

(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 and Related Disclosures
As at and For Nine-Month Period Ended
30 September 2019**

With Auditors' Review Report Thereon

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

25 October 2019

*This report includes "Auditors' Review Report" comprising 2 pages
and; "Consolidated Financial Statements and Related Disclosures
and Footnotes" comprising 84 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 30 September 2019 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-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 30 September 2019 and of the results of its operations and its cash flows for the nine-month period then ended in all material respects 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 October 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.
NINE-MONTH CONSOLIDATED FINANCIAL REPORT AS AT 30 SEPTEMBER 2018

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

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

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

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

GAO XIANGYANG

Chairman of
Board of Directors

WANG YING

Member of Board
of Directors and
Audit Committee

CHEN YUBAO

General Manager (On
Behalf Of), Member
of Board of
Directors, Deputy
General Manager
Responsible for
Financial Control
Group

LIN PEIGUO

Chairman of Audit
Committee, Member
Of Board of Directors

HE YAFENG

Unit Manager

Contact information for questions on this financial report:

Name-Surname : He Yafeng
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Fax No : 0212 328 13 23



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ICBC TURKEY BANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 30 September 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 been decided to increase and the decision was registered by Istanbul 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 ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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
General Manager:	Jianfeng Zheng	Member of the Board of Directors	Graduate
	Mehmet Hilmi Güler ^(*)	Independent Member of the Board of Directors	Graduate
	Shaoxiong Xie	General Manager and Member of the Board of Directors	Graduate
Assistant General Managers:	Jinhong Li	Deputy General Manager - Financial Reporting, Operations and Legal Consultancy Group	Graduate
	Yubao Chen	Deputy General Manager - 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 Döğer	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

^(*) As of 25 October 2019, Mehmet Hilmi Güler resigned from his position, there has not been any appointment yet

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

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

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

As at 30 September 2019, the Parent Bank has 43 branches close to industrial zones of Turkey. The Parent Bank has 741 employees as at 30 September 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 30 September 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 ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 – 30 September 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 ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 30 SEPTEMBER 2019

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

ASSETS	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/09/2019			Audited RESTATEd PRIOR PERIOD ^(*) 31/12/2018		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		1,992,572	5,511,490	7,504,062	2,001,416	4,670,616	6,672,032
1.1 Cash and Cash Equivalents		1,220,970	4,411,327	5,632,297	878,850	3,271,010	4,149,860
1.1.1 Cash and Balances at Central Bank	(5.1.1)	206,275	1,582,999	1,789,274	529,798	1,277,101	1,806,899
1.1.2 Banks	(5.1.3)	2,735	2,840,797	2,843,532	339	2,000,440	2,000,779
1.1.3 Receivables from Money Markets		1,014,326	-	1,014,326	349,622	-	349,622
1.1.4 Expected Loss Provisions (-)		2,366	12,469	14,835	909	6,531	7,440
1.2 Financial Assets at Fair Value Through Profit or Loss		22,917	-	22,917	12,879	-	12,879
1.2.1 Public Debt Securities		-	-	-	-	-	-
1.2.2 Equity Securities		31	-	31	46	-	46
1.2.3 Other Financial Assets		22,886	-	22,886	12,833	-	12,833
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.4)	748,335	1,100,148	1,848,483	1,079,785	1,399,407	2,479,192
1.3.1 Public Debt Securities		748,335	568,510	1,316,845	1,079,785	518,314	1,598,099
1.3.2 Equity Securities		-	8,772	8,772	-	6,255	6,255
1.3.3 Other Financial Assets		-	522,866	522,866	-	874,838	874,838
1.4 Derivative Financial Assets	(5.1.2)	350	15	365	29,902	199	30,101
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		350	15	365	29,902	199	30,101
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		2,548,672	7,422,859	9,971,531	3,304,439	5,743,086	9,047,525
2.1 Loans	(5.1.5)	2,251,354	5,615,153	7,866,507	2,879,559	4,995,033	7,874,592
2.2 Receivables from Leasing Transactions	(5.1.10)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost	(5.1.6)	470,859	1,876,184	2,347,043	533,733	850,266	1,383,999
2.4.1 Public Debt Securities		470,859	1,043,477	1,514,336	533,733	459,739	993,472
2.4.2 Other Financial Assets		-	832,707	832,707	-	390,527	390,527
2.5 Allowance for Expected Credit Losses (-)		173,541	68,478	242,019	108,853	102,213	211,066
III. NON-CURRENT ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND RELATED TO DISCONTINUED OPERATIONS (Net)	(5.1.14)	-	-	-	-	-	-
3.1 Held for Sale		-	-	-	-	-	-
3.2 Held from Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-	-	-	-
4.1 Investments in Associates (Net)	(5.1.7)	-	-	-	-	-	-
4.1.1 Associates Accounted by Using Equity Method		-	-	-	-	-	-
4.1.2 Non-Consolidated Associates		-	-	-	-	-	-
4.2 Investments in Subsidiaries (Net)	(5.1.8)	-	-	-	-	-	-
4.2.1 Non-Consolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Non-Consolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Jointly Controlled Partnership (Joint Ventures) (Net)	(5.1.9)	-	-	-	-	-	-
4.3.1 Jointly Controlled Partnerships Accounted by Using Equity Method		-	-	-	-	-	-
4.3.2 Non-Consolidated Jointly Controlled Partnerships		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)		112,621	-	112,621	36,239	-	36,239
VI. INTANGIBLE ASSETS (Net)		8,281	-	8,281	8,171	-	8,171
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		8,281	-	8,281	8,171	-	8,171
VII. INVESTMENT PROPERTIES (Net)	(5.1.12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		14,462	-	14,462	-	-	-
IX. DEFERRED TAX ASSETS	(5.1.13)	30,916	-	30,916	44,596	-	44,596
X. OTHER ASSETS (Net)	(5.1.15)	39,611	2,257	41,868	41,061	2,866	43,927
TOTAL ASSETS		4,747,135	12,936,606	17,683,741	5,435,922	10,416,568	15,852,490

(*) 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 ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT 30 SEPTEMBER 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 30/09/2019			Audited RESTATEMENT PRIOR PERIOD ^(*) 31/12/2018		
			TL	FC	Total	TL	FC	Total
I.	DEPOSIT	(5 II 1)	3,150,331	6,600,796	9,751,127	2,282,066	5,740,176	8,022,242
II.	FUNDS BORROWED	(5 II 3)	3,976	3,783,723	3,787,699	1,162,755	2,919,795	4,082,550
III.	MONEY MARKET FUNDS		23,190	-	23,190	257,264	88,881	346,145
IV.	MARKETABLE SECURITIES (NET)		-	-	-	-	-	-
4.1	Bills		-	-	-	-	-	-
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	FUNDS		-	-	-	-	-	-
5.1	Borrowers' Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(5 II 2)	468	100	568	749	373	1,122
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		468	100	568	749	373	1,122
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	FACTORING PAYABLES		-	-	-	-	-	-
IX.	LEASE PAYABLES (Net)	(5 II 5)	79,369	-	79,369	-	-	-
X.	PROVISIONS	(5 II 7)	60,424	27,127	87,551	58,285	4,183	62,468
10.1	Provision for Restructuring		-	-	-	-	-	-
10.2	Reserves for Employee Benefits		20,894	-	20,894	17,917	-	17,917
10.3	Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.4	Other Provisions		39,530	27,127	66,657	40,368	4,183	44,551
XI.	CURRENT TAX LIABILITIES	(5 II 8)	24,284	-	24,284	38,591	-	38,591
XII.	DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XIII.	LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (NET)	(5 II 9)	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT	(5 II 10)	-	1,715,339	1,715,339	-	1,579,084	1,579,084
14.1	Loans		-	1,715,339	1,715,339	-	1,579,084	1,579,084
14.2	Other Debt Instruments		-	-	-	-	-	-
XV.	OTHER LIABILITIES	(5 II 4)	105,631	819,496	925,127	68,769	484,950	553,719
XVI.	SHAREHOLDERS' EQUITY	(5 II 11)	1,292,048	(2,561)	1,289,487	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		12,819	-	12,819	12,892	-	12,892
16.4	Other Accumulated Comprehensive Income that will be Reclassified in Profit or Loss		(10,582)	(2,561)	(13,143)	(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		101,620	-	101,620	130,817	-	130,817
16.6.1	Prior Years' Profit or Loss		48,863	-	48,863	47,268	-	47,268
16.6.2	Current Period Net Profit or Loss		52,757	-	52,757	83,549	-	83,549
16.7	Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES			4,739,721	12,944,020	17,683,741	5,066,336	10,786,154	15,852,490

^(*) 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 ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF OFF BALANCE SHEET ITEMS AS AT 30 SEPTEMBER 2019

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

	Footnotes (Section Five)	THOUSANDS OF TURKISH LIRA					
		Reviewed CURRENT PERIOD 30/09/2019			Audited PRIOR PERIOD 31/12/2018		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		819,663	4,964,395	5,784,058	861,082	2,733,144	3,594,226
I. GUARANTEES AND WARRANTIES	(5 III 1)	691,176	4,883,504	5,574,680	585,675	1,785,507	2,371,182
1.1 Letters of Guarantee		669,340	1,507,789	2,177,129	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		669,340	1,507,789	2,177,129	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		21,836	301,190	323,026	-	217,850	217,850
1.3.1 Documentary Letters of Credit		21,836	72,067	93,903	-	100,678	100,678
1.3.2 Other Letters of Credit		-	229,123	229,123	-	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		-	3,074,525	3,074,525	-	112,889	112,889
1.9 Other Warranties		-	-	-	-	-	-
II. COMMITMENTS	(5 III 1)	119,565	7,158	126,723	122,855	107,531	230,386
2.1 Irrevocable Commitments		119,565	7,158	126,723	122,855	107,531	230,386
2.1.1 Asset Purchase and Sales Commitments		2,829	7,158	9,987	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		30,153	-	30,153	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		7,917	-	7,917	7,720	-	7,720
2.1.8 Tax and Fund Liabilities from Export Commitments		3	-	3	6	-	6
2.1.9 Commitments for Credit Expenditure Limits		77,896	-	77,896	73,480	-	73,480
2.1.10 Commitments for Credit Cards and Banking Services Promotions		203	-	203	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		564	-	564	7,105	-	7,105
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		8,922	73,733	82,655	152,552	840,106	992,658
3.1 Derivative Financial Instruments Held for Hedging		-	-	-	-	-	-
3.1.1 Fair Value Hedges		-	-	-	-	-	-
3.1.2 Cash Flow Hedges		-	-	-	-	-	-
3.1.3 Hedges for Investment Made in Foreign Countries		-	-	-	-	-	-
3.2 Trading Transactions		8,922	73,733	82,655	152,552	840,106	992,658
3.2.1 Forward Foreign Currency Purchase and Sale Transactions		8,922	50,727	59,649	43,282	43,200	86,482
3.2.1.1 Forward Foreign Currency Purchase Transactions		3,476	26,292	29,768	42,372	1,308	43,680
3.2.1.2 Forward Foreign Currency Sale Transactions		5,446	24,435	29,881	910	41,892	42,802
3.2.2 Currency and Interest Rate Swaps		-	23,006	23,006	109,270	786,850	896,120
3.2.2.1 Currency Swap Purchase Transactions		-	11,480	11,480	-	460,472	460,472
3.2.2.2 Currency Swap Sale Transactions		-	11,526	11,526	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. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		13,163,636	27,376,787	40,540,423	10,855,685	23,103,018	33,958,703
IV. ITEMS HELD IN CUSTODY		5,439,288	4,355,421	9,794,709	5,245,377	4,292,713	9,538,090
4.1 Assets Under Management		-	-	-	-	-	-
4.2 Securities Held in Custody		1,481,396	17,914	1,499,310	1,486,234	15,833	1,502,067
4.3 Checks Received for Collection		28,879	11,317	40,196	51,270	9,844	61,114
4.4 Commercial Notes Received for Collection		3,663	10,936	14,599	7,593	7,573	15,165
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Securities Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		3,924,214	4,310,444	8,234,658	3,694,639	4,257,204	7,951,843
4.8 Custodians		1,136	4,810	5,946	5,642	2,259	7,901
V. PLEDGED ITEMS		7,724,348	23,021,366	30,745,714	5,610,308	18,810,305	24,420,613
5.1 Marketable Securities		12,895	-	12,895	18,426	-	18,426
5.2 Guarantee Notes		921	57	978	921	53	974
5.3 Commodity		71,230	62,993	134,223	71,445	262,792	334,237
5.4 Warrant		-	-	-	230	-	230
5.5 Immovables		3,307,220	14,519,401	17,826,621	3,747,100	12,587,299	16,334,399
5.6 Other Pledged Items		4,332,082	8,438,915	12,770,997	1,772,186	5,960,161	7,732,347
5.7 Depositories Receiving Pledged Items		-	-	-	-	-	-
VI. ACCEPTED GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ITEMS (A+B)		13,983,299	32,341,182	46,324,481	11,716,767	25,836,162	37,552,929

