372,886
<b>Net Liquidity Gap</b>	78,141	(4,164,307)	(1,663,687)	(2,471,216)	9,715,415	1,938,647	(3,432,993)	-
<b>Net off balance sheet position</b>	-	(86)	-	171,355	-	-	-	171,269
Derivative financial assets <sup>(3)</sup>	-	223,169	-	6,730,069	-	-	-	6,953,238
Derivative financial liabilities <sup>(3)</sup>	-	223,255	-	6,558,714	-	-	-	6,781,969
<b>Non-cash loans <sup>(2)</sup></b>	4,918,144	910,930	1,000,516	1,204,684	2,465,449	3,332	-	10,503,055
<b>31 December 2020</b>								
<b>Total Assets</b>	1,964,839	3,733,134	1,757,041	4,198,835	10,428,760	3,304,401	(205,827)	25,181,183
<b>Total Liabilities</b>	922,136	9,394,884	3,572,834	4,098,937	2,635,348	2,238,637	2,318,407	25,181,183
<b>Net Liquidity Gap</b>	1,042,703	(5,661,750)	(1,815,793)	99,898	7,793,412	1,065,764	(2,524,234)	-
<b>Net off balance sheet position</b>	-	(25,631)	(58,003)	(1,418)	-	-	-	(85,052)
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>	571,069	310,488	349,075	931,702	7,244,532	4,685	-	9,411,551

<sup>(1)</sup> The balance sheet is composed of TL 134,674 of tangible and intangible assets, TL 1,935 of the stationary supplies, TL 1,686 of assets held for sale, TL (793,755) of expected loss provisions and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 434,807, other liabilities amounting to TL 717,512 and equity amounting to TL 1,625,214 are included here.<sup>(2)</sup> The non-cash loans given indefinitely are shown in the demand column.<sup>(3)</sup> As of 31 December 2021, the spot purchase transactions amounting to TL 223,169 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 223,255 are included in liabilities of derivative financial instruments (31 December 2020: TL 26,894 and TL 26,992).<sup>(4)</sup> Receivables from derivative transactions are included.

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## VII. Explanations on Consolidated Leverage Ratio

Consolidated leverage ratio of the Parent Bank calculated based on 3 months average amounts is 3.91% as at 31 December 2021 (31 December 2020: 4.04%). This rate is above the minimum rate.

	Current period 31 December 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)	31,489,334	25,059,388
(Assets amounts deducted in determining Tier 1 capital)	(160)	(175)
Total on-Balance sheet exposures	31,489,174	25,059,213
<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	125,363	29,700
Total risk amount related to Derivative Financial Instruments and credit derivatives	125,363	29,700
<b>Securities or Commodity Collateralized Financing Transactions</b>		
Risk amount of security or commodity secured financing transactions	192,906	496,542
Amount of risk arising from brokered transactions	-	-
Total risk amount related to securities or commodity-backed financing transactions	192,906	496,542
<b>Off-balance Sheet Items</b>		
Off-balance sheet exposure at gross notional amount	9,920,586	10,043,577
Adjustments for conversions to credit equivalent amounts	-	-
Total risk of off-balance sheet items	9,920,586	10,043,577
<b>Capital and Total Exposure</b>		
Tier 1 capital	1,631,970	1,439,715
Total exposures	41,728,029	35,629,031
<b>Leverage Ratio Average</b>	<b>3.91%</b>	<b>4.04%</b>

<sup>(1)</sup> The amounts in the table show the arithmetic averages of the last 3 months of the relevant periods.

Summary comparison table of total asset amount and total risk amount in the consolidated financial statements prepared in accordance with TAS:

	31 December 2021 <sup>(1)</sup>	31 December 2020 <sup>(1)</sup>
1 Total amount of assets included in the consolidated financial statements prepared in accordance with TAS	31,489,334	25,059,388
2 The difference between the amount of assets in the consolidated financial statements prepared in accordance with TAS and the amount of assets in the consolidated financial statements prepared within the scope of the Communiqué on Preparation of Consolidated Financial Statements of Banks	-	-
3 The difference between the amounts of derivative financial instruments and credit derivatives in the consolidated financial statements prepared within the scope of the Communiqué on the Preparation of Consolidated Financial Statements of Banks and their risk amounts	125,363	29,700
4 The difference between the amounts in the consolidated financial statements prepared within the scope of the Communiqué on the Preparation of the Consolidated Financial Statements of the "Banks and the risk amounts of the securities or commodity-backed financing transactions	192,906	496,542
5 The difference between the amounts of off-balance sheet transactions in the consolidated financial statements prepared within the scope of the Communiqué on Preparation of Consolidated Financial Statements of Banks and their risk amounts	9,920,586	10,043,577
6 Other differences between the amount in the consolidated financial statements prepared within the scope of the Communiqué on the Preparation of Consolidated Financial Statements of Banks and the risk amount	(160)	(175)
<b>7 Total risk amount</b>	<b>41,728,029</b>	<b>35,629,031</b>

<sup>(1)</sup> The amounts in the table show the arithmetic averages of the last 3 months of the relevant periods.

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## VIII. Consolidated Share Position Risk Arising from Banking Accounts

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

## IX. Explanations on Consolidated Risk Management

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

Risk Management organization constituted to systematically manage the risks the 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 is divided into two different units as Risk Methodology, Model Development and Reporting Unit and Risk Policy Development and Monitoring Unit. The Risk Policy Development and Monitoring Unit is responsible for monitoring and preparing risk policies and procedures in general and making them compatible with current legislation, while the Risk Methodology, Model Development and Reporting Unit is responsible for measuring and monitoring the risks exposed and preparing internal and legal reports. Business continuity studies are carried out by the Operational Risk Committee within the framework of the Bank's Business Continuity Strategy. Risk management committees are Senior Risk Committee and market risk committee, credit risk committee, operational risk committee.

Necessary manners are identified to update, adjust for changing circumstances, implement and manage the policies determined to identify and manage the risks the 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 Bank.

Risk management policies have been determined in accordance with the Bank's activity volume, nature and complexity, and have been established by taking into account the Bank's past experience and performance. The Bank's main risk policies, including risk appetite and limits for each risk, are credit risk, market risk, operational risk, country risk, interest rate risk, liquidity risk, strategic risk, reputation risk policies.

The Bank has regulated the principles of ICAAP management to be a part of the internal management processes and decision-making culture of the bank, with a future-oriented perspective, based on adequate and appropriate measurement-evaluation methods and processes, in accordance with the risk appetite, covering all its risks on a consolidated and unconsolidated basis. ICAAP is owned by the Risk Management Department and is scheduled to be reviewed annually or more frequently as needed.

The Bank carries out its operational risk management activities in line with Basel II in accordance with local and international regulations. Operational Risk Policies, Operational Risk Monitoring Rules and Operational Risk Reduction Principles prepared in this direction are in effect.

In market risk management, the Bank uses the results obtained with Basel II advanced measurement techniques while determining the limits for risk limitation. In this context, risk measurements using advanced measurement models and daily limit controls are carried out, various scenario analyzes and stress tests are applied. In market risk management, measurements such as Value at Risk (VAR), stress testing and scenario analysis, duration gap and sensitivity analysis are used.

The reliability of the model is monitored by applying backtesting by comparing the estimated gains/losses with the actual values with the risk measurement model used. The measurement of the resilience of the capital against the risks that may occur when the fluctuation in the market is very high is done by stress tests and scenario analysis.

Bank and market data are regularly monitored for the purpose of risk management. Within the scope of limiting risks, in-bank limits are determined as well as legal limits. Possible changes in economic conditions and risks that may arise under difficult conditions are taken into account.

The units responsible for reporting on all risks, the frequency of reporting and the authority to which it will be made are determined separately in the policy documents containing the management process of each risk. In addition, the Risk Management Department regularly reports the analysis of the Bank's risks to which it is exposed, the periodic development of risks and the use of limits, and the risk situation to the Assets and Liabilities Committee and the Risk Management Committee of the Board of Directors.

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**IX. Explanation on Consolidated Risk Management (continued)****1. General Information on Consolidated Risk Management and Risk Weighted Amounts:**

a) Overview of RWA:

	Risk Weighted Amount		Minimum Capital Requirement
	Current Period	Prior Period	Current Period
	31 December 2021	31 December 2020	31 December 2021
<b>1 Credit risk (excluding counterparty credit risk)</b>	<b>18,816,558</b>	<b>18,223,670</b>	<b>1,505,325</b>
2 Standardised approach	18,898,063	18,223,670	1,511,845
3 Internal rating-based approach	-	-	-
<b>4 Counterparty credit risk</b>	<b>85,984</b>	<b>156,494</b>	<b>6,879</b>
5 Standardised approach for counterparty credit risk	85,984	156,494	6,879
6 Internal model method	-	-	-
<b>7 Basic risk weight approach to internal models equity position in the banking account</b>	-	-	-
<b>8 Investments made in collective investment companies - look-through approach</b>	-	-	-
<b>9 Investments made in collective investment companies - mandate-based approach</b>	-	-	-
<b>10 Investments made in collective investment companies - 1250% weighted risk approach</b>	-	-	-
<b>11 Settlement risk</b>	-	-	-
<b>12 Securitization positions in banking accounts</b>	-	-	-
13 IRB ratings-based approach	-	-	-
14 IRB Supervisory Formula Approach	-	-	-
15 SA/simplified supervisory formula approach	-	-	-
<b>16 Market risk</b>	<b>1,722,325</b>	<b>630,313</b>	<b>137,786</b>
17 Standardised approach	1,722,325	630,313	137,786
18 Internal model approaches	-	-	-
<b>19 Operational risk</b>	<b>1,175,127</b>	<b>953,904</b>	<b>94,010</b>
20 Basic Indicator Approach	1,175,127	953,904	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>24 Floor adjustment</b>	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>21,799,994</b>	<b>19,964,381</b>	<b>1,744,000</b>

**ICBC TURKEY BANK ANONİM ŞİRKETİ**  
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**IX. Explanation on Consolidated Risk Management (continued)****2. Connections between Financial Statements and Risk Amounts:**

