

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

**ICBC Turkey Bank Anonim Şirketi**

**Consolidated Interim Financial Statements  
As at and For Three-Month Period Ended  
31 March 2019**

With Auditors' Review Report Thereon

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

25 April 2019

*This report includes "Auditors' Review Report" comprising 2 pages  
and; "Consolidated Financial Statements and Related Disclosures  
and Footnotes" comprising 76 pages.*



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

## REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

### Introduction

We have reviewed the consolidated balance sheet of ICBC Turkey Bank A.Ş. (the "Bank") and its consolidated subsidiaries (together the "Group") as at 31 March 2019 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in shareholders' equity and consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and 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 Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by the aforementioned legislations. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

### Scope of Review

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



## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information does not present fairly the financial position of ICBC Turkey Bank A.Ş. as at 31 March 2019 and of the results of its operations and its cash flows for the three-month period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

## Report on other legal and regulatory requirements

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of KPMG International Cooperative



Orhan Akova, SMMM  
Partner

25 April 2019  
Istanbul, Turkey

## Additional paragraph for convenience translation to English:

The accounting principles summarized in Note 1 to Section 3, may differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

**ICBC TURKEY BANK A. Ş.**  
**THREE-MONTH CONSOLIDATED FINANCIAL REPORT AS AT 31 MARCH 2019**

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

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

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

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

XIANGYANG GAO	PEIGUO LIU	YING WANG	SHAOXIONG XIE	JINHONG LI	YAFENG HE
Chairman of Board of Directors	Chairman of Audit Comitee and Member of Board of Directors	Member of Board of Directors and Member of Audit Committee	General Manager and Member of Board of Directors	Deputy General Manager Responsible for Financial Reporting, Operations and Legal Consultancy Group	Unit Manager

Contact information for questions on this financial report:

Name-Surname : Yafeng He  
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# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2019

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

### SECTION ONE

#### GENERAL INFORMATION

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

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

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

The capital of the Parent Bank is TL 860,000 as at 31 March 2019 and is fully paid. The Parent Bank was controlled by GSD Group until 21 May 2015. As at 29 April 2014, GSD Holding A.Ş., the major shareholder of the Parent Bank, has come to conclusion to sell 75.50% shares of the Parent Bank to Industrial and Commercial Bank of China (ICBC) and with respect to the sale transaction, it was declared to be approved by China Banking Regulatory Commission (CBRC) on 20 March 2015, and in Turkey, it was approved by Competition Authority in accordance with decision dated 20 August 2014 and numbered 14-29/593-259 and Banking Regulation and Supervision Agency (BRSA), in accordance with decision dated 2 April 2015 and numbered 6262.

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

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

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

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

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

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2019

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

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

Title	Name	Job Description	Education
Chairman of the Board of Directors	Xiangyang Gao	Chairman of the Board of Directors	Graduate
Chairman of the Audit Committee:	Peiguo Liu	Chairman of the Audit Committee and Member of the Board of Directors	Graduate
Member of the Audit Committee:	Ying Wang	Audit Committee Member and Independent Member of the Board of Directors	Graduate
Member of the Board of Directors:	Shaoxiong Xie	General Manager and Member of the Board of Directors	Graduate
	Jianfeng Zheng	Member of the Board of Directors	Graduate
	Mehmet Hilmi Güler	Independent Member of the Board of Directors	Graduate
General Manager:	Shaoxiong Xie	General Manager and Member of the Board of Directors	Graduate
Assistant General Managers:	Jinhong Li	Financial Reporting, Operations and Legal Consultancy Group	Graduate
	Yubao Chen	Cross Border Finance, Corporate and Commercial Banking Group	Graduate
	Hüseyin H. İmece	Treasury and Investor Relations Group	Under-Graduate
	Bozok Evrenosoğlu	Loans Group	Under-Graduate
	D.Halit Döver	International Relations Group	Graduate
	Kadir Karakurum	Retail Banking Group	Graduate
Head of the Board of Inspectors:	Celal Efe Şeran	President of Inspectors’ Group	Under-Graduate

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

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

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

As at 31 March 2019, the Parent Bank has 44 branches close to industrial zones of Turkey. The Parent Bank has 773 employees as at 31 March 2019 (As at 31 December 2018 number of branches was 44, number of employees was 786).

The Parent Bank and its subsidiary, ICBC Turkey Yatırım Menkul Değerler A.Ş. (“ICBC Yatırım A.Ş.”) have been consolidated. As at 31 March 2019, ICBC Portföy Yönetimi A.Ş. has been consolidated in ICBC Yatırım by full consolidation method. “ICBC Yatırım”, the consolidated subsidiary of the Parent Bank, represents ICBC Portföy and ICBC Yatırım as a whole. The Parent Bank and its subsidiary are referred to as “the Group” as a whole.

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 31 MARCH 2019

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

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

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

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

None.

**VII. Other information**

Bank’s Official Title	: ICBC Turkey Bank A.Ş. (Formerly named as Tekstil Bankası A.Ş.)
Reporting Period	: 1 January – 31 March 2019
Address of Bank’s Headquarters	: Maslak Mah. Dereboyu/2 Caddesi No:13 34398 Sarıyer - İstanbul
Telephone number	: (0212) 335 53 35
Fax number	: (0212) 328 13 28
Bank’s Internet Address	: www.icbc.com.tr
Reporting Currency	: Thousands of Turkish Lira



## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

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

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**
**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS AT 31 MARCH 2019**

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

ASSETS	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 31/03/2019			Audited RESTATEd PRIOR PERIOD <sup>(*)</sup> 31/12/2018		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>1,889,254</b>	<b>8,504,376</b>	<b>10,393,630</b>	<b>2,001,416</b>	<b>4,670,616</b>	<b>6,672,032</b>
<b>I.1 Cash and Cash Equivalents</b>		<b>1,168,295</b>	<b>5,084,405</b>	<b>6,252,700</b>	<b>878,850</b>	<b>3,271,010</b>	<b>4,149,860</b>
1.1.1 Cash and Balances at Central Bank	(5.1.1)	116,059	1,380,055	1,496,114	529,798	1,277,101	1,806,899
1.1.2 Banks	(5.1.3)	753	3,715,232	3,715,985	339	2,000,440	2,000,779
1.1.3 Receivables from Money Markets		1,053,206	-	1,053,206	349,622	-	349,622
1.1.4 Expected Loss Provisions (-)		1,723	10,882	12,605	909	6,531	7,440
<b>I.2 Financial Assets at Fair Value Through Profit or Loss</b>	(5.1.2)	<b>20,675</b>	<b>1,945,172</b>	<b>1,965,847</b>	<b>12,879</b>	-	<b>12,879</b>
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Equity Securities		27	-	27	46	-	46
1.2.3 Other Financial Assets		20,648	1,945,172	1,965,820	12,833	-	12,833
<b>I.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	(5.1.4)	<b>700,107</b>	<b>1,474,799</b>	<b>2,174,906</b>	<b>1,079,785</b>	<b>1,399,407</b>	<b>2,479,192</b>
1.3.1 Government Debt Securities		700,107	544,238	1,244,345	1,079,785	518,314	1,598,099
1.3.2 Equity Securities		-	7,801	7,801	-	6,255	6,255
1.3.3 Other Financial Assets		-	922,760	922,760	-	874,838	874,838
<b>I.4 Derivative Financial Assets</b>	(5.1.2)	<b>177</b>	-	<b>177</b>	<b>29,902</b>	<b>199</b>	<b>30,101</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		177	-	177	29,902	199	30,101
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>2,981,920</b>	<b>6,592,151</b>	<b>9,574,071</b>	<b>3,304,439</b>	<b>5,743,086</b>	<b>9,047,525</b>
<b>2.1 Loans</b>	(5.1.5)	<b>2,551,685</b>	<b>5,595,926</b>	<b>8,147,611</b>	<b>2,879,559</b>	<b>4,995,033</b>	<b>7,874,592</b>
2.2 Receivables from Leasing Transactions	(5.1.10)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
<b>2.4 Financial Assets Measured at Amortised Cost</b>	(5.1.6)	<b>533,385</b>	<b>1,107,368</b>	<b>1,640,753</b>	<b>533,733</b>	<b>850,266</b>	<b>1,383,999</b>
2.4.1 Government Debt Securities		533,385	534,985	1,068,370	533,733	459,739	993,472
2.4.2 Other Financial Assets		-	572,383	572,383	-	390,527	390,527
2.5 Expected Loss Provisions (-)		103,150	111,143	214,293	108,853	102,213	211,066
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(5.1.14)	-	-	-	-	-	-
3.1 Held for Sale		-	-	-	-	-	-
3.2 Related to discontinued operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		-	-	-	-	-	-
<b>4.1 Associates (Net)</b>	(5.1.7)	-	-	-	-	-	-
4.1.1 Equity Method Associates		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>	(5.1.8)	-	-	-	-	-	-
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>	(5.1.9)	-	-	-	-	-	-
4.3.1 Equity Method Joint Ventures		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>		<b>116,602</b>	-	<b>116,602</b>	<b>36,239</b>	-	<b>36,239</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>11,011</b>	-	<b>11,011</b>	<b>8,171</b>	-	<b>8,171</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		11,011	-	11,011	8,171	-	8,171
<b>VII. INVESTMENT PROPERTIES (Net)</b>	(5.1.12)	-	-	-	-	-	-
<b>VIII. CURRENT TAX ASSETS</b>		-	-	-	-	-	-
<b>IX. DEFERRED TAX ASSETS</b>	(5.1.13)	<b>57,269</b>	-	<b>57,269</b>	<b>44,596</b>	-	<b>44,596</b>
<b>X. OTHER ASSETS (Net)</b>	(5.1.15)	<b>55,834</b>	<b>8,631</b>	<b>64,465</b>	<b>41,061</b>	<b>2,866</b>	<b>43,927</b>
<b>TOTAL ASSETS</b>		<b>5,111,890</b>	<b>15,105,158</b>	<b>20,217,048</b>	<b>5,435,922</b>	<b>10,416,568</b>	<b>15,852,490</b>

(\*) Details of prior period’s restatement are explained on Section Three footnote XXVII.

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

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS AT 31 MARCH 2019**

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

EQUITY AND LIABILITIES		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
			Reviewed CURRENT PERIOD 31/03/2019			Audited RESTATEd PRIOR PERIOD (*) 31/12/2018		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSIT</b>	(5.II.1)	1,972,973	7,900,305	9,873,278	2,282,066	5,740,176	8,022,242
<b>II.</b>	<b>FUNDS BORROWED</b>	(5.II.3)	1,185,704	4,171,544	5,357,248	1,162,755	2,919,795	4,082,550
<b>III.</b>	<b>DUE TO MONEY MARKETS</b>		19,803	485,942	505,745	257,264	88,881	346,145
<b>IV.</b>	<b>SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
4.1	Bills		-	-	-	-	-	-
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
<b>V.</b>	<b>FUNDS</b>		-	-	-	-	-	-
5.1	Bank Borrowers' Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
<b>VI.</b>	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>	(5.II.2)	189	2,051	2,240	749	373	1,122
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		189	2,051	2,240	749	373	1,122
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX.</b>	<b>LEASE PAYABLES (Net)</b>	(5.II.5)	79,252	-	79,252	-	-	-
<b>X.</b>	<b>PROVISIONS</b>	(5.II.7)	49,433	17,714	67,147	58,285	4,183	62,468
10.1	Provision for Restructuring		-	-	-	-	-	-
10.2	Reserves for Employee Benefits		19,476	-	19,476	17,917	-	17,917
10.3	Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4	Other Provisions		29,957	17,714	47,671	40,368	4,183	44,551
<b>XI.</b>	<b>CURRENT TAX LIABILITIES</b>	(5.II.8)	52,874	-	52,874	38,591	-	38,591
<b>XII.</b>	<b>DEFERRED TAX LIABILITIES</b>		-	-	-	-	-	-
<b>XIII.</b>	<b>LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(5.II.9)	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV.</b>	<b>SUBORDINATED DEBT</b>	(5.II.10)	-	1,682,738	1,682,738	-	1,579,084	1,579,084
14.1	Loans		-	1,682,738	1,682,738	-	1,579,084	1,579,084
14.2	Related to Discontinued Operations		-	-	-	-	-	-
<b>XV.</b>	<b>OTHER LIABILITIES</b>	(5.II.4)	263,380	1,119,119	1,382,499	68,769	484,950	553,719
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	(5.II.11)	1,250,338	(36,311)	1,214,027	1,197,857	(31,288)	1,166,569
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		12,748	-	12,748	12,892	-	12,892
16.4	Other Accumulated Comprehensive Income that will be Reclassified in Profit or Loss		(36,361)	(36,311)	(72,672)	(51,945)	(31,288)	(83,233)
16.5	Profit Reserves		328,778	-	328,778	246,680	-	246,680
16.5.1	Legal Reserves		18,842	-	18,842	14,737	-	14,737
16.5.2	Statutory Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		252,570	-	252,570	174,577	-	174,577
16.5.4	Other Profit Reserves		57,366	-	57,366	57,366	-	57,366
16.6	Profit or Loss		85,760	-	85,760	130,817	-	130,817
16.6.1	Prior Years' Profits or Losses		48,863	-	48,863	47,268	-	47,268
16.6.2	Current Period net Profit or Loss		36,897	-	36,897	83,549	-	83,549
16.7	Minority Shares'		-	-	-	-	-	-
	<b>TOTAL LIABILITIES</b>		<b>4,873,946</b>	<b>15,343,102</b>	<b>20,217,048</b>	<b>5,066,336</b>	<b>10,786,154</b>	<b>15,852,490</b>

(\*) Details of prior period's restatement are explained on Section Three footnote XXVII.

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

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## CONSOLIDATED STATEMENT OF OFF BALANCE SHEET ITEMS AS AT 31 MARCH 2019