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

ICBC TURKEY BANK ANONİM ŞİRKETİ
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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- 30/09/2019)	Reviewed PRIOR PERIOD (01/01/2018- 30/09/2018)	Reviewed CURRENT PERIOD (01/07/2019- 30/09/2019)	Reviewed PRIOR PERIOD (01/07/2018- 30/09/2018)
I.	INTEREST INCOME	(5 IV 1)	977,069	836,653	311,269	330,300
1.1	Interest on Loans		549,506	580,046	159,122	224,879
1.2	Interest Received from Reserve Deposits		30,922	22,244	7,456	9,239
1.3	Interest Received from Banks		69,209	5,333	21,369	1,978
1.4	Interest Received from Money Market Transactions		17,754	10,108	175	4,543
1.5	Interest Received from Marketable Securities Portfolio		209,272	217,324	73,183	89,226
1.5.1	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		97,273	161,858	32,705	62,084
1.5.3	Financial Assets Measured at Amortised Cost		111,999	55,466	40,478	27,142
1.6	Finance Lease Income		-	-	-	-
1.7	Other Interest Income		100,406	1,598	49,964	435
II.	INTEREST EXPENSES	(5 IV 2)	701,111	514,581	234,303	223,619
2.1	Interest on Deposits		497,735	276,093	181,252	118,711
2.2	Interest on Funds Borrowed		177,232	193,725	48,191	84,152
2.3	Interest on Money Market Transactions		16,125	44,470	1,478	20,587
2.4	Interest on Securities Issued		-	-	-	-
2.5	Interest on Leases		9,506	-	3,235	-
2.6	Other Interest Expenses		513	293	147	169
III.	NET INTEREST INCOME/EXPENSE (I - II)		275,958	322,072	76,966	106,681
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		76,403	78,338	26,059	48,849
4.1	Fees and Commissions Received		81,149	83,479	28,659	50,852
4.1.1	Non-Cash Loans		12,409	8,204	4,014	2,994
4.1.2	Other		68,740	75,275	24,645	47,858
4.2	Fees and Commissions Paid		4,746	5,141	2,600	2,003
4.2.1	Non-Cash Loans		14	61	4	3
4.2.2	Other		4,732	5,080	2,596	2,000
V.	DIVIDEND INCOME		1	1	-	-
VI.	TRADING PROFIT/LOSS (Net)	(5 IV 3)	33,296	(1,520)	6,741	23,752
6.1	Profit/Losses from Capital Market Transactions		7,596	8,134	2,420	3,287
6.2	Profit/Losses from Derivative Financial Transactions		7,757	232,303	1,702	145,762
6.3	Foreign Exchange Profit/Losses		17,943	(241,957)	2,619	(125,297)
VII.	OTHER OPERATING INCOME	(5 IV 4)	35,799	73,489	11,995	1,147
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		421,457	472,380	121,761	180,429
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(5 IV 5)	60,038	143,416	19,662	99,896
X.	OTHER PROVISION EXPENSES (-)	(5 IV 5)	8,181	16,846	(2,942)	6,610
XI.	PERSONNEL EXPENSES (-)		149,402	129,242	53,280	54,771
XII.	OTHER OPERATING EXPENSES (-)	(5 IV 6)	118,394	85,091	39,654	24,286
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		85,442	97,785	12,107	(5,134)
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-	-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-	-	-
XVI.	NET MONETARY POSITION GAIN / LOSS		-	-	-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+XIV+XV+XVI)	(5 IV 7)	85,442	97,785	12,107	(5,134)
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5 IV 8)	32,685	26,222	6,989	(2,958)
18.1	Current Tax Provision		36,975	12,846	(5,869)	(7,017)
18.2	Expense Effect of Deferred Tax (+)		19,775	13,376	(4,980)	4,059
18.3	Income Effect of Deferred Tax (-)		(24,065)	-	17,838	-
XIX.	NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS (XVII±XVIII)	(5 IV 9)	52,757	71,563	5,118	(2,176)
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1	Income from Assets Held for Sale		-	-	-	-
20.2	Profit from Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3	Other Income from Discontinued Operations		-	-	-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Expenses on Assets Held for Sale		-	-	-	-
21.2	Losses from Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3	Other Expenses from Discontinued Operations		-	-	-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (±) (XX-XXI)	(5 IV 7)	-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(5 IV 8)	-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Expense Effect of Deferred Tax (+)		-	-	-	-
23.3	Income Effect of Deferred Tax (-)		-	-	-	-
XXIV.	CURRENT PERIOD NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV.	CURRENT PERIOD NET PROFIT/(LOSS) (XIX+XXIV)	(5 IV 10)	52,757	71,563	5,118	(2,176)
25.1	Group's Profit/Loss		52,757	71,563	5,118	(2,176)
25.2	Minority Shares (-)		-	-	-	-
Profit/Loss of Per Share (Full TL)			0.0061	0.0083	0.0006	(0.0003)

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019**

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

		THOUSANDS OF TURKISH LIRA			
		Reviewed CURRENT PERIOD (01/01/2019- 30/09/2019)	Reviewed PRIOR PERIOD (01/01/2018- 30/09/2018)	Reviewed CURRENT PERIOD (01/07/2019- 30/09/2019)	Reviewed PRIOR PERIOD (01/07/2018- 30/09/2018)
I.	CURRENT PERIOD PROFIT / (LOSS)	52,757	71,563	5,118	(2,176)
II.	OTHER COMPREHENSIVE INCOME	70,017	(108,200)	24,464	(42,427)
2.1.	Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(73)	-	71	-
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	-	-	-	-
2.1.2.	Gains (Losses) on Revaluation of Intangible Assets	-	-	-	-
2.1.3.	Gains (Losses) on Remeasurements of Defined Benefit Plans	(180)	-	-	-
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	-	-	-	-
2.1.5.	Taxes Relating To Components of Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	107	-	71	-
2.2.	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	70,090	(108,200)	24,393	(42,427)
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	88,130	(135,250)	30,709	(53,034)
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	(18,040)	27,050	(6,316)	10,607
III.	TOTAL COMPREHENSIVE INCOME (I+II)	122,774	(36,637)	29,582	(44,603)

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

ICBC TURKEY BANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss						Current Period Profit/(Loss)	Total Equity Without Minority Share	Minority Interest	Total Equity
					1	2	3	4	5	6				
PRIOR PERIOD														
30/09/2018														
I. Balances at the Beginning of the Period	860,000	(587)	-	182	11,646	-	-	-	(5,596)	-	201,682	1,112,294	-	1,112,294
II. Adjustment in Accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	47,764	47,764	-	47,764
2.1 Effect of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	860,000	(587)	-	182	11,646	-	-	-	(5,596)	-	201,682	1,160,058	-	1,160,058
IV. Total Comprehensive Income	-	-	-	(78)	-	-	-	-	(108,122)	-	-	(108,200)	-	(108,200)
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase Through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / (Decrease) Through Other Changes, Equity	-	-	-	(12)	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	31	71,563	71,086	-	71,086
11.1 Dividends Distributed	-	-	-	-	-	-	-	-	-	44,967	(48,283)	-	-	-
11.2 Transfers to Legal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Others	-	-	-	-	-	-	-	-	-	44,967	-	44,967	-	44,967
Balances at the end of the Period (III+IV+...+X+XI) 30/09/2018	860,000	(587)	-	92	11,646	-	-	-	(113,718)	-	246,680	1,122,944	-	1,122,944

1. Tangible and Intangible Assets Revaluation Reserve.
2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans.
3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)
4. Exchange Differences on Translation.
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income.
6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)

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

ICBC TURKEY BANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

		Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss										Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Total Equity Without Minority Share	Minority Interest	Total Equity			
		Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss						Profit Reserves	6	5	4						3	2	1
		Share Certificate Cancellation Profits	Other Capital Reserves	1	2	3	4												
CURRENT PERIOD																			
I.	30/09/2019																		
II.	Balances at the Beginning of the Period																		
2.1	Adjustment in Accordance with TAS 8	860,000	(587)	-	-	13,268	(376)	-	-	(83,233)	-	246,680	47,268	83,549	1,166,569	-	1,166,569		
2.2	Effect of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
III.	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IV.	New Balance (I+II)	860,000	(587)	-	-	13,268	(376)	-	-	(83,233)	-	246,680	47,268	83,549	1,166,569	-	1,166,569		
V.	Total Comprehensive Income	-	-	-	-	71	(144)	-	-	70,090	-	-	-	52,757	122,774	-	122,774		
VI.	Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VII.	Capital Increase Through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
VIII.	Issued Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
IX.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	Subordinated Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
X.	Increase / (Decrease) Through Other Changes, Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	1,595	(83,549)	144	-	144		
11.1	Dividends Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.2	Transfers to Legal Reserves	-	-	-	-	-	-	-	-	-	-	82,098	(81,954)	-	144	-	144		
11.3	Others	-	-	-	-	-	-	-	-	-	-	-	83,549	(83,549)	-	-	-		
	Balances at the end of the Period (III+IV...+X+XI)	860,000	(587)	-	-	13,339	(520)	-	-	(13,143)	-	328,778	48,863	52,757	1,289,487	-	1,289,487		

1. Tangible and Intangible Assets Revaluation Reserve.
2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans.
3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)
4. Exchange Differences on Translation.
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income.
6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)

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

ICBC TURKEY BANK ANONİM ŞİRKETİ
**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019**

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

		THOUSANDS OF TURKISH LIRA	
		Reviewed CURRENT PERIOD (01/01/2019 - 30/09/2019)	Reviewed PRIOR PERIOD (01/01/2018 - 30/09/2018)
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	359,873	(360,200)
1.1.1	Interest Received	1,026,120	657,082
1.1.2	Interest Paid	(717,407)	(471,400)
1.1.3	Dividends Received	1	1
1.1.4	Fees And Commissions Received	79,053	80,668
1.1.5	Other Income	65,125	66,115
1.1.6	Collections from Previously Written-Off Loans and Other Receivables	12,533	6,404
1.1.7	Cash Payments to Personnel and Service Suppliers	(149,047)	(129,151)
1.1.8	Taxes Paid	(59,755)	(54,938)
1.1.9	Other	103,250	(514,981)
1.2	Changes in Operating Assets and Liabilities Subject to Banking Operations	1,157,780	1,250,247
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	(10,039)	40,319
1.2.2	Net (Increase) Decrease in Due From Banks	(260,498)	692,620
1.2.3	Net (Increase) Decrease in Loans	(26,932)	(1,610,747)
1.2.4	Net (Increase) Decrease in Other Assets	(12,296)	3,270
1.2.5	Net (Increase) Decrease in Bank Deposits	(576,237)	223,781
1.2.6	Net Increase (Decrease) in Other Deposits	2,298,300	2,780,195
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	(594,688)	(817,277)
1.2.9	Net Increase (Decrease) in Matured Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	340,170	(61,914)
I.	Net Cash Provided by Banking Operations	1,517,653	890,047
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Flows from Investing Activities	(275,348)	(1,258,232)
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Joint Ventures	-	-
2.2	Cash Obtained From Sale of Associates, Subsidiaries and Joint Ventures	-	-
2.3	Cash Paid For Tangible And Intangible Asset Purchases	(23,201)	(2,776)
2.4	Cash Obtained from the Sale of Tangible And Intangible Assets	2,049	421,880
2.5	Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	4,596	(494,026)
2.6	Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income	650,418	-
2.7	Cash Paid for Purchase of Financial Assets Measured at Amortised Cost	(890,747)	(495,425)
2.8	Cash Obtained from Sale of Financial Asset Measured at Amortised Cost	-	-
2.9	Other	(18,463)	(687,885)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided from Financing Activities	-	-
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Outflow Arised from Funds Borrowed and Securities Issued	-	-
3.3	Equity Investments Issued	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Liabilities Leases	-	-
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(11,041)	246,846
V.	Net Increase in Cash and Cash Equivalents (I+II+III+IV)	1,231,264	(121,339)
VI.	Cash and Cash Equivalents at the Beginning of the Period	3,854,231	1,968,369
VII.	Cash and Cash Equivalents at the End of the Period (V+VI)	5,085,495	1,847,030

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 Turkish 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" published in the Official Gazette numbered 26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made "Turkish Financial Reporting Standards" ("TFRS") put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"), all referred to as "BRSA Accounting and Financial Reporting Legislation."

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

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

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 to 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 the 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 BRSA Accounting and Financial Reporting Legislation.

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 interpretations for 2018 has not been restated.

ICBC TURKEY BANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 30 September 2019, foreign currency denominated balances are translated into Turkish Lira at fair value through (TL Full); USD: TL 5.6591, EUR: TL 6.1836, GBP: TL 6.9487, and JPY: TL 0.0523.