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

	Amount of Items Valued in accordance with TMS					Not subject to capital requirements or subject to deduction from capital
	Valued amount in accordance with TAS reported in financial statements	Subject to credit risk	Subject to counterparty credit risk	Subject to securitization positions	Subject to market risk	
<b>Current Period 31 December 2021</b>						
<b>Assets</b>						
Cash and Cash Equivalents	8,084,894	8,084,894	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	67,224	-	-	-	67,224	-
Financial Assets at Fair Value Through Other Comprehensive Income	4,519,621	4,519,621	-	-	-	-
Banks	-	-	-	-	-	-
Receivables from Money Markets	792,795	37,695	-	-	-	-
Loans	18,729,343	18,729,343	-	-	-	-
Expected Loss Provisions (-)	792,795	37,695	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Financial Assets Measured at Amortised Cost	7,997,444	7,997,444	-	-	-	-
Leasing Receivables	-	-	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Derivative Financial Asset	190,430	-	85,623	-	174,141	-
Tangible Assets (Net)	123,237	123,237	-	-	-	3,920
Intangible Assets (Net)	11,437	11,437	-	-	-	11,437
Current Tax Asset	504	504	-	-	-	-
Deferred Tax	300,614	300,614	-	-	-	-
Other Asset	140,933	140,933	-	-	-	-
<b>Deferred Tax Asset</b>	<b>39,372,886</b>	<b>39,870,359</b>	<b>85,623</b>	<b>-</b>	<b>241,365</b>	<b>15,357</b>
<b>Liabilities</b>						
Deposits	16,306,553	-	-	-	-	16,306,553
Funds Borrowed	12,974,644	-	-	-	-	12,974,644
Money Market Funds	3,024,482	23,270	361	-	-	-
Marketable Securities Issued (Net) Funds	-	-	-	-	-	-
Financial Liabilities at Fair Value Through P/L	-	-	-	-	-	-
Derivative Financial Liabilities	16,323	-	-	-	-	16,323
Factoring Liabilities	-	-	-	-	-	-
Lease Liabilities (Net)	74,534	-	-	-	-	74,534
Provisions	434,807	-	-	-	-	434,807
Current Tax Liability	199,192	-	-	-	-	199,192
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	3,999,625	-	-	-	-	3,999,625
Other Liabilities	717,512	-	-	-	-	717,512
Equity	1,625,214	-	-	-	-	1,625,214
<b>Total Liabilities</b>	<b>39,372,886</b>	<b>23,270</b>	<b>361</b>	<b>-</b>	<b>-</b>	<b>36,364,753</b>

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## IX. Explanation on Consolidated Risk Management (continued)

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

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

Prior Period 31 December 2020	Amount of Items Valued in accordance with TMS					Not subject to capital requirements or subject to deduction from capital
	Valued amount in accordance with TAS reported in financial statements	Subject to credit risk	Subject to counterparty credit risk	Subject to securitization positions	Subject to market risk	
<b>Assets</b>						
Cash and Cash Equivalents	5,272,271	5,272,271	-	-	-	-
Financial Assets at Fair Value Through Profit or Loss	36,205	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	5,352,166	5,352,166	-	-	-	-
Financial Assets Measured at Amortised Cost	4,391,069	4,391,069	-	-	-	-
Derivative Financial Asset	1,496	-	30,311	-	88,474	-
Non-Performing Asset	-	-	-	-	-	-
Expected Loss Provisions (-)	6,048	6,048	-	-	-	-
Loans (Net)	10,009,568	10,009,568	-	-	-	-
Loans	10,055,311	10,055,311	-	-	-	-
Leasing Receivables	-	-	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non-Performing Loans	45,743	45,743	-	-	-	-
Expected Credit Loss (-)	324,032	324,032	-	-	-	-
Assets Held For Sale And Discontinued Operations (Net)	-	-	-	-	-	-
Equity Investment	-	-	-	-	-	-
Tangible Assets (Net)	113,423	113,423	-	-	-	4,545
Intangible Assets (Net)	7,839	-	-	-	-	7,839
Investment Property (Net)	-	-	-	-	-	-
Current Tax Asset	19	19	-	-	-	-
Deferred Tax Asset	116,269	116,269	-	-	-	-
Other Assets (Net)	165,195	165,195	-	-	-	-
<b>Total Assets</b>	<b>25,181,183</b>	<b>25,135,643</b>	<b>30,311</b>	<b>-</b>	<b>88,474</b>	<b>12,384</b>
<b>Liabilities</b>						
Deposits	11,638,697	-	-	-	-	11,638,697
Funds Borrowed	8,091,838	-	-	-	-	8,091,838
Money Market Funds	697,700	1,062,222	126,183	-	-	-
Marketable Securities Issued (Net)	-	-	-	-	-	-
Funds	-	-	-	-	-	-
Financial Liabilities At Fair Value Through Profit or Loss	-	-	-	-	-	-
Derivative Financial Liabilities	89,955	-	-	-	-	89,955
Factoring Liabilities	-	-	-	-	-	-
Lease Liabilities (Net)	72,700	-	-	-	-	72,700
Provisions	203,998	-	-	-	-	203,998
Current Tax Liability	69,246	-	-	-	-	69,246
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	2,202,640	-	-	-	-	2,202,640
Other Liabilities	696,593	-	-	-	-	696,593
Equity	1,417,816	-	-	-	-	1,417,816
<b>Total Liabilities</b>	<b>25,181,183</b>	<b>1,062,222</b>	<b>126,183</b>	<b>-</b>	<b>-</b>	<b>24,573,438</b>

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## IX. Explanation on Consolidated Risk Management (continued)

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

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

Current Period 31 December 2021	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk
2 Valued amounts of liabilities within the scope of legal consolidation in accordance with TAS (as in template B1)	23,631	23,270	-	361	-
<b>3 Total net amount under legal consolidation</b>	<b>39,396,517</b>	<b>39,893,629</b>	<b>-</b>	<b>85,984</b>	<b>241,365</b>
4 Off-balance Sheet Amounts	24,349,857	5,512,806	-	-	-
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences arising from the Institution's practices	-	-	-	-	-
9 Differences due to risk reduction	-	-	-	-	-
<b>10 Risk amounts</b>	<b>63,746,374</b>	<b>45,406,435</b>	<b>-</b>	<b>85,984</b>	<b>241,365</b>

Prior Period 31 December 2020	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk
2 Valued amounts of liabilities within the scope of legal consolidation in accordance with TAS (as in template B1)	-	1,062,222	-	126,183	-
<b>3 Total net amount under legal consolidation</b>	<b>25,181,183</b>	<b>26,197,865</b>	<b>-</b>	<b>156,494</b>	<b>88,474</b>
4 Off-balance Sheet Amounts	15,725,642	7,236,140	-	-	-
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences arising from the Institution's practices	-	-	-	-	-
9 Differences due to risk reduction	-	-	-	-	-
<b>10 Risk amounts</b>	<b>40,906,825</b>	<b>33,524,005</b>	<b>-</b>	<b>156,494</b>	<b>88,474</b>

## PART IV

**ICBC TURKEY BANK ANONİM ŞİRKETİ**  
**EXPLANATIONS AND NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL").)

**IX. Explanation on Consolidated Risk Management (continued)****3. Explanation of Credit Risk**

## a) Credit quality of assets

31 December 2021	The gross amount valued in accordance with TAS in the financial statements prepared according to prohibited consolidation		Allowances/ amortization and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	43,960	18,685,383	744,032	17,985,311
2 Debt instruments	-	12,517,065	43,735	12,473,330
3 Off-balance sheet exposures	9,913	11,051,188	104,079	10,957,020
<b>4 Total</b>	<b>53,873</b>	<b>42,253,636</b>	<b>891,846</b>	<b>41,415,661</b>

31 December 2020	The gross amount valued in accordance with TAS in the financial statements prepared according to prohibited consolidation		Allowances/ amortization and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	45,743	10,009,568	294,462	9,760,849
2 Debt instruments	-	9,743,235	29,571	9,713,664
3 Off-balance sheet exposures	7,070	9,579,907	65,217	9,521,760
<b>4 Total</b>	<b>52,813</b>	<b>29,332,710</b>	<b>389,250</b>	<b>28,996,273</b>

## b) Changes in stock of default loans and debt securities

	31 December 2021	31 December 2020
1 Defaulted loans and debt securities at end of the previous reporting period	52,813	168,054
2 Loans and debt securities defaulted since the last reporting period	6,377	18,264
3 Receivables back to non-defaulted status	-	-
4 Amounts written off	-	17,284
5 Other changes	(5,317)	(116,221)
<b>6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>53,873</b>	<b>52,813</b>

**ICBC TURKEY BANK ANONİM ŞİRKETİ**  
**EXPLANATIONS AND NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL").)

**IX. Explanation on Consolidated Risk Management (continued)****3. Explanation of Credit Risk (continued):**

## c) Credit risk mitigation techniques - overview

31 December 2021	Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
							1 Loans
2 Debt Instruments	12,473,330	-	-	-	-	-	-
<b>3 Total</b>	<b>31,054,491</b>	<b>104,222</b>	<b>81,668</b>	<b>21,985</b>	<b>21,985</b>	<b>-</b>	<b>-</b>
4 Of which defaulted	43,960	-	-	-	-	-	-

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

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

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

Islamic International Rating Agency	Credit Quality Level	Japan Credit Rating Agency
AAA and AA-	1	AAA and AA-
A+ and A-	2	A+ and A-
BBB+ and BBB	3	BBB+ and BBB
BB+ and BB-	4	BB+ and BB-
B+ and B-	5	B+ and B-
CCC and below	6	CCC+ and below

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## IX. Explanation on Consolidated Risk Management (continued)

## 3. Explanation of Credit Risk (continued)

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

31 December 2021	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density		
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density	
	Risk Classifications						
1	Claims on sovereigns and Central Banks	13,183,773	85,002	13,183,773	85,002	-	-
2	Claims on regional governments or local authorities	21,985	-	-	-	-	-
3	Claims on administrative bodies and other non-commercial undertakings	411,651	-	411,651	-	411,651	2%
4	Claims on multilateral development banks	-	-	-	-	-	-
5	Claims on international organizations	-	-	-	-	-	-
6	Claims on banks and intermediary institutions	5,863,692	2,009,003	5,996,912	1,117,322	3,827,911	20%
7	Claims on corporates	9,415,026	5,495,839	9,416,370	4,290,226	13,128,850	70%
8	Claims included in the regulatory retail portfolios	63,143	94,714	61,798	19,124	59,899	0%
9	Claims secured by residential property	284,744	1,725	284,744	345	99,585	1%
10	Claims secured by commercial property	1,682,262	1,058	1,682,262	476	1,085,905	6%
11	Overdue loans	6,013	-	6,013	-	6,865	0%
12	Higher risk categories decided by the Board	-	-	-	-	-	-
13	Secured by mortgages	-	-	-	-	-	-
14	Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
15	Undertakings for collective investments in mutual funds	-	-	-	-	-	-
16	Other receivables	442,364	1,554	440,810	311	277,397	1%
17	Equity share investments	-	-	-	-	-	-
<b>18</b>	<b>Total</b>	<b>31,374,653</b>	<b>7,688,895</b>	<b>31,484,333</b>	<b>5,512,806</b>	<b>18,898,063</b>	<b>100%</b>

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## IX. Explanation on Consolidated Risk Management (continued)

## 3. Explanation of Credit Risk (continued)

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

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

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## IX. Explanation on Consolidated Risk Management (continued)