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

	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 31/03/2019			Audited PRIOR PERIOD 31/12/2018		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>788,839</b>	<b>4,376,200</b>	<b>5,165,039</b>	<b>861,082</b>	<b>2,733,144</b>	<b>3,594,226</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(5.III.1)	<b>648,243</b>	<b>3,813,333</b>	<b>4,461,576</b>	<b>585,675</b>	<b>1,785,507</b>	<b>2,371,182</b>
1.1. Letters of Guarantee		584,763	1,450,126	2,034,889	585,675	1,454,768	2,040,443
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		584,763	1,450,126	2,034,889	585,675	1,454,768	2,040,443
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		63,480	329,899	393,379	-	217,850	217,850
1.3.1. Documentary Letters of Credit		63,480	65,213	128,693	-	100,678	100,678
1.3.2. Other Letters of Credit		-	264,686	264,686	-	117,172	117,172
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		-	2,033,308	2,033,308	-	112,889	112,889
1.9. Other Warranties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.III.1)	<b>132,842</b>	<b>32,235</b>	<b>165,077</b>	<b>122,855</b>	<b>107,531</b>	<b>230,386</b>
2.1. Irrevocable Commitments		132,842	32,235	165,077	122,855	107,531	230,386
2.1.1. Asset Purchase and Sales Commitments		16,065	32,235	48,300	5,020	107,531	112,551
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		29,701	-	29,701	29,325	-	29,325
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7. Commitments for Checks Payments		9,338	-	9,338	7,720	-	7,720
2.1.8. Tax and Fund Liabilities from Export Commitments		3	-	3	6	-	6
2.1.9. Commitments for Credit Card Limits		76,198	-	76,198	73,480	-	73,480
2.1.10. Commitments for Credit Cards and Banking Services Promotions		193	-	193	199	-	199
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		1,344	-	1,344	7,105	-	7,105
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>7,754</b>	<b>530,632</b>	<b>538,386</b>	<b>152,552</b>	<b>840,106</b>	<b>992,658</b>
3.1. Derivative Financial Instruments Held for Hedging		-	-	-	-	-	-
3.1.1. Fair Value Hedges		-	-	-	-	-	-
3.1.2. Cash Flow Hedges		-	-	-	-	-	-
3.1.3. Foreign Net Investment Hedges		-	-	-	-	-	-
3.2. Trading Transactions		7,754	530,632	538,386	152,552	840,106	992,658
3.2.1. Forward Foreign Currency Purchase and Sale Transactions		7,754	7,480	15,234	43,282	43,200	86,482
3.2.1.1. Forward Foreign Currency Purchase Transactions		3,877	3,740	7,617	42,372	1,308	43,680
3.2.1.2. Forward Foreign Currency Sale Transactions		3,877	3,740	7,617	910	41,892	42,802
3.2.2. Currency and Interest Rate Swaps		-	523,152	523,152	109,270	786,850	896,120
3.2.2.1. Currency Swap Purchase Transactions		-	260,402	260,402	-	460,472	460,472
3.2.2.2. Currency Swap Sale Transactions		-	262,750	262,750	109,270	326,378	435,648
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		-	-	-	-	10,056	10,056
3.2.3.1. Currency Purchase Options		-	-	-	-	5,028	5,028
3.2.3.2. Currency Sale Options		-	-	-	-	5,028	5,028
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>10,691,781</b>	<b>24,003,749</b>	<b>34,695,530</b>	<b>10,855,685</b>	<b>23,103,018</b>	<b>33,958,703</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>5,222,378</b>	<b>4,416,763</b>	<b>9,639,141</b>	<b>5,245,377</b>	<b>4,292,713</b>	<b>9,538,090</b>
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Securities Held in Custody		1,485,124	17,139	1,502,263	1,486,234	15,833	1,502,067
4.3. Checks Received for Collection		46,745	6,389	53,134	51,270	9,844	61,114
4.4. Commercial Notes Received for Collection		4,798	10,923	15,721	7,592	7,573	15,165
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Securities Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		3,682,976	4,377,532	8,060,508	3,694,639	4,257,204	7,951,843
4.8. Custodians		2,735	4,780	7,515	5,642	2,259	7,901
<b>V. PLEDGED ITEMS</b>		<b>5,469,403</b>	<b>19,586,986</b>	<b>25,056,389</b>	<b>5,610,308</b>	<b>18,810,305</b>	<b>24,420,613</b>
5.1. Marketable Securities		19,718	-	19,718	18,426	-	18,426
5.2. Guarantee Notes		925	55	980	921	53	974
5.3. Commodity		74,186	169,457	243,643	71,445	262,792	334,237
5.4. Warrant		230	-	230	230	-	230
5.5. Immovables		3,681,976	13,067,285	16,749,261	3,747,100	12,587,299	16,334,399
5.6. Other Pledged Items		1,692,368	6,350,189	8,042,557	1,772,186	5,960,161	7,732,347
5.7. Depositories Receiving Pledged Items		-	-	-	-	-	-
<b>VI. ACCEPTED 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>11,480,620</b>	<b>28,379,949</b>	<b>39,860,569</b>	<b>11,716,767</b>	<b>25,836,162</b>	<b>37,552,929</b>

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

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD ENDED 31 MARCH 2019

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

INCOME AND EXPENSE ITEMS		Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA	
			Reviewed CURRENT PERIOD (01/01/2019 - 31/03/2019)	Reviewed PRIOR PERIOD (01/01/2018 - 31/03/2018)
<b>I.</b>	<b>INTEREST INCOME</b>	(5.IV.1)	<b>335,749</b>	<b>230,725</b>
1.1	Interest on Loans		213,493	165,679
1.2	Interest Received from Reserve Deposits		10,179	6,061
1.3	Interest Received from Banks		20,840	1,668
1.4	Interest Received from Money Market Transactions		16,675	1,725
1.5	Interest Received from Marketable Securities Portfolio		43,781	55,084
1.5.1	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		13,688	43,580
1.5.3	Financial Assets Measured at Amortised Cost		30,093	11,504
1.6	Finance Lease Income		-	-
1.7	Other Interest Income		30,781	508
<b>II.</b>	<b>INTEREST EXPENSES</b>	(5.IV.2)	<b>232,663</b>	<b>120,802</b>
2.1	Interest on Deposits		156,095	67,952
2.2	Interest on Funds Borrowed		68,123	43,387
2.3	Interest on Money Market Transactions		5,071	9,424
2.4	Interest on Securities Issued		-	-
2.5	Interest on Leases		3,168	-
2.6	Other Interest Expenses		206	39
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>103,086</b>	<b>109,923</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>23,377</b>	<b>8,627</b>
4.1	Fees and Commissions Received		24,715	10,288
4.1.1	Non-Cash Loans		3,993	2,146
4.1.2	Other		20,722	8,142
4.2	Fees and Commissions Paid		1,338	1,661
4.2.1	Non-Cash Loans		5	40
4.2.2	Other		1,333	1,621
<b>V.</b>	<b>DIVIDEND INCOME</b>		<b>-</b>	<b>-</b>
<b>VI.</b>	<b>TRADING PROFIT/LOSS (Net)</b>	(5.IV.3)	<b>13,825</b>	<b>(32,328)</b>
6.1	Profit/Losses from Capital Market Transactions		3,213	3,119
6.2	Profit/Losses from Derivative Financial Transactions		5,750	21,137
6.3	Foreign Exchange Profit/Losses		4,862	(56,584)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5.IV.4)	<b>29,219</b>	<b>22,589</b>
<b>VIII.</b>	<b>GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)</b>		<b>169,507</b>	<b>108,811</b>
<b>IX.</b>	<b>ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	(5.IV.5)	<b>35,378</b>	<b>2,251</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	(5.IV.5)	<b>272</b>	<b>423</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>49,306</b>	<b>35,682</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(5.IV.6)	<b>31,144</b>	<b>26,404</b>
<b>XIII.</b>	<b>NET OPERATING INCOME / LOSS (VIII-IX-X-XI-XII)</b>		<b>53,407</b>	<b>44,051</b>
<b>XIV.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>NET MONETARY POSITION GAIN / LOSS</b>		<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>PROFIT / LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII + ... + XVI)</b>	(5.IV.7)	<b>53,407</b>	<b>44,051</b>
<b>XVIII.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.IV.8)	<b>16,510</b>	<b>6,619</b>
18.1	Current Tax Provision		31,896	2,267
18.2	Expense Effect of Deferred Tax (+)		25,634	8,551
18.3	Income Effect of Deferred Tax (-)		41,020	4,199
<b>XIX.</b>	<b>NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	(5.IV.9)	<b>36,897</b>	<b>37,432</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
20.1	Income from Assets Held for Sale		-	-
20.2	Profit from Sale of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Other Income from Discontinued Operations		-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
21.1	Expenses on assets held for sale		-	-
21.2	Losses from Sale of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Other Expenses from Discontinued Operations		-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAXES FROM DISCONTINUING OPERATIONS (±) (XX-XXI)</b>	(5.IV.7)	<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>	(5.IV.8)	<b>-</b>	<b>-</b>
23.1	Current Tax Provision		-	-
23.2	Expense Effect of Deferred Tax (+)		-	-
23.3	Income Effect of Deferred Tax (-)		-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSSES (XIX+XXIV)</b>	(5.IV.10)	<b>36,897</b>	<b>37,432</b>
24.1	Group's Profit/Loss		36,897	37,432
24.2	Minority Shares' (-)		-	-
	Profit/Loss of Per Share (Full TL)		0.0043	0.0044

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

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

**FOR THE INTERIM PERIOD ENDED 31 MARCH 2019**

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

		THOUSANDS OF TURKISH LIRA	
		Reviewed CURRENT PERIOD (01/01/2019 - 31/03/2019)	Reviewed PRIOR PERIOD (01/01/2018 - 31/03/2018)
<b>I.</b>	<b>CURRENT PERIOD PROFIT/ (LOSS)</b>	<b>36,897</b>	<b>37,432</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>10,417</b>	<b>(18,636)</b>
<b>2.1</b>	<b>Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss</b>	<b>(144)</b>	<b>(18,617)</b>
2.1.1	Gains/(Losses) on Revaluation of Property, Plant and Equipment	-	-
2.1.2	Gains/(losses) on Revaluation of Intangible Assets	-	-
2.1.3	Gains/(losses) on Remeasurements of Defined Benefit Plans	(180)	-
2.1.4	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	-	(23,232)
2.1.5	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	36	4,615
<b>2.2</b>	<b>Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	<b>10,561</b>	<b>(19)</b>
2.2.1	Exchange Differences on Translation	-	-
2.2.2	Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value Through Other Comprehensive Income	13,201	(19)
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	(2,640)	-
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)</b>	<b>47,314</b>	<b>18,796</b>

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

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIOD ENDED 31 MARCH 2019

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

	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss			Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss			Profit Reserves	Prior Period Profit/ (Loss)	Current Period Profit/ (Loss)	Total Equity Attributable to Equity Holders of the Parent	Minority Shares	Total Equity	
					1	2	3	4	5	6							
<b>PRIOR PERIOD</b>																	
31/03/2018																	
I.	<b>Balances at Beginning of Period</b>	860,000	(587)	-	182	11,646	-	(5,596)	-	-	-	201,682	(3,316)	48,283	1,112,294	-	1,112,294
II.	<b>Adjustment in accordance with TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	2,797	-	2,797	-	2,797
2.1	Effect of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	2,797	-	2,797	-	2,797
III.	<b>New Balance (I+II)</b>	860,000	(587)	-	182	11,646	-	(5,596)	-	-	-	201,682	(519)	48,283	1,115,091	-	1,115,091
IV.	<b>Total Comprehensive Income</b>	-	-	-	-	-	-	(18,948)	-	-	-	-	-	-	(18,948)	-	(18,948)
V.	<b>Capital Increase in Cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	<b>Capital Increase through internal reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	<b>Issued capital/ inflation adjustment difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	<b>Convertible Bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	<b>Subordinated Debt</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	<b>Increase/ (Decrease) through Other Changes, equity</b>	-	-	-	330	-	-	-	-	-	-	-	-	37,432	37,762	-	37,762
XI.	<b>Profit Distribution</b>	-	-	-	-	-	-	-	-	-	44,998	48,283	(48,283)	44,998	-	44,998	
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers legal reserves	-	-	-	-	-	-	-	-	-	44,998	-	-	44,998	-	44,998	
11.3	Others	-	-	-	-	-	-	-	-	-	-	48,283	(48,283)	-	-	-	
<b>Balances at the end of Period (III+...+X+XI) 31/03/2018</b>		<b>860,000</b>	<b>(587)</b>	<b>-</b>	<b>512</b>	<b>11,646</b>	<b>-</b>	<b>(24,544)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>246,680</b>	<b>47,764</b>	<b>37,432</b>	<b>1,178,903</b>	<b>-</b>	<b>1,178,903</b>

1. Fixed assets, accumulated revaluation increases / decreases,

2. Accumulated recalculation gains / losses of defined benefit plans,

3. Other (accumulated amounts of other comprehensive income items that cannot be classified as profit / loss in other comprehensive income of investments accounted for by the equity method and other non-reclassified income as other profit or loss)

4. Foreign currency translation differences,

5. Accumulated revaluation and / or classification gains / losses on financial assets at fair value through profit or loss,

6. Other (Cash flow hedge gains / losses are the accumulated interest in the other comprehensive income of the investments accounted for by the equity method, and the accumulated amounts of other comprehensive income items that will be reclassified to other profit or loss)

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

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIOD ENDED 31 MARCH 2019

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

	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss		Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		6	Profit Reserves	Prior Period Profit/ (Loss)	Current Period Profit/ (Loss)	Total Equity Attributable to Equity Holders of the Parent	Minority Shares	Total Equity	
					1	2	3	4								5
<b>CURRENT PERIOD</b>																
<b>31/03/2019</b>																
I.	860,000	(587)	-	-	13,268	(376)	-	-	(83,233)	-	246,680	47,268	83,549	1,160,960	-	1,160,960
II.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	860,000	(587)	-	-	13,268	(376)	-	-	(83,233)	-	246,680	47,268	83,549	1,160,960	-	1,160,960
IV.	-	-	-	-	-	(144)	-	-	10,561	-	-	-	36,897	47,314	-	47,314
V.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	-	-	-	-	-	-	-	-	-	82,098	1,595	(83,549)	144	-	144	
11.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	-	-	-	-	-	-	-	-	-	82,098	(81,954)	-	144	-	144	
11.3	-	-	-	-	-	-	-	-	-	-	83,549	(83,549)	-	-	-	
<b>Balances at the end of Period (III+...+X+XI) 31/03/2019</b>	<b>860,000</b>	<b>(587)</b>	<b>-</b>	<b>-</b>	<b>13,268</b>	<b>(520)</b>	<b>-</b>	<b>-</b>	<b>(72,672)</b>	<b>-</b>	<b>328,778</b>	<b>48,863</b>	<b>36,897</b>	<b>1,214,027</b>	<b>-</b>	<b>1,214,027</b>

1. Fixed assets, accumulated revaluation increases / decreases,

2. Accumulated recalculation gains / losses of defined benefit plans,

3. Other (accumulated amounts of other comprehensive income items that cannot be classified as profit / loss in other comprehensive income of investments accounted for by the equity method and other non-reclassified income as other profit or loss)

4. Foreign currency translation differences,

5. Accumulated revaluation and / or classification gains / losses on financial assets at fair value through profit or loss,

6. Other (Cash flow hedge gains / losses are the accumulated interest in the other comprehensive income of the investments accounted for by the equity method, and the accumulated amounts of other comprehensive income items that will be reclassified to other profit or loss)

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



**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE INTERIM PERIOD ENDED 31 MARCH 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated)

	THOUSANDS OF TURKISH LIRA	
	Reviewed CURRENT PERIOD (01/01/2019 - 31/03/2019)	Reviewed PRIOR PERIOD (01/01/2018 - 31/03/2018)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating profit before changes in operating assets and liabilities</b>	<b>223,768</b>	<b>(184,530)</b>
1.1.1 Interest Received	406,775	246,150
1.1.2 Interest Paid	(203,013)	(112,644)
1.1.3 Dividend Received	-	-
1.1.4 Fees And Commissions Received	22,026	9,171
1.1.5 Other Income	39,331	(254,775)
1.1.6 Collections from Non-performing Loans	4,930	2,831
1.1.7 Payments to Personnel and Service Suppliers	(48,776)	(35,632)
1.1.8 Taxes Paid	(23,163)	(15,689)
1.1.9 Other	25,658	(23,942)
<b>1.2 Changes in Operating Assets and Liabilities</b>	<b>1,713,737</b>	<b>(173,880)</b>
1.2.1 Net (Increase) Decrease in Financial Assets Designated at FV	(1,952,969)	127,540
1.2.2 Net (Increase) Decrease in Banks	(91,104)	128,089
1.2.3 Net (Increase) Decrease in Loans	(285,512)	376,578
1.2.4 Net (Increase) Decrease in Other Assets	(20,953)	(9,018)
1.2.5 Net (Increase) Decrease in Bank Deposits	(612,142)	(103)
1.2.6 Net Increase (Decrease) in Other Deposits	2,466,811	1,082,131
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	1,401,015	(1,909,713)
1.2.9 Net Increase (Decrease) in Due Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	808,591	30,616
<b>I. Net Cash Provided by Banking Operations</b>	<b>1,937,505</b>	<b>(358,410)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net Cash Provided from Investing Activities</b>	<b>3,626</b>	<b>(152,143)</b>
2.1 Cash Paid for Purchase of Investments in Associates, Subsidiaries and Joint Ventures	-	-
2.2 Cash Obtained From Sale of Investments in Associates, Subsidiaries and Joint Ventures	-	-
2.3 Fixed Assets Purchases	(10,551)	(1,417)
2.4 Fixed Assets Sales	435,178	-
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(223,141)	(236,702)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income	-	118,135
2.7 Purchase of Financial Assets Measured at Amortised Cost	(193,183)	(47,859)
2.8 Sale of Financial Asset Measured at Amortised Cost	-	-
2.9 Other	(4,677)	15,700
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net Cash Provided from Financing Activities</b>	<b>-</b>	<b>-</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3 Equity investments issued	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	-	-
3.6 Other	-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>72,918</b>	<b>29,307</b>
<b>V. Net Increase / Decrease in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>2,014,049</b>	<b>(481,246)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of Period</b>	<b>3,854,231</b>	<b>1,968,369</b>
<b>VII. Cash and Cash Equivalents at the End of Period (V+VI)</b>	<b>5,868,280</b>	<b>1,487,123</b>

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

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

### SECTION THREE ACCOUNTING POLICIES

#### I. Explanations on the Basis of Presentation

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

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

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

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

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

As of 1 January 2019, the Parent Bank has started to apply for the first time the “TFRS 16 Leases Standard” which is published in the Official Gazette dated 16 April 2018 and numbered 29826 entered into force as of 1 January 2019. The application and effects for the transition of TFRS 16 are explained in footnote XXVII in Section Three.