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

III. Explanations on Subsidiaries and Associates

As of 30 September 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 30 September 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 30 September 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 ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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, 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 aim to hold to collect contractual cash flows and aim to hold to sell,
- Financial assets 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 aim to hold to collect contractual cash flows,
- Financial assets 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 ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 personnels
- 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

ICBC TURKEY BANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

IX. Explanations on Offsetting Financial Instruments

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

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

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

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

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

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

The Group does not have any assets held for sale as of 30 September 2019 (31 December 2018 – None).

The Group has no discontinued operations as of 30 September 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 30 September 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.

ICBC TURKEY BANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

XIII. Explanations on Tangible Assets (Continued)

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

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

The Parent Bank applies revaluation model for the buildings as permitted by TAS 16 "Property, Plant and Equipment". For this purpose, fair values of the buildings are determined by a third party appraiser, which is commissioned by BRSA and Capital Markets Board. The fair value surplus is recognized in "Revaluation Fund on Tangible Assets" within the equity items. As at 30 September 2019, revaluation surplus on tangible assets amounts to TL 12,544 (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 can not 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 can not 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 "Turkish 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 can not be carried back to offset profits from previous periods.

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

b. Deferred Tax:

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

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

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

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

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

c. Transfer Pricing:

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

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

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XVIII. Explanations on Taxation (Continued)

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

XIX. Additional Explanations on Borrowings

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

XX. Explanations on Issued Stock

There is no issued stock in the current period.

XXI. Explanations on Acceptances

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

XXII. Explanations on Government Grants

As at 30 September 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, it was resolved that 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 nine months or less and receivables from reverse repo. The reserve requirements blocked at the Central Bank of Turkey are not recognized as "cash equivalent assets" in the statement of cash flows.

XXVI. Explanations on Segment Reporting

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

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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, expected loss provisions on financial assets at fair value through other comprehensive income, are recorded under equity. Restatements 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
Financial Assets			
Expected Loss Provisions	15,766	(8,326)	7,440
Financial Assets Measured With Amortized Costs			
Expected Loss Provisions	208,350	2,716	211,066
Other Comprehensive Incomes or Expenses to be Reclassified in Profit or Loss	(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**CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT****I. Explanations on Consolidated Equity****Information about consolidated total capital:**

The Group's capital adequacy ratio is 21.89% (31 December 2018 – 30.22%).

Current Period	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
COMMON EQUITY TIER 1 CAPITAL		
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	12,819	
Profit	101,620	
Current period profit	52,757	
Prior period profit	48,863	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and can not be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	1,302,630	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	
Portion of the current and prior periods' losses which can not be covered through reserves and losses reflected in equity in accordance with TAS	13,143	
Improvement costs for operating leasing	1,256	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4,969	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,247	
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 ⁽¹⁾
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets arising from temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier I Capital	20,615	
Total Common Equity Tier I Capital	1,282,015	
ADDITIONAL TIER I CAPITAL		
Preferred stock not included in common equity and the related share premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	

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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 ⁽¹⁾
Transition from the Core Capital to Continue to Deduce Components		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	3,312	
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 (-)	831	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	4,143	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1,277,872	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1,715,339	
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)	94,167	
Tier II Capital Before Deductions	1,809,506	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns %10 or more of the issued common share capital exceeding %10 of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	1,809,506	
Total Capital (The sum of Tier I Capital and Tier II Capital)	3,087,378	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA	181	
Regulatory Adjustments which will be deducted from Total Capital during the transition period		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than %10 of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	

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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 ⁽¹⁾
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	-	
TOTAL CAPITAL		
Total capital (The Sum of Tier I Capital and Tier II)	3,087,197	
Total risk weighted amounts	14,102,251	
CAPITAL ADEQUACY RATIOS ⁽²⁾		
Consolidated Core Capital Adequacy Ratio (%)	9.06	
Consolidated Tier 1 Capital Adequacy Ratio (%)	9.06	
Consolidated Capital Adequacy Standard Ratio (%)	21.89	
BUFFERS		
Total buffer requirement	2.85	
Capital conservation buffer requirement (%)	2.50	
Bank specific countercyclical buffer requirement (%)	0.35	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	
Amounts below the financial limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	-	
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	-	
Debt instruments subjected to Temporary Article 4		
(to be implemented between 1 January 2019 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

⁽²⁾ As of 30 September 2019, the Parent Bank has taken into consideration subordinated loan amounting TL 1,715,339 from its main shareholder Industrial and Commercial Bank of China Limited Company for capital adequacy calculation.

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I. Explanations on Consolidated Equity (Continued)

Information about consolidated total capital (Continued):

Prior Period	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
COMMON EQUITY TIER 1 CAPITAL		
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 can not be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	1,249,802	
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation of the Equity of Banks	-	
Portion of the current and prior periods' losses which can not 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	-	

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 ⁽¹⁾
Transition from the Core Capital to Continue to Deduce Components		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	3,268	
Net deferred tax asset/liability which is not deducted from Common Equity Tier I 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	
Total Deductions From Additional Tier I Capital	3,801	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1,150,409	
TIER II CAPITAL		
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 st clause of Article 8 of the Regulation on the Equity of Banks)	145,529	
Tier II Capital Before Deductions	1,724,613	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	1,724,613	
Total Capital (The sum of Tier I Capital and Tier II Capital)	2,875,022	
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA	199	
Regulatory Adjustments which will be deducted from Total Capital during the transition period		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier I capital, Additional Tier I 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 ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 ⁽¹⁾
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	-	-
TOTAL CAPITAL ⁽²⁾		
Total capital (The Sum of Tier I Capital and Tier II)	2,874,823	
Total risk weighted items	9,514,657	
CAPITAL ADEQUACY RATIOS ⁽²⁾		
Consolidated Core Capital Adequacy Ratio (%)	12.09	
Consolidated Tier 1 Capital Adequacy Ratio (%)	12.09	
Consolidated Capital Adequacy Standard Ratio (%)	30.22	
BUFFERS		
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 (%)	-	
Amounts below the financial limits as per the Deduction principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	-	
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	-	
Debt instruments subjected to Temporary Article 4		
(to be implemented between 1 January 2019 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

⁽²⁾ 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 ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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
Consideration in equity calculation	
Subject to 10% deduction as of 1 January 2015	No
Validity status on consolidated or unconsolidated basis or on both consolidated and unconsolidated basis	Consolidated and Unconsolidated Basis
Type of debt instrument	Secondary Subordinated Loan
Amount considered in the calculation of equity (as of the last reporting date)	1,715,339
Nominal value of debt instrument	300 M USD
Accountable account of the debt instrument	347
Date of issuance of debt instrument Maturity structure of debt instrument (Demand / Term)	28.12.2018
Maturity structure of debt instrument (Demand / Term)	Term
Maturity of debt instrument	28.12.2028
Whether the issuer has the right of reimbursement due to BRSA approval	In the case of a regulatory cause after the 5th anniversary, the BRSA has the right to reimbursement upon approval
Reimbursement option date, contingent repayment options and refund amount	-
Subsequent reimbursement option dates	-
Interest / dividend payments	
Fixed or variable interest / dividend payments	Variable interest
Interest rate and interest rate index value	6 M USD LIBOR +1.75%
Whether there are any restrictions that stop the payment of dividends	Payable in accordance with BRSA communiqués and regulations
Fully optional, partially optional or mandatory	Mandatory
Whether there is an element that will encourage repayment, such as interest rate increases	-
Being non-cumulative or cumulative	Non-cumulative
Convertible to stock	
Triggering events / events that can cause conversion if they can be converted to a stock	-Elimination of activity permit -Possibility of transfer to SDIF -In the event of regulatory reason, the decision of BRSA will be converted to share
Full or partial conversion if convertible	Subject to BRSA approval
If convertible, conversion rate	Subject to BRSA approval and convertible
If forced to convert to stock, forced or optional conversion feature	Subject to BRSA approval
Convertible vehicle types if converted to stock	Stock
Issuer of a debt instrument to be converted	-
Value reduction feature	
Trigger events / events that will cause a reduction if it has a value reduction feature	-
Total or partial value reduction if value reduction is available	-
Continuous or transient feature	-
Value increment mechanism if the value can be temporarily reduced	-
In the case of the right to take in the case of liquidation in the order of the right (the vehicle just above this debt instrument)	Before the borrowing instruments to be included in the calculation of the additional capital of the owner to the owner, after the depositors and all other debts
Whether the banks do not have the requirements of Articles 7 and 8 of the Regulation on Shareholders' Equity	Although it has all the requirements of Article 8, it does not meet the requirements of Article 7
Which of the requirements of the articles 7 and 8 of the Regulation on Equity of Banks are not	Although it has all the requirements of Article 8, it does not meet the requirements of Article 7

ICBC TURKEY BANK ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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):

	23.09.2019	24.09.2019	25.09.2019	26.09.2019	27.09.2019	30.09.2019
USD	5.6889	5.7183	5.6743	5.6882	5.6659	5.6591
GBP	7.1166	7.0991	7.0481	7.0589	6.9793	6.9487
EURO	6.2847	6.2819	6.2381	6.2544	6.1982	6.1836
JPY	0.0526	0.0531	0.0526	0.0529	0.0525	0.0523

The basic arithmetical average of the Parent Bank's foreign exchange bid rates for the last thirty days ending 30 September 2019 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	5.7096
GBP	7.0330
EURO	6.2911
JPY	0.0531

ICBC TURKEY BANK ANONİM ŞİRKETİ

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

30 September 2019	EURO	USD	OTHER FC	TOTAL
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Turkey ⁽¹⁾	138,022	1,444,323	654	1,582,999
Due from Banks	1,043,277	1,749,524	47,996	2,840,797
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	8,805	1,091,343	-	1,100,148
Loans ⁽²⁾	2,097,175	3,620,213	-	5,717,388
Investment and Associates, Subsidiaries and Joint Ventures	-	-	-	-
Loans Measured at Amortized Cost	-	1,876,184	-	1,876,184
Derivative Financial Assets Held for Hedging	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	235	1,770	252	2,257
Total Assets ^{(2) (3) (7)}	3,287,514	9,783,357	48,902	13,119,773
Liabilities				
Interbank Deposits	644,047	46	7,889	651,982
Foreign Currency Deposits	1,822,636	4,078,418	47,760	5,948,814
Money Market Funds	-	-	-	-
Funds Provided from Other Financial Institutions	1,125	5,497,937	-	5,499,062
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Derivative Financial Liabilities Held for Hedging	-	-	-	-
Other Liabilities	749,181	69,743	572	819,496
Total Liabilities ^{(2) (6) (8)}	3,216,989	9,646,144	56,221	12,919,354
Net On Balance Sheet Position	70,525	137,213	(7,319)	200,419
Net Off Balance Sheet Position	752	(13,950)	13,313	115
Financial Derivatives Assets ⁽⁵⁾	5,874	7,768	26,861	40,503
Financial Derivatives Liabilities ⁽⁵⁾	5,122	21,718	13,548	40,388
Non-Cash Loans ⁽⁴⁾	867,492	4,001,611	14,401	4,883,504
31 December 2018				
Total Assets ^{(2) (3) (7)}	2,273,364	8,539,063	15,736	10,828,163
Total Liabilities ^{(2) (6) (8)}	1,827,474	8,934,816	50,596	10,812,886
Net On Balance Sheet Position	445,890	(395,753)	(34,860)	15,277
Net Off Balance Sheet Position	(231,251)	291,313	36,359	96,421
Financial Derivatives Assets ⁽⁵⁾	89,000	383,482	49,547	522,029
Financial Derivatives Liabilities ⁽⁵⁾	320,251	92,169	13,188	425,608
Non-Cash Loans ⁽⁴⁾	464,938	1,316,828	3,741	1,785,507

⁽¹⁾ As of 30 September 2019 and 31 December 2018, the Group does not have precious metals balancing in Central Bank accounts.

⁽²⁾ As of 30 September 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 15 and TL 100, respectively (31 December 2018 – TL 199 and TL 373) are not included in the table.

⁽³⁾ As of 30 September 2019, "Loans" balance includes in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 102,235 (31 December 2018 – TL 303,209).

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

⁽⁵⁾ As of 30 September 2019, the foreign currency forward transactions amounting to TL 2,731 and the forward selling transactions amounting to TL 4,427 are included in the off-balance sheet commitments (31 December 2018 – TL 55,221 and TL 52,310).

⁽⁶⁾ As of 30 September 2019, "Valuation Differences of Securities" amounting to TL (2,561), (31 December 2018 – TL (31,288)) which is classified under shareholders' equity, is not included.

⁽⁷⁾ As of 30 September 2019, assets amounting to TL 80,947 (31 December 2018 – TL 108,744) are included in "Expected Loss Provisions".