## 3. Explanation of Credit Risk (continued)

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

31 December 2021 Risk Classifications/Risk Weight	0%	10%	20%	35%	50% Guaranteed with Real Estate Mortgage	75%	100%	150%	200%	Others	Total Risk Amount (After Credit Conversion Rate and Credit Risk Reduction)
1 Claims on central governments or central banks	13,268,774	-	-	-	-	-	-	-	-	-	13,268,775
2 Claims on regional or local governments	-	-	-	-	-	-	-	-	-	-	-
3 Claims on administrative units and non-commercial undertakings	-	-	-	-	-	-	411,651	-	-	-	411,651
4 Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5 Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
6 Claims on banks and intermediary institutions	22,648	-	1,465,858	-	4,181,978	-	1,443,750	-	-	-	7,114,234
7 Claims on corporates	18,446	-	399,647	-	482,291	-	12,803,085	3,127	-	-	13,706,596
8 Claims included in the regulatory retail portfolios	4,022	-	3,776	-	-	67,330	89	5,705	-	-	80,922
9 Claims secured by residential property	543	-	42	284,504	-	-	-	-	-	-	285,089
10 Claims secured by commercial property	-	-	-	-	1,193,665	-	489,073	-	-	-	1,682,738
11 Overdue loans	-	-	-	-	2	-	4,307	1,705	-	-	6,014
12 Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-	-	-
13 Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
14 Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-
15 Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-
16 Other receivables	163,724	-	-	-	-	-	277,397	-	-	-	441,121
17 Equity share investments	-	-	-	-	-	-	-	-	-	-	-
<b>18 Total</b>	<b>13,478,157</b>	<b>-</b>	<b>1,869,323</b>	<b>284,504</b>	<b>5,857,936</b>	<b>67,330</b>	<b>15,429,352</b>	<b>10,537</b>	<b>-</b>	<b>-</b>	<b>36,997,139</b>

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## IX. Explanation on Consolidated Risk Management (continued)

## 3. Explanation of credit risk (continued)

f) Standard Approach - Receivables by risk classes and risk weights (continued)

31 December 2020 Risk Classifications/Risk Weight	0%	10%	20%	50% (Guaranteed with Real Estate Mortgage)	75%	100%	150%	Others	Total Risk Amount (After Credit Conversion Rate and Credit Risk Reduction)
Claims on central governments or central banks	7,529,189	-	-	-	-	-	-	-	7,529,189
Claims on regional or local governments	-	-	-	26,905	-	-	-	-	26,905
Claims on administrative units and non-commercial undertakings	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	99	-	1,235,579	7,256,663	-	3,518,230	-	-	12,010,571
Claims on corporates	-	-	-	295,147	-	9,786,085	-	-	10,081,232
Claims included in the regulatory retail portfolios	-	-	-	-	117,955	-	-	-	117,955
Claims secured by residential property	-	-	-	-	-	-	-	381,400	381,400
Claims secured by commercial property	-	-	-	1,428,341	-	124,157	-	-	1,552,498
Overdue loans	-	-	-	2,262	-	5,865	1,697	-	9,824
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Other receivables	84,197	-	-	-	-	262,132	-	-	346,329
Equity share investments	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7,613,485</b>	<b>-</b>	<b>1,235,579</b>	<b>9,009,318</b>	<b>117,955</b>	<b>13,696,469</b>	<b>1,697</b>	<b>381,400</b>	<b>32,055,903</b>

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

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

## 4. Explanations on Counterparty Credit Risk ("CCR")

a) Evaluation of counterparty credit risk according to measurement methods

31 December 2021	Replacement cost	Potential credit risk amount	EEPE	Alpha used to calculate the legal risk amount	Exposure at Default post-CRM	RWA
1 Standard Approach-CCR (for derivatives)	191,292	(16,443)		1.4	174,849	85,623
2 Internal Model Method (Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
3 Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
4 Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
5 Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	23,270	361
<b>6 Total</b>	<b>191,292</b>	<b>(16,443)</b>	<b>-</b>	<b>-</b>	<b>198,119</b>	<b>85,984</b>

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

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

## 4. Explanations on Counterparty Credit Risk ("CCR")

a) Evaluation of counterparty credit risk according to measurement methods (continued)

31 December 2020	Replacement cost	Potential credit risk amount	EEPE	Alpha used to calculate the legal risk amount	Exposure at Default post-CRM	RWA
1 Standard Approach-CCR (for derivatives)	1,521	30,403	-	1.4	31,924	30,311
2 Internal Model Method (Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
3 Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
4 Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
5 Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	1,062,222	126,183
<b>6 Total</b>	<b>1,521</b>	<b>30,403</b>	<b>-</b>	<b>-</b>	<b>1,094,146</b>	<b>156,494</b>

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

31 December 2021	EAD (post-CRM)	RWA
Total portfolios subject to the Advanced CVA capital charge	-	-
1 (i) VaR component (including the 3*multiplier)	-	-
2 (ii) Stressed VaR component (including the 3*multiplier)	-	-
3 All portfolios subject to the Standardized CVA capital charge	174,849	3,057
4 Total subject to the CVA capital charge	174,849	3,057
31 December 2020	EAD (post-CRM)	RWA
Total portfolios subject to the Advanced CVA capital charge	-	-
1 (i) VaR component (including the 3*multiplier)	-	-
2 (ii) Stressed VaR component (including the 3*multiplier)	-	-
3 All portfolios subject to the Standardized CVA capital charge	31,924	867
4 Total subject to the CVA capital charge	31,924	867

## PART IV

**ICBC TURKEY BANK ANONİM ŞİRKETİ**  
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**IX. Explanations on Consolidated Risk Management (continued)****4. Explanations on Counterparty Credit Risk ("CCR") (continued)**

c) Standardized Approach - CCR exposures by regulatory portfolio and risk weights

<b>Risk Weights</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>	<b>Total Credit Risk <sup>(1)</sup></b>
<b>Risk Classifications</b>									
Claims from central governments and central banks	85,002	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from banks and intermediary institutions	-	-	-	9,170	-	81,399	-	-	85,984
Corporates	-	-	-	-	-	-	-	-	-
Retail portfolios	-	-	-	-	-	-	-	-	-
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>85,002</b>	<b>-</b>	<b>-</b>	<b>9,170</b>	<b>-</b>	<b>81,399</b>	<b>-</b>	<b>-</b>	<b>85,984</b>

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

d) Collaterals for counterparty credit risk: Since there are no derivative collaterals, the relevant table is not given.

e) Credit derivatives: Since there is no credit derivative, the relevant table is not given.

f) Risks to the central counterparty ("CCP"): none.

**5. Securitization Explanations**

None.

**ICBC TURKEY BANK ANONİM ŞİRKETİ**  
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**IX. Explanations on Consolidated Risk Management (continued)****6. Calculations Related to Market Risk**

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

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

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

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

a) Standard approach:

<b>Risk Weighted Amounts</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Outright products</b>		
1 Interest rate risk (general and specific)	141,175	118,488
2 Equity risk (general and specific)	257,963	108,512
3 Foreign exchange risk	1,323,187	403,313
4 Commodity risk	-	-
<b>Options</b>		
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitization	-	-
<b>9 Total</b>	<b>1,722,325</b>	<b>630,313</b>

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

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

Estimated fair value of demand deposit states the amount which shall be paid on demand. Fair value of adjustable-rate placements and overnight deposit states the book value. . Estimated fair value of fixed rate is calculated through determination of cash flow discounted via using money market interest rates which is applicable to similar credit risk and other debts having with a remaining redemption. The fair value of funds obtained from other financial institutions represents the cash flows discounted using market interest rates for fixed interest rates, and the cash flows discounted with market interest rates for variable interest rates according to the interest renewal date. Fair value of credits is calculated through determination of cash flow discounted via using money market interest rates which is applicable to similar credit risk and other debts having with a remaining redemption. Fair value states the book value since the other debts are short-termed.

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

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(Amounts expressed in thousands of Turkish Lira ("TL").)

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

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

	Carrying Value	Fair Value
	31 December 2021	31 December 2021
<b>Financial Assets</b>	<b>31,726,544</b>	<b>31,939,865</b>
Interbank Money Market	20,955	20,955
Banks	459,181	459,181
Financial Assets at Fair Value Through Other Comprehensive Income	4,519,621	4,519,621
Financial Assets Measured at Amortized Cost	7,997,444	8,188,100
Loans	18,729,343	18,752,008
<b>Financial Liabilities</b>	<b>33,998,334</b>	<b>33,972,010</b>
Bank Deposits	748,362	748,362
Other Deposits	15,558,191	15,542,908
Funds Borrowed from Other Financial Institutions	16,974,269	16,963,228
Bonds Issued	-	-
Other Debts	717,512	717,512
	<b>Carrying Value</b>	<b>Fair Value</b>
	<b>31 December 2020</b>	<b>31 December 2020</b>
<b>Financial Assets</b>	<b>21,909,904</b>	<b>21,937,770</b>
Interbank Money Market	504,390	504,390
Banks	1,606,968	1,606,968
Financial Assets at Fair Value Through Other Comprehensive Income	5,352,166	5,352,356
Financial Assets Measured at Amortized Cost	4,391,069	4,391,069
Loans	10,055,311	10,082,987
<b>Financial Liabilities</b>	<b>22,629,768</b>	<b>23,450,866</b>
Bank Deposits	179,548	179,548
Other Deposits	11,459,149	12,301,256
Funds Borrowed from Other Financial Institutions	10,294,478	10,273,469
Bonds Issued	-	-
Other Debts	696,593	696,593

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

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities (Exchange value);
- Level 2: Data that are directly (through prices) or indirectly (derived from prices) observable data in terms of assets or liabilities, excluding recorded prices in Level 1 (Valuation techniques can be measured in the market);
- Level 3: Data on assets or liabilities that are not based on observable market data (valuation techniques cannot be measured in the market).

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

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

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

31 December 2021	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>	<b>1,540,942</b>	<b>3,236,333</b>	<b>-</b>	<b>4,777,275</b>
<b>Financial Assets At Fair Value Through Profit/Loss</b>	<b>67,224</b>	<b>-</b>	<b>-</b>	<b>67,224</b>
Equity Instruments	25,763	-	-	25,763
Public Debt Securities	-	-	-	-
Other Financial Assets	41,461	-	-	41,461
<b>Derivative Financial Assets at Fair Value Through Profit/Loss</b>	<b>-</b>	<b>190,430</b>	<b>-</b>	<b>190,430</b>
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>1,473,718</b>	<b>3,045,903</b>	<b>-</b>	<b>4,519,621</b>
Equity Instruments	-	-	-	-
Public Debt Securities	1,245,076	-	-	1,245,076
Other Securities	228,642	-	-	228,642
Other Financial Assets	-	3,045,903	-	3,045,903
<b>Financial Liabilities</b>	<b>-</b>	<b>16,323</b>	<b>-</b>	<b>16,323</b>
Derivative Financial Liabilities	-	16,323	-	16,323
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>31 December 2020</b>	<b>889,642</b>	<b>4,500,225</b>	<b>-</b>	<b>5,389,867</b>
<b>Financial Assets</b>	<b>889,642</b>	<b>4,500,225</b>	<b>-</b>	<b>5,389,867</b>
<b>Financial Assets At Fair Value Through Profit/Loss</b>	<b>36,205</b>	<b>1,496</b>	<b>-</b>	<b>37,701</b>
Equity Instruments	14,359	-	-	14,359
Public Debt Securities	-	-	-	-
Derivative Financial Assets at Fair Value Through Profit or Loss	-	1,496	-	1,496
Other Financial Assets	21,846	-	-	21,846
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>853,437</b>	<b>4,498,729</b>	<b>-</b>	<b>5,352,166</b>
Equity Instruments	-	-	-	-
Government Debt Securities	853,437	-	-	853,437
Other Financial Assets	-	4,498,729	-	4,498,729
<b>Financial Liabilities</b>	<b>-</b>	<b>89,955</b>	<b>-</b>	<b>89,955</b>
Derivative financial liabilities	-	89,955	-	89,955

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

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## XI. Explanations Related to 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.