In addition, some other changes in standards have also come into force since 1 January 2019. However, these changes do not have significant impact on Bank’s financial statements.

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

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

Since the Parent Bank made use of all the facilitative provisions in the first pass to TFRS 16, the Group has applied a partial retrospective approach resulting in the existence of right of use and the equal amount of the lease debt. Accordingly, the comparative information presented in accordance with TAS 17 and related comments for 2018 has not been restated.

## **ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019**

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

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

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

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

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

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

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

##### **Transactions denominated in foreign currencies:**

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

As of 31 March 2019, foreign currency denominated balances are translated into Turkish Lira at fair value through (TL Full); USD: TL 5.5423, EUR: TL 6.2335, GBP: TL 7.2780, and JPY: TL 0.0501.

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

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

As of 31 March 2019 and 31 December 2018, the Parent Bank has no associates.

On 21 April 2015, Tekstil Portföy Yönetimi A.Ş. was established with TL 2,000,000 - full amount - capital from ICBC Yatırım. On 23 November 2015, the trade name of the company has been changed and registered as ICBC Turkey Portföy Yönetimi A.Ş. (ICBC Portföy). ICBC Portföy is a subsidiary of ICBC Yatırım with 100% partnership and an indirect subsidiary of the Parent Bank. As at 31 December 2018, 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 March 2019 and 31 December 2018.

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 March 2019 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in same circumstances. There is no obstacle on the transfer of shareholders’ equity between the Parent Bank and its subsidiary or on the reimbursement of liabilities.

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

### IV. Derivative Financial Assets

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

Derivative instruments are classified as “Derivative Financial Assets Designated at Fair Value through Profit or Loss” in accordance with TFRS 9. The Parent Bank does not have any embedded derivatives.

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

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

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

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

### V. Explanations on Interest Income and Expense

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

### VI. Explanations on Fees and Commissions Income and Expense

Fees and commissions income and expenses are accounted on accrual or collection basis in accordance with the nature of the transaction. The advance commissions obtained from cash and non-cash loans are allocated to the related periods in accordance with the periodicity principle and recorded as income. Prepaid fees for loans are discounted by using effective interest rate method and recorded as income in the related period due to periodicity principle.

### VII. Explanations on Financial Assets

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

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

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

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

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

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

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

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

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

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

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

##### c. Financial Assets Measured at Amortized Cost:

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

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

Subsequent to the initial recognition, financial assets measured at amortized cost are accounted at amortized cost calculated by using the effective interest rate method. Interest income on financial assets measured at amortized cost is recorded as interest income in the statement of profit or loss.

#### *Loans:*

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

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

### VIII. Explanations on Impairment of Financial Assets

#### Explanation on Expected Credit Losses

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

There is no provision for impairment of equity instruments.

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

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

**Stage 1:** From initial recognition of a financial asset to the date on which an asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from its default occurring over the earlier of the next 12 months or its maturity date.

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

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

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

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

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

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

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

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

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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#### IX. Explanations on Offsetting Financial Instruments

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

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

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

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

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

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

The Group does not have any assets held for sale as of 31 March 2019 (31 December 2018: None).

The Group has no discontinued operations as of 31 March 2019 (31 December 2018: None)

#### XII. Explanations on Goodwill and Other Intangible Assets

There is no goodwill in the accompanying consolidated financial statements as at 31 March 2019 and 31 December 2018.

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

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

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

#### XIII. Explanations on Tangible Assets

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

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

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

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

In cases where the expected future benefits of the assets are less than their “net realizable value”, the book values of such assets are reduced to their “net realizable values” and impairment losses are recorded as expense.

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019**

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

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

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

The Parent Bank applies revaluation model for the buildings as permitted by TAS 16 "Property, Plant and Equipment". For this purpose, fair values of the buildings are determined by a third party appraiser, which is commissioned by BRSA and Capital Markets Board. The fair value surplus is recognized in "Revaluation Fund on Tangible Assets" within the equity items. As at 31 December 2018, revaluation surplus on tangible assets amounts to TL 13,967 (31 December 2018: TL 13,967).

#### **XIV. Explanations on Leasing Activities**

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

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

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

The group takes into financial statements to the right of use and the obligation of the lessee on the date of the lease start. Tenure asset is initially measured at cost and subsequently accumulated depreciation and accumulated impairment losses deducted and the restated cost of the lessor's liability. When properties which counted as only have usage right properties are subjected to depreciation, related depreciation standards are used for TAS 16 "Property, Plant and Equipment" and TAS 38 "Intangible Assets". TAS 36 "Impairment of Assets" standard is applied to determine whether the immovable properties have been impaired and to account for impairment.

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

#### **XV. Explanations on Provisions and Contingent Liabilities**

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

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

#### **XVI. Contingent Assets**

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

#### **XVII. Explanations on Obligations Related to Employee Rights**

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



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

Under the Turkish Labor Law, the Bank and its subsidiaries operating in Turkey are required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labor Law. According to the related regulation, the Bank is obliged to pay termination benefits for employees who retire, quit for their military service obligations, who have been dismissed as defined in the related regulation or who have completed at least one year of service. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Group arising from this liability.

#### **XVIII. Explanations on Taxation**

##### **a. Current tax:**

While the corporate tax rate was at the rate of 20% since 1 January 2006, for all companies, such rate has been set as 22% for the tax bases of the years 2019, 2020 and 2021 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

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

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

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

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

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

##### **b. Deferred Tax:**

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

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

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

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

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

##### **c. Transfer Pricing:**

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

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

## **ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

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

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

#### **XIX. Additional Explanations on Borrowings**

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

#### **XX. Explanations on Issued Stock**

There is no issued stock in the current period.

#### **XXI. Explanations on Acceptances**

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

#### **XXII. Explanations on Government Grants**

As at 31 March 2019 and 31 December 2018, the Group does not have any government grants.

#### **XXIII. Profit Reserves and Profit Distribution**

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

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

At the Ordinary General Assembly Meeting of the Parent Bank held on 29 March 2019, the remaining TL 62,069 of the net income after the net tax for the year 2018 is used for calculation of legal reserve of 5% of with amount of TL 3,103 in accordance with the TCC 519/1 and the remaining TL 58,966 to be transferred to extraordinary reserves.

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

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

#### **XXV. Cash and Cash Equivalents**

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

#### **XXVI. Explanations on Segment Reporting**

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

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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#### XXVII. Reclassifications

##### a. First implementation of TFRS 16

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

TFRS 16 introduces a single leasing accounting model for tenants. As a result, the Bank, as a lessee, has acquired the lease rights representing the lease rights representing the right to use the underlying asset and the lease payments to the financial statements. Accounting for the lessor is similar to the previous accounting policies.

The Bank has applied a partial retrospective approach resulting from the use of all the facilitating provisions in the first pass to TFRS 16, resulting in the existence of right to use and the equal amount of the lease debt. Accordingly, the comparative information presented in accordance with TAS 17 and related comments for 2018 has not been restated.

The following table shows the classification and adjustment records for the first application of TFRS 16 Leases Standard as of 1 January 2019.

	31 December 2018	TFRS 16 Classification Effect	TFRS 16 Transition Effect	1 January 2019
Tangible Assets (Net)	35,357	2,855	77,478	115,690
Intangible Assets (Net)	7,914	93	1,644	9,651
Other Assets (Net)	31,067	(2,948)	-	28,119
Lease Payables (Net)	-	-	79,122	79,122

##### b. Uniform account plan change

Due to change in The Uniform Chart of Accounts as of 1 February 2019, financial asset's as fair value through other comprehensive income, expected loss provisions are recorded under equity. Some corrections in prior period financial statements through “Communiqué on amendments to the communiqué on the financial statements and the related explanations and footnotes to be announced to public by banks” are presented below:

31 December 2018	Published	Reclassifications	Restated
<b>Financial Assets</b>			
Expected Loss Provisions	15,766	(8,326)	7,440
<b>Financial Assets Measured With Amortized Costs</b>			
Expected Loss Provisions	208,350	2,716	211,066
<b>Other Comprehensive Incomes or Expenses to be Reclassified in Profit or Loss</b>	(88,843)	5,610	(83,233)

#### XXVIII. Explanations on Other Matters

The accounting policies applied in the prior period and which are not applicable together with the application of TFRS 16 standard in the current period are presented below:

##### Explanations on Leasing Activities

Assets acquired by financial leasing are recorded by considering the lower of the fair value of the leased asset and the present value of leasing payments. Fixed assets obtained through financial leasing are classified as tangible asset and depreciated over their estimated useful lives. When there is a decrease in the value of the fixed assets obtained through financial leasing, the “provision for losses” is allocated. The obligations under financial leases arising from the lease contracts are presented under “Financial Lease Payables” account in the balance sheet. Interest expense and currency exchange rate differences related to leasing activities are recognized in the income statement. The Group does not perform financial lease transactions as the “lessor”.

In operating leases, the rent payments are charged accrual basis in accordance with the relevant contractual provisions.

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### SECTION FOUR

#### INFORMATIONS RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

##### I. Explanations on Consolidated Equity

##### Information about consolidated total capital:

The Group's capital adequacy ratio is 20.77% (31 December 2018: 30.22%).

Current Period	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	
Share issue premiums	(587)	
Reserves	328,778	
Gains recognized in equity as per TAS	12,748	
Profit	85,760	
Current period profit	36,897	
Prior period profit	48,863	
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>1,286,699</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	72,672	
Improvement costs for operating leasing	849	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	6,607	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	663	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	

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

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

Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-
Excess amount arising from mortgage servicing rights	-
Excess amount arising from deferred tax assets arising from temporary differences	-
Other items to be defined by the BRSA	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>80,761</b>
<b>Total Common Equity Tier I Capital</b>	<b>1,205,938</b>
<b>ADDITIONAL TIER 1 CAPITAL</b>	
Preferred stock not included in common equity and the related share premiums	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-
<b>Additional Tier I Capital before Deductions</b>	-
<b>Deductions from Additional Tier I Capital</b>	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-

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

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

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	4,404	
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 (-)	422	
<b>Total Deductions From Additional Tier I Capital</b>	<b>4,826</b>	
<b>Total Additional Tier I Capital</b>	<b>-</b>	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1,201,112</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	1,682,738	
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)	150,158	
<b>Tier II Capital Before Deductions</b>	<b>1,832,896</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns %10 or more of the issued common share capital exceeding %10 of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	
<b>Total Tier II Capital</b>	<b>1,832,896</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>3,034,008</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	184	
<b>Regulatory Adjustments which will be deducted from Total Capital during the transition period</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than %10 of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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### I. Explanations on Consolidated Equity (Continued) Information about consolidated total capital (Continued):

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds	-	
<b>TOTAL CAPITAL</b>		
Total capital (The Sum of Tier I Capital and Tier II)	3,033,824	
Total risk weighted amounts	14,606,474	
<b>CAPITAL ADEQUACY RATIOS <sup>(2)</sup></b>		
Consolidated Core Capital Adequacy Ratio (%)	8.22	
Consolidated Tier 1 Capital Adequacy Ratio (%)	8.22	
Consolidated Capital Adequacy Standard Ratio (%)	20.77	
<b>BUFFERS</b>		
Total buffer requirement	9.04	
Capital conservation buffer requirement (%)	8.20	
Bank specific countercyclical buffer requirement (%)	6.54	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	
<b>Amounts below the financial limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	-	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Temporary Article 4 (to be implemented between 1 January 2019 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

<sup>(2)</sup> As of 31 March 2019, the Parent Bank has taken into consideration subordinated loan amounting TL 1,682,738 from its main shareholder Industrial and Commercial Bank of China Limited Company for capital adequacy calculation.

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

Prior Period	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	860,000	
Share issue premiums	(587)	
Reserves	246,680	
Gains recognized in equity as per TAS	12,892	
Profit	130,817	
Current period profit	83,549	
Prior period profit	47,268	
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>1,249,802</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	88,842	
Improvement costs for operating leasing	1,047	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4,903	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	800	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	



# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-
Excess amount arising from: mortgage servicing rights	-
Excess amount arising from: deferred tax assets arising from temporary differences	-
Other items to be defined by the BRSA	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>95,592</b>
<b>Total Common Equity Tier I Capital</b>	<b>1,154,210</b>
<b>ADDITIONAL TIER 1 CAPITAL</b>	
Preferred stock not included in common equity and the related share premiums	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-
<b>Additional Tier I Capital before Deductions</b>	-
<b>Deductions from Additional Tier I Capital</b>	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be determined by the BRSA	-

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	3,268	
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 (-)	533	
<b>Total Deductions From Additional Tier I Capital</b>	<b>3,801</b>	
<b>Total Additional Tier I Capital</b>	<b>-</b>	
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>1,150,409</b>	
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	1,579,084	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (1 <sup>st</sup> clause of Article 8 of the Regulation on the Equity of Banks)	145,529	
<b>Tier II Capital Before Deductions</b>	<b>1,724,613</b>	
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	
<b>Total Tier II Capital</b>	<b>1,724,613</b>	
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>2,875,022</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	199	
<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	-	

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

	Amount	Amounts related to treatment before 1/1/2014 <sup>(1)</sup>
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds	-	
The sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 Capital for the purposes of the first sub-paragraph of the provisional articles of the Regulation on Banks’ Own Funds	-	
<b>TOTAL CAPITAL<sup>(2)</sup></b>		
Total capital (The Sum of Tier I Capital and Tier II)	2,874,823	
Total risk weighted items	9,514,657	
<b>CAPITAL ADEQUACY RATIOS <sup>(2)</sup></b>		
Consolidated Core Capital Adequacy Ratio (%)	12.09	
Consolidated Tier 1 Capital Adequacy Ratio (%)	12.09	
Consolidated Capital Adequacy Standard Ratio (%)	30.22	
<b>BUFFERS</b>		
Total buffer requirement	9.08	
Capital conservation buffer requirement (%)	1.88	
Bank specific countercyclical buffer requirement (%)	7.20	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	
<b>Amounts below the financial limits as per the Deduction principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	-	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
<b>Debt instruments subjected to Temporary Article 4 (to be implemented between 1 January 2019 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

<sup>(2)</sup> As of 31 December 2018, the Parent Bank has taken into consideration the subordinated loan amounting to TL 1,579,084 used in its capital adequacy calculation by the main shareholder Industrial and Commercial Bank of China Limited Company.

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

None.

#### Information on the debt instruments those will be included in capital calculation:

None.