⁽⁸⁾ As of 30 September 2019, liabilities amounting to TL 27,127 (31 December 2018 – TL 4,183) are included in "Other Provisions".

ICBC TURKEY BANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 30 September 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.

	30 September 2019				31 December 2018			
	Profit or loss statement		Equity ⁽¹⁾		Profit or loss statement		Equity ⁽¹⁾	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	12,326	(12,326)	12,326	(12,326)	(10,444)	10,444	(10,444)	10,444
EURO	7,128	(7,128)	7,128	(7,128)	21,464	(21,464)	21,464	(21,464)
Other FC	599	(599)	599	(599)	150	(150)	150	(150)
Total	20,053	(20,053)	20,053	(20,053)	11,170	(11,170)	11,170	(11,170)

⁽¹⁾ 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 ⁽¹⁾	Total
30 September 2019							
Assets							
Cash (Cash in Vault, Effectives, Money in transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,605,261	-	-	-	-	184,013	1,789,274
Due from Banks	785,766	1,422,769	-	-	-	634,997	2,843,532
Financial Assets at Fair Value Through Profit or Loss ⁽²⁾	150	202	13	-	-	22,917	23,282
Money Market Placements	1,014,326	-	-	-	-	-	1,014,326
Financial Assets at Fair Value Through Other Comprehensive Income	186,353	58,421	1,131,219	367,095	96,623	8,772	1,848,483
Loans	1,750,951	1,562,862	1,820,077	1,624,475	1,108,142	-	7,866,507
Loans Measured at Amortized Cost	-	319,246	463,421	1,458,984	105,392	-	2,347,043
Other Assets	2	-	-	-	-	(48,708)	(48,706)
Total Assets	5,342,809	3,363,500	3,414,730	3,450,554	1,310,157	801,991	17,683,741
Liabilities							
Interbank Deposits	686,635	-	-	-	-	70,858	757,493
Other Deposits	6,906,056	1,558,511	106,962	455	-	421,650	8,993,634
Money Market Funds	23,190	-	-	-	-	-	23,190
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Fin. Inst.	287,228	-	3,482,915	1,732,895	-	-	5,503,038
Other Liabilities	871,501	63	21	-	-	1,534,801	2,406,386
Total Liabilities	8,774,610	1,558,574	3,589,898	1,733,350	-	2,027,309	17,683,741
Balance Sheet Long Position	-	1,804,926	-	1,717,204	1,310,157	-	4,832,287
Balance Sheet Short Position	(3,431,801)	-	(175,168)	-	-	(1,225,318)	(4,832,287)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(3,431,801)	1,804,926	(175,168)	1,717,204	1,310,157	(1,225,318)	-

⁽¹⁾ TL 120,902 of tangible and intangible assets, TL 45,378 of tax assets, TL (256,854) of expected loss provisions and TL 41,866 of other assets are included in other assets line in the interest-free column. Provisions amounting to TL 87,551, tax liability of TL 24,284, other liabilities amounting to TL 133,479 and shareholders' equity amounting to TL 1,289,487 are presented in other liabilities as non-interest bearing.

⁽²⁾ Derivative receivables from financial instruments are included.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 ⁽¹⁾	Total
31 December 2018							
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1,757,893	-	-	-	49,006	1,806,899
Due from 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 ⁽¹⁾	85	-	-	-	-	(85,658)	(85,573)
Total Assets	3,012,484	4,456,343	3,547,901	3,124,490	1,387,514	323,758	15,852,490
Liabilities							
Interbank 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
Money Market Funds	346,145	-	-	-	-	-	346,145
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided 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
Total Liabilities	7,215,057	2,637,741	4,207,172	-	-	1,792,520	15,852,490
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	-	-	-	-	-	-	-
Total Position	(4,202,573)	1,818,602	(659,271)	3,124,490	1,387,514	(1,468,752)	-

⁽¹⁾ TL 44,410 of tangible and intangible assets, TL 44,596 of tax assets, TL (218,506) of expected loss provisions and 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%
30 September 2019 ⁽¹⁾				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1.74	-	11.49
Due from Banks	0.01	4.78	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	16.15
Financial Assets at Fair Value Through Other Comprehensive Income	1.78	4.42	-	12.44
Loans	3.19	5.57	-	18.03
Financial Assets Measured at Amortized Cost	-	6.54	-	10.62
Liabilities				
Interbank Deposits	-	-	-	15.05
Other Deposits	1.00	3.16	-	17.47
Money Market Funds	-	-	-	17.65
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	2.98	3.26	-	17.10

⁽¹⁾ Stated at compound interest rates.

	EURO%	USD%	JPY%	TL%
31 December 2018 ⁽¹⁾				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	1.56	-	8.79
Due from 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	4.41	-	21.14
Loans	2.86	5.23	6.04	16.93
Financial Assets Measured at Amortized Cost	-	5.82	-	13.81
Liabilities				
Interbank Deposits	1.16	2.49	-	23.33
Other Deposits	2.50	4.88	-	25.40
Money Market Funds	-	-	-	27.93
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	-	3.30	-	8.15

⁽¹⁾ Stated at compound interest rates.

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IV. Explanations and Footnotes on Consolidated Liquidity Risk

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

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

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

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

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

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

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

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

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

Liquidity Coverage Ratios	FC Liquidity Coverage Ratio (%)	Total Liquidity Coverage Ratio (%)
30 September 2019	355.34%	253.79%
Average	272.66%	222.11%

	Min FC (%)	Min Sum (%)	Max FC (%)	Max Sum (%)
Month	2 July 2019	2 July 2019	26 August 2019	27 August 2019
Ratio (%)	92.79%	134.68%	421.67%	303.32%

Current Period 30 September 2019	Unweighted Amounts ⁽²⁾		Weighted Amounts ⁽²⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
Total High Quality Liquid Assets			4,045,117	2,767,956
CASH OUTFLOWS				
Retail and Small Business Customers Deposits	4,117,032	2,317,328	360,371	215,494
Stable deposits	1,026,654	324,792	51,333	16,240
Less stable deposits	3,090,378	1,992,536	309,038	199,254
Unsecured Funding other than Retail and Small Business Customer Deposits	5,785,841	4,372,774	2,578,247	1,878,144
Operational Deposits	10,643	-	2,342	-
Non-Operational Funding	5,465,180	4,360,516	2,335,459	1,869,890
Other Unsecured Funding	310,018	12,258	240,446	8,254
Secured Funding	-	-	-	-
Other Cash Outflows	803,822	705,311	698,182	651,853
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	627,755	616,214	627,755	616,214
Debts related to the structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off balance sheet liabilities	176,067	89,097	70,427	35,639
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	307,089	252,707	15,354	12,635
Other irrevocable or conditionally revocable commitments	1,975,638	1,244,825	192,806	124,494
TOTAL CASH OUTFLOWS			3,844,960	2,882,620
CASH INFLOWS				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	1,993,200	1,772,471	1,940,217	1,758,274
Other Contractual Cash Inflows	58,216	56,481	58,216	56,481
TOTAL CASH INFLOWS	2,051,416	1,828,952	1,998,433	1,814,755
			Upper Limit Applied Accounts	
TOTAL HIGH LIQUIDITY ASSETS			4,045,117	2,767,956
TOTAL NET CASH OUTFLOWS⁽¹⁾			1,846,527	1,067,865
LIQUIDITY COVERAGE RATIO (%)			219.07%	259.20%

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

⁽²⁾ Simple arithmetical average of the monthly liquidity coverage ratios of the third three months of 2019 was taken.

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

Prior Period 31 December 2018	Unweighted Amounts ⁽²⁾		Weighted Amounts ⁽²⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
Total High Quality Liquid Assets			3,922,664	2,031,262
CASH OUTFLOWS				
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
TOTAL CASH OUTFLOWS			3,043,538	2,537,795
CASH INFLOWS				
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
TOTAL CASH INFLOWS	2,114,432	1,613,460	1,762,611	1,352,873
			Upper Limit Applied Accounts	
TOTAL HIGH LIQUIDITY ASSETS			3,922,664	2,031,262
TOTAL NET CASH OUTFLOWS⁽¹⁾			1,280,927	1,184,922
LIQUIDITY COVERAGE RATIO (%)			306.24%	171.43%

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

⁽²⁾ Simple arithmetical average of the monthly liquidity coverage ratios of the last three months of 2018 was taken.

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 the 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.

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

Presentation of assets and liabilities according to their remaining maturities:

30 September 2019	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undist. ⁽¹⁾	Total
Assets								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,117,372	671,902	-	-	-	-	-	1,789,274
Due from Banks	634,997	785,766	1,422,769	-	-	-	-	2,843,532
Financial Assets at Fair Value Through Profit or Loss	22,917	150	202	13	-	-	-	23,282
Interbank Money Market Placements	-	1,014,326	-	-	-	-	-	1,014,326
Financial Assets at Fair Value Through Other Comprehensive Income	8,772	80,856	58,421	767,228	836,584	96,622	-	1,848,483
Loans	-	1,107,158	565,520	1,443,892	2,950,919	1,799,018	-	7,866,507
Financial Assets Measured at Amortised Cost	-	-	201,093	309,441	1,731,118	105,391	-	2,347,043
Other Assets	-	30,305	17,448	3,242	438	30,917	(131,056)	(48,706)
Total Assets	1,784,058	3,690,463	2,265,453	2,523,816	5,519,059	2,031,948	(131,056)	17,683,741
Liabilities								
Interbank Deposits	70,858	686,635	-	-	-	-	-	757,493
Other Deposits	421,650	6,906,056	1,558,511	106,962	455	-	-	8,993,634
Funds Provided from Other Financial Institutions	-	-	-	349,051	3,438,648	1,715,339	-	5,503,038
Money Market Funds	-	23,190	-	-	-	-	-	23,190
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities	-	16,000	9,044	3,456	37,067	38,654	2,302,165	2,406,386
Total Liabilities	492,508	7,631,881	1,567,555	459,469	3,476,170	1,753,993	2,302,165	17,683,741
Net Liquidity Gap	1,291,550	(3,941,418)	697,898	2,064,347	2,042,889	277,955	(2,433,221)	-
Net Off Balance Sheet Position	-	(358)	184	12	-	-	-	(162)
Derivative Financial Assets ⁽³⁾	-	18,320	12,521	15,399	-	-	-	46,240
Derivative Financial Liabilities ⁽³⁾	-	18,678	12,337	15,387	-	-	-	46,402
Non-Cash Loans ⁽²⁾	4,114,384	299,320	66,893	489,550	604,533	-	-	5,574,680
31 December 2018								
Total Assets	1,879,577	2,418,086	1,240,856	3,326,142	5,298,400	1,652,140	37,289	15,852,490
Total Liabilities	438,173	6,231,154	1,330,629	2,363,369	798,660	2,907,749	1,782,756	15,852,490
Net Liquidity Gap	1,441,404	(3,813,068)	(89,773)	962,773	4,499,740	(1,255,609)	(1,745,467)	-
Net Off Balance Sheet Position	-	31	25,674	-	-	-	-	25,705
Derivative Financial Assets ⁽³⁾	-	423,070	142,387	-	-	-	-	565,457
Derivative Financial Liabilities ⁽³⁾	-	423,039	116,713	-	-	-	-	539,752
Non-Cash Loans ⁽²⁾	1,008,876	263,040	175,396	357,797	566,073	-	-	2,371,182

⁽¹⁾ The balance sheet is composed of TL 120,902 of tangible and intangible assets, TL 695 of the stationary supplies, TL 4,201 of assets to be disposed, TL (256,854) of expected loss provisions and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 87,551, other liabilities amounting TL 925,127 and equity amounting TL 1,289,487 are included here.

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

⁽³⁾ As of 30 September 2019, the spot purchase transactions amounting to TL 4,992 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 4,995 are included in liabilities of derivative financial instruments (31 December 2018 – TL 56,277 and TL 56,274).

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V. Explanations on Consolidated Leverage Ratio

Consolidated leverage ratio of the Parent Bank calculated based on 3 months average amounts is 5.52% as at 30 September 2019 (31 December 2018 – 6.41%).

	Current Period 30 September 2019 ⁽¹⁾	Prior Period 31 December 2018 ⁽¹⁾
On-balance sheet exposures		
On-balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	17,563,462	15,662,768
(Assets amounts deducted in determining Tier 1 capital)	181	206
Total on-balance sheet exposures	17,563,281	15,662,562
Derivative financial instruments and credit derivatives		
Replacements cost of derivative financial instruments and credit derivatives	-	-
Potential credit risk of derivative financial instruments and credit derivatives	1,047	41,874
Total derivative financial instruments and credit derivatives exposure	1,047	41,874
Securities financial instruments and credit derivatives		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	496	91,701
Agent transaction exposure	-	-
Total securities financing transactions exposures	496	91,701
Off-balance sheet items		
Off-balance sheet exposure at gross notional amount	5,453,454	2,343,992
(Adjustments for conversions to credit equivalent amounts)	-	-
Total risk of off-balance sheet items	5,453,454	2,343,992
Capital and total exposure		
Tier 1 capital	1,271,405	1,162,658
Total exposures	23,018,278	18,140,129
Leverage ratio	5.52%	6.41%

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

VI. Explanations on Consolidated Securitization Position Risk

As at 30 September 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 chance to Asset-Liability Committee and Audit Committee.