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 operating segments:

31 December 2021	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group's Total Operations
Operating Income	110,222	481,336	908,601	1,500,159
Net profit of segment	44,591	450,436	(254,379)	240,648
Undistributed Costs	-	-	-	-
Operating Profit/(Loss)	-	-	-	-
Income from subsidiaries	-	-	-	-
Profit/(Loss) before tax	44,591	450,436	(254,379)	240,648
Tax provision (-)	-	-	53,459	53,459
Profit/(Loss) after tax	44,591	450,436	(307,838)	187,189
<b>Net Profit/(Loss)</b>	<b>44,591</b>	<b>450,436</b>	<b>(307,838)</b>	<b>187,189</b>
Segment Assets <sup>(1)</sup>	404,982	21,220,588	17,747,316	39,372,886
Associate and Subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>404,982</b>	<b>21,220,588</b>	<b>17,747,316</b>	<b>39,372,886</b>
Segment Liabilities <sup>(1)</sup>	8,637	16,167,599	21,571,436	37,747,672
Equity	-	-	1,625,214	1,625,214
<b>Total Liabilities</b>	<b>8,637</b>	<b>16,167,599</b>	<b>23,196,650</b>	<b>39,372,886</b>

<sup>(1)</sup> Segment assets classified in the Other column consist of securities held in the assets of the treasury department, tangible and intangible assets under the head office, fixed assets to be disposed of, deferred tax asset and other non-distributed assets. Segment liabilities classified in the Other column consist of loans taken from abroad, which are under the liabilities of the treasury department, general loan provisions in the general directorate, employee rights provision, current tax provision and miscellaneous debts that cannot be distributed.

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, 1% for retail banking, 45% for treasury, investment banking and others segment. Looking at the gross income (operating income) distribution of the Group, corporate banking constitutes 32% of the total gross income, investment banking and other segments 61% and retail banking 7%.

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# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## XI. Explanations Related to Operating Segments (continued)

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

31 December 2020	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	The Group's Total Operation
Operating Income	99,993	447,559	317,885	865,437
Net profit of segment	41,111	390,245	(301,214)	130,142
Undistributed Costs	-	-	-	-
Operating Profit/(Loss)	41,111	390,245	(301,214)	130,142
Income from subsidiaries	-	-	-	-
Profit/(Loss) before tax	41,111	390,245	(301,214)	130,142
Tax provision (-)	-	-	39,211	39,211
Profit/(Loss) after tax	41,111	390,245	(340,425)	90,931
<b>Net Profit for the Period</b>	<b>41,111</b>	<b>390,245</b>	<b>(340,425)</b>	<b>90,931</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> Segment assets classified in the Other column consist of securities held in the assets of the treasury department, tangible and intangible assets under the head office, fixed assets to be disposed of, deferred tax asset and other non-distributed assets. Segment liabilities classified in the Other column consist of loans taken from abroad, which are under the liabilities of the treasury department, general loan provisions in the general directorate, employee rights provision, current tax provision and miscellaneous debts that cannot be distributed.

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in prior period as; 54% for corporate banking, 2% for retail banking, 44% for treasury, investment banking and others segment. Looking at the gross income (operating income) distribution of the Group, corporate banking constitutes 52% of the total gross income, investment banking and other segments constitute 37% and retail banking constitutes 11%.

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**ICBC TURKEY BANK ANONİM ŞİRKETİ**  
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## SECTION FIVE

## EXPLANATIONS AND NOTES ON

## CONSOLIDATED FINANCIAL STATEMENTS

## I. Explanations and Notes 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:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Cash	18,241	149,199	15,781	69,067
Central Bank of the Republic of Turkey (CBRT) <sup>(1)</sup>	295,762	7,141,556	97,704	2,978,361
Others	-	-	-	-
<b>Total</b>	<b>314,003</b>	<b>7,290,755</b>	<b>113,485</b>	<b>3,047,428</b>

<sup>(1)</sup> As of 31 December 2021, there are no precious metals at the CBRT (31 December 2020: None).

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

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Unrestricted Demand Deposits <sup>(1)</sup>	295,762	2,236,850	97,704	1,458,436
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	4,904,706	-	1,519,925
<b>Total</b>	<b>295,762</b>	<b>7,141,556</b>	<b>97,704</b>	<b>2,978,361</b>

<sup>(1)</sup> As at 31 December 2021, there are no precious metals at the CBRT (31 December 2020: None).

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.

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As of 31 December 2021, the applicable rates for Turkish lira required reserves are between 3% and 8%, depending on the maturity structure, (31 December 2020: between 1% and 6%); The applicable rates for FX required reserves are between 5% and 26%, depending on the maturity structure (31 December 2020: between 5% and 22%).

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## I. Explanations and Notes on Consolidated Assets (continued)

## 2. Information on financial assets at fair value through profit or loss (net):

a) Information on trading securities given as collateral/blocked and subject to repo from financial assets at fair value through profit/loss:

As at 31 December 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:

Information on Derivative Financial Assets at Fair Value Through Profit/Loss:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Forward Transactions	916	-	314	247
Swap Transactions	126,031	63,483	-	935
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>126,947</b>	<b>63,483</b>	<b>314</b>	<b>1,182</b>

## 3. Information on banks:

a) Information on Banks:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Banks				
Domestic	12,851	336,417	2,592	1,331,622
Foreign	-	109,913	-	272,754
Foreign Offices and Branches	-	-	-	-
<b>Total</b>	<b>12,851</b>	<b>446,330</b>	<b>2,592</b>	<b>1,604,376</b>

b) Information on Foreign Bank Accounts

	Unrestricted Amount		Restricted Amount	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
EU Countries	18,297	35,792	-	-
USA, Canada	12,620	152,134	-	-
OECD Countries <sup>(1)</sup>	4,289	3,060	-	-
Off Shore Banking Regions	-	-	-	-
Other	74,707	81,768	-	-
<b>Total</b>	<b>109,913</b>	<b>272,754</b>	<b>-</b>	<b>-</b>

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

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## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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## I. Explanations and Notes 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:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Given as Collateral or Blocked Subject to Repurchase Agreements	183,443	250,700	401,444	180,440
	-	-	176,641	-
<b>Total</b>	<b>183,443</b>	<b>250,700</b>	<b>578,085</b>	<b>180,440</b>

As of 31 December 2021, financial assets at fair value through other comprehensive income other than those given as collaterals or subject to repurchase agreements amounting to TL 1,039,575 are unrestricted (31 December 2020: TL 407,884).

Financial Assets at Fair Value Through Other Comprehensive Income includes loans of TL 3,045,903 (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:

	31 December 2021	31 December 2020
Debt Instruments	1,509,524	1,176,791
Listed	1,279,675	861,645
Unlisted	229,849	315,146
Equity Instruments	-	-
Listed	-	-
Unlisted	-	-
Impairment Provision (-)	35,806	10,382
<b>Total</b>	<b>1,473,718</b>	<b>1,166,409</b>

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## I. Explanations and Notes 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:

	31 December 2021		31 December 2020	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	1,001,523	3,867	997,502
Loans Given to Legal Entity Partners	-	1,001,523	3,867	997,502
Loans Given to Real Person Partners	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	4,473	-	3,962	-
<b>Total</b>	<b>4,473</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:

31 December 2021	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
<b>Cash Loans</b>				
<b>Non-Specialized Loans</b>	<b>17,627,776</b>	<b>3,336</b>	<b>1,049,972</b>	<b>4,299</b>
Enterprise Loans	11,321,865	-	983,051	4,155
Export Loans	1,296,721	-	66,921	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	3,737,353	-	-	-
Consumer Loans	382,637	3,193	-	144
Credit Cards	16,666	116	-	-
Other	872,534	27	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>17,627,776</b>	<b>3,336</b>	<b>1,049,972</b>	<b>4,299</b>

31 December 2020	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
<b>Cash Loans</b>				
<b>Non-Specialized Loans</b>	<b>9,399,274</b>	<b>569,686</b>	<b>38,831</b>	<b>1,777</b>
Enterprise Loans	4,530,485	-	-	1,611
Export Loans	593,763	397	38,831	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1,481,499	-	-	-
Consumer Loans	523,627	2,149	-	166
Credit Cards	15,483	69	-	-
Other	2,254,417	567,071	-	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>9,399,274</b>	<b>569,686</b>	<b>38,831</b>	<b>1,777</b>

## PART IV

**ICBC TURKEY BANK ANONİM ŞİRKETİ**  
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(Amounts expressed in thousands of Turkish Lira ("TL").)

**I. Explanations and Notes on Consolidated Assets (continued)****5. Information related on loans (continued):**

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

	31 December 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	171,448	-	54,822	-
Significant Increase in Credit Risk	-	560,884	-	203,719
<b>Total</b>	<b>171,448</b>	<b>560,884</b>	<b>54,822</b>	<b>203,719</b>

c) Distribution of cash loans by maturity:

31 December 2021	Standard Loans	Loans Under Close Monitoring	
		Loans not Subject to Restructuring	Restructured Loans
Short Term Loans	7,931,046	204	3,374
Midterm and Long Term Loans	9,696,730	3,132	1,050,897
<b>Total</b>	<b>17,627,776</b>	<b>3,336</b>	<b>1,054,271</b>

31 December 2020	Standard Loans	Loans Under Close Monitoring	
		Loans not Subject to Restructuring	Restructured Loans
Short Term Loans	4,312,440	38,831	801
Midterm and Long Term Loans	5,086,834	1,777	568,885
<b>Total</b>	<b>9,399,274</b>	<b>40,608</b>	<b>569,686</b>

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**I. Explanations and Notes on Consolidated Assets (continued)****5. Information related on loans (continued):**

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

Current Period	Short Term	Medium and Long Term	Total
<b>Consumer Loans - TL</b>	<b>10,085</b>	<b>374,978</b>	<b>385,063</b>
Mortgage Loans	-	291,399	291,399
Automotive Loans	-	4,734	4,734
Consumer Loans	10,085	78,845	88,930
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>14,201</b>	<b>-</b>	<b>14,201</b>
With Installment	4,042	-	4,042
Without Installment	10,159	-	10,159
<b>Consumer Credit Cards - FC</b>	<b>375</b>	<b>-</b>	<b>375</b>
With Installment	-	-	-
Without Installment	375	-	375
<b>Personnel Loans - TL</b>	<b>805</b>	<b>1,764</b>	<b>2,569</b>
Mortgage Loans	-	137	137
Automotive Loans	-	-	-
Consumer Loans	805	1,627	2,432
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>1,835</b>	<b>-</b>	<b>1,835</b>
With Installment	613	-	613
Without Installment	1,222	-	1,222
<b>Personnel Credit Cards - FC</b>	<b>69</b>	<b>-</b>	<b>69</b>
With Installment	-	-	-
Without Installment	69	-	69
<b>Credit Deposit Account - TL (Real Person)</b>	<b>2,720</b>	<b>-</b>	<b>2,720</b>
<b>Credit Deposit Account - FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>30,090</b>	<b>376,742</b>	<b>406,832</b>

## PART IV

**ICBC TURKEY BANK ANONİM ŞİRKETİ**  
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(Amounts expressed in thousands of Turkish Lira ("TL").)