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

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

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

Lender	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED
Descriptive elements of debt instrument (CUSIP, ISIN, etc.)	-
Legislation subject to debt instrument	Implementing Regulation on the Equity of Banks published in the Official Gazette dated 5 September 2013 and numbered 28756
<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)	1,682,738
Nominal value of debt instrument	USD 300,000,000
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
If convertible, conversion rate	Subject to BRSA approval and convertible
If forced to convert to stock, forced or optional conversion feature	Subject to BRSA approval
Convertible vehicle types if converted to stock	Stock
Issuer of a debt instrument to be converted	-
<b>Value reduction feature</b>	
Trigger events / events that will cause a reduction if it has a value reduction feature	-
Total or partial value reduction if value reduction is available	-
Continuous or transient feature	-
Value increment mechanism if the value can be temporarily reduced	-
In the case of the right to take in the case of liquidation in the order of the right (the vehicle just above this debt instrument)	Before the borrowing instruments to be included in the calculation of the additional capital of the owner to the owner, after the depositors and all other debts
Whether the banks do not have the requirements of Articles 7 and 8 of the Regulation on Shareholders' Equity	Although it has all the requirements of Article 8, it does not meet the requirements of Article 7
Which of the requirements of the articles 7 and 8 of the Regulation on Equity of Banks are not	Although it has all the requirements of Article 8, it does not meet the requirements of Article 7

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

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

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

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

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

	22.03.2019	25.03.2019	26.03.2019	27.03.2019	28.03.2019	29.03.2019
<b>USD</b>	5.4392	5.5274	5.6458	5.4945	5.3307	5.5423
<b>GBP</b>	7.1484	7.2457	7.4321	7.2467	7.0259	7.2780
<b>EURO</b>	6.2032	6.2630	6.3858	6.2162	6.0091	6.2335
<b>JPY</b>	0.0491	0.0499	0.0512	0.0497	0.0481	0.0501

The basic arithmetical average of the Parent Bank’s foreign exchange bid rates for the last thirty one days ending 31 March 2019 (TL full):

	Monthly Average FC Exchange Bid Rates
<b>USD</b>	5.4408
<b>GBP</b>	7.1673
<b>EURO</b>	6.1597
<b>JPY</b>	0.0489

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

31 March 2019	EURO	USD	OTHER FC	TOTAL
<b>Assets</b>				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey <sup>(1)</sup>	11,183	1,368,351	521	1,380,055
Banks	1,156,607	2,509,316	49,309	3,715,232
Financial assets at fair value through profit or loss	-	1,945,172	-	1,945,172
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	7,835	1,466,964	-	1,474,799
Loans <sup>(3)</sup>	2,421,782	3,375,990	11	5,797,783
Investment and associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortized cost	-	1,107,368	-	1,107,368
Hedging derivative financial assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	6,352	1,919	360	8,631
<b>Total assets</b> <sup>(2) (3) (7)</sup>	<b>3,603,759</b>	<b>11,775,080</b>	<b>50,201</b>	<b>15,429,040</b>
<b>Liabilities</b>				
Interbank deposits	630,211	112	23,883	654,206
Foreign currency deposits	1,994,246	5,207,913	43,940	7,246,099
Fund provided from money market	-	485,942	-	485,942
Funds provided from other financial institutions	-	5,854,282	-	5,854,282
Marketable securities issued	-	-	-	-
Miscellaneous payables	-	-	-	-
Derivative financial liabilities held for hedging	-	-	-	-
Other liabilities	1,076,752	41,058	1,309	1,119,119
<b>Total liabilities</b> <sup>(2) (6) (8)</sup>	<b>3,701,209</b>	<b>11,589,307</b>	<b>69,132</b>	<b>15,359,648</b>
<b>Net On Balance Sheet Position</b>	<b>(97,450)</b>	<b>185,773</b>	<b>(18,932)</b>	<b>69,391</b>
<b>Net Off Balance Sheet Position</b>	<b>124,530</b>	<b>(137,369)</b>	<b>19,636</b>	<b>6,797</b>
Financial Derivatives Assets <sup>(5)</sup>	193,239	70,729	20,864	284,832
Financial Derivatives Liabilities <sup>(5)</sup>	68,709	208,098	1,228	278,035
<b>Non-cash Loans</b> <sup>(4)</sup>	<b>433,374</b>	<b>3,375,741</b>	<b>4,218</b>	<b>3,813,333</b>
<b>31 December 2018</b>				
<b>Total Assets</b> <sup>(2) (3) (7)</sup>	<b>2,273,364</b>	<b>8,539,063</b>	<b>15,736</b>	<b>10,828,163</b>
<b>Total Liabilities</b> <sup>(2) (6) (8)</sup>	<b>1,827,474</b>	<b>8,934,816</b>	<b>50,596</b>	<b>10,812,886</b>
<b>Net On Balance Sheet Position</b>	<b>445,890</b>	<b>(395,753)</b>	<b>(34,860)</b>	<b>15,277</b>
<b>Net Off Balance Sheet Position</b>	<b>(231,251)</b>	<b>291,313</b>	<b>36,359</b>	<b>96,421</b>
Financial Derivatives Assets <sup>(5)</sup>	89,000	383,482	49,547	522,029
Financial Derivatives Liabilities <sup>(5)</sup>	320,251	92,169	13,188	425,608
<b>Non-cash Loans</b> <sup>(4)</sup>	<b>464,938</b>	<b>1,316,828</b>	<b>3,741</b>	<b>1,785,507</b>

<sup>(1)</sup> As of 31 March 2019 and 31 December 2018, the Group does not have precious metals balancing in Central Bank accounts.

<sup>(2)</sup> As of 31 March 2019, presented in assets “Financial Assets at Fair Value through Profit or Loss” and presented in liabilities “Negative Value of Trading Derivatives”, amounting to TL 0 and TL 2,051, respectively (31 December 2018- TL 199 and TL 373) are not included in the table.

<sup>(3)</sup> As of 31 March 2019, “Loans” balance includes in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 201,857 (31 December 2018- TL 303,209)

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

<sup>(5)</sup> As of 31 March, 2019, the foreign currency forward transactions amounting to TL 20,690 and the forward selling transactions amounting to TL 11,545 are included in the off-balance sheet commitments (31 December 2018: TL 55,221 and TL 52,310).

<sup>(6)</sup> As of 31 March 2019, “Valuation Differences of Securities” amounting to TL (36,311), (31 December 2018: TL (31,288)), which is classified under shareholders' equity, is not included.

<sup>(7)</sup> As of 31 March 2019, assets TL 122,025 (31 December 2018: TL 112,151) included “Expected Loss Provisions”.

<sup>(8)</sup> As of 31 March 2019, liabilities TL 17,714 (31 December 2018: TL 4,183) included “Other Provisions”.

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

The table below demonstrates prospective increase and decrease in equity and profit/loss as at 31 March 2019 and 31 December 2018 (excluding tax effect) on condition that 10 percent revaluation/devaluation of the foreign currencies below against TL. This analysis has been prepared assuming that other variables, particularly interest rates, remain constant.

	31 March 2019				31 December 2018			
	Profit or loss statement		Equity <sup>(1)</sup>		Profit or loss statement		Equity <sup>(1)</sup>	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	4,840	(4,840)	4,840	(4,840)	(10,444)	10,444	(10,444)	10,444
EURO	2,708	(2,708)	2,708	(2,708)	21,464	(21,464)	21,464	(21,464)
Other FC	70	(70)	70	(70)	150	(150)	150	(150)
<b>Total</b>	<b>7,618</b>	<b>(7,618)</b>	<b>7,618</b>	<b>(7,618)</b>	<b>11,170</b>	<b>(11,170)</b>	<b>11,170</b>	<b>(11,170)</b>

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

### III. Explanations and Footnotes on Consolidated Interest Rate Risk

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

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

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

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

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

	Up to 1 Month	1- 3 Months	3-12 Months	1- 5 Years	5 Years and Over	Non-Interest Bearing <sup>(1)</sup>	Total
<b>31 March 2019</b>							
<b>Assets</b>							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	1,446,403	-	-	-	49,711	1,496,114
Banks	1,861,841	1,391,753	-	-	-	462,391	3,715,985
Financial assets at fair value through profit or loss <sup>(2)</sup>	36	1,945,172	141	-	-	20,675	1,966,024
Money market placements	1,053,206	-	-	-	-	-	1,053,206
Financial assets at fair value through other comprehensive income	250,246	169,128	938,392	704,363	104,976	7,801	2,174,906
Loans	3,603,702	1,645,241	1,449,615	314,782	1,134,271	-	8,147,611
Financial assets measured at amortized cost	-	102,209	534,877	900,419	103,248	-	1,640,753
Other assets	219	-	-	-	-	22,230	22,449
<b>Total assets</b>	<b>6,769,250</b>	<b>6,699,906</b>	<b>2,923,025</b>	<b>1,919,564</b>	<b>1,342,495</b>	<b>562,808</b>	<b>20,217,048</b>
<b>Liabilities</b>							
Bank Deposits <sup>(2)</sup>	30,061	-	630,211	-	-	53,564	713,836
Other Deposits	7,869,474	861,173	44,168	-	-	384,627	9,159,442
Interbank Money Market Borrowings	505,745	-	-	-	-	-	505,745
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	2,021,302	1,961,152	1,390,253	1,667,279	-	-	7,039,986
Other Liabilities	1,329,551	43	108	-	-	1,468,337	2,798,039
<b>Total Liabilities</b>	<b>11,756,133</b>	<b>2,822,368</b>	<b>2,064,740</b>	<b>1,667,279</b>	<b>-</b>	<b>1,906,528</b>	<b>20,217,048</b>
Balance Sheet Long Position	-	3,877,538	858,285	252,285	1,342,495	-	6,330,603
Balance Sheet Short Position	(4,986,833)	-	-	-	-	(1,343,720)	(6,330,603)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(4,986,833)</b>	<b>3,877,538</b>	<b>858,285</b>	<b>252,285</b>	<b>1,342,495</b>	<b>(1,343,720)</b>	<b>-</b>

<sup>(1)</sup> TL 127,613 of tangible and intangible assets, TL 57,269 of tax assets, TL (226,898) of expected loss provisions and TL 64,246 of other assets are included in other assets line in the interest-free column. Provisions amounting to TL 67,147, tax liability of TL 52,874, other liabilities amounting to TL 134,289 and shareholders' equity amounting to TL 1,214,027 are presented in other liabilities as non-interest bearing.

<sup>(2)</sup> Receivables from derivative transactions are included.

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	5 Years and Over	Non-Interest Bearing <sup>(1)</sup>	Total
<b>31 December 2018</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1,757,893	-	-	-	49,006	1,806,899
Banks	1,659,503	-	-	-	-	341,276	2,000,779
Financial Assets at Fair Value Through Profit or Loss	239	29,862	-	-	-	12,879	42,980
Money Market Placements	349,622	-	-	-	-	-	349,622
Financial Assets at Fair Value Through Other Comprehensive Income	315,476	490,012	644,186	916,984	106,279	6,255	2,479,192
Loans	685,954	2,048,483	2,575,320	1,383,072	1,181,763	-	7,874,592
Financial Assets Measured at Amortized Cost	1,605	130,093	328,395	824,434	99,472	-	1,383,999
Other Assets <sup>(1)</sup>	85	-	-	-	-	(85,658)	(85,573)
<b>Total Assets</b>	<b>3,012,484</b>	<b>4,456,343</b>	<b>3,547,901</b>	<b>3,124,490</b>	<b>1,387,514</b>	<b>323,758</b>	<b>15,852,490</b>
<b>Liabilities</b>							
Bank Deposits	664,060	-	605,719	-	-	52,774	1,322,553
Other Deposits	5,203,544	1,042,768	67,978	-	-	385,399	6,699,689
Interbank Money Market Borrowings	346,145	-	-	-	-	-	346,145
Miscellaneous Payables	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin. Inst.	533,932	1,594,227	3,533,475	-	-	-	5,661,634
Other Liabilities	467,376	746	-	-	-	1,354,347	1,822,469
<b>Total Liabilities</b>	<b>7,215,057</b>	<b>2,637,741</b>	<b>4,207,172</b>	<b>-</b>	<b>-</b>	<b>1,792,520</b>	<b>15,852,490</b>
Balance Sheet Long Position	-	1,818,602	-	3,124,490	1,387,514	-	6,330,606
Balance Sheet Short Position	(4,202,573)	-	(659,271)	-	-	(1,468,762)	(6,330,606)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(4,202,573)</b>	<b>1,818,602</b>	<b>(659,271)</b>	<b>3,124,490</b>	<b>1,387,514</b>	<b>(1,468,752)</b>	

<sup>(1)</sup> TL 44,410 of tangible and intangible assets, TL 44,596 of tax assets, TL (218,506) of expected loss provisions TL 43,842 of other assets are classified under other assets as non-interest bearing. Provisions amounting to TL 62,468, tax liability amounting to TL 38,591, other liabilities amounting to TL 86,719, and shareholders' equity amounting to TL 1,166,569 are presented in other liabilities as non-interest bearing.

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

	EURO%	USD%	JPY%	TL%
<b>31 March 2019 <sup>(1)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	2.00	-	12.81
Banks	0.01	4.33	-	-
Financial Assets at Fair Value Through Profit or Loss	-	6.13	-	-
Interbank Money Market Placements	-	-	-	22.34
Financial Assets at Fair Value Through Other Comprehensive Income	1.78	4.54	-	20.23
Loans	3.12	5.67	6.04	17.57
Financial Assets Measured at Amortised Cost	-	8.46	-	13.89
<b>Liabilities</b>				
Bank Deposits	1.16	-	-	28.05
Other Deposits	1.75	4.04	-	21.42
Interbank Money Market Borrowings	-	3.97	-	28.97
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	3.97	-	9.11
<b>31 December 2018 <sup>(1)</sup></b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1.56	-	8.79
Banks	-	5.35	-	27.08
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	24.21
Financial Assets at Fair Value Through Other Comprehensive Income	1.78	4.54	-	21.14
Loans	2.86	5.23	6.04	16.93
Financial Assets Measured at Amortized Cost	-	5.82	-	13.81
<b>Liabilities</b>				
Bank Deposits	1.16	2.49	-	23.33
Other Deposits	2.50	4.88	-	25.40
Interbank Money Market Borrowings	-	-	-	27.93
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	-	3.30	-	6.84

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



## **ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019**

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

#### **IV. Explanations and Footnotes on Consolidated Liquidity Risk**

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

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

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

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

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

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

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

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

Liquidity coverage ratios are calculated on a weekly and monthly basis as of 1 January 2015 in accordance with the Regulation on Banks' Liquidity Coverage Ratio Calculation published in the Official Gazette No. 28948 dated 21 March 2014 and are subject to legal reporting. Liquidity coverage ratios should be at least 80% in foreign currency assets and liabilities for 2019 and at least 100% in total assets and liabilities. The ratios in the table show the rates for the first three months including the reporting period.

Liquidity Coverage Ratios	FC Liquidity Coverage Ratio (%)	Total Liquidity Coverage Ratio (%)
31 March 2019	152.10%	121.38%
Average	138.01%	193.83%

	Min FC (%)	Min Sum (%)	Max FC (%)	Max Sum (%)
Month	4 March 2019	7 March 2019	25 February 2019	25 February 2019
Ratio (%)	84.40%	106.13%	226.18%	318.10%

Current Period 31 March 2019	Unweighted Amounts <sup>(2)</sup>		Weighted Amounts <sup>(2)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			<b>3,854,019</b>	<b>2,270,128</b>
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers Deposits	3,526,483	1,790,710	302,901	165,294
Stable deposits	994,928	275,554	49,746	13,778
Less stable deposits	2,531,555	1,515,156	253,155	151,516
Unsecured Funding other than Retail and Small Business Customer Deposits	5,862,124	5,053,576	2,868,704	2,243,910
Operational deposits	18,714	-	4,270	-
Non-Operational Funding	4,916,849	4,527,551	2,110,643	1,936,275
Other Unsecured Funding	926,561	526,025	753,791	307,635
Secured funding	-	-	-	-
Other Cash Outflows	1,188,924	1,095,584	1,074,321	1,013,822
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	997,918	959,313	997,918	959,313
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	191,006	136,271	76,403	54,509
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	253,920	246,551	12,696	12,328
Other irrevocable or conditionally revocable commitments	1,774,836	1,126,321	172,912	112,632
<b>TOTAL CASH OUTFLOWS</b>			<b>4,431,534</b>	<b>3,547,986</b>
<b>CASH INFLOWS</b>				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	2,290,804	1,797,332	2,205,733	1,763,312
Other Contractual Cash Inflows	162,011	158,181	162,011	158,181
<b>TOTAL CASH INFLOWS</b>	<b>2,452,815</b>	<b>1,955,513</b>	<b>2,367,744</b>	<b>1,921,493</b>
			<b>Upper Limit Applied Accounts</b>	
<b>TOTAL HIGH LIQUIDITY ASSETS</b>			<b>3,854,019</b>	<b>2,270,128</b>
<b>TOTAL NET CASH OUTFLOWS<sup>(1)</sup></b>			<b>2,063,790</b>	<b>1,626,493</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>186.74%</b>	<b>139.57%</b>

<sup>(1)</sup> In calculating the related amount, the total cash inflows exceeding 75% of the total cash outflows have not been taken into account.

<sup>(2)</sup> Simple arithmetical average of the monthly liquidity coverage ratios of the first three months of 2019 was taken.