Footnotes and related explanations are given in this section prepared based on "Communiqué 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 communiqué, the tables under the internal rating and internal model must be presented for each 3 month-period are not presented because standard approach is used in calculation of the Parent Bank's capital adequacy.

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VII. Explanations on Consolidated Risk Management (Continued)

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

		Risk Weighted Amount		Minimum capital requirement
		Current Period 30 September 2019	Prior Period 31 December 2018	Current Period 30 September 2019
1	Credit risk (excluding counterparty credit risk) (CCR)	12,806,871	8,762,255	1,024,550
2	Standardised approach (SA)	12,806,871	8,762,255	1,024,550
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	201,339	38,477	16,107
5	Standardised approach for counterparty credit risk (SA-CCR)	201,339	38,477	16,107
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies - look-through approach	-	-	-
9	Investments made in collective investment companies - mandate-based approach	-	-	-
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB supervisory formula approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	324,938	187,425	25,995
17	Standardised approach (SA)	324,938	187,425	25,995
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	769,103	526,500	61,528
20	Basic indicator approach	769,103	526,500	61,528
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	14,102,251	9,514,657	1,128,180

2. Explanation of consolidated credit risk

a) Credit risk mitigation techniques - overview

		Exposures unsecured of (according to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
1	Loans	6,920,725	717,415	717,415	17,514	17,514	-	-
2	Debt Instruments	4,217,435	-	-	-	-	-	-
3	Total	11,138,160	717,415	717,415	17,514	17,514	-	-
4	Of which defaulted	216,402	-	-	-	-	-	-

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VII. Information Related to Consolidated Credit Risk Management (Continued)**2. Explanation of consolidated credit risk (Continued)****b) Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk**

To determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", international rating firm Japan Credit Rating Agency (JCR) is started to be used as a result of rotation with 31 October 2016 instead Fitch Ratings' external risk ratings which had been used since 31 December 2012. In this context, the note set for Turkey's rating countries of long-term foreign currency, foreign currency bond issued by Treasury of the Republic of Turkey, all other foreign currency risk associated with the Republic of Turkey Central Government and assess to corresponding risk weights with limited to receivables the opposite side from foreign banks. Rating notes issued by JCR and corresponding Fitch Ratings are presented in the table below:

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

In order to ensure that the credit risk is not concentrated on the customers whose credibility is relatively low, the credits made available to the customers are classified based on the risk rating scores of the customers utilizing such credits. The amount of the credit risk which may be taken in the certain risk degrees is limited to the definite rates of the total credits. In this frame, within risk appetite, based on external ratings country risk limits and counterparty abroad financial institution risk limits are defined.

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VII. Information related to consolidated risk management (Continued)
2. Explanation of consolidated credit risk (Continued)
c) Standard Approach - Exposure to credit risk and credit risk mitigation risks

		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Claims on sovereigns and Central Banks	4,715,071	-	4,715,071	-	1,068,002	8%
2	Claims on regional governments or local authorities	-	-	-	-	-	-
3	Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
4	Claims on multilateral development banks	-	-	-	-	-	-
5	Claims on international organizations	-	-	-	-	-	-
6	Claims on banks and intermediary institutions	7,942,971	2,511,003	7,942,971	2,308,390	5,716,202	44%
7	Claims on corporates	3,701,733	2,860,796	3,701,733	2,010,330	5,356,429	42%
8	Claims included in the regulatory retail portfolios	106,541	103,513	106,541	21,906	85,522	1%
9	Claims secured by residential property	527,887	1,176	527,887	235	184,809	1%
10	Claims secured by commercial property	490,170	214,436	490,170	107,136	365,672	3%
11	Overdue loans	53,518	-	53,518	-	54,333	0%
12	Higher risk categories decided by the Board	-	-	-	-	-	-
13	Secured by mortgages	-	-	-	-	-	-
14	Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
15	Undertakings for collective investments in mutual funds	-	-	-	-	-	-
16	Other receivables	237,514	-	237,514	-	177,214	1%
17	Equity share investments	-	-	-	-	-	-
18	Total	17,775,405	5,690,924	17,775,405	4,447,997	13,008,183	100%

d) Standard Approach - Receivables by risk classes and risk weights

Risk weight / Risk Classifications		0%	10%	20%	50% ⁽¹⁾	75%	100%	150%	200%	Others	Total Risk Amount
1	Exposures to central governments or central banks	2,979,246	-	-	1,735,825	-	-	-	-	-	4,715,071
2	Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
3	Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organisations	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	261	-	145,895	7,271,254	-	2,833,951	-	-	-	10,251,361
7	Exposures to corporates	-	-	23,379	360,355	-	5,328,329	-	-	-	5,712,063
8	Retail exposures	-	-	-	3	128,444	-	-	-	-	128,447
9	Exposures secured by residential property	-	-	-	-	-	-	-	-	528,122	528,122
10	Exposures secured by commercial real estate	-	-	-	463,249	-	134,057	-	-	-	597,306
11	Past-due loans	-	-	-	147	-	51,595	1,776	-	-	53,518
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
16	Other assets	60,300	-	-	-	-	177,214	-	-	-	237,514
17	Investments in equities	-	-	-	-	-	-	-	-	-	-
18	Total	3,039,807	-	169,274	9,830,833	128,444	8,525,146	1,776	-	528,122	22,223,402

⁽¹⁾ Guaranteed with real estate mortgage

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VII. Information related to consolidated risk management (Continued)
3. Analysis of counterparty consolidated credit risk (CCR) exposure by approach
a) Evaluation of counterparty credit risk according to measurement methods:

	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory Exposure at Default	Exposure at Default post- CRM	RWA
Standard Approach-CCR (for derivatives)	366	462	-	1.4	828	1,250
Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	1,024,500	200,521
Total	366	462	-	-	1,025,328	201,771

b) Credit valuation adjustment (CVA) capital charge:

	EAD (post-CRM)	RWA
Total portfolios subject to the Advanced CVA capital charge	-	-
1 (i) VaR component (including the 3×multiplier)	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-
3 All portfolios subject to the Standardized CVA capital charge	1,250	22
4 Total subject to the CVA capital charge	1,250	22

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VII. Information related to consolidated risk management (Continued)**3. Analysis of counterparty credit risk (CCR) exposure by approach (Continued):****c) Standardized approach – CCR exposures by regulatory portfolio and risk weights:**

Risk Weight / Regulatory Portfolio	0%	10%	20%	50%	75%	100%	150%	Others	Total Credit Risk
Claims from central governments and central banks	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	-	-	-	-	-	-	-	-
Claims from administration and non-commercial	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from banks and intermediary institutions	-	-	-	881	-	809	-	-	1,250
Corporates	-	-	-	-	-	-	-	-	-
Retail portfolios	-	-	-	-	-	-	-	-	-
Claims on landed real estate	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Total	-	-	-	881	-	809	-	-	1,250

d) Collaterals for counterparty credit risk: None.**e) Credit derivatives: None.****f) Exposures to central counterparties (CCP): None.****4. Securitization Explanations: None.**

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VII. Information related to consolidated risk management (Continued)**5. Explanations on Market Risk**

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

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

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

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

6. Market risk disclosures:

	RWA
Outright products	
1 Interest rate risk (general and specific)	125
2 Equity risk (general and specific)	113,713
3 Foreign exchange risk	211,100
4 Commodity risk	-
Options	
5 Simplified approach	-
6 Delta-plus method	-
7 Scenario approach	-
8 Securitization	-
9 Total	324,938

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VIII. Explanations and Footnotes on Consolidated Segment Reporting

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

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

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

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

Information related to the Group's segments:

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

Current Period	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group's Total Operations
Operating Income	24,243	209,559	187,655	421,457
Net Profit of Segment	(15,529)	88,390	12,581	85,442
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	(15,529)	88,390	12,581	85,442
Income from Subsidiaries	-	-	-	-
Profit / (Loss) Before Tax	(15,529)	88,390	12,581	85,442
Tax Provision (-)	-	-	32,685	32,685
Profit / (Loss) After Tax	(15,529)	88,390	(20,104)	52,757
Current Period Net Profit / (Loss)	(15,529)	88,390	(20,104)	52,757
Segment Assets ⁽¹⁾	702,483	7,070,069	9,911,189	17,683,741
Associate and Subsidiaries	-	-	-	-
Total Assets	702,483	7,070,069	9,911,189	17,683,741
Segment Liabilities ⁽¹⁾	5,176,942	4,590,358	6,626,954	16,394,254
Equity	-	-	1,289,487	1,289,487
Total Liabilities	5,176,942	4,590,358	7,916,441	17,683,741
Other Segment Items	1,101	87,732	25,192	114,025
Capital Expenditure	-	-	21,171	21,171
Amortization	639	609	23,387	24,635
Impairment Losses ⁽²⁾	462	87,123	(19,366)	68,219

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 40% for corporate banking, 4% for retail banking, 56% 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 50%, 44%, and 6%, respectively.

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

Information related to the Group's segments (Continued):

Prior Period	Retail Banking	Corporate Banking	Treasury, Investment Banking and Others	Group's Total Operations
Operating Income	57,204	195,342	90,592	343,138
Net Profit of Segment	30,976	126,161	(59,352)	97,785
Undistributed Costs	-	-	-	-
Operating Profit / (Loss)	30,976	126,161	(59,352)	97,785
Income from Subsidiaries	-	-	-	-
Profit / (Loss) Before Tax	30,976	126,161	(59,352)	97,785
Tax Provision (-)	-	-	26,222	26,222
Profit / (Loss) After Tax	30,976	126,161	(85,574)	71,563
Current Period Net Profit / (Loss)	30,976	126,161	(85,574)	71,563
Segment Assets ⁽¹⁾	817,814	8,702,815	5,869,391	15,390,020
Associates and Subsidiaries	-	-	-	-
Total Assets	817,814	8,702,815	5,869,391	15,390,020
Segment Liabilities ⁽¹⁾	3,295,727	3,088,009	7,883,340	14,267,076
Equity	-	-	1,122,944	1,122,944
Total Liabilities	3,295,727	3,088,009	9,006,284	15,390,020
Other Segment Items	775	28,506	836,147	865,428
Capital Investment	-	-	697,758	697,758
Amortization	490	392	6,526	7,408
Impairment Losses ⁽²⁾	285	28,114	131,863	160,262

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

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

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 57% for corporate banking, 5% for retail banking, 38% 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 57%, 26%, and 17%, respectively.

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SECTION FIVE**EXPLANATIONS AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS****I. Explanations and Footnotes on Consolidated Assets****1. Information related to cash and balances with the Central Bank of the Republic of Turkey:****a) Cash and balances with the Central Bank of the Republic of Turkey:**

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Cash	17,224	43,075	12,783	36,187
Central Bank of the Republic of Turkey (CBRT) ⁽¹⁾	189,051	1,539,924	517,015	1,240,914
Others	-	-	-	-
Total	206,275	1,582,999	529,798	1,277,101

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

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Unrestricted Demand Deposits ⁽¹⁾	189,051	868,022	517,015	953,182
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	671,902	-	287,732
Total	189,051	1,539,924	517,015	1,240,914

⁽¹⁾ As at 30 September 2019, the Parent Bank does not keep precious metals as reserve deposits at Central Bank of the Republic 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 since November 2014 and required reserves held as USD since May 2015, reserve options and free/open accounts.

The reserve rates for TL liabilities vary between 1% and 7% due to their maturity profile as at 30 September 2019 (31 December 2018 – between 1.5% and 8%); the reserve rates for foreign currency liabilities vary between 5% and 21% (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 30 September 2019 and 31 December 2018, the financial assets at fair value through profit or loss are kept under unrestricted account.

ICBC TURKEY BANK ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Forward transactions	350	15	725	-
Swap transactions	-	-	29,177	199
Future transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	350	15	29,902	199

3. Information on banks:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Banks				
Domestic	2,735	2,182,651	339	1,660,524
Foreign	-	658,146	-	339,916
Foreign Offices and Branches	-	-	-	-
Total	2,735	2,840,797	339	2,000,440

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

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

Financial assets measured at amortized cost:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Given as collateral or blocked	191,947	248,767	150,244	231,262
Subject to repurchase agreements	24,052	-	255,363	-
Total	215,999	248,767	405,607	231,262

As of 30 September 2019, financial assets at fair value through other comprehensive income other than those given as collaterals or subject to repurchase agreements amounting to TL 1,383,717 are unrestricted (31 December 2018 – TL 1,842,164).