**I. Explanations and Notes on Consolidated Assets (continued)****5. Information related on loans (continued):**

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

Prior Period	Short Term	Medium and Long Term	Total
<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>

**ICBC TURKEY BANK ANONİM ŞİRKETİ**  
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(Amounts expressed in thousands of Turkish Lira ("TL").)

**I. Explanations and Notes on Consolidated Assets (continued)****5. Information related on loans (continued):**

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

Current Period	Short Term	Medium and Long Term	Total
<b>Commercial Installment Loans - TL</b>	<b>45</b>	<b>214,202</b>	<b>214,247</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	45	206,969	207,014
Other	-	7,233	7,233
<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>3,915,321</b>	<b>3,915,321</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	3,915,321	3,915,321
Other	-	-	-
<b>Corporate Credit Cards - TL</b>	<b>530</b>	<b>-</b>	<b>530</b>
With Installment	87	-	87
Without Installment	443	-	443
<b>Corporate Credit Cards - FC</b>	<b>174</b>	<b>-</b>	<b>174</b>
With Installment	-	-	-
Without Installment	174	-	174
<b>Credit Deposit Account - TL (Legal Entity)</b>	<b>41</b>	<b>-</b>	<b>41</b>
<b>Credit Deposit Account - FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>790</b>	<b>4,129,523</b>	<b>4,130,313</b>
Prior Period	Short Term	Medium and Long Term	Total
<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>

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## I. Explanations and Notes on Consolidated Assets (continued)

## 5. Information related on loans (continued)

f) Loan concentration based on counterparties:

	31 December 2021	31 December 2020
Public	477,759	2,844,388
Private	18,251,584	7,210,923
<b>Total</b>	<b>18,729,343</b>	<b>10,055,311</b>

g) Domestic and foreign loans:

	31 December 2021	31 December 2020
Domestic Loans	18,274,733	9,266,426
Foreign Loans	454,610	788,885
<b>Total</b>	<b>18,729,343</b>	<b>10,055,311</b>

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

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

	31 December 2021	31 December 2020
Loans and Receivables with Limited Collectibility	16	-
Loans and Receivables with Doubtful Collectibility	49	679
Allocated for Loss Loans	37,881	35,241
<b>Total</b>	<b>37,946</b>	<b>35,920</b>

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

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

	Group III Loans with Limited Collectibility	Group IV Loans with Doubtful Collectibility	Group V Uncollectible Loans
Current Period			
Gross Amounts Before the Specific Reserves	-	-	44
Restructured Loans and Other Receivables	-	-	44

	Group III Loans with Limited Collectibility	Group IV Loans with Doubtful Collectibility	Group V Uncollectible Loans
Current Period			
Gross Amounts Before the Specific Reserves	-	-	858
Restructured Loans and Other Receivables	-	-	858

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## I. Explanations and Notes on Consolidated Assets (continued)

## 5. Information related on loans (continued)

j) Information on non-performing loans (Net)(continued):

j.2) Information related on loans:

	Group III Loans with Limited Collectibility	Group IV Loans with Doubtful Collectibility	Group V Uncollectible Loans
<b>Prior Period End Balance</b>	<b>-</b>	<b>3,017</b>	<b>42,726</b>
Additions (+)	215	141	3,172
Transfers from Other Categories of Non- Performing Loans (+)	-	21	282
Transfers to Other Categories of Non-Performing Loans (-)	21	282	-
Collections (-)	22	2,836	2,453
Write-offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balances at End of the Period</b>	<b>172</b>	<b>61</b>	<b>43,727</b>
Provisions (-)	16	49	37,881
<b>Net Balance on Balance Sheet</b>	<b>156</b>	<b>12</b>	<b>5,846</b>

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

	Group III Loans with Limited Collectibility	Group IV Loans with Doubtful Collectibility	Group V Uncollectible Loans
<b>Current Period</b>			
Balances at the End of the Period	-	-	162
Provision Amount (-)	-	-	161
Net Balance on Balance Sheet	-	-	1
<b>Prior Period</b>			
Balances at the End of the Period	-	-	141
Provision Amount (-)	-	-	128
Net Balance on Balance Sheet	-	-	13

## PART IV

**ICBC TURKEY BANK ANONİM ŞİRKETİ**  
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**I. Explanations and Notes on Consolidated Assets (continued)****5. Information related on loans (continued)**

j) Information on non-performing loans (Net)(continued):

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loan with</b>	<b>Loans with</b>	<b>Uncollectible</b>
	<b>Limited</b>	<b>Doubtful</b>	<b>Loans</b>
	<b>Collectibility</b>	<b>Collectibility</b>	
<b>Current Period (Net)</b>	<b>156</b>	<b>12</b>	<b>5,846</b>
Loans Allowed to Real Persons and Corporate Entities (Gross)	172	61	43,727
Provision Amount (-)	16	49	37,881
Loans Allowed to Real Persons and Corporate Entities (Net)	156	12	5,846
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>-</b>	<b>2,338</b>	<b>7,485</b>
Loans Allowed to Real Persons and Corporate Entities (Gross)	-	3,017	42,726
Provision Amount (-)	-	679	35,241
Loans Allowed to Real Persons and Corporate Entities (Net)	-	2,338	7,485
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loan with</b>	<b>Loans with</b>	<b>Uncollectible</b>
	<b>Limited</b>	<b>Doubtful</b>	<b>Loans</b>
	<b>Collectibility</b>	<b>Collectibility</b>	
<b>Current Period (Net)</b>	<b>-</b>	<b>-</b>	<b>1,307</b>
Interest accruals and rediscounts and valuation differences	-	-	11,722
Provision amount (-)	-	-	10,415
<b>Prior Period (Net)</b>	<b>-</b>	<b>-</b>	<b>1,574</b>
Interest Accruals And Rediscounts And Valuation Differences	-	1	8,943
Provision Amount (-)	-	1	7,369

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

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

l) Information on write-off from assets policy:

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

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**I. Explanations and Notes 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:

As of 31 December 2021, the Bank's government debt securities valued at amortized cost is TL 7,319,678. (31 December 2020: 3,196,580 TL).

	<b>31 December 2021</b>	<b>31 December 2020</b>
Government Bonds	7,319,678	3,196,580
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
<b>Total</b>	<b>7,319,678</b>	<b>3,196,580</b>

b) Information on financial assets at amortized cost:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Debt Instruments	7,651,959	4,223,205
Listed	-	-
Unlisted	7,651,959	4,223,205
Value Increase/Impairment Provision <sup>(1)</sup>	345,485	167,864
<b>Total</b>	<b>7,997,444</b>	<b>4,391,069</b>

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

d) Information on the movement of financial assets at amortized cost during the year:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Beginning Balance	4,391,069	2,889,131
Foreign Currency Differences on Monetary Assets	2,240,239	437,063
Purchases During Year	2,135,581	1,240,930
Disposals Through Sales and Redemptions	(1,114,930)	(343,919)
Value Increase/Impairment Provision <sup>(1)</sup>	345,485	167,864
<b>Total</b>	<b>7,997,444</b>	<b>4,391,069</b>

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

None (31 December 2020: None).

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

As of 31 December 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

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

**I. Explanations and Notes on Consolidated Assets (continued)****8. Information on subsidiaries (net) (continued):**

c) Movement of unconsolidated subsidiaries:

None.

d) Industrial distribution of unconsolidated subsidiaries:

As of 31 December 2021, the Parent Bank has no unconsolidated subsidiary.

e) Information on consolidated subsidiaries:

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

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

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value
853,733	247,727	3,551	35,472	-	70,021	32,883	-

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

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

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value
9,568	8,929	35	927	-	489	431	-

g) Movement of consolidated subsidiaries:

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

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

**I. Explanations and Notes on Consolidated Assets (continued)****8. Information on subsidiaries (net) (continued):**

h) Sector information and related recorded amounts of subsidiaries included in the scope of consolidation:

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

i) Listed subsidiaries: None (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):**

The Parent Bank does not have any joint ventures. (31 December 2020: None).

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

None. (31 December 2020: None).

**11. Information on hedging purpose derivatives:**

The Group does not have derivative financial instruments for hedging purposes. (31 December 2020: None).

**12. Information on investment properties (net):**

The Bank has no investment property (31 December 2020: None).