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

Prior Period 31 December 2018	Unweighted Amounts <sup>(2)</sup>		Weighted Amounts <sup>(2)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High Quality Liquid Assets			<b>3,922,664</b>	<b>2,031,262</b>
<b>CASH OUTFLOWS</b>				
Retail and Small Business Customers Deposits	2,887,734	1,435,693	289,684	150,818
Stable deposits	897,868	216,316	50,409	12,362
Less stable deposits	1,989,866	1,219,377	239,275	138,456
Unsecured Funding other than Retail and Small Business				
Customer Deposits	4,117,305	3,769,180	1,898,145	1,609,962
Operational deposits	12,097	-	1,321	-
Non-Operational Funding	3,540,018	3,306,974	1,851,007	1,602,001
Other Unsecured Funding	565,190	462,206	45,817	7,961
Secured funding	-	-	-	-
Other Cash Outflows	797,886	614,518	671,178	642,882
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	637,235	495,490	592,129	583,649
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	160,651	119,028	79,049	59,233
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	311,187	311,187	9,576	9,516
Other irrevocable or conditionally revocable commitments	1,857,622	1,408,478	174,955	124,617
<b>TOTAL CASH OUTFLOWS</b>			<b>3,043,538</b>	<b>2,537,795</b>
<b>CASH INFLOWS</b>				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	1,473,868	976,827	1,481,041	1,077,012
Other Contractual Cash Inflows	640,564	636,633	281,570	275,861
<b>TOTAL CASH INFLOWS</b>	<b>2,114,432</b>	<b>1,613,460</b>	<b>1,762,611</b>	<b>1,352,873</b>
			<b>Upper Limit Applied Accounts</b>	
<b>TOTAL HIGH LIQUIDITY ASSETS</b>			<b>3,922,664</b>	<b>2,031,262</b>
<b>TOTAL NET CASH OUTFLOWS<sup>(1)</sup></b>			<b>1,280,927</b>	<b>1,184,922</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>306.24%</b>	<b>171.43%</b>

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

<sup>(2)</sup> Monthly simple arithmetic average of consolidated liquidity coverage ratios for the last three months of 2018 is calculated.

There is an increase in the liquidity coverage ratio because of the loans provided from abroad by the Parent Bank in 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. Credits, provided from abroad, are the main fund resources while deposit and repo are other resources regarding funding. The opposite parties of repo transactions are the Central Bank of the Republic of Turkey and banks and there is no concentration. A significant part of funds, provided from abroad, is provided by the risk group of the Bank.

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

Presentation of assets and liabilities according to their remaining maturities:

31 March 2019	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 Years	5 years and over	Undist. <sup>(1)</sup>	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,117,278	378,836	-	-	-	-	-	1,496,114
Banks	462,391	740,293	2,513,301	-	-	-	-	3,715,985
Financial Assets at Fair Value Through Profit or Loss	20,675	36	-	141	1,945,172	-	-	1,966,024
Interbank Money Market Placements	-	1,053,206	-	-	-	-	-	1,053,206
Financial Assets at Fair Value Through Other Comprehensive Income	7,801	152,977	167,313	501,479	1,240,361	104,975	-	2,174,906
Loans	-	777,390	363,882	2,174,489	3,318,974	1,512,876	-	8,147,611
Financial Assets Measured at Amortised Cost	-	-	102,209	406,817	1,028,480	103,247	-	1,640,753
Other Assets	-	51,413	2,544	6,720	4	57,270	(95,502)	22,449
<b>Total Assets</b>	<b>1,608,145</b>	<b>3,154,151</b>	<b>3,149,249</b>	<b>3,089,646</b>	<b>7,532,991</b>	<b>1,778,368</b>	<b>(95,502)</b>	<b>20,217,048</b>
<b>Liabilities</b>								
Bank Deposits	53,564	30,061	-	630,211	-	-	-	713,836
Other Deposits	384,627	7,869,474	861,173	44,168	-	-	-	9,159,442
Funds Borrowed from Other Financial Institutions	-	1,739,862	278,415	1,006	3,337,965	1,682,738	-	7,039,986
Interbank Money Markets	-	505,745	-	-	-	-	-	505,745
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	21,807	33,381	1,651	43,621	33,906	2,663,673	2,798,039
<b>Total Liabilities</b>	<b>438,191</b>	<b>10,166,949</b>	<b>1,172,969</b>	<b>677,036</b>	<b>3,381,586</b>	<b>1,716,644</b>	<b>2,663,673</b>	<b>20,217,048</b>
<b>Net Liquidity Gap</b>	<b>1,169,954</b>	<b>(7,012,298)</b>	<b>1,976,280</b>	<b>2,412,610</b>	<b>4,151,405</b>	<b>61,724</b>	<b>(2,759,175)</b>	<b>-</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>(2,493)</b>	<b>22</b>	<b>(23)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,494)</b>
Derivative financial assets <sup>(3)</sup>	-	286,357	957	4,782	-	-	-	292,096
Derivative financial liabilities <sup>(3)</sup>	-	288,850	935	4,805	-	-	-	294,590
<b>Non-cash loans <sup>(2)</sup></b>	<b>2,996,380</b>	<b>406,279</b>	<b>89,604</b>	<b>358,540</b>	<b>610,773</b>	<b>-</b>	<b>-</b>	<b>4,461,576</b>
<b>31 December 2018</b>								
<b>Total Assets</b>	<b>1,879,577</b>	<b>2,418,086</b>	<b>1,240,856</b>	<b>3,326,142</b>	<b>5,298,400</b>	<b>1,652,140</b>	<b>37,289</b>	<b>15,852,490</b>
<b>Total Liabilities</b>	<b>438,173</b>	<b>6,231,154</b>	<b>1,330,629</b>	<b>2,363,369</b>	<b>798,660</b>	<b>2,907,749</b>	<b>1,782,756</b>	<b>15,852,490</b>
<b>Net Liquidity Gap</b>	<b>1,441,404</b>	<b>(3,813,068)</b>	<b>(89,773)</b>	<b>962,773</b>	<b>4,499,740</b>	<b>(1,255,609)</b>	<b>(1,745,467)</b>	<b>-</b>
<b>Net off balance sheet position</b>	<b>-</b>	<b>31</b>	<b>25,674</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,705</b>
Derivative financial assets <sup>(3)</sup>	-	423,070	142,387	-	-	-	-	565,457
Derivative financial liabilities <sup>(3)</sup>	-	423,039	116,713	-	-	-	-	539,752
<b>Non-cash loans <sup>(2)</sup></b>	<b>1,008,876</b>	<b>263,040</b>	<b>175,396</b>	<b>357,797</b>	<b>566,073</b>	<b>-</b>	<b>-</b>	<b>2,371,182</b>

<sup>(1)</sup> The balance sheet is composed of TL 127,613 of tangible and intangible assets, TL 710 of the stationary supplies, TL 3,073 of assets to be disposed, TL (226,898) of expected loss provisions and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 67,147, other liabilities amounting TL 1,382,499 and equity amounting TL 1,214,027 are included here.

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

<sup>(3)</sup> As of 31 March 2019, the spot purchase transactions amounting to TL 24,077 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 24,223 are included in liabilities of derivative financial instruments (31 December 2018- TL 56,277 and TL 56,274).

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

### V. Explanations on Consolidated Leverage Ratio

Consolidated leverage ratio of the Parent Bank calculated based on 3 months average amounts is 5.57% as at 31 March 2019 (31 December 2018: 6.41%). This ratio is above the minimum ratio. The main reason behind the decrease in current period leverage ratio, compared to the previous year, is the increase in amounts related to credit risk.

	Current Period 31 March 2019 <sup>(1)</sup>	Prior Period 31 December 2018 <sup>(1)</sup>
<b>On-Balance sheet exposures</b>		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	18,124,049	15,662,768
(Assets amounts deducted in determining Tier 1 capital)	186	206
Total on-Balance sheet exposures	18,123,863	15,662,562
<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	22,853	41,874
Total derivative financial instruments and credit derivatives exposure	22,853	41,874
<b>Securities financial instruments and credit derivatives</b>		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	289,508	91,701
Agent transaction exposure	-	-
Total securities financing transactions exposures	289,508	91,701
<b>Off-balance sheet items</b>		
Off-balance sheet exposure at gross notional amount	3,269,439	2,343,992
(Adjustments for conversions to credit equivalent amounts)	-	-
Total risk of off-balance sheet items	3,269,439	2,343,992
<b>Capital and total exposure</b>		
Tier 1 capital	1,193,291	1,162,658
Total exposures	21,705,663	18,140,129
<b>Leverage ratio</b>	<b>5.57%</b>	<b>6.41%</b>

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

### VI. Explanations on Consolidated Securitization Position Risk

As at 31 March 2019 and 31 December 2018, the Group has no share position risk arising from banking accounts.

### VII. Explanations on Consolidated Risk Management

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

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

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

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

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

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

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

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

### VII. Explanations on Consolidated Risk Management (Continued)

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

##### a) Overview of RWA:

	Risk Weighted Amount		Minimum capital requirement
	Current Period 31 March 2019	Prior Period 31 December 2018	Current Period 31 March 2019
<b>1 Credit risk (excluding counterparty credit risk) (CCR)</b>	<b>13,409,259</b>	<b>8,762,255</b>	<b>1,072,741</b>
2 Standardised approach (SA)	13,409,259	8,762,255	1,072,741
3 Internal rating-based (IRB) approach	-	-	-
<b>4 Counterparty credit risk</b>	<b>238,162</b>	<b>38,477</b>	<b>19,053</b>
5 Standardised approach for counterparty credit risk (SA-CCR)	238,162	38,477	19,053
6 Internal model method (IMM)	-	-	-
<b>7 Basic risk weight approach to internal models equity position in the banking account</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8 Investments made in collective investment companies - look-through approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9 Investments made in collective investment companies - mandate-based approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10 Investments made in collective investment companies - 1250% weighted risk approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>11 Settlement risk</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>12 Securitization positions in banking accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
<b>16 Market risk</b>	<b>189,950</b>	<b>187,425</b>	<b>15,196</b>
17 Standardised approach (SA)	189,950	187,425	15,196
18 Internal model approaches (IMM)	-	-	-
<b>19 Operational risk</b>	<b>769,103</b>	<b>526,500</b>	<b>61,528</b>
20 Basic Indicator Approach	769,103	526,500	61,528
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
<b>23 The amount of the discount threshold under the equity (subject to a 250% risk weight)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24 Floor adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>14,606,474</b>	<b>9,514,657</b>	<b>1,168,518</b>

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

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

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

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

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

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

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

Current Period	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group’s Total Operations
Operating Income	8,890	100,013	60,604	169,507
Net profit of segment	(4,439)	84,022	(26,176)	53,407
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	(4,439)	84,022	(26,176)	53,407
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	(4,439)	84,022	(26,176)	53,407
Tax provision (-)	-	-	16,510	16,510
Profit / (Loss) after tax	(4,439)	84,022	(42,686)	36,897
Minority Shares	-	-	-	-
<b>Current Period Net Profit/ (Loss)</b>	<b>(4,439)</b>	<b>84,022</b>	<b>(42,686)</b>	<b>36,897</b>
Segment assets <sup>(1)</sup>	769,302	9,330,393	10,117,353	20,217,048
Associate and subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>769,302</b>	<b>9,330,393</b>	<b>10,117,353</b>	<b>20,217,048</b>
Segment liabilities <sup>(1)</sup>	3,957,792	5,948,999	9,096,230	19,003,021
Equity	-	-	1,214,027	1,214,027
<b>Total Liabilities</b>	<b>3,957,792</b>	<b>5,948,999</b>	<b>10,310,257</b>	<b>20,217,048</b>
<b>Other Segment Items</b>	<b>584</b>	<b>4,784</b>	<b>49,039</b>	<b>54,407</b>
Capital expenditure	-	-	10,551	10,551
Amortization	179	166	7,861	8,206
Impairment losses <sup>(2)</sup>	405	4,618	30,627	35,650

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 46% for corporate banking, 4% for retail banking, 50% for investment banking and others segment. Gross income (operational income) of the Group is distributed between corporate banking, investment banking and others segment and retail banking as 59%, 36%, and 5%, respectively.

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

Prior Period	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group's Total Operations
Operating Income	12,750	37,413	22,966	73,129
Net profit of segment	4,674	24,906	14,471	44,051
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	4,674	24,906	14,471	44,051
Income from subsidiaries	-	-	-	-
Profit / (Loss) before tax	4,674	24,906	14,471	44,051
Tax provision (-)	-	-	6,619	6,619
Profit / (Loss) after tax	4,674	24,906	7,852	37,432
Minority Shares	-	-	-	-
<b>Current Period Net Profit/(Loss)</b>	<b>4,674</b>	<b>24,906</b>	<b>7,852</b>	<b>37,432</b>
Segment Assets <sup>(1)</sup>	803,381	7,093,472	7,955,637	15,852,490
Associates and Subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>803,381</b>	<b>7,093,472</b>	<b>7,955,637</b>	<b>15,852,490</b>
Segment Liabilities <sup>(1)</sup>	3,485,400	4,096,472	7,104,049	14,685,921
Equity	-	-	1,166,569	1,166,569
<b>Total Liabilities</b>	<b>3,485,400</b>	<b>4,096,472</b>	<b>8,270,618</b>	<b>15,852,490</b>
<b>Other Segment Items</b>	<b>1,873</b>	<b>31,119</b>	<b>205,465</b>	<b>238,457</b>
Capital Investment	-	-	53,041	53,041
Amortization	766	675	8,562	10,003
Value Decrease <sup>(2)</sup>	1,107	30,444	143,862	175,413

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 45% for corporate banking, 5% for retail banking, 50% for investment banking and others segment. Gross income (operational income) of the Group is distributed between corporate banking, investment banking and others segment and retail banking as 51%, 31%, and 18%, respectively.



# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

### SECTION FIVE

#### EXPLANATIONS AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Cash	13,465	36,218	12,783	36,187
Central Bank of the Republic of Turkey (CBRT) <sup>(1)</sup>	102,594	1,343,837	517,015	1,240,914
Others	-	-	-	-
<b>Total</b>	<b>116,059</b>	<b>1,380,055</b>	<b>529,798</b>	<b>1,277,101</b>

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

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Unrestricted Demand Deposits <sup>(1)</sup>	102,594	965,001	517,015	953,182
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	378,836	-	287,732
<b>Total</b>	<b>102,594</b>	<b>1,343,837</b>	<b>517,015</b>	<b>1,240,914</b>

<sup>(1)</sup> As at 31 March 2019, the Parent Bank does not keep precious metals as reserve deposits at Central Bank of Turkey (31 December 2018: 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.

The reserve rates for TL liabilities vary between 1% and 7% due their maturity profile as at 31 March 2019 (31 December 2018: between 1.5% and 8%); the reserve rates for foreign currency liabilities vary between 4% and 20% (31 December 2018: between 4% and 20%).

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

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

As at 31 March 2019 and 31 December 2018, the financial assets at fair value through profit or loss are kept under unrestricted account.

##### b) Other financial assets at fair value through profit or loss:

The loan to financial institutions amounting to TL 1,945,172 (31 December 2018: None) has been evaluated under the business model used by the Bank for the management of financial assets at initial recognition and classified as financial asset at fair value through profit or loss.