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

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Debt instruments				
Listed	1,907,644		2,584,771	
Unlisted	1,376,041		1,674,523	
Equity instruments	531,603		910,248	
Listed	8,772		6,414	
Unlisted	-		-	
Impairment provision (-) / charge (+)	8,772		6,414	
Total	67,933		111,993	
Total	1,848,483		2,479,192	

ICBC TURKEY BANK ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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I. Explanations and Footnotes on Consolidated Assets (Continued)**5. Information related to loans:**

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

	30 September 2019		31 December 2018	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	302,042	-	259,363
Corporate shareholders	-	302,042	-	259,363
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	-	36	-	-
Loans granted to employees	2,668	-	2,692	-
Total	2,668	302,078	2,692	259,363

b) Information on the standard and under 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	
			Loans with Revised Contract Terms	Refinance
Non-specialized loans	7,629,933	53,182	168,489	14,903
Loans given to enterprises	-	-	168,462	14,237
Export loans	5,115	31,587	-	-
Import loans	-	-	-	-
Loans given to financial sector	3,732,313	31	-	-
Consumer loans	663,038	9,722	27	105
Credit cards	19,032	203	-	-
Other	3,210,435	11,639	-	561
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	7,629,933	53,182	168,489	14,903

ICBC TURKEY BANK ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

I. Explanations and Footnotes on Consolidated Assets (Continued)**5. Information related to loans (Continued):**

	30 September 2019		31 December 2018	
	Standard Loans	Loans under close monitoring	Standard Loans	Loans under close monitoring
Allowances for Expected Credit Losses on Stage 1 and 2				
12 Months Expected Loss Provision	38,105	-	46,509	-
Significant Increase in Credit Risk	-	34,723	-	83,254
Total	38,105	34,723	46,509	83,254

Number of Amendments Related to the Extension of the Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extended by 1 or 2 Times	2,459	182,804
Extended by 3, 4 or 5 Times	-	-
Extended by More Than 5 Times	-	-

The Time Extended via the Amendment on Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Up to 6 Months	184	153,484
6 Months - 12 Months	103	2,082
1 - 2 Years	659	16,900
2 - 5 Years	902	10,338
5 Years and Over	611	-

ICBC TURKEY BANK ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

I. Explanations and Footnotes on Consolidated Assets (Continued)**5. Information related to loans (Continued):**

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

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans – TL	3,703	663,314	667,017
Mortgage Loans	66	539,181	539,247
Automobile Loans	39	5,429	5,468
Consumer Loans	3,598	118,704	122,302
Other	-	-	-
Consumer Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards – TL	16,175	-	16,175
With Installment	4,065	-	4,065
Without Installment	12,110	-	12,110
Consumer Credit Cards – FC	411	-	411
With Installment	-	-	-
Without Installment	411	-	411
Personnel Loans – TL	131	1,268	1,399
Mortgage Loans	-	254	254
Automobile Loans	-	-	-
Consumer Loans	131	1,014	1,145
Other	-	-	-
Personnel Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards – TL	1,290	-	1,290
With Installment	432	-	432
Without Installment	858	-	858
Personnel Credit Cards – FC	50	-	50
With Installment	-	-	-
Without Installment	50	-	50
Credit Deposit Account – TL (Real Person)	4,476	-	4,476
Credit Deposit Account – FC (Real Person)	-	-	-
Total	26,236	664,582	690,818

ICBC TURKEY BANK ANONİM ŞİRKETİ

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

I. Explanations and Footnotes on Consolidated Assets (Continued)

5. Information related to loans (Continued):

Prior Period	Short Term	Medium and Long Term	Total
Consumer Loans – TL	5,731	762,122	767,853
Mortgage Loans	109	618,602	618,711
Automobile Loans	-	3,442	3,442
Consumer Loans	5,622	140,078	145,700
Other	-	-	-
Consumer Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Credit Cards – TL	16,231	-	16,231
With Installment	3,870	-	3,870
Without Installment	12,361	-	12,361
Consumer Credit Cards – FC	469	-	469
With Installment	-	-	-
Without Installment	469	-	469
Personnel Loans – TL	80	1,222	1,302
Mortgage Loans	-	289	289
Automobile Loans	-	-	-
Consumer Loans	80	933	1,013
Other	-	-	-
Personnel Loans – Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	-	-
Mortgage Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards – TL	1,381	-	1,381
With Installment	452	-	452
Without Installment	929	-	929
Personnel Credit Cards – FC	33	-	33
With Installment	-	-	-
Without Installment	33	-	33
Credit Deposit Account – TL (Real Person)	5,198	-	5,198
Credit Deposit Account – FC (Real Person)	-	-	-
Total	29,123	763,344	792,467

ICBC TURKEY BANK ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

I. Explanations and Footnotes on Consolidated Assets (Continued)**5. Information related to loans (Continued):**

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

Current Period	Short Term	Medium and Long Term	Total
Commercial Installment Loans – TL	-	272,514	272,514
Business Residential Loans	-	-	-
Automobile Loans	-	3,868	3,868
Consumer Loans	-	228,991	228,991
Other	-	39,655	39,655
Commercial Installment Loans – Indexed to FC	-	15,886	15,886
Business Residential Loans	-	-	-
Automobile Loans	-	2,646	2,646
Consumer Loans	-	13,240	13,240
Other	-	-	-
Commercial Installment Loans – FC	-	728,173	728,173
Business Residential Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	728,173	728,173
Other	-	-	-
Corporate Credit Cards – TL	1,181	-	1,181
With Installment	192	-	192
Without Installment	989	-	989
Corporate Credit Cards – FC	128	-	128
With Installment	-	-	-
Without Installment	128	-	128
Credit Deposit Account – TL (Legal Entity)	-	-	-
Credit Deposit Account – FC (Legal Entity)	-	-	-
Total	1,309	1,016,573	1,017,882

Prior Period	Short Term	Medium and Long Term	Total
Commercial Installment Loans – TL	305	343,234	343,539
Business Residential Loans	-	-	-
Automobile Loans	-	9,093	9,093
Consumer Loans	305	334,141	334,446
Other	-	-	-
Commercial Installment Loans – Indexed to FC	-	40,861	40,861
Business Residential Loans	-	-	-
Automobile Loans	-	11,573	11,573
Consumer Loans	-	29,288	29,288
Other	-	-	-
Commercial Installment Loans – FC	-	-	-
Business Residential Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards – TL	1,617	-	1,617
With Installment	282	-	282
Without Installment	1,335	-	1,335
Corporate Credit Cards – FC	66	-	66
With Installment	-	-	-
Without Installment	66	-	66
Credit Deposit Account – TL (Legal Entity)	-	-	-
Credit Deposit Account – FC (Legal Entity)	-	-	-
Total	1,988	384,095	386,083

ICBC TURKEY BANK ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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):****e) Domestic and foreign loans:**

	30 September 2019	31 December 2018
Domestic loans	7,175,669	7,278,648
Foreign loans	690,838	595,944
Total	7,866,507	7,874,592

f) Loans granted to subsidiaries and associates: None (31 December 2018 – TL 24).

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

	30 September 2019	31 December 2018
Loans and Receivables with Limited Collectibility	84,808	928
Loans and Receivables with Doubtful Collectibility	504	28,759
Uncollectible Loans and Receivables	77,572	48,900
Total	162,884	78,587

ICBC TURKEY BANK ANONİM ŞİRKETİ
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

I. Explanations and Footnotes on Consolidated Assets (Continued)
5. Information related 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	-	-	328
Loans under restructuring	-	-	328
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
Prior Period End Balance	2,817	39,676	50,914
Additions (+)	131,447	1,300	2,781
Transfers from Other Categories of Non-Performing Loans (+)	-	6,088	42,851
Transfers to Other Categories of Non-Performing Loans (-)	6,088	42,851	-
Collections (-)	1,288	1,406	9,827
Write-offs (-)	13	-	-
Sold Portfolio (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balances at End of the Period	126,875	2,807	86,719
Provisions (-)	84,808	504	77,572
Net Balance on Balance Sheet	42,067	2,303	9,147

ICBC TURKEY BANK ANONİM ŞİRKETİ

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

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible Loans
Current Period			
Balances at the end of the period	97,036	114	657
Provision Amount (-)	72,150	64	657
Net Balance on Balance Sheet	-	-	-
Prior Period			
Balances at the end of the period	-	-	657
Provision Amount (-)	-	-	626
Net Balance on Balance Sheet	-	-	-

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
Current Period (Net)	42,067	2,303	9,147
Loans Allowed to Real Persons and Corporate Entities (Gross)	126,875	2,807	86,719
Provision Amount (-)	84,808	504	77,572
Loans Allowed to Real Persons and Corporate Entities (Net)	42,067	2,303	9,147
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
Prior Period (Net)	1,889	10,917	2,014
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)	-	-	-

ICBC TURKEY BANK ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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.5) Information on interest accruals, rediscounts, valuation differences and their provisions calculated for non-performing loans by banks which adopted expected loan loss provisions in accordance with TFRS 9:

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectibility	Group V Uncollectible loans
Current period (Net)	(79,796)	(54)	(24,499)
Interest accruals and rediscounts and valuation differences	4,889	11	8,436
Provision amount (-)	84,685	65	32,935
Prior period (Net)	(386)	(23,160)	-
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 ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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:

	30 September 2019	31 December 2018
Government bonds	1,514,336	993,472
Treasury bills	-	-
Other public sector debt securities	-	-
Total	1,514,336	993,472

c) Information on financial assets at amortized cost:

	30 September 2019	31 December 2018
Debt instruments	2,274,747	1,324,326
Listed	-	-
Unlisted	2,274,747	1,324,326
Impairment provision ⁽¹⁾	72,296	59,673
Total	2,347,043	1,383,999

⁽¹⁾ Consists of change in interest accruals.

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

	30 September 2019	31 December 2018
Beginning balance	1,380,504	493,413
Foreign currency differences on monetary assets	-	-
Purchases during year	894,243	830,913
Disposals through sales and redemptions	-	-
Impairment provision ⁽¹⁾	72,296	59,673
Total	2,347,043	1,383,999

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

None.

8. Investments in subsidiaries (net):

As at 30 September 2019, the Parent Bank has a subsidiary, 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 30 September 2019, the Parent Bank has no unconsolidated subsidiary.

ICBC TURKEY BANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 30 September 2019:

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

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
1,021,242	139,848	1,017	13,027	130	25,255	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, 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
4,968	4,602	6	623	-	945	(133)	-

g) Movement of consolidated subsidiaries:

	30 September 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	-	-
Balance at the End of the Period	75,998	75,998
Capital Commitments	-	-
Share of Capital Percentage at the end of Period (%)	-	-

h) Sectorial distribution of consolidated subsidiaries:

	30 September 2019	31 December 2018
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	75,998	75,998
Total	75,998	75,998

ICBC TURKEY BANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 30 September 2019, the Group has net deferred tax asset amounting to TL 30,916 (31 December 2018 – TL 44,596). As of 30 September 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 30 September 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 4,201 as at 30 September 2019 (31 December 2018 – TL 2,058).

Sum of other assets amounting to TL 37,667 (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 ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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) 30 September 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	35,550	175,987	1,589,697	1,690	11,327	2,084	-	1,816,335
Foreign Currency Deposits	285,589	256,084	5,274,102	71,319	53,538	8,182	-	5,948,814
Residents in Turkey	248,109	254,465	5,133,491	68,427	19,813	3,480	-	5,727,785
Residents Abroad	37,480	1,619	140,611	2,892	33,725	4,702	-	221,029
Public Sector Deposits	64,394	-	-	-	-	-	-	64,394
Commercial Deposits	30,883	116,375	992,265	-	51	1	-	1,139,575
Other Ins. Deposits	5,234	2,407	16,822	11	41	1	-	24,516
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	70,858	686,635	-	-	-	-	-	757,493
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	2,389	686,635	-	-	-	-	-	689,024
Foreign Banks	68,469	-	-	-	-	-	-	68,469
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	492,508	1,237,488	7,872,886	73,020	64,957	10,268	-	9,751,127

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	-	-	-	-	-	-	-	-
Total	438,173	1,620,075	5,719,501	215,153	22,885	6,455	-	8,022,242

ICBC TURKEY BANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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
	30 September 2019	30 September 2019
Saving Deposits	956,398	858,614
Foreign Currency Savings Deposits	528,365	1,964,742
Other Saving Deposits	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-
Total	1,484,763	2,823,356

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	-	-
Total	1,079,245	2,288,296

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 9,544 (31 December 2018 – TL 5,588).