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## I. Explanations and Notes on Consolidated Assets (continued)

## 13. Information on tangible assets:

31 December 2021	Buildings	Tangible assets from finance lease	Vehicles	Right-of-Use	Other Tangible Assets	Total
Prior Period End: 31/12/2020						
Cost	25,396	2,269	-	99,055	78,622	205,342
Accumulated Depreciation (-)	3,976	2,269	-	34,628	51,046	91,919
Net Book Value	21,420	-	-	64,427	27,576	113,423
Current Period End: 31/12/2020						
Net Book Value at the Beginning of the Period	21,420	-	-	64,427	27,576	113,423
Additions	241	-	-	19,304	8,055	27,600
Disposals, net (-)	-	-	-	176	-	176
Revaluation/(Impairment)	12,379	-	-	-	-	12,379
Depreciation (-)	175	-	-	20,380	9,434	29,989
Cost at period end	38,016	2,269	-	118,183	86,677	245,145
Accumulated Depreciation at period end (-)	4,151	2,269	-	55,008	60,480	121,908
<b>Closing Net Book Value</b>	<b>33,865</b>	<b>-</b>	<b>-</b>	<b>63,175</b>	<b>26,197</b>	<b>123,237</b>
31 December 2020	Buildings	Tangible assets from finance lease	Vehicles	Right-of-Use	Other Tangible Assets	Total
Prior Period End: 31/12/2019						
Cost	23,046	2,269	-	95,313	67,280	187,908
Accumulated Depreciation (-)	3,795	2,269	-	17,648	45,637	69,349
Net Book Value	19,251	-	-	77,665	21,643	118,559
Current Period End: 31/12/2019						
Net Book Value at the Beginning of the Period	19,251	-	-	77,665	21,643	118,559
TFRS 16 Opening Balance	-	-	-	80,333	-	80,333
Additions	-	-	-	15,835	12,107	27,942
Disposals, net (-)	-	-	-	-	927	927
Revaluation/(Impairment)	2,350	-	-	-	-	2,350
Depreciation (-)	181	-	-	34,628	10,472	45,281
Cost at period end	25,396	2,269	-	99,055	78,622	205,342
Accumulated Depreciation at period end (-)	3,976	2,269	-	34,628	51,046	91,919
<b>Closing Net Book Value</b>	<b>21,420</b>	<b>-</b>	<b>-</b>	<b>64,427</b>	<b>27,576</b>	<b>113,423</b>

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## I. Explanations and Notes on Consolidated Assets (continued)

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

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

31 December 2021	Buildings	Tangible assets from finance lease	Right-of-Use Assets	Other Tangible Assets	Total
Cost	-	-	452	-	452
Accumulated Depreciation (-)	-	-	276	-	276
<b>Net disposal amount</b>	<b>-</b>	<b>-</b>	<b>176</b>	<b>-</b>	<b>176</b>

31 December 2020	Buildings	Tangible assets from finance lease	Vehicles	Other Tangible Assets	Total
Cost	-	-	-	1,386	1,386
Accumulated Depreciation (-)	-	-	-	459	459
<b>Net disposal amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>927</b>	<b>927</b>

## 13. Intangible assets (net):

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

	31 December 2021	31 December 2020
Gross Book Value	51,722	41,241
Accumulated Amortization (-)	40,285	33,402
<b>Total</b>	<b>11,437</b>	<b>7,839</b>

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

	31 December 2021	31 December 2020
Beginning of the Period	7,839	8,194
Additions Resulting from Mergers, Acquisitions and Purchases	10,480	5,307
Disposals and Sales (-)	-	-
Accumulated Amortization for the Period (-)	6,882	5,662
<b>Period End</b>	<b>11,437</b>	<b>7,839</b>

## 14. Information on investment properties:

The Group has no investment property. (31 December 2020: None).

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### I. Explanations and Notes on Consolidated Assets (continued)

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

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

	(1 January - 31 December 2021)	(1 January - 31 December 2020)
<b>Balance at the beginning of the previous period</b>	<b>116,269</b>	<b>30,918</b>
TFRS 9 effect	-	-
<b>Balance at the beginning of the current period</b>	<b>116,269</b>	<b>30,918</b>
Deferred tax income/(expense) (net)	186,429	84,470
Deferred tax recognized in other comprehensive income	(2,085)	881
<b>Balance at the end of the period</b>	<b>300,613</b>	<b>116,269</b>

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

Timing differences from a basis for deferred tax	Current period		Prior period	
	Accumulated temporary differences	Deferred tax asset/(debt)	Accumulated temporary differences	Deferred tax asset/(debt)
Provisions (*)	322,425	80,104	34,653	6,931
Financial assets and liabilities valuation differences	342,489	85,622	37,816	7,563
Derivative valuation differences	(174,102)	(43,526)	88,548	17,710
Loan provisions on stage I and II	862,145	175,896	359,958	71,992
Other	9,874	2,517	60,369	12,073
<b>Total net deferred tax asset/(liability)</b>	<b>1,362,831</b>	<b>300,613</b>	<b>581,344</b>	<b>116,269</b>

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

As at 31 December 2021, the Group's deferred tax asset arising from the deductible temporary differences except for general loan provisions is amounting to TL 300,613 (31 December 2020: TL 116,269). As at 31 December 2021, there is 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.

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

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

#### 17. Information on other assets:

Total other assets of the balance sheet amount to TL 140,933 (31 December 2020: TL 165,195) and does not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### II. Explanations and Notes on Consolidated Liabilities

#### 1. Information on deposits:

a) Information on maturity profile of deposits:

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

a.1) 31 December 2021:

	Demand	Up to 1 Month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	56,463	164,413	1,121,269	43,010	1,017	2,301	-	1,388,473
Foreign Currency Deposits	2,488,602	709,758	10,026,709	126,508	566,055	27,441	-	13,945,073
Residents in Turkey	2,287,561	706,186	9,118,467	123,157	111,324	2,844	-	12,349,539
Residents Abroad	201,041	3,572	908,242	3,351	454,731	24,597	-	1,595,534
Public Sector Deposits	7,524	-	-	-	-	-	-	7,524
Commercial Deposits	146,033	26,255	34,907	73	-	-	-	207,268
Other Ins. Deposits	4,062	738	5,012	-	40	1	-	9,853
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	148,109	600,253	-	-	-	-	-	748,362
CBRT	-	-	-	-	-	-	-	-
Domestic Banks	128,084	600,253	-	-	-	-	-	728,337
Foreign Banks	20,025	-	-	-	-	-	-	20,025
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,850,793</b>	<b>1,501,417</b>	<b>11,187,897</b>	<b>169,591</b>	<b>567,112</b>	<b>29,743</b>	<b>-</b>	<b>16,306,553</b>

a.2) 31 December 2020:

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

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## II. Explanations and Notes on Consolidated Liabilities (continued)

### 1. Information on deposits (continued):

b) Information on deposit insurance:

b.1) Information on savings deposits insured by saving deposit insurance fund and the total amount of the deposits exceeding the insurance coverage limit:

Saving Deposits	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
	31 December 2021	31 December 2021
Saving Deposits	694,196	694,277
Foreign Currency Savings Deposits	757,126	4,926,525
Other Saving Deposits	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
<b>Total</b>	<b>1,451,322</b>	<b>5,620,802</b>

Saving Deposits	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
	31 December 2020	31 December 2020
Saving Deposits	802,803	689,835
Foreign Currency Savings Deposits	642,168	3,922,840
Other Saving Deposits	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
<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 Bank is not located abroad: None.

b.3) The Group has saving deposits not covered by deposit insurance amounting to TL 11,389 (31 December 2020: TL 7,209).

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

	31 December 2021	31 December 2020
Deposits and Other Accounts at Foreign Branches	-	-
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Care	-	-
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children under Their Care	11,389	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	-	-

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## II. Explanations and Notes on Consolidated Liabilities (continued)

### 2. Payables to Money Markets:

As of 31 December 2021, the Group has funds from repo transactions amounting to TL 22,549 and funds from interbank markets amounting to TL 3,001,933 (31 December 2020: TL 697,700).

### 3. Derivative financial liabilities:

Derivative financial liabilities statement:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Forwards Transactions	10,568	79	5	280
Swaps Transactions	1,252	4,424	288	89,339
Futures Transactions	-	-	-	-
Options	-	-	-	43
Other	-	-	-	-
<b>Total</b>	<b>11,820</b>	<b>4,503</b>	<b>293</b>	<b>89,662</b>

### 4. Information on funds borrowed:

a) Information on banks and other financial institutions:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks and Institutions	11,040	-	21,009	-
Foreign Banks, Institutions and Funds	1	12,963,603	618,183	7,452,646
<b>Total</b>	<b>11,041</b>	<b>12,963,603</b>	<b>639,192</b>	<b>7,452,646</b>

b) Contractual maturities of funds borrowed:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Short-Term	11,041	2,841,570	639,192	2,368,890
Medium and Long-Term	-	10,122,033	-	5,083,756
<b>Total</b>	<b>11,041</b>	<b>12,963,603</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 liabilities:

Other liabilities amount to TL 717,512 (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.

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### II. Explanations and Notes on Consolidated Liabilities (continued)

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

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Less than 1 Year	8,222	-	3,738	-
Between 1-4 Years	19,155	-	29,400	-
More Than 4 Years	47,157	-	39,562	-
<b>Total</b>	<b>74,534</b>	<b>-</b>	<b>72,700</b>	<b>-</b>

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

The Group does not have derivative financial instruments for hedging purposes (31 December 2020: None).

#### 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.

The indemnity payable is one month's salary for each year of service and as of 31 December 2021, this amount is restricted with full TL 10,848.59 (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.

The basic assumption is that the severance pay ceiling to be paid for each year of service will increase each year at the rate of inflation or the estimated salary increase. Thus, the discount rate applied will show the expected real rate after adjusting for the expected effects of inflation.

	31 December 2021	31 December 2020
Discount Ratio (%)	3.09	4.11
Expected Salary/ETI Liability Ceiling Increase Rate (%)	21.85	9.50
Rate for the Probability of Retirement (%)	25.61	14.00

Movement of ETI liability is as below:

	31 December 2021	31 December 2020
Balance at Prior Period End	16,889	14,114
Current Year Provisions	9,299	4,653
Paid in Current Year	(2,086)	(1,878)
Actual Loss/(Gain)	4,697	-
<b>Balance at the End of the Period</b>	<b>28,799</b>	<b>16,889</b>

As at 31 December 2021, the Group has vacation pay liability amounting TL 14,974 (31 December 2020: TL 10,135).

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

As at 31 December 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 31 December 2021, the Group has specific provision amounting to TL 9,913 (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 4,916 (31 December 2020: TL 3,449).

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### II. Explanations and Notes on Consolidated Liabilities (continued)

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

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 31 December 2021, the Parent Bank has provision for credit card service promotions amounting TL 69 (31 December 2020: TL 67).

d.3) Information on other provisions::

As at 31 December 2021, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting

TL 19,958 (31 December 2020: TL 14,347).

As at 31 December 2021, there is provision for personnel bonus amounting TL 257,429 (31 December 2020: TL 97,344).

As at 31 December 2021, the Group has provision for non-cash loans amounting to TL 104,079 (31 December 2020:

TL 65,215).

#### 9. Information on tax liabilities:

a) Information on taxes payable:

	31 December 2021	31 December 2020
Corporate Taxes Payable	162,367	40,898
Taxation on Securities	5,525	8,748
Property Tax	334	130
Booking and Insurance Transaction Tax (BITT)	6,370	4,057
Foreign Exchange Tax	-	-
Value Added Tax Payable	1,531	2,322
Other	15,968	8,093
<b>Total</b>	<b>192,095</b>	<b>64,248</b>

b) Information on premiums payable:

	31 December 2021	31 December 2020
Social Security Premiums- Employee	3,051	2,150
Social Security Premiums- Employer	3,395	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	217	152
Unemployment Insurance- Employer	434	306
Other	-	-
<b>Total</b>	<b>7,097</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.