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

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

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

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Forward transactions	177	-	725	-
Swap transactions	-	-	29,177	199
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>177</b>	<b>-</b>	<b>29,902</b>	<b>199</b>

#### 3. Information on banks:

Information on banks:

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	753	2,834,434	339	1,660,524
Foreign	-	880,798	-	339,916
Foreign Offices and Branches	-	-	-	-
<b>Total</b>	<b>753</b>	<b>3,715,232</b>	<b>339</b>	<b>2,000,440</b>

#### 4. Information on financial assets at fair value through other comprehensive income:

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

Financial assets measured at amortized cost:

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Given as collateral or blocked	147,780	243,632	150,244	231,262
Subject to repurchase agreements	20,214	302,266	255,363	-
<b>Total</b>	<b>167,994</b>	<b>545,898</b>	<b>405,607</b>	<b>231,262</b>

As of 31 March 2019, financial assets at fair value through other comprehensive income other than those given as collaterals or subject to repurchase agreements amounting to TL 1,461,014 are unrestricted. (31 December 2018: TL 1,842,164)

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

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Debt instruments	2,292,932		2,584,771	
Listed	1,336,506		1,674,523	
Unlisted	956,426		910,248	
Equity instruments	7,801		6,255	
Listed	-		-	
Unlisted	7,801		6,255	
Impairment provision (-) / charge (+)	125,827		111,993	
<b>Total</b>	<b>2,174,906</b>		<b>2,479,033</b>	

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

#### 5. Information related to loans:

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

	31 March 2019		31 December 2018	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	214,270	-	259,363
Corporate shareholders	-	214,270	-	259,363
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	-	391	-	-
Loans granted to employees	2,407	-	2,692	-
<b>Total</b>	<b>2,407</b>	<b>214,661</b>	<b>2,692</b>	<b>259,363</b>

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

Cash Loans	Loans and Other Receivables Under Close Monitoring			
	Standard Loans	Loans Not Subject to restructuring	Restructured Loans	
			Revised Contract Terms	Refinance
Non-specialized loans	7,770,640	76,258	256,785	43,928
Enterprise loans	-	-	256,756	43,071
Export loans	75,493	30,549	-	-
Import loans	-	-	-	-
Loans given to financial sector	4,792,966	-	-	-
Consumer loans	726,433	14,747	29	125
Credit cards	17,862	345	-	-
Other	2,157,886	30,617	-	732
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>7,770,640</b>	<b>76,258</b>	<b>256,785</b>	<b>43,928</b>

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2019**

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

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

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

	31 March 2019		31 December 2018	
	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	47,850	-	46,509	-
Significant Increase in Credit Risk	-	85,358	-	83,254
<b>Total</b>	<b>47,850</b>	<b>85,358</b>	<b>46,509</b>	<b>83,254</b>

	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
<b>Number of Amendments Related to the Extension of the Payment Plan</b>		
Extended by 1 or 2 Times	3,276	299,952
Extended by 3, 4 or 5 Times	-	-
Extended by More than 5 Times	-	-

	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
<b>The Time Extended via the Amendment on Payment Plan</b>		
Up to 6 Months	221	252,293
6 Months - 12 Months	405	3,930
1-2 Years	974	15,307
2-5 Years	1,039	28,422
5 Years and Over	637	-

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

#### 5. Information related to loans (Continued):

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

	Short Term	Medium and Long Term	Total
<b>Consumer Loans – TL</b>	<b>4,882</b>	<b>728,933</b>	<b>733,815</b>
Mortgage Loans	154	593,946	594,100
Automotive Loans	-	5,261	5,261
Consumer Loans	4,728	129,726	134,454
Other	-	-	-
<b>Consumer Loans – Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans – FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Credit Cards – TL</b>	<b>14,885</b>	-	<b>14,885</b>
With Installment	3,813	-	3,813
Without Installment	11,072	-	11,072
<b>Consumer Credit Cards – FC</b>	<b>769</b>	-	<b>769</b>
With Installment	-	-	-
Without Installment	769	-	769
<b>Personnel Loans – TL</b>	<b>51</b>	<b>1,167</b>	<b>1,218</b>
Mortgage Loans	-	278	278
Automotive Loans	-	-	-
Consumer Loans	51	889	940
Other	-	-	-
<b>Personnel Loans – Indexed to FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans – FC</b>	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards – TL</b>	<b>1,151</b>	-	<b>1,151</b>
With Installment	393	-	393
Without Installment	758	-	758
<b>Personnel Credit Cards – FC</b>	<b>38</b>	-	<b>38</b>
With Installment	-	-	-
Without Installment	38	-	38
<b>Credit Deposit Account – TL (Real Person)</b>	<b>6,301</b>	-	<b>6,301</b>
<b>Credit Deposit Account – FC (Real Person)</b>	-	-	-
<b>Total</b>	<b>28,077</b>	<b>730,100</b>	<b>758,177</b>

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

#### 5. Information related to loans (Continued):

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

	Short Term	Medium and Long Term	Total
<b>Commercial Installment Loans – TL</b>	<b>197</b>	<b>319,448</b>	<b>319,645</b>
Business Residential Loans	-	-	-
Automotive Loans	-	6,982	6,982
Consumer Loans	197	312,466	312,663
Other	-	-	-
<b>Commercial Installment Loans – Indexed to FC</b>	<b>-</b>	<b>25,584</b>	<b>25,584</b>
Business Residential Loans	-	-	-
Automotive Loans	-	5,042	5,042
Consumer Loans	-	20,542	20,542
Other	-	-	-
<b>Commercial Installment Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards – TL</b>	<b>1,251</b>	<b>-</b>	<b>1,251</b>
With Installment	309	-	309
Without Installment	942	-	942
<b>Corporate Credit Cards – FC</b>	<b>113</b>	<b>-</b>	<b>113</b>
With Installment	-	-	-
Without Installment	113	-	113
<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>1,561</b>	<b>345,032</b>	<b>346,593</b>

e) Domestic and foreign loans:

	31 March 2019	31 December 2018
Domestic loans	7,558,823	7,185,241
Foreign loans	588,788	595,944
<b>Total</b>	<b>8,147,611</b>	<b>7,781,185</b>

f) Loans granted to subsidiaries and associates: TL 37 (31 December 2018: TL 24).

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

	31 March 2019	31 December 2018
Loans and Receivables with Limited Collectibility	567	928
Loans and Receivables with Doubtful Collectibility	29,560	28,759
Uncollectible Loans and Receivables	46,613	48,900
<b>Total</b>	<b>76,740</b>	<b>78,587</b>

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

#### 5. Information related to loans (Continued):

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

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

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
Current period			
Gross amounts before the specific reserves	-	-	419
Loans under restructuring	-	-	419

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
Prior period			
Gross amounts before the specific reserves	-	-	483
Loans under restructuring	-	-	483

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

	Group III Loans with Limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
<b>Prior Period End Balance</b>	<b>2,817</b>	<b>39,676</b>	<b>50,914</b>
Additions (+)	1,561	929	268
Transfers from Other Categories of Non- Performing Loans(+)	-	2,843	2,018
Transfers to Other Categories of Non-Performing Loans (-)	2,843	2,019	-
Collections (-)	56	624	4,251
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balances at End of the Period</b>	<b>1,479</b>	<b>40,805</b>	<b>48,949</b>
Provisions (-)	567	29,560	46,613
<b>Net Balance on Balance Sheet</b>	<b>912</b>	<b>11,245</b>	<b>2,336</b>

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

#### 5. Information related to loans (Continued):

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

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

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
<b>Current Period (Net)</b>	<b>912</b>	<b>11,245</b>	<b>2,336</b>
Loans Allowed to Real Persons and Corporate Entities (Gross)	1,479	40,805	48,949
Provision Amount (-)	567	29,560	46,613
Loans Allowed to Real Persons and Corporate Entities (Net)	912	11,245	2,336
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>1,889</b>	<b>10,917</b>	<b>2,014</b>
Loans Allowed to Real Persons and Corporate Entities (Gross)	2,817	39,676	50,914
Provision Amount (-)	928	28,759	48,900
Loans Allowed to Real Persons and Corporate Entities (Net)	1,889	10,917	2,014
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

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

	Group III Loans with Limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
<b>Current period (Net)</b>	<b>(107)</b>	<b>(23,023)</b>	<b>(515)</b>
Interest accruals and rediscounts and valuation differences	96	6,219	353
Provision amount (-)	203	29,242	868
<b>Prior period (Net)</b>	<b>(386)</b>	<b>(23,160)</b>	-
Interest accruals and rediscounts and valuation differences	420	5,231	-
Provision amount (-)	806	(28,391)	-

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

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

j) Information on write-off from assets policy:

The Parent Bank’s general policy for write-off of loans and receivables under follow-up is to write off such loans and receivables that are proven to be uncollectible by obtaining required documentation, also considering Tax Procedural Law’s verdicts.



# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

#### 6. Information on investment securities held-to-maturity:

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:

	31 March 2019	31 December 2018
Government Bonds	1,068,370	993,472
Treasury bills	-	-
Other public sector debt securities	-	-
<b>Total</b>	<b>1,068,370</b>	<b>993,472</b>

c) Information on financial assets at amortized cost:

	31 March 2019	31 December 2018
Debt instruments	1,577,183	1,324,326
Listed	-	-
Unlisted	1,577,183	1,324,326
Impairment provision <sup>(1)</sup>	63,570	59,673
<b>Total</b>	<b>1,640,753</b>	<b>1,383,999</b>

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

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

	31 March 2019	31 December 2018
Beginning balance	1,380,504	493,413
Foreign currency differences on monetary assets	-	-
Purchases during year	193,183	830,913
Disposals through sales and redemptions	-	-
Impairment provision <sup>(1)</sup>	67,066	59,673
<b>Total</b>	<b>1,640,753</b>	<b>1,383,999</b>

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

#### 7. Investments in associates (net):

None.

#### 8. Investments in subsidiaries (net):

As at 31 March 2019, 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 subsidiaries not consolidated:

None.

b) Information on subsidiaries not consolidated according to information above:

None.

c) Movement of subsidiaries not consolidated:

None.

d) Industrial distribution of subsidiaries not consolidated:

As at 31 March 2019, the Parent Bank has no unconsolidated subsidiary.

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

#### 8. Investments in subsidiaries (net) (Continued):

e) Information on significant unconsolidated financial statements of the subsidiary as of 31 March 2019:

Description	Address (City/Country)	Bank's share percentage- If different from voting percentage (%)	Banks Risk Group Share Percentage (%)
ICBC Turkey Yatırım Menkul Değerler A.Ş. (ICBC Yatırım)	İstanbul/Turkey	99.998	100.00

f) Information on consolidated subsidiaries according to information above:

Total Assets	Shareholders Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / (Loss)	Prior Period Profit / (Loss)	Fair value
1,466,457	126,703	1,057	4,354	-	12,012	1,069	-

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

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

Total assets	Shareholders Equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Fair Value
4,209	3,948	9	193	-	291	(98)	-

g) Movement of consolidated subsidiaries:

	31 March 2019	31 December 2018
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>
Capital Commitments	-	-
Share of Capital Percentage at the end of Period (%)	-	-

h) Sectorial distribution of consolidated subsidiaries:

	31 March 2019	31 December 2018
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	75,998	75,998
Other Non-Financial Subsidiaries	-	-
<b>Total</b>	<b>75,998</b>	<b>75,998</b>

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

#### 8. Investments in subsidiaries (net) (Continued):

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

#### 9. Information on joint ventures (net):

None.

#### 10. Information on financial lease receivables (net):

None.

#### 11. Information on hedging purpose derivatives:

None.

#### 12. Information on investment properties:

None.

#### 13. Information on deferred tax assets:

- a) Deferred tax assets reflected in the balance sheet for deductible temporary differences, financial losses and tax deductions and exceptions:

As of 31 March 2019, the Group has net deferred tax asset amounting to TL 57,269 (31 December 2018: TL 44,596). As of 31 March 2019, there is no deferred tax asset calculated on financial loss (31 December 2018: None).

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

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

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

The Group has no asset held for sale and discontinued operation as at 31 March 2019 and 31 December 2018.

#### 15. Information on other assets:

Commodities and immovable properties of the Group obtained with respect to non-performing loans are recognized under movable and immovable assets to be sold off and shown under other assets in the balance sheet. Net total carrying value of the aforementioned assets is TL 3,073 as at 31 March 2019 (31 December 2018: TL 2,058).

Sum of other assets amounting to TL 61,392 (31 December 2018: TL 41,869), which are out of movable and immovable properties to be sold off, do not exceed 10% of the balance sheet total.

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

#### II. Explanations and Footnotes on Consolidated Liabilities

##### 1. Information on deposits:

a) Information on maturity profile of deposits:

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

a.1) 31 March 2019:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	32,415	87,744	1,380,346	44,079	8,588	2,076	-	1,555,248
Foreign Currency Deposits	289,235	366,716	6,513,012	53,592	18,539	5,005	-	7,246,099
Residents in Turkey	265,320	366,702	6,399,139	50,567	5,880	677	-	7,088,285
Residents Abroad	23,915	14	113,873	3,025	12,659	4,328	-	157,814
Public Sector Deposits	3,809	-	-	-	-	-	-	3,809
Commercial Deposits	56,601	48,289	228,948	5,954	-	-	-	339,792
Other Ins. Deposits	2,567	49	11,771	72	33	2	-	14,494
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	53,564	660,272	-	-	-	-	-	713,836
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	2,279	660,272	-	-	-	-	-	662,551
Foreign Banks	51,285	-	-	-	-	-	-	51,285
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>438,191</b>	<b>1,163,070</b>	<b>8,134,077</b>	<b>103,697</b>	<b>27,160</b>	<b>7,083</b>	<b>-</b>	<b>9,873,278</b>

a.2) 31 December 2018:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	24,938	36,896	1,635,517	108,563	6,507	1,967	-	1,814,388
Foreign Currency Deposits	315,403	287,300	3,946,995	68,698	16,337	4,487	-	4,639,220
Residents in Turkey	302,244	284,863	3,837,081	63,256	4,637	515	-	4,492,596
Residents Abroad	13,159	2,437	109,914	5,442	11,700	3,972	-	146,624
Public Sector Deposits	7,544	-	-	-	-	-	-	7,544
Commercial Deposits	33,478	26,058	125,273	37,862	-	-	-	222,671
Other Ins. Deposits	4,036	42	11,716	30	41	1	-	15,866
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	52,774	1,269,779	-	-	-	-	-	1,322,553
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	1,775	1,269,779	-	-	-	-	-	1,271,554
Foreign Banks	50,999	-	-	-	-	-	-	50,999
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>438,173</b>	<b>1,620,075</b>	<b>5,719,501</b>	<b>215,153</b>	<b>22,885</b>	<b>6,455</b>	<b>-</b>	<b>8,022,242</b>

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

b) Information on Deposit Insurance:

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

Saving Deposits	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
	31 March 2019	31 March 2019
Saving Deposits	718,858	834,349
Foreign Currency Savings Deposits	361,823	2,046,584
Other Saving Deposits	-	-
Foreign branches’ Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
<b>Total</b>	<b>1,080,681</b>	<b>2,880,933</b>

Saving Deposits	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
	31 December 2018	31 December 2018
Saving Deposits	807,156	1,005,237
Foreign Currency Savings Deposits	272,089	1,283,059
Other Saving Deposits	-	-
Foreign branches’ Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
<b>Total</b>	<b>1,079,245</b>	<b>2,288,296</b>

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

b.3) The Group has saving deposits not covered by deposit insurance amounting to TL 7,936 (31 December 2018: TL 5,588).

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

	31 March 2019	31 December 2018
Deposits and Other Accounts at Foreign Branches	-	-
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Care	-	-
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children under Their Care	7,936	5,588
Deposits and Other Accounts linked to Crimes Mentioned in 282 <sup>nd</sup> Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey	-	-

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

##### 2. Information on derivative financial liabilities held for trading:

Negative differences table for derivative financial liabilities at fair value through profit or loss:

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Forwards Transactions	189	-	4	-
Swaps Transactions	-	2,051	745	373
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>189</b>	<b>2,051</b>	<b>749</b>	<b>373</b>

##### 3. Information on funds borrowed:

###### a) Information on banks and other financial institutions:

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks and Institutions	1,516	-	1,527	-
Foreign Banks, Institutions and Funds	1,184,188	4,171,544	1,161,228	2,919,795
<b>Total</b>	<b>1,185,704</b>	<b>4,171,544</b>	<b>1,162,755</b>	<b>2,919,795</b>

###### b) Contractual maturities of funds borrowed:

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Short-Term	1,185,704	833,579	1,162,755	792,471
Medium and Long-Term	-	3,337,965	-	2,127,324
<b>Total</b>	<b>1,185,704</b>	<b>4,171,544</b>	<b>1,162,755</b>	<b>2,919,795</b>

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

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

##### 4. Information on other external liabilities:

Other liabilities amount to TL 1,382,499 (31 December 2018: TL 553,719) on the balance sheet and do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

##### 5. Information on lease payables:

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Less than 1 Year	1,724	-	-	-
Between 1-4 Years	11,338	-	-	-
More Than 4 Years	66,190	-	-	-
<b>Total</b>	<b>79,252</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

The Group does not have any derivative financial instruments for hedging purposes.

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

##### 7. Information on provisions:

###### a) Information on reserve for employee rights:

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

The indemnity payable is one month's salary for each year of service and as of 31 March 2019, this amount is restricted with TL-full 6,017.60 (31 December 2018: TL-full 5,434.42). 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.