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

	30 September 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	9,544	5,588
Deposits and Other Accounts linked to Crimes Mentioned in 282 nd Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-Shore Banks which are established to be engaged in off-shore banking in Turkey	-	-

ICBC TURKEY BANK ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Forward Transactions	468	34	4	-
Swap Transactions	-	66	745	373
Future Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	468	100	749	373

3. Information on funds borrowed:**a) Information on banks and other financial institutions:**

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks and Institutions	3,976	1,125	1,527	-
Foreign Banks, Institutions and Funds	-	3,782,598	1,161,228	2,919,795
Total	3,976	3,783,723	1,162,755	2,919,795

b) Contractual maturities of funds borrowed:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Short-Term	3,976	345,076	1,162,755	792,471
Medium and Long-Term	-	3,438,647	-	2,127,324
Total	3,976	3,783,723	1,162,755	2,919,795

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 925,127 (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:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
Less Than 1 Year	3,251	-	-	-
Between 1-4 Years	10,423	-	-	-
More Than 4 Years	65,695	-	-	-
Total	79,369	-	-	-

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 ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 30 September 2019, this amount is restricted with full TL 6,379.86 (31 December 2018 – full TL 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.

	30 September 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:

	30 September 2019	31 December 2018
Balance at prior period end	12,183	10,735
Current year provisions	4,809	3,706
Paid in current year	(2,598)	(2,258)
Balance at Current Period End	14,394	12,183

As at 30 September 2019, the Group has vacation provision amounting TL 6,500 (31 December 2018 – TL 5,734).

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

As at 30 September 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 30 September 2019, the Group has provision amounting to TL 7,144 (31 December 2018 – TL 6,060) for non-cash loans and irrevocable commitments that are not indemnified and not converted into cash amounting to TL 3,474 (31 December 2018 – TL 2,964).

d) Information on other provisions:

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

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

As at 30 September 2019, the Parent Bank has provision for credit card service promotions amounting TL 92 (31 December 2018 – TL 91).

d.3) Information on other provisions:

As at 30 September 2019, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 12,791 (31 December 2018 – TL 12,515).

As at 30 September 2019, there is provision for non-cash loans amounting TL 28,806 (31 December 2018 – TL 5,737).

As at 30 September 2019, TL 21,494 has been provided for personnel bonuses (31 December 2018 – TL 23,244).

ICBC TURKEY BANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 30 September 2019, corporate taxes payable of the Group after deductions of prepaid taxes is TL 1,365 (31 December 2018 – TL 18,001).

b) Information on taxes payable:

	30 September 2019	31 December 2018
Corporate Taxes Payable	1,365	18,001
Taxation on Securities	9,122	5,391
Property Tax	308	256
Booking and Insurance Transaction Tax (BITT)	3,152	2,976
Foreign Exchange Tax	-	-
Value Added Tax Payable	1,234	744
Other	6,505	8,892
Total	21,686	36,260

c) Information on premiums payable:

	30 September 2019	31 December 2018
Social security premiums - employee	1,128	1,009
Social security premiums - employer	1,261	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	69	62
Unemployment insurance - employer	139	124
Other	1	1
Total	2,598	2,331

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:

	30 September 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	-	1,715,339	-	1,579,084
Subordinated Loans ⁽¹⁾	-	1,715,339	-	1,579,084
Subordinated Debt Instruments	-	-	-	-
Total	-	1,715,339	-	1,579,084

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

ICBC TURKEY BANK ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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:**

	30 September 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:

	30 September 2019		31 December 2018	
	TL	FC	TL	FC
From investment in associates, subsidiaries and joint ventures	-	-	-	-
Revaluation difference	(10,582)	(2,561)	(51,945)	(31,288)
Foreign exchange difference	-	-	-	-
Total	(10,582)	(2,561)	(51,945)	(31,288)

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, it was resolved that 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 ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated)

III. Information and Disclosures Related to Consolidated Off-Balance Sheet Items**1. Explanation on off-balance sheet items:****a) Type and amount of irrevocable commitments:**

	30 September 2019	31 December 2018
Forward purchase and sale commitments	9,987	112,551
Commitment for use guaranteed credit allocation	30,153	29,325
Credit cards limit commitments	77,896	73,480
Payment commitments for cheques	7,917	7,720
Credit card commitments given with applications for promotion	203	199
Tax and fund obligations arising from export commitments	3	6
Other irrevocable commitments	564	7,105
Total	126,723	230,386

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

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

	30 September 2019	31 December 2018
Letters of guarantee	2,177,129	2,040,443
Bank acceptance loans	-	-
Letters of credit	323,026	217,850
Other guarantees	3,074,525	112,889
Total	5,574,680	2,371,182

c) Total amount of non-cash loans:

	30 September 2019	31 December 2018
Non-Cash Loans Given for Cash Loan Risks	140,930	166,824
With Original Maturity of 1 Year or Less	87,988	108,737
With Original Maturity of More Than 1 Year	52,942	58,087
Other Non-Cash Loans	5,433,750	2,204,358
Total	5,574,680	2,371,182

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

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

ICBC TURKEY BANK ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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:**

	30 September 2019		30 September 2018	
	TL	FC	TL	FC
Interest Income Received from Loans ⁽¹⁾				
Short Term Loans	53,715	6,935	157,979	5,373
Medium and Long Term Loans	214,913	262,411	230,454	180,668
Loans Under Follow-Up	11,532	-	5,572	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	280,160	269,346	394,005	186,041

⁽¹⁾ Also includes fees and commissions from cash loans.**b) Information on interest income received from banks:**

	30 September 2019		30 September 2018	
	TL	FC	TL	FC
From Domestic Banks	1,378	58,930	694	3,423
From Foreign Banks	-	8,901	-	1,216
From Headquarters and Branches Abroad	-	-	-	-
Total	1,378	67,831	694	4,639

c) Information on interest income received from securities portfolio:

	30 September 2019		30 September 2018	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit Or Loss	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	49,631	47,642	118,875	42,983
Financial Assets Measured at Amortized Cost	49,306	62,693	39,099	16,367
Total	98,937	110,335	157,974	59,350

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

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

	30 September 2019		30 September 2018	
	TL	FC	TL	FC
Banks ⁽¹⁾	29,823	147,409	52,289	141,436
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	302	12	173	96
Foreign Banks	29,521	147,397	52,116	141,340
Foreign Branches and Offices Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	29,823	147,409	52,289	141,436

⁽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.

30 September 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	-	6,855	-	-	-	-	-	6,855	
Saving Deposits	-	11,366	237,613	6,004	1,108	305	-	256,396	
Public Sector Deposits	-	-	-	-	-	-	-	-	
Commercial Deposits	-	23,066	63,864	579	1	-	-	87,510	
Other Deposits	-	119	2,175	4	4	-	-	2,302	
Total	-	41,406	303,652	6,587	1,113	305	-	353,063	
Foreign Currency									
Foreign Currency Deposits	-	2,838	127,945	1,589	448	127	-	132,947	
Bank Deposits	-	11,725	-	-	-	-	-	11,725	
Precious Metal Deposits	-	-	-	-	-	-	-	-	
Total	-	14,563	127,945	1,589	448	127	-	144,672	
Grand Total	-	55,969	431,597	8,176	1,561	432	-	497,735	

30 September 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	-	2	-	-	-	-	-	-	2
Saving Deposits	-	2,796	152,424	3,497	311	1	-	-	159,029
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	-	4,695	25,247	59	-	-	-	-	30,001
Other Deposits	-	14	1,051	3	3	-	-	-	1,071
Total	-	7,507	178,722	3,559	314	1	-	-	190,103
Foreign Currency									
Foreign Currency Deposits	-	530	82,989	1,240	153	98	-	-	85,010
Bank Deposits	-	980	-	-	-	-	-	-	980
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Total	-	1,510	82,989	1,240	153	98	-	-	85,990
Grand Total	-	9,017	261,711	4,799	467	99	-	-	276,093

ICBC TURKEY BANK ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(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):**

	30 September 2019	30 September 2018
Profit	254,069	1,191,369
Capital Market Gains	7,596	8,134
Derivative Gains	122,890	605,306
Foreign Exchange Gains	123,583	577,929
Loss (-)	220,773	1,192,889
Capital Market Losses	-	-
Derivative Losses	115,133	373,003
Foreign Exchange Losses	105,640	819,886

Net profit related to derivative transactions resulting from foreign currency rate changes is amounting to TL 394 TL (30 September 2018 – TL 325,930 net profit).

4. Information on other operating income:

	30 September 2019	30 September 2018
Collection of Prior Year Provisions	3,750	5,277
Reverse of Prior Year Expenses	7,228	25,089
Income on Project Appraisal	3,278	12,862
Income from Held for Sales Assets	167	1,186
Other Income	21,376	29,075
Total	35,799	73,489

5. Impairment on loans and other receivables:

	30 September 2019	30 September 2018
Allowance for expected credit losses	60,038	118,327
12-Month expected credit losses (Stage 1)	19,438	3,804
Significant increase in credit risk (Stage 2)	(44,211)	67,697
Credit-Impaired (Stage 3)	84,811	46,826
Impairment provisions for financial assets	7,546	15,401
Financial assets at fair value through profit or loss	15	6
Financial assets at fair value through other comprehensive income	7,531	15,395
Impairment provisions related to investments in associates, subsidiaries and joint ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	635	26,534
Total	68,219	160,262

ICBC TURKEY BANK ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(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:**

	30 September 2019	30 September 2018
Reserve for Employee Termination Benefits	2,858	167
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	21,270	5,318
Impairment Expenses of Intangible Assets	-	-
Impairment Expenses of Goodwill	-	-
Depreciation Expenses on Intangible Assets	3,295	1,758
Impairment Expenses of Investments in Associates	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	70	332
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	41,292	50,599
Leasing Expenses on TFRS 16 Exemptions	3,024	20,852
Repair and Maintenance Expenses	10,286	6,500
Advertising Expenses	1,269	554
Other Expenses	26,713	22,693
Loss on Sale of Assets	16	-
Other ⁽¹⁾	49,593	26,917
Total	118,394	85,091

⁽¹⁾ 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 85,442 (30 September 2018 – TL 97,785 profit before tax). Profit before taxes consists of net interest income amounting to TL 275,958 (30 September 2018 – TL 322,072), net fees and commission income amounting to TL 76,403 (30 September 2018 – TL 78,338), personnel expenses amounting to TL 149,402 (30 September 2018 – TL 129,242) and other operating expenses amounting to TL 118,394 (30 September 2018 – TL 85,091).

8. Taxes on income from continued and discontinued operations:**a) Information on current tax income or expense and deferred tax income or expense:**

Current tax expenses belonging to period ending on 30 September 2019 is TL 36,975 (30 September 2018 – TL 12,846).

There is a deferred tax expense on 30 September 2019 amounting to TL 19,775 (30 September 2018 – TL 13,376) related with the reversal of the temporary differences and deferred tax income amounting to TL (24,065).

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

Temporary differences amounting to TL 19,775 (30 September 2018 – TL 13,376) for the period ended 30 September 2019 deferred tax expense and deferred tax income amounting to TL (24,065) are included.

Additionally, for the period ended 30 September 2019, the current tax effect amounting to TL (13,363) and deferred tax effect amounting to TL (4,570), on an aggregate TL (17,933) tax effect (30 September 2018 – TL 8,871 current and TL 18,179 is deferred tax effect total TL 27,050) which are related to transactions recognized under equity is accounted under equity accounts.

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

For the period ended 30 September 2019, the deferred tax expense arising from the origination of temporary differences amounts TL 19,775 (30 September 2018 – TL 13,376 deferred tax expense) and there is deferred tax income amounting TL (24,065) on 30 September 2019. There is no deferred tax income from financial loss as of 30 September 2019 (30 September 2018 – None).

ICBC TURKEY BANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 52,757 (30 September 2018 – TL 71,563 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 ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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) 30 September 2019:

Parent Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Parent 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	-	-	-	302,078	31	-
Interest and Commission Income Received	-	-	-	-	-	-

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

The Parent Bank has TL 15,335 placements in its risk group banks as at 30 September 2019 (31 December 2018 – TL 19,259). Also the Parent Bank has TL 327 irrevocable commitment in its risk group as at 30 September 2019 (31 December 2018 – TL 93).

b) 31 December 2018:

Parent Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Parent 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	-	-	-

⁽¹⁾ 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 ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Parent Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Deposits						
Balance at the Beginning of the Period	-	-	31,221		992	
Balance at the End of the Period	-	-	51,972		2,106	
Interest on Deposits	-	-	-		57	

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

Prior Period Parent Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Parent Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Deposits						
Balance at the Beginning of the Period	-	-	70,367		519	
Balance at the End of the Period	-	-	31,221		992	
Interest on Deposits	-	-	-		33	

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

The Parent Bank has borrowed loans from the Parent Bank's Risk Group amounting TL 3,782,599 as of 30 September 2019 (31 December 2018 – TL 3,815,471).