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### II. Explanations and Notes on Consolidated Liabilities (continued)

#### 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:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Debt Instruments to be Included in the Additional Capital Borrowing Instruments	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt Instruments to be Included in the Tier II Capital Calculation	-	3,999,625	-	2,202,640
Subordinated Loans <sup>(1)</sup>	-	3,999,625	-	2,202,640
Subordinated Debt Instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3,999,625</b>	<b>-</b>	<b>2,202,640</b>

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

#### 12. Information on shareholders' equity:

##### a) Paid in capital:

	31 December 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:

There is no capital increase in the current period.

d) Information on share capital increases from revaluation funds:

There is no capital increase in the current period.

e) Capital commitments for current financial year and following period, and the overall purpose of these commitments and the estimated resources required for these commitments: 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.

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### II. Explanations and Notes on Consolidated Liabilities (continued)

#### 12. Information on shareholders' equity: (continued)

h) Information on marketable securities value increase fund:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
From Investment in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Revaluation Difference	2,458	1,555	1,834	(6,377)
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>2,458</b>	<b>1,555</b>	<b>1,834</b>	<b>(6,377)</b>

### III. Explanations and Notes on Consolidated Off-Balance Sheet Items

#### 1. Explanation on off-balance sheet items:

a) Type and amount of irrevocable commitments:

	31 December 2021	31 December 2020
Forward purchase and sale commitments	446,424	53,886
Commitment for use guaranteed credit allocation	30,958	29,704
Credit cards limit commitments	74,208	85,095
Payment commitments for cheques	6,261	6,294
Credit card commitments given with applications for promotion	-	-
Tax and fund obligations arising from export commitments	3	3
Other irrevocable commitments	193	446
<b>Total</b>	<b>558,047</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.

	31 December 2021	31 December 2020
Letters of guarantee	4,738,369	3,302,930
Bank acceptance loans	-	-
Letters of credit	1,379,096	465,371
Other guarantees	4,385,590	5,643,248
<b>Total</b>	<b>10,503,055</b>	<b>9,411,549</b>

c) Total amount of non-cash loans:

	31 December 2021	31 December 2020
Non-Cash Loans Given for Cash Loan Risks	139,253	93,385
With Original Maturity of 1 Year or Less	25,617	75,736
With Original Maturity of More Than 1 Year	113,636	17,649
Other Non-Cash Loans	10,363,802	9,318,164
<b>Total</b>	<b>10,503,055</b>	<b>9,411,549</b>

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## III. Explanations and Notes on Consolidated Off-Balance Sheet Items (continued)

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

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

	31 December 2021				31 December 2020			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	141	0.02	-	-	200	0.02	-	-
Farming and Raising Livestock	123	0.02	-	-	182	0.02	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	18	-	-	-	18	-	-	-
Manufacturing	41,772	5.15	1,210,108	12.49	64,357	7.16	531,909	6.25
Mining and Quarrying	368	0.05	669	0.01	434	0.06	669	0.01
Production	11,695	1.44	1,202,516	12.41	61,453	6.83	531,240	6.24
Electricity, Gas and Water	29,709	3.66	6,923	0.07	2,470	0.27	-	-
Construction	92,182	11.36	4,361,434	45.00	98,167	10.92	848,651	9.97
Services	672,740	82.87	3,434,013	35.43	733,922	81.60	7,131,540	83.78
Wholesale and Retail Trade	20,905	2.57	189,465	1.95	10,154	1.13	1,644,041	19.32
Accommodation and Dining Services	1,622	0.20	-	-	2,491	0.28	-	-
Transportation and	650	0.08	1,711,267	17.66	297	0.03	993,515	11.67
Financial Institutions	648,582	79.90	1,255,971	12.96	719,969	80.05	3,647,373	42.85
Real Estate and Lending Services	259	0.03	277,310	2.86	17	-	-	-
Self Employment Services	-	-	-	-	865	0.10	75,858	0.89
Educational Services	1	-	-	-	1	-	-	-
Health and Social Services	721	0.09	-	-	128	0.01	770,753	9.05
Other	4,920	0.60	685,745	7.08	2,718	0.30	85	-
<b>Total</b>	<b>811,755</b>	<b>100.00</b>	<b>9,691,300</b>	<b>100.00</b>	<b>899,364</b>	<b>100.00</b>	<b>8,512,185</b>	<b>100.00</b>

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

	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	805,967	3,823,063	2,691	96,792
Acceptance/Aval Credits	-	-	-	-
Letters of Credit	-	1,379,096	-	-
Securities Issue Purchase Guarantees	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	4,385,590	-	-
<b>Total</b>	<b>805,967</b>	<b>9,587,749</b>	<b>2,691</b>	<b>96,792</b>

The Parent Bank has recorded a provision amounting to TL 9,856 (31 December 2020: TL 7,070), for the unearned non-cash loans and irrevocable commitments amounting to TL 4,916 (31 December 2020: TL 3,449).

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

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

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

## IV. Explanations and Notes on Consolidated Profit or Loss Statement

### 1. Information on interest income:

a) Information on interest income received from loans:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
<b>Interest Income Received from Loans <sup>(1)</sup></b>				
Short Term Loans	162,220	85,934	100,155	32,422
Medium and Long Term Loans	150,299	486,578	157,457	347,771
Loans Under Follow-Up	7,982	-	8,157	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>320,501</b>	<b>572,512</b>	<b>265,769</b>	<b>380,193</b>

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

b) Information on interest income received from banks:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
From Central Bank of The Republic of Turkey	25,704	-	-	-
From Domestic Banks	11,281	3,985	1,148	-
From Foreign Banks	-	1,855	-	30,382
From Foreign Offices and Branches	-	-	-	3,085
<b>Total</b>	<b>36,985</b>	<b>5,840</b>	<b>1,148</b>	<b>33,467</b>

c) Information on interest income received from securities portfolio:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit Or Loss	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	86,427	19,359	88,540	25,386
Financial Assets Measured at Amortized Cost	262,695	215,563	88,282	206,545
<b>Total</b>	<b>349,122</b>	<b>234,922</b>	<b>176,822</b>	<b>231,931</b>

d) Information on interest income received from associates and subsidiaries: None (31 December 2020: None).

### 2. Information on interest expense:

a) Information on interest expense related to funds borrowed:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
<b>Banks <sup>(1)</sup></b>				
Central Bank of The Republic of Turkey	-	-	-	-
Domestic Banks	1,102	-	892	19
Foreign Banks	69,119	137,437	18,185	242,551
Foreign Branches and Offices Abroad	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>70,221</b>	<b>137,437</b>	<b>19,077</b>	<b>242,570</b>

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

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

None. (31 December 2020: 15,703).

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### IV. Explanations and Notes on Consolidated Profit or Loss Statement (continued)

#### 2. Information on interest expense: (continued)

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

d) Maturity structure of the interest expense on deposits:

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

31 December 2021	Time Deposits							Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over	Cumulative Deposits	
TL								
Bank Deposits	-	4,253	-	-	-	-	-	4,253
Saving Deposits	-	25,690	272,965	70	52	11	-	298,788
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	12,425	23,175	10	-	-	-	35,610
Other Deposits	4	135	2,098	-	4	-	-	2,241
<b>Total</b>	<b>4</b>	<b>42,503</b>	<b>298,238</b>	<b>80</b>	<b>56</b>	<b>11</b>	<b>-</b>	<b>340,892</b>
Foreign Currency								
Foreign Currency Deposits	-	2,548	153,621	2,444	4,291	903	-	163,807
Bank Deposits	-	78	-	-	-	-	-	78
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2,626</b>	<b>153,621</b>	<b>2,444</b>	<b>4,291</b>	<b>903</b>	<b>-</b>	<b>163,885</b>
<b>Grand Total</b>	<b>4</b>	<b>45,129</b>	<b>451,859</b>	<b>2,524</b>	<b>4,347</b>	<b>914</b>	<b>-</b>	<b>504,777</b>

31 December 2020	Time Deposits							Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over	Cumulative Deposits	
TL								
Bank Deposits	-	442	-	-	-	-	-	442
Saving Deposits	-	30,201	122,667	1,186	833	28	-	154,915
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	6,376	30,686	201	7	-	-	37,270
Other Deposits	5	25	1,267	1	3	-	-	1,301
<b>Total</b>	<b>5</b>	<b>37,024</b>	<b>156,620</b>	<b>1,388</b>	<b>843</b>	<b>28</b>	<b>-</b>	<b>193,908</b>
Foreign Currency								
Foreign Currency Deposits	-	3,514	163,280	854	1,898	413	-	169,959
Bank Deposits	-	116	-	-	-	-	-	116
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3,630</b>	<b>163,280</b>	<b>854</b>	<b>1,898</b>	<b>413</b>	<b>-</b>	<b>170,075</b>
<b>Grand Total</b>	<b>5</b>	<b>40,654</b>	<b>317,900</b>	<b>2,242</b>	<b>2,741</b>	<b>441</b>	<b>-</b>	<b>363,983</b>

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### IV. Explanations and Notes on Consolidated Profit or Loss Statement (continued)

#### 3. Explanation on dividend income

	31 December 2021	31 December 2020
Financial Assets at Fair Value Through Profit/Loss	201	90
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Other	-	-
<b>Total</b>	<b>201</b>	<b>90</b>

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

	31 December 2021	31 December 2020
<b>Profit</b>	<b>5,074,653</b>	<b>1,430,541</b>
Capital Market Gains	29,648	28,660
Derivative Gains	1,980,128	456,538
Foreign Exchange Gains	3,064,877	945,343
<b>Loss (-)</b>	<b>4,692,138</b>	<b>1,329,621</b>
Capital Market Losses	1	-
Derivative Losses	1,713,072	686,331
Foreign Exchange Losses	2,979,065	643,290

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

The "Other operating income" item in the income statement mainly consists of collections from receivables for which provision was made in previous periods, provisions set aside in previous years and reversed in the current year, and income from sales from the follow-up portfolio.

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

	31 December 2021	31 December 2020
Allowance for Expected Credit Losses	<b>497,752</b>	<b>224,637</b>
12-Month Expected Credit Losses (Stage 1)	142,094	26,817
Significant Increase in Credit Risk (Stage 2)	359,201	184,938
Credit-Impaired (Stage 3)	(3,543)	12,882
Impairment Provisions for Securities	<b>6,814</b>	<b>2,648</b>
Financial Assets at Fair Value Through Profit or Loss	5,410	-
Financial Assets at Fair Value Through Other Comprehensive Income	1,404	2,648
Impairment Provisions Related to Investments in Associates, Subsidiaries and Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	5,611	1,394
<b>Total</b>	<b>510,177</b>	<b>228,679</b>

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### IV. Explanations and Notes on Consolidated Profit or Loss Statement (continued)

#### 7. Information related to other operating expenses:

	31 December 2021	31 December 2020
Reserve for Employee Termination Benefits	9,530	5,478
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	29,989	28,913
Impairment Expenses of Intangible Assets	-	-
Impairment Expenses of Goodwill	-	-
Depreciation Expenses on Intangible Assets	6,881	5,690
Impairment Expenses of Investments in Associates	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	72	99
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	79,996	66,261
Leasing Expenses related to TFRS 16 Exemptions	2,916	3,824
Repair and Maintenance Expenses	21,287	16,305
Advertisement Expenses	2,741	1,863
Other Expenses	53,052	44,269
Loss on Sale of Assets	-	141
Other <sup>(1)</sup>	258,256	135,812
<b>Total</b>	<b>384,724</b>	<b>242,394</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:

Profit before taxes for continued operations is TL 240,648 (31 December 2020: TL 130,142 profit before tax). Profit before taxes consists of net interest income amounting to TL 849,559 (31 December 2020: TL 455,475), net fees and commission income amounting to TL 161,874 (31 December 2020: TL 162,250), personnel expenses amounting to TL 364,610 (31 December 2020: TL 264,222) and other operating expenses amounting to TL 384,724 (31 December 2020: TL 242,394).