	31 March 2019	31 December 2018
Discount Ratio (%)	4.11	4.11
Expected Salary/ETI Liability Ceiling Increase Rate (%)	9.50	9.50
Rate for the Probability of Retirement (%)	93.00	93.00

Movement of ETI liability is as below:

	31 March 2019	31 December 2018
Balance at Prior Period End	12,183	10,735
Current year provisions	2,025	3,706
Paid in current year	(761)	(2,258)
<b>Balance at Current Period End</b>	<b>13,447</b>	<b>12,183</b>

As at 31 March 2019, the Group has vacation pay liability amounting TL 6,029 (31 December 2018: TL 5,734).

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

As at 31 March 2019, there is no foreign exchange differences on foreign currency indexed loans (31 December 2018: 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 March 2019, the Group has provision amounting to TL 3,528 (31 December 2018: TL 2,964) for non-cash loans and irrevocable commitments that are not indemnified and not converted into cash amounting to TL 7,305 (31 December 2018: TL 6,060).

###### 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 March 2019, the Parent Bank has provision for credit card service promotions amounting TL 90 (31 December 2018: TL 91).

d.3) Information on other provisions:

As at 31 March 2019, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 12,409 (31 December 2018: TL 12,515).

As at 31 March 2019, there is provision for personnel bonus amounting TL 2,444 (31 December 2018: TL 23,244).

As at 31 March 2019, TL 19,756 has been provided for non-cash loans (31 December 2018: TL 5,737).

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

#### 8. Information on Tax Liabilities:

a) Information on current tax liability: As at 31 March 2019, corporate taxes payable of the Group after deductions of prepaid taxes is TL 28,180 (31 December 2018: TL 18,001).

b) Information on taxes payable:

	31 March 2019	31 December 2018
Corporate taxes payable	28,180	18,001
Taxation on securities	7,500	5,391
Property Tax	290	256
Booking and Insurance Transaction Tax (BITT)	3,630	2,976
Foreign Exchange Tax	-	-
Value added tax payable	1,723	744
Other	5,963	8,892
<b>Total</b>	<b>47,286</b>	<b>36,260</b>

c) Information on premiums payable:

	31 March 2019	31 December 2018
Social security premiums- employee	2,419	1,009
Social security premiums- employer	2,713	1,135
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	152	62
Unemployment insurance- employer	304	124
Other	-	1
<b>Total</b>	<b>5,588</b>	<b>2,331</b>

d) Information on deferred tax liabilities:

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

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

There are no payables for assets held for sale and discontinued operations.

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

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital borrowing instruments	-	-	-	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Debt instruments to be included in the contribution capital calculation	-	1,682,738	-	1,579,084
Subordinated Loans <sup>(1)</sup>	-	1,682,738	-	1,579,084
Subordinated Debt Instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,682,738</b>	<b>-</b>	<b>1,579,084</b>

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



## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

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

	31 March 2019	31 December 2018
Common Stock	860,000	860,000
Preferred Stock	-	-

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

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

	31 March 2019		31 December 2018	
	TL	FC	TL	FC
From investment in associates, subsidiaries and joint ventures	-	-	-	-
Revaluation difference	(36,361)	(36,311)	(51,945)	(31,288)
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>(36,361)</b>	<b>(36,311)</b>	<b>(51,945)</b>	<b>(31,288)</b>

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

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

###### i) Explanations on the Parent Bank's 2018 profit distribution:

At the Ordinary General Assembly Meeting of the Parent Bank held on 29 March 2019, the remaining TL 62,069 of the net income after the net tax for the year 2018 is used for calculation of legal reserve of 5% of with amount of TL 3,103 in accordance with the TCC 519/1 and the remaining TL 58,966 to be transferred to extraordinary reserves.

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

### III. Explanations and Footnotes on Consolidated Off-Balance Sheet Items

#### 1. Explanation on off-balance sheet items:

##### a) Type and amount of irrevocable commitments:

	31 March 2019	31 December 2018
Forward purchase and sale commitments	48,300	112,551
Commitment for use guaranteed credit allocation	29,701	29,325
Credit cards limit commitments	76,198	73,480
Payment commitments for cheques	9,338	7,720
Credit card commitments given with applications for promotion	193	199
Tax and fund obligations arising from export commitments	3	6
Other irrevocable commitments	1,344	7,105
<b>Total</b>	<b>165,077</b>	<b>230,386</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 March 2019	31 December 2018
Letters of guarantee	2,034,889	2,040,443
Bank acceptance loans	-	-
Letters of credit	393,379	217,850
Other guarantees	2,033,308	112,889
<b>Total</b>	<b>4,461,576</b>	<b>2,371,182</b>

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

	31 March 2019	31 December 2018
Non-Cash Loans Given for Cash Loan Risks	109,597	166,824
With Original Maturity of 1 Year or Less	71,335	108,737
With Original Maturity of More Than 1 Year	38,262	58,087
Other Non-Cash Loans	4,351,979	2,204,358
<b>Total</b>	<b>4,461,576</b>	<b>2,371,182</b>

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

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

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

#### 1. Information on Interest Income:

a) Information on interest income received from loans:

	31 March 2019		31 March 2018	
	TL	FC	TL	FC
Interest income received from loans <sup>(1)</sup>				
Short Term Loans	19,634	1,918	54,171	1,150
Medium and Long Term Loans	72,179	115,730	71,153	38,479
Loans Under Follow-Up	4,032	-	726	-
Source Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>95,845</b>	<b>117,648</b>	<b>126,050</b>	<b>39,629</b>

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

b) Information on interest income received from banks:

	31 March 2019		31 March 2018	
	TL	FC	TL	FC
From CBRT	-	-	-	-
From Domestic Banks	540	18,345	21	1,387
From Foreign Banks	-	1,955	-	260
From Foreign Offices and Branches	-	-	-	-
<b>Total</b>	<b>540</b>	<b>20,300</b>	<b>21</b>	<b>1,647</b>

c) Information on interest income received from securities portfolio:

	31 March 2019		31 March 2018	
	TL	FC	TL	FC
Financial Assets At Fair Value Through Profit Or Loss	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	206	13,482	32,671	10,909
Financial Assets Measured at Amortized Cost	15,551	14,542	7,308	4,196
<b>Total</b>	<b>15,757</b>	<b>28,024</b>	<b>39,979</b>	<b>15,105</b>

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

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

#### 2. Information on Interest Expense:

a) Information on interest expense related to funds borrowed:

	31 March 2019		31 March 2018	
	TL	FC	TL	FC
Banks <sup>(1)</sup>				
Central Bank of The Republic of Turkey	-	-	-	-
Domestic Banks	23	-	80	40
Foreign Banks	22,960	45,140	-	43,267
Foreign Branches and Offices Abroad	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>22,983</b>	<b>45,140</b>	<b>80</b>	<b>43,307</b>

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

b) Information on interest expense paid to associates and subsidiaries: None.

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

d) Maturity structure of the interest expense on deposits:

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

31 March 2019		Time Deposits						Cumulative Deposits	Total
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over			
TL									
Bank Deposits	-	2,489	-	-	-	-	-	2,489	
Saving Deposits	-	2,370	80,475	5,414	310	101	-	88,670	
Public Sector Deposits	-	-	-	-	-	-	-	-	
Commercial Deposits	-	3,160	11,642	562	-	-	-	15,364	
Other Deposits	-	2	1,009	2	1	-	-	1,014	
<b>Total</b>	-	<b>8,021</b>	<b>93,126</b>	<b>5,978</b>	<b>311</b>	<b>101</b>	-	<b>107,537</b>	
Foreign Currency									
Foreign Currency Deposits	-	652	43,289	510	68	34	-	44,553	
Bank Deposits	-	4,005	-	-	-	-	-	4,005	
Precious Metal Deposits	-	-	-	-	-	-	-	-	
<b>Total</b>	-	<b>4,657</b>	<b>43,289</b>	<b>510</b>	<b>68</b>	<b>34</b>	-	<b>48,558</b>	
<b>Grand Total</b>	-	<b>12,678</b>	<b>136,415</b>	<b>6,488</b>	<b>379</b>	<b>135</b>	-	<b>156,095</b>	

31 March 2018		Time Deposits						Cumulative Deposits	Total
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over			
TL									
Bank Deposits	-	1	-	-	-	-	-	1	
Saving Deposits	-	398	41,341	970	73	-	-	42,782	
Public Sector Deposits	-	-	-	-	-	-	-	-	
Commercial Deposits	-	1,374	9,656	24	-	-	-	11,054	
Other Deposits	-	1	452	-	1	-	-	454	
<b>Total</b>	-	<b>1,774</b>	<b>51,449</b>	<b>994</b>	<b>74</b>	-	-	<b>54,291</b>	
Foreign Currency									
Foreign Currency Deposits	-	102	13,343	149	42	25	-	13,661	
Bank Deposits	-	-	-	-	-	-	-	-	
Precious Metal Deposits	-	-	-	-	-	-	-	-	
<b>Total</b>	-	<b>102</b>	<b>13,343</b>	<b>149</b>	<b>42</b>	<b>25</b>	-	<b>13,661</b>	
<b>Grand Total</b>	-	<b>1,876</b>	<b>64,792</b>	<b>1,143</b>	<b>116</b>	<b>25</b>	-	<b>67,952</b>	

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

	31 March 2019	31 March 2018
<b>Profit</b>	<b>147,277</b>	<b>138,318</b>
Capital Market Gains	3,213	3,119
Derivative Gains	76,616	77,931
Foreign Exchange Gains	67,448	57,268
<b>Loss (-)</b>	<b>133,452</b>	<b>170,646</b>
Capital Market Losses	-	-
Derivative Losses	70,866	56,794
Foreign Exchange Losses	62,586	113,852

Net profit related to derivative transactions resulting from foreign currency rate changes is amounting to TL 7,011 (2018: TL 96,693 net profit).

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

“Other operating income” in the profit or loss statement amounting to TL 4,339 (31 March 2018 - TL 1,395) consists of collections from prior years' provision and TL 2,310 portion (2018 - TL 3,353) of income on project appraisals.

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

	31 March 2019	31 March 2018
Allowance for expected credit losses	35,378	2,251
12-Month expected credit losses (Stage 1)	22,176	-
Significant increase in credit risk (Stage 2)	10,146	565
Credit-Impaired (Stage 3)	3,056	1,686
Impairment provisions for financial assets	-	-
Financial assets at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	-	-
Impairment provisions related to investments in associates, subsidiaries and joint ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	-
<b>Total</b>	<b>35,378</b>	<b>2,251</b>

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

	31 March 2019	31 March 2018
Reserve for Employee Termination Indemnities and Vacation Pay	1,266	850
Reserve for Bank’s Social Aid Fund Deficit	-	-
Impairment of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	7,107	1,710
Impairment of Intangible Assets	-	-
Impairment of Goodwill	-	-
Amortization Expenses of Intangible Assets	1,081	528
Impairment of Investments in Associates	-	-
Impairment of Assets to be Disposed of	-	-
Depreciation of Assets to be Disposed of	18	109
Impairment of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	12,919	14,877
TFRS 16 Exceptions for Operational Leases	1,216	6,720
Repair and Maintenance	3,125	1,617
Advertising	121	41
Other Expenses	8,457	6,499
Loss on Sale of Assets	6	-
Other <sup>(1)</sup>	8,747	8,330
<b>Total</b>	<b>31,144</b>	<b>26,404</b>

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

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

Profit before taxes for continued operations is TL 53,407 (31 March 2018 - TL 44,051 profit before tax). Profit before taxes consists of net interest income amounting to TL 103,086 (31 March 2018 - TL 109,923), net fees and commission income amounting to TL 23,377 (31 March 2018 - TL 8,627) and other operating expenses amounting to TL 31,144 (31 March 2018 - TL 26,405).

#### 8. Taxes on income from continued and discontinued operations:

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

Current tax expenses belonging to period ending on 31 March 2019 is TL 31,896 (2018 - TL 2,267).

There is a deferred tax expense on 31 March 2019 amounting to TL 25,634 (2018 - TL 8,551) related with the reversal of the temporary differences and deferred tax income amounting to TL 41,020 (2018 - TL 4,199).

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

Temporary differences amounting to TL 25,634 (2018– TL 8,551 deferred tax expense) for the period ended 31 March 2019 deferred tax expense and deferred tax income amounting to TL 41,020 (2018– TL 4,199) are included.

Additionally, for the period ended 31 March 2019, the current tax effect amounting to TL (8,096) and deferred tax effect amounting to TL 5,492, on an aggregate TL 2,604 tax effect (2018: TL 1,091 current and TL 3,524 is deferred tax effect total TL 4,615) which are related to transactions recognized under equity is accounted under equity accounts.

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

For the period ended 31 March 2019, the deferred tax expense arising from the origination of temporary differences amounts TL 25,634 (2018 - TL 8,551 deferred tax expense) and there is deferred tax income amounting TL 41,020 on 31 March 2019 (2018 - TL 4,199 deferred tax income). There is no deferred tax income from financial loss as of 31 March 2019 (2018- None).

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

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

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

Net profit from continued operations is TL 36,897 (31 March 2018- TL 37,432 net profit).

##### 10. Information on net profit and loss:

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

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

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

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

### V. Explanations on the Parent Bank’s Risk Group

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

a) 31 March 2019:

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	1	2	-	259,363	25	-
Balance at the End of the Period	-	-	-	214,661	36	-
Interest and Commission Income Received	-	-	-	-	-	-

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

The Parent Bank has TL 18,551 placements in its risk group banks as at 31 March 2019 (31 December 2018: TL 19,259). Also the Parent Bank has TL 133 irrevocable commitment in its risk group as at 31 March 2019 (31 December 2018: TL 93).

b) 31 December 2018:

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	-	-	548,329	168,694	88	-
Balance at the End of the Period	1	2	-	259,363	25	-
Interest and Commission Income Received	-	-	2,597	-	-	-

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

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

Current Period Parent Bank’s Risk Group <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		3		31,221		992
Balance at the End of the Period		3,426		189		945
Interest on Deposits		-		-		17

<sup>(1)</sup> As described in the 2<sup>nd</sup> 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		-		70,367		519
Balance at the End of the Period		3		31,221		992
Interest on Deposits		-		-		33

<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 5,355,732 as at 31 March 2019 (31 December 2018 - TL 3,815,471).

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

None (31 December 2018 - None).



## **ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019**

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

#### **V. Explanations on the Parent Bank’s Risk Group (Continued)**

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

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

In the Group’s transactions with its risk group, pricing policy and other matters are determined and applied at market conditions. As at 31 March 2019, proportion of cash loans to risk group in total cash loans is 0.0005% (31 December 2018: 0.0004%) and proportion of deposits from its risk group in total deposits is 0.01% (31 December 2018: 0.4%). Proportion of borrowings from its risk group in total funds borrowed is 100% (31 December 2018: 93.5%).

In the current period, benefits provided to the Group’s key management amount to TL 5,867 (2018 - TL 4,570).

#### **VI. Explanation and Footnotes on Subsequent Events**

None.

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2019**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated)

**SECTION SIX**

**Explanations on the Auditors’ Review Report**

**I. Explanations on the Auditors’ Review Report**

The consolidated financial statements of the Parent Bank and its subsidiary as at and for the three-month period ended 31 March 2019 have been reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member of KPMG International Cooperative, a Swiss entity) and the Auditors’ Review Report dated 25 April 2019 is presented in the introduction of this report.

**II. Explanation and Footnotes prepared by the independent auditors**

None.

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2019**

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

**SECTION SEVEN**

**INTERIM ACTIVITY REPORT**

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

The consolidated financial statements and consolidated board of directors’ report of our Bank “ICBC Turkey Bank A.Ş.” as at 31 March 2019 are examined by us.