The Parent Bank has subordinated loans from the Parent Bank's Risk Group amounting TL 1,715,339 as of 30 September 2019 (31 December 2018 – TL 1,579,084).

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 ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 30 September 2019, proportion of cash loans to risk group in total cash loans is 0.0004% (31 December 2018 – 0.0004%) and proportion of deposits from its risk group in total deposits is 0.6% (31 December 2018 – 0.4%). Proportion of borrowings from its risk group in total funds borrowed is 99.9% (31 December 2018 – 93.5%). Proportion of subordinated loans from its risk group in total subordinated loans is 100% (31 December 2018 – 100%).

As a result of the other operations with the institutions which were included of the Parent Bank's risk group, TL 252 were reflected to the record of other operations in the current period.

In the current period, benefits provided to the Group's key management amount to TL 18,596 (30 September 2018 – TL 14,413).

VI. Explanation and Footnotes on Subsequent Events

None.

ICBC TURKEY BANK ANONİM ŞİRKETİ

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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SECTION SIX

Explanations on the Auditors’ Review Report

I. Explanations on the Auditors’ Review Report

The consolidated financial statements of the Parent Bank and its subsidiaries as at and for the nine-month period ended 30 September 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 October 2019 is presented in the introduction of this report.

II. Explanation and Footnotes prepared by the independent auditors

None.

ICBC TURKEY BANK ANONİM ŞİRKETİ

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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SECTION SEVEN

EXPLANATIONS ON INTERIM CONSOLIDATED ACTIVITY REPORT

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

The consolidated financial statements and consolidated board of directors' report of our Bank "ICBC Turkey Bank A.Ş." as at 30 September 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.

Best Regards,

XIANGYANG GAO

Chairman of Board of Directors

PEIGUO LIU

Chairman of Audit Committee
And Member of Board of
Directors

YING WANG

Member of Board of Directors
and Member of Audit Committee

JINHONG LI

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

ICBC TURKEY BANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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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, 7,628 thousand corporate clients and 627 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 13th 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 43 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 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 ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 30 September 2019 is as follows:

Name of the Shareholder – 30 September 2019	Shareholding Amount (Full TL)	Percentage (%)
Industrial and Commercial Bank of China Limited (ICBC)	798,428,227	92.84
Publicly Traded	61,571,773	7.16
Grand Total	860,000,000	100.00

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

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

3. Amendments in Articles of Association During the Period

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

4. Chairman and the Member of the Board of Directors

Name and Surname	Position and Areas of Responsibility
Xiangyang Gao	Chairman of the Board of Directors, 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

^(*) As of 25 October 2019, Mehmet Hilmi Güler resigned from his position, there has not been any appointment yet

5. General Manager and Assistant General Managers

Name and Surname	Position and Areas of Responsibility
Shaoxiong Xie	General Manager - Member of the Board of Directors
Jinhong Li	Deputy General Manager - Assistant General Manager - Financial Reporting, 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 Döner	Assistant General Manager - International Relations Group
Kadir Karakurum	Assistant General Manager - Retail Banking Group

ICBC TURKEY BANK ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(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	99.99%

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 Yatırım, providing daily and weekly reports and stock analyses for its customers prepared by its experienced research team, helps a wider range of customers via 20 branches.

III. Financial Information and Evaluations**1. Consolidated Financial Figures:**

Financial Figures (TL Million)	30 September 2019	31 December 2018	%
Total Assets	17,684	15,852	12%
Deposits ⁽¹⁾	8,994	6,700	34%
Loans	7,867	7,875	0%
Shareholders' Equity	1,289	1,167	11%
Profit / (Loss)	52.8	83.5	(37)%

⁽¹⁾ Bank deposits are excluded.

Financial Ratios %	30 September 2019	31 December 2018	%
Return on Assets	0.4%	0.6%	(27)%
Return on Equity	5.7%	7.3%	(22)%
Capital Adequacy Ratio	21.9%	30.2%	(28)%
Loans / Total Assets	44.5%	49.7%	(10)%
Deposits / Total Assets ⁽¹⁾	50.9%	42.3%	20%
Non-Performing Loan (NPL) Ratio	2.8%	1.2%	135%

⁽¹⁾ Bank deposits are excluded.**Five Years Summary Financial Information:**

TL Thousand	30 September 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
Total Assets	17,683,741	15,852,490	13,315,560	8,308,619	6,670,222
Total Deposits ⁽¹⁾	8,993,634	6,699,689	3,273,860	2,850,077	2,134,512
Total Loans	7,866,507	7,874,592	7,680,821	5,098,106	4,150,620
Shareholders' Equity	1,289,487	1,166,569	1,112,294	607,007	597,194
Profit / (Loss)	52,757	83,549	48,283	18,749	(13,542)

⁽¹⁾ Bank deposits are excluded.

ICBC TURKEY BANK ANONİM ŞİRKETİ

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

The third quarter of the year has been a period of increased volatility in global markets. Rising tensions between China and US over international trade, along with increased uncertainty over whether EU countries and UK can agree on a Brexit deal caused a negative impact over global markets and economy. According to IMF forecasts, economic growth is expected to decelerate in nearly 90 per cent of the global economy in 2019 to the lowest level in a decade, while two years ago it was accelerating in 75 per cent of the world. The slowdown in economic activity led to a fall in global interest rates. Central banks in developed economies, led by Fed and the ECB, re-started the easing cycle in monetary policy. Fed cut its policy rate by 25 bps and ECB started a new round of asset purchase program in September. Central bankers in the developed world reiterated their calls for fiscal policy steps in order to reach growth and inflation targets, stating monetary policy alone was not sufficient. In a period of increased volatility, Turkish markets differentiated positively from their peers in other emerging markets. While financial markets performed well, the gradual recovery in economic activity continued. The New Economic Plan announced in September indicates that the next 3 years will be a period of transformation. As ICBC Turkey, along with our counterparties in the banking sector, we will continue to fulfill our task with utmost sense of responsibility and the support of ICBC's global network.

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 September ICBC Turkey's total assets have exceeded TL 17 billion and consolidated profit after tax reached TL 52.8 billion. 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 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 ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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,

In the third quarter of 2019, Turkish financial markets have performed well; volatility was on a flat and low trend, while economic activity continued on a gradual recovery. The gradual recovery was reflected in international organizations evaluation of Turkish economy and in their revised forecasts. OECD revised its previous 2.6% contraction forecast to 0.3%, while IMF revised its 2.5% contraction forecast to 0.25% growth.

One of the most important developments in Turkish economy was the improvement in inflation and the fall in interest rates. There was a rapid fall in annual inflation rate from its August 2018 peak. CBRT's tight monetary stance – especially until July 2019, hands-on approach and measures taken by authorities to improve pricing behavior and cyclical factors helped bring inflation rate down to single digit levels by September. The improvement in pricing behavior and the relatively stable trend in local currency created an environment where CBRT was able to cut its policy rate by a cumulative 750 bps in July and September. The drop in interest rates allowed for a resurgence in banking sector's loan volumes. With this resurgence and cyclical economic factors kicking in, the recovery in economic activity may be expected to pick up some pace in the remainder of the year.

Important developments took place in the banking sector as well. BRSA took a crucial step and mandated banks to classify a chunk of troubled loans as NPL. This was a prudent and positive step in a balance sheet cleanup process, which would allow the sector to provide funding to the real economy in a more effective way. Thanks to the sector's solid capital structure and experienced management teams, the adverse effect from the increase in NPL ratio could be minimized.

The New Economy Plan announced in September heralds the start of a transformation process. Along with ambitious growth targets, the prioritization of improving internal and external vulnerabilities is a sign that structural reforms could be on the way.

As ICBC Turkey, we continue to support Turkish economy by funding projects that will enable sustainable growth with the full backing of ICBC's global power. Our journey in Turkey that began 4 years will go on with competitive services and products. Our aim is to move on to new horizons by seizing opportunities in Turkey as well as the neighboring region with making full use of Turkey's strategic location as a hub.

Sincerely yours,

SHAOXIONG XIE

General Manager

ICBC TURKEY BANK ANONİM ŞİRKETİ**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(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 "Monthly Banking Sector Report" (as at December 2018 and August 2019) announced by Banking Regulation and Supervision Agency (BRSA);

- Cash and Balances with CBRT increase in the sector by 7.0%, at bank decreased by 1.0%,
- Securities increased in the sector by 31.2%, at bank increased by 8.7%,
- Loans increased in the sector by 6.8%, at bank increased by 0.5%,
- NPLs (gross) of the sector increased by 34.8%, at bank increased by 131.9%,
- Total deposits of the sector increased by 18.0% and total deposits of bank increased by %24.0,
- Total non-cash loans of the sector increased by 1.9%, bank's total non-cash loans increased by 135.1%.

TL Million	30 September 2019		31 December 2018		Change %	
	ICBC Turkey	Sector ⁽¹⁾	ICBC Turkey	Sector	ICBC Turkey	Sector ⁽¹⁾
Cash and Balances with CBRT	1,789	239,689	1,807	223,971	(1.0)%	7.0%
Placement to Banks	3,343	198,080	2,023	183,366	65.3%	8.0%
Securities Portfolio	4,193	620,842	3,860	473,219	8.7%	31.2%
Loans	7,827	2,536,715	7,829	2,385,194	0.0%	6.4%
Loans (including NPL)	7,881	2,576,661	7,844	2,413,211	0.5%	6.8%
NPL (Gross)	216	123,798	93	91,845	131.9%	34.8%
Provisions for NPLs	163	83,852	78	63,828	107.5%	31.4%
Total Deposits and Funds	10,180	2,353,854	8,208	1,995,199	24.0%	18.0%
Non-cash Loans	5,575	797,344	2,371	782,122	135.1%	1.9%
Total Assets	17,168	4,270,409	15,525	3,842,639	10.6%	11.1%

⁽¹⁾ The data is taken from the Monthly Sector Bulletin of the BRSA dated 30 September 2019 for August end 2019.

Comparison of Sector	30 September 2019		31 December 2018		Change %	
	ICBC Turkey	Sector ⁽¹⁾	ICBC Turkey	Sector	ICBC Turkey	Sector ⁽¹⁾
Total Loans / Total Assets	46%	59%	50%	62%	(9.6)%	(4.3)%
Total Deposits / Total Liabilities	59%	55%	53%	52%	12.2%	6.2%
Securities / Total Assets	24%	15%	25%	12%	(1.7)%	18.1%
NPL Ratio	2.8%	5%	1%	4%	128.4%	25.5%
Liquid Values / Total Assets	30%	10%	25%	11%	21.2%	(3.3)%
Non-cash Loans / Total Cash Loans	71%	31%	30%	32%	134.0%	(4.5)%

⁽¹⁾ Evaluations are given on non-consolidated basis.

ICBC TURKEY BANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 September 2019 prepared in accordance with the regulations of Banking Regulation and Supervision Agency;

- Consolidated total assets exceeded TL 17 billion.
- Total consolidated loans reached TL 7.8 billion while the share in the balance sheet was realized as 44%.
- Total consolidated deposits are TL 9.8 billion.
- Consolidated deposits' share in consolidated total assets is 55%.
- Consolidated net profit for the nine months end period of 2019 is realized as TL 52.8 million.
- Consolidated return on assets was 0.6% at the end of 2018, 0.4% for the current period. Consolidated return on equity reached 5.7% in the current period from 7.3% at the end of 2018.
- Consolidated capital adequacy ratio is realized as 21.9%.

6. Explanations about Bank's Credit Ratings

International Credit Rating Agency, Fitch Ratings confirmed the outlook rating of ICBC Turkey as "Stable" as of 15 October 2019.

International Rating Institution- Fitch Ratings	
Long-term foreign currency and credit notes denominated in TL	B+, BB-
National long-term credit rating	AA (tur)
Short-term foreign currency and credit notes denominated in TL	B
Support rating	4
Outlook	Stable

IV. Information About Transactions of Parent Bank with Risk Group

Bank's relations with risk group covers all kind of banking transactions in accordance with Banking Law, within the framework of normal bank-customer relationship and market conditions. Detailed explanations in these transactions are at Section 5 and V. Footnote of "Consolidated Financial Statements to Be Announced to Public and Related Explanations and Footnotes with Auditors' Review Report as at 30 September 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 30 September 2019:

Institutions (full TL)	Amount (TL)
Türk Eğitim Vakfı	850,00
Total	850,00

VII. Consolidated Auditors' Review Report

ICBC Turkey's all material disclosures to BIST, Consolidated Financial Statements, Explanations and Footnotes Related Thereon and the Auditors' Review Report for the nine-month period ended at 30 September 2019 are published under the "Financial Information" heading in the "Investor Relations" section of the Bank's website addressed www.icbc.com.tr.