#### 9. Taxes on income from continued and discontinued operations:

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

Current tax expenses belonging to period ending on 31 December 2021 is TL 239,888 (31 December 2020: TL 69,246).

For the period ended 31 December 2021, deferred tax expense amounts to TL 27,608 (31 December 2020: TL 13,810) and deferred tax income amounts to TL 214,037 TL (31 December 2020: TL 98,280).

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

For the period ended 31 December 2021, deferred tax income amounts to TL 214,037 (31 December 2020: TL 98,280) arising from the origination of temporary differences and deferred tax expense amounts to TL 27,608 (31 December 2020: TL 13,810).

Additionally, for the period ended 31 December 2021, the current tax effect amounting to TL (80,381) and deferred tax effect amounting to TL 78,296, on an aggregate TL (2,085) tax effect (31 December 2020: TL (3,793) current and TL 5,924 is deferred tax effect total TL (2,643) which are related to transactions recognized under equity is accounted under equity accounts.

The Bank has no discontinued operations.

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

For the period ended 31 December 2021, deferred tax income amounting to TL 214,037 (31 December 2020: TL 98,280 deferred tax income) and TL 27,608 deferred tax expense (31 December 2020: TL 13,810 deferred tax expense) arise from temporary differences. For the period ended 31 December 2021, there is no deferred tax income arising from financial losses (31 December 2020: None).

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### IV. Explanations and Notes on Consolidated Profit or Loss Statement (continued)

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

Net profit from continued operations is TL 187,189 (31 December 2020: TL 90,931 net profit).

#### 11. Information on net profit and loss:

- 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.
- 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.
- There is no profit/loss of minority interests (31 December 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.

#### 13. Fees for services received from independent auditor/independent audit firm

The fee information for the reporting period regarding the services received from the independent auditor or independent audit firm in accordance with the decision of the POA dated 26 March 2021 is given in the table below. These fees include the fees for the services provided to the Bank's subsidiaries.

	31 December 2021 <sup>(1)</sup>	31 December 2020 <sup>(1)(2)</sup>
Independent Audit Fee	2,805	1,690
Other Assurance Services Fee	749	242
Fee for Services Other than Independent Audit	-	-
<b>Total</b>	<b>3,554</b>	<b>1,932</b>

<sup>(1)</sup> Amounts Excluding VAT.<sup>(2)</sup> Audit service for 2020 was obtained from KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

### V. Explanations and notes on consolidated statement of changes in shareholders' equity

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

The decrease amounting to TL 11,076 (31 December 2020 - TL (10,006) increase) resulting from the remeasurement of the Bank's available-for-sale investments is recognized in the statement of changes in equity accumulated gains/(losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income as period movement.

Information on cash flow hedge: None.

#### 2. Differences arising on revaluation of tangible assets:

Surplus amounting to TL 12,379 (31 December 2020: TL 2,232) that occurs after purged tax effect arise from revaluation of buildings fair value included tangible assets of the Parent Bank is represented as period transaction of "Tangible/Intangible Assets Revaluation Reserves" on statement of changes in equity.

#### 3. Information on the foreign exchange differences:

None.

#### 4. Information on profit shares noticed after balance sheet date but previous to announcement of financial statements:

None.

## PART IV

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### V. Explanations and notes on consolidated statement of changes in shareholders' equity (continued)

#### 5. Explanations on Profit Distribution:

At the Ordinary General Assembly Meeting of the Parent Bank held on 25 March 2021, it was decided to allocate 5% of the legal reserves of TL 2,902 from TL 58,048, which constitutes the net after-tax unconsolidated balance sheet profit of 2020, in accordance with Article 519/1 of the TCC and the remaining TL 55,146 was decided to be transferred to extraordinary reserves.

### VI. Explanations and Notes on Consolidated Cash Flow Statement

#### 1. The components of cash and cash equivalents and the accounting policies used in the determination of these components:

Cash in vault, foreign currencies, cash in transit, cheques purchased, demand deposits in banks including demand deposit balances with the Central Bank of Turkey are described as "Cash"; interbank money market placements, time deposits in banks which have original maturities shorter than three months and reverse repo receivables are described as "Cash Equivalents". The reserve requirement amounts within the Central Bank are not considered as "cash equivalent assets" in the statement of cash flows.

a) Cash and cash equivalent assets at the beginning of the period:

	31 December 2021	31 December 2020
<b>Cash</b>	<b>1,924,771</b>	<b>1,846,590</b>
Cash in Vault, Foreign Currencies and Other	84,846	48,969
Demand Deposits at Banks	1,839,925	1,797,621
<b>Cash Equivalents</b>	<b>1,826,096</b>	<b>2,007,641</b>
Interbank Money Market	504,241	349,216
Time Deposits at Banks	1,321,855	1,658,425
<b>Total</b>	<b>3,750,867</b>	<b>3,854,231</b>

b) Cash and cash equivalents at the end of the period:

	31 December 2021	31 December 2020
<b>Cash</b>	<b>2,861,528</b>	<b>1,924,771</b>
Cash in Vault, Foreign Currencies and Other	167,440	84,846
Demand Deposits at Banks	2,694,088	1,839,925
<b>Cash Equivalents</b>	<b>1,866,948</b>	<b>1,826,096</b>
Interbank Money Market	20,955	504,241
Time Deposits at Banks	1,845,993	1,321,855
<b>Total</b>	<b>4,728,476</b>	<b>3,750,867</b>

#### 2. Information on cash and cash equivalent assets of the Group that are not available for free use due to legal restrictions or other reasons:

As mentioned in the first item above, the reserve requirement amounts held under blockage within the Central Bank is not considered as cash equivalent assets in the statement of cash flows.

#### 3. Disclosures for "other" items in the statement of cash flows and effect of changes in foreign currency exchange rates on cash and cash equivalents:

As of 31 December 2021, "Other" item amounting to TL 143,961 (31 December 2020: TL 299,659) presented under "Operating Profit Before Changes in Operating Assets and Liabilities" comprises other operating expenses except personnel expenses, other taxes paid, fees and commissions paid.

As of 31 December 2021, "Net increase/decrease in other liabilities" item amounting to TL 2,204,933 (31 December 2020: TL 453,948) presented under "Change in assets and liabilities subject to banking activities" is comprised of changes in miscellaneous payables, other external resources and taxes, fees and funds. As of 31 December 2021, "Net increase/decrease in other assets" amounting to TL (2,614,667) (31 December 2020: TL (560,839)) is comprised of changes in miscellaneous receivables and other assets.

## ICBC TURKEY BANK ANONİM ŞİRKETİ

# EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL").)

### VI. Explanations and Notes on Consolidated Cash Flow Statement (continued)

#### 3. Disclosures for "other" items in the statement of cash flows and effect of changes in foreign currency exchange rates on cash and cash equivalents: (continued)

The cash outflow of TL 2,515 (31 December 2020: TL (3,507)) is presented in the "net cash flows from investments" as of 31 December 2021 results from the balance sheet changes in financial assets at fair value through other comprehensive income.

The effect of the change of foreign exchange rates on the cash and cash equivalents is TL 1,354,684 for the year 2021 (31 December 2020: TL 121,508).

### VII. Explanations on the Parent Bank's Risk Group

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

a) 31 December 2021:

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

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

As of 31 December 2021, the Bank has placements amounting to TL 192,015 (31 December 2020: TL 114,722) in banks in the risk group.

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

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

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

Current Period Parent Bank's Risk Group <sup>(1)</sup>	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
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 2nd Subclause on Article 49 of Banking Law no.5411.

Prior Period Parent Bank's Risk Group <sup>(1)</sup>	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Deposits	-	-	-	-	-	-
Balance at the beginning of the Period	-	-	-	203	-	2,261
Balance at the End of the Period	-	-	-	62,865	-	2,621
Interest on Deposits	-	-	-	-	-	27

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

The Parent Bank has borrowed loans from the Parent Bank's Risk Group amounting TL 8,359,652 as at 31 December 2021 (31 December 2020: TL 8,070,829).

## PART IV

**ICBC TURKEY BANK ANONİM ŞİRKETİ**  
**EXPLANATIONS AND NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed in thousands of Turkish Lira ("TL").)

**VII. Explanations on the Parent Bank's Risk Group (continued)**

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

The Parent Bank has borrowed subordinated loans from the Parent Bank's Risk Group amounting to TL 3,999,625 as at 31 December 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).

**1. 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 of 31 December 2021, proportion of cash loans to risk group in total cash loans is 0.002% (31 December 2020: 0.001%) and proportion of deposits from its risk group in total deposits is 4.1% (31 December 2020: 3.8%). Proportion of borrowings from its risk group in total funds borrowed is 64.5% (31 December 2020: 99.9%)

As a result of other activities in the risk group of the Bank, other commission income is amounting to TL 16 (31 December 2020: TL 10), other operating income is amounting to TL 3,427 (31 December 2020: TL 3,157) and there is no other operating expenses (31 December 2020: TL 28 other operating expenses) and other commission expenses are amounting to TL 2 (31 December 2020: TL 1).

In the current period, benefits provided to the Group's key management amount to TL 32,354 (31 December 2020: TL 29,526).

**VIII. Information on Domestic, Foreign, Offshore Branches and Foreign Representative Offices of Parent Bank**

	<b>Number</b>	<b>Employees</b>		
Domestic branches	59	831		
			<b>Country</b>	
Foreign representative offices	-	-	-	
			<b>Total Assets</b>	<b>Legal Capital</b>
Foreign branches	-	-	-	
Off-Shore branches	-	-	-	

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**VIII. Explanation and Notes on Subsequent Events**

None.

**SECTION SIX**

**OTHER EXPLANATIONS ON THE BANK'S ACTIVITIES**

**I. Other Explanations**

None.

**SECTION SEVEN**

**EXPLANATIONS ON THE AUDITORS' REPORT**

**I. Explanations on the Auditors' Report**

The consolidated financial statements of the Parent Bank and its subsidiaries as at and for the year ended 31 December 2021 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the Auditors' Report dated 23 February 2022 is presented in the introduction of this report.

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

None.



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