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

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

Best Regards,

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XIANGYANG GAO

Chairman of Board of Directors

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PEIGUO LIU

Chairman of Audit Committee  
And Member of Board of  
Directors

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YING WANG

Member of Board of Directors  
and Member of Audit Committee

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SHAOXIONG XIE

General Manager and Member of  
Board of Directors

---

JINHONG LI

Deputy General Manager  
Responsible for Financial  
Reporting, Operations and Legal  
Consultancy Group

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

### II. General Information

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

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

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

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

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

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

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

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

ICBC was established in 1984 in the People's Republic of China. It offers clients a wide range of financial products and services. ICBC has established an international and integrated business model in cross-markets. ICBC's shares were simultaneously listed on both on the Hong Kong Stock Exchange and the Shanghai Stock Exchange in October 2006. After the years of international development, by the first interim of 2018, ICBC operations spread to six continents covering 42 countries and regions. With a widespread global coverage network, ICBC has established an extensive network of national and international organizations and correspondent banks around the world and an e-banking network consisting of a wide range of internet and telephone banking services and self-service banking centers, 5,784 thousand corporate clients and 530 million personal customers provide comprehensive financial products and services. The banking authority in the People's Republic of China is supervised and regulated by the China Banking Regulatory Commission (CBRC).

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

The Bank conducts its operations through its Headquarters located in Istanbul and 44 branches nationwide. Aside from its branches, the Bank also provides banking services through its online retail and corporate branches. On the other hand, capital markets and investment banking services are provided by ICBC Turkey Yatırım Menkul Değerler A.Ş., of which 99.9% is owned by the Bank.

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

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

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

### II. General Information (Continued)

#### 2. Capital and Shareholder Structure

The shareholder structure of the Bank as at 31 March 2019 is as follows:

<b>Name of the Shareholder - March 2019</b>	<b>Shareholding Amount (Full TL)</b>	<b>Percentage (%)</b>
Industrial and Commercial Bank of China Limited (ICBC)	798,428,227	92.84
Publicly Traded	61,571,773	7.16
<b>Grand Total</b>	<b>860,000,000</b>	<b>100.00</b>

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

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

#### 3. Amendments in Articles of Association During the Period

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

#### 4. Chairman and the Member of the Board of Directors

<b>Name and Surname</b>	<b>Position and Areas of Responsibility</b>
Xiangyang Gao	Chairman of the Board of Directors, Chairman of the Credit Committee
Shaoxiong Xie	General Manager, Member of the Board of Directors, Vice Chairman of the Credit Committee
Peiguo Liu	Chairman of the Audit Committee, Member of the Board of Directors, Member of the Credit Committee
Jianfeng Zheng	Member of the Board of Directors, Member of the Corporate Governance Committee, Member of the Remuneration Committee, Substitute Member of the Credit Committee
Ying Wang	Independent Member of the Board of Directors, Member of Audit Committee, Chairman of the Remuneration Committee, Substitute Member of the Credit Committee
Mehmet Hilmi Güler	Independent Member of Board of Directors, Chairman of the Corporate Governance Committee

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

<b>Name and Surname</b>	<b>Position and Areas of Responsibility</b>
Shaoxiong Xie	General Manager - Member of the Board of Directors
Jinhong Li	Deputy General Manager - Assistant General Manager - Financial Affairs, Operations and Legal Consultancy Group
Yubao Chen	Deputy General Manager - Assistant General Manager - Cross Border Finance, Corporate and Commercial Banking Group
Hüseyin H.İmece	Assistant General Manager - Treasury and Investor Relations Group
Bozok Evrenosoğlu	Assistant General Manager - Loans Group
D.Halit Döver	Assistant General Manager - International Relations Group
Kadir Karakurum	Assistant General Manager - Retail Banking Group

## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

#### II. General Information (Continued)

##### 6. Information Regarding the Subsidiaries and Affiliates

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

ICBC Turkey Yatırım Menkul Değerler A.Ş. was incorporated in 1996 in Istanbul. The Company conducts capital market transactions within the scope of the Capital Markets Law and the related legislation provisions. ICBC Yatırım acts as an intermediary in providing capital markets products and offers alternatives in investment funds with different risk and return categories and portfolio management services. It creates financing solutions for its corporate customers by issuance of private sector bonds and commercial papers and prepares the ground for the investors and the corporations to meet through the IPO operations. ICBC Turkey Yatırım, providing daily and weekly reports and stock analyses for its customers prepared by its experienced research team, helps a wider range of customers via 21 branches.

#### III. Financial Information and Evaluations

##### 1. Consolidated Financial Figures:

Financial Figures (TL Million)	Current period	Prior period	%
Total Assets	20,217	15,852	28%
Deposits	9,873	8,022	23%
Loans <sup>(1)</sup>	10,093	7,875	28%
Shareholders' Equity	1,214	1,167	4%
Profit / (Loss)	36.9	37.4	(1)%

<sup>(1)</sup> Loans classified as financial assets at fair value through profit or loss are included.

Financial Ratios %	31 March 2019	31 December 2018	%
Return on Assets	0.8	0.3	219%
Return on Equity	12.4	3.3	277%
Capital Adequacy Ratio	20.7	30.2	(31)%
Loans/ Total Assets <sup>(1)</sup>	49.9	49.7	(0.5)%
Deposits/ Total Assets	48.8	50.6	(3)%
NPL Ratio	1.1	1.2	(6)%

<sup>(1)</sup> Loans classified as financial assets at fair value through profit or loss are included.

##### Five Years Summary Financial Information:

TL Thousand	31 March 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
Total Assets	20,217,048	15,852,490	13,315,560	8,308,619	6,670,222
Total Deposits	9,873,278	8,022,242	3,273,860	2,850,077	2,134,512
Total Loans <sup>(1)</sup>	10,092,783	7,874,592	7,680,821	5,098,106	4,150,620
Shareholders' Equity	1,214,027	1,166,569	1,112,294	607,007	597,194
Profit/ (Loss)	36,897	37,432	48,283	18,749	(13,542)

<sup>(1)</sup> Loans classified as financial assets at fair value through profit or loss are included.

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2019**

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

**III. Financial Information and Evaluations (Continued)**

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

In the first quarter of the year, concerns about global economy have risen. The IMF has drawn attention to the negative impact of increasing protective policies and ongoing trade negotiations on global economic activity and revised global growth forecast down. Emergence of worries over the sustainability of previous year’s growth performance in the US led the Fed to pause its steps towards monetary tightening. Trade measures and political uncertainty started to put a strain on Euro zone economy.

In line with the slowdown in economic activity, European Central Bank delayed its plans to tighten its policy and launched new programs to accommodate economic activity. The continuation of looser monetary policy by developed countries’ central banks allowed global financial markets to perform well. In the remainder of the year, global trade negotiations could be expected to continue to weigh in on global economy and financial markets. In Turkey, the impact of slowdown, which started in the second half of 2018, continued to be observed, albeit at a relatively lower magnitude. In line with the slowdown in economic activity, a relative improvement in inflation rate and a sharp narrowing in the country’s current account deficit were observed. The performance in the financial markets was positive in line with global developments earlier in the quarter. As political uncertainty and geopolitical risks increased towards the end of the quarter, Turkish assets were negatively differentiated from the global trend. Steps towards achieving the targets set in the New Economic Plan could provide a window for a period of rebalancing and improving internal and external vulnerabilities at a time of economic slowdown.

In line with the ICBC Group targets, ICBC Turkey successfully implemented the globalization strategy” connecting Europe to Asia by creating the basis for local regions and influencing the surrounding regions”. In line with this strategy, our bank continued to support the real sector and projects in Turkey, which is located in the center of connection ways of the world. ICBC Turkey’s managerial development and internal control practices continued to strengthen and the Bank’s core business activities continued to grow in a positive direction. Since the end of March ICBC Turkey’s total solo assets have exceeded TL 20 billion and consolidated profit after tax reached TL 36.9 million, NPL ratio is 1.1% and it is below the sector average. At the same time, ICBC Turkey has continued to successfully increase its marketing activities for prestigious corporate customers and large projects.

ICBC Turkey attaches great importance to risk analysis and risk scenarios in an operating environment where exchange rate, interest rate, credit and liquidity risks and uncertainties are increasing. Under higher risk control requirements, our bank will further improve internal audit and risk management. Thanks to our prudent approach, it is aimed that the required support will be provided for the projects which will be highly contribute to Turkey’s economy. ICBC Turkey wants to improve the business volume, income per capita and income per each branch in 2019 with the support of the capital increase. ICBC Turkey will endeavor to increase the ranking of ICBC among other overseas units and to increase the competitiveness of the bank in the local sector.

Sincerely yours,

XIANGYANG GAO

Chairman of the Board of Directors

**ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2019**

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

**III. Financial Information and Evaluations (Continued)**

**3. Letter from the General Manager**

Esteemed shareholders of our Bank,

The challenging environment for Turkish banking sector continued in the first quarter of 2019. The slowdown in asset growth decelerated and growth rate turned to positive towards the end of the quarter. Non-performing loans increased driven by the slowdown in economic activity. Whilst the NPL ratio in the sector increased, ICBC Turkey managed to reduce its NPL ratio thanks to its prudent approach and maintained the improvement in this indicator.

Annual inflation continued to remain at elevated levels, albeit a retreat from its peak in 2018. In turn, CBRT maintained its tight monetary stance, leading to a crunch in financial conditions. In order to achieve price stability, maintaining tight monetary stance until a considerable improvement in inflation is observed will be crucial. Easing financial condition after a lasting downward trend in inflation will contribute significantly to accomplishing a long term and sustainable recovery in both the economy and the banking sector.

It is evident that Turkish banking sector has the expertise and the capital structure to weather through the period of slowdown and continue to support the real sector. In this period, policymakers have provided the necessary support by implementing short and long-term measures at moment of need.

On top of the sector’s solid infrastructure, ongoing efforts and investment into digitalization have played a crucial role in offering tailor made products to clients, whenever and wherever they may need them. ICBC Turkey’s move into mobile banking strengthened our communication with our clients. We continued to adopt our policies and deliver our products making full use of the infrastructure provided by ICBC’s global network, so that the needs of our partners within the financial sector and the real sector as well as our clients will be met.

Our focus continued to be responsible and sustainable growth. To that aim, by making full use of our expert staff in Turkey and the wider ICBC global network, we continued to present the investment opportunities in Turkey to the investor community. We kept on financing projects, ideas and initiatives that could enable the development of the country.

We maintained our mission to improve Turkey – China relationship and strengthen the ties between two countries in addition to our role of supporting Turkish economy as a financial institution. High-level visits between China and Turkey have been frequent over the recent several years, and a high-level cooperation and negotiation mechanism has been established.

2018 has been a year of high volatility and economic slowdown. The repercussions of these developments continued to be observed in 2019. Stronger coordination between the economy administration and the banking sector will enable the rebalancing period to be a period where Turkey’s internal and external vulnerabilities are improved. We will act by keeping in mind our responsibility to our partners in financial and real sector as well as our clients. We will promote the brands that are Turkey and ICBC and create value for our stakeholders.

Sincerely yours,

SHAOXIONG XIE

General Manager



## ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

#### III. Financial Information and Evaluations (Continued)

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

Based on the comparison of the Bank's position in sector with data in "Daily Banking Sector Report" (as at December 2018 and February 2019) announced by Banking Regulation and Supervision Agency (BRSA);

- Cash and Balances with CBRT decreased in the sector by 0.1%, at bank decreased by 17.2%.
- Securities increased in the sector by 9.9%, at bank decreased by 1.2%.
- Loans increased by 1.5%, at bank increased by 28.3%. (Loans classified as financial assets at fair value through profit or loss included)
- NPLs (gross) increased by 13.9%, at bank decreased by 2.3%.
- Total deposits of the sector increased by 5.1% and total deposits of bank increased by %22.9 (included bank deposits)
- Total non-cash loans of the sector decreased by 0.4%, bank's total non-cash loans increased by 88.2%.

TL Million	31 March 2019		31 December 2018		Change %	
	ICBC Turkey	Sector <sup>(1)</sup>	ICBC Turkey	Sector	ICBC Turkey	Sector <sup>(1)</sup>
Cash and Balances with CBRT	1,496	223,804	1,807	223,971	(17.2)%	(0.1)%
Placement to Banks	3,597	180,157	2,023	183,366	77.8%	(1.7)%
Securities Portfolio	3,814	519,989	3,860	473,219	(1.2)%	9.9%
Loans <sup>(2)</sup>	10,048	2,421,634	7,829	2,385,194	28.3%	1.5%
Loans (including NPL)	10,062	2,454,519	7,844	2,413,211	28.3%	1.7%
NPL (Gross)	91	103,904	93	91,845	(2.3)%	13.1%
Provisions for NPLs	77	71,018	78	63,828	(2.4)%	11.3%
Total Deposits and Funds	10,084	2,096,705	8,208	1,995,199	22.9%	5.1%
Non-cash Loans	4,462	779,301	2,371	782,122	88.2%	(0.4)%
<b>Total Assets</b>	<b>20,217</b>	<b>3,935,955</b>	<b>15,525</b>	<b>3,842,639</b>	<b>22.6%</b>	<b>2.4%</b>

<sup>(1)</sup> The data is taken from the Monthly Sector Bulletin of the BRSA dated 29 March 2019 for February end 2019.

<sup>(2)</sup> Loans classified as financial assets at fair value through profit or loss are included for.

Comparison of Sector	31 March 2019		31 December 2018		Change %	
	ICBC Turkey	Sector <sup>(1)</sup>	ICBC Turkey	Sector	ICBC Turkey	Sector <sup>(1)</sup>
Total Loans/Total Assets <sup>(2)</sup>	50%	62%	50%	62%	4.7%	(0.9)%
Total Deposits/Total Liabilities	53%	53%	53%	52%	0.2%	2.6%
Securities/ Total Assets	20%	13%	25%	12%	(19.4)%	7.3%
NPL Ratio	1%	4%	1%	4%	(23.7)%	11.0%
Liquid Values/ Total Assets	27%	10%	25%	11%	8.5%	(3.2)%
Non-cash Loans/ Total Cash Loans	30%	32%	44%	32%	46.7%	(2.0)%

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

<sup>(2)</sup> Loans classified as financial assets at fair value through profit or loss are included.

# ICBC TURKEY BANK A.Ş. AND ITS SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2019

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

### III. Financial Information and Evaluations (Continued)

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

According to Bank’s consolidated financial statements as at March 2019 prepared in accordance with the regulations of Banking Regulation and Supervision Agency;

- Consolidated total assets reached TL 20.2 billion.
- Total consolidated loans (including loans classified as financial assets at fair value through profit or loss) reached TL 10.9 billion while the share in the balance sheet was realized as 50%.
- Total consolidated deposits are TL 9.9 billion.
- Consolidated deposits’ share in consolidated total assets is 48.8%.
- Consolidated net profit of the first three-month of 2019 is realized as TL 36.9 million.
- Consolidated return on assets was 0.3% at the end of 2018, 0.8% for the current period. Consolidated return on equity reached 12.4% in the current period from 3.3% at the end of 2018.
- Consolidated capital adequacy ratio is realized as 20.7%.

#### 6. Explanations about Bank’s Credit Ratings

International Credit Rating Agency, Fitch Ratings confirmed the outlook rating of ICBC Turkey Bank as “Stable” as of 23 October 2018.

<b>International Rating Institution- Fitch Ratings</b>	
Long-term foreign currency and credit notes denominated in TL	BB-, BB
National long-term credit rating	AA (tur)
Short-term foreign currency and credit notes denominated in TL	B
Support rating	3
Outlook	Stable

### IV. Information About Transactions of Bank with Risk Group

Bank’s relations with risk group covers all kind of banking transactions in accordance with Banking Law, within the framework of normal bank-customer relationship and market conditions. Detailed explanations in these transactions are at Section 5 and V. Footnote of “Consolidated Financial Statements to Be Announced to Public and Related Explanations and Footnotes with Auditors’ Review Report as at 31 March 2019”.

### V. Information on Risk Management Policies by Risk Types

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

### VI. Information Related to the Donations at the End of the Period

The information below is related to the donations as at 31 March 2019:

<b>Institutions (full TL)</b>	<b>Amount (TL)</b>
Türk Eğitim Vakfı	200
<b>Total</b>	<b>200</b>

### VII. Consolidated Auditors’ Review Report

ICBC Turkey’s all material disclosures to BIST, Consolidated Financial Statements, Explanations and Footnotes Related Thereon and the Auditors’ Review Report for the three-month period ended at 31 March 2019 are published under the “Financial Information” heading in the “Investor Relations” section of the Bank’s website addressed [www.icbc.com.tr](http://www.icbc.com.tr).