ICBC Turkey Yatırım Menkul Değerler

Anonim Şirketi and Its Subsidiary

Consolidated Financial Statements
for the Interim Six-Months Period Ended
30 June 2023 and Review Report

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(Convenience Translation of the Report on Review of Condensed Consolidated Interim Financial Information Originally Issued in Turkish)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the General Assembly of ICBC Turkey Yatırım Menkul Değerler A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of ICBC Turkey Yatırım Menkul Değerler A.Ş. (the "Company") and its subsidiary (the "Group") as at 30 June 2023, and the condensed consolidated statements of profit or loss and other comprehensive income, condensed consolidated statement of changes in shareholders' equity and condensed consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. The Group management is responsible for the preparation and fair presentation of the accompanying condensed consolidated interim financial information in accordance with Turkish Accounting Standards 34 Interim Financial Reporting ("TAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with TAS 34 “Interim Financial Reporting”.

Additional paragraph for convenience translation to English

In the accompanying interim condensed consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying interim condensed consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

Mehmet Erol
Partner

İstanbul, 10 August 2023

TABLE OF CONTENTS

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2023
(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

	Notes	Reviewed Current Period 30 June 2023	Audited Prior Period 31 December 2022
Assets			
Current Assets			
Cash and cash equivalents	3	573.551.439	354.187.641
Financial investments	5	19.611.231	17.648.615
Trade receivables	4	963.173.144	1.009.776.061
- Trade receivables from related parties	*19*	*13.489.107*	*781.055*
- Trade receivables from third parties		*949.684.037*	*1.008.995.006*
Other Receivables	6	11.822	5.015
- Other receivables from third parties		*11.822*	*5.015*
Prepaid expenses	6	2.311.960	50.979
Current tax assets	6	1.417	1.417
Total Current Assets		**1.558.661.013**	**1.381.669.728**
Non-Current Assets			
Financial investments	5	159.711	159.711
Other receivables	6	18.691.829	27.855.882
- Other receivables from third parties		*18.691.829*	*27.855.882*
Tangible assets	7	13.631.809	2.598.414
Intangible assets	8	3.795.567	3.312.637
Deferred tax asset	18	7.537.007	9.952.730
Total Non-Current Assets		**43.815.923**	**43.879.374**
Total Assets		**1.602.476.936**	**1.425.549.102**

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2023
(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

	Notes	Reviewed Current Period 30 June 2023	Audited Prior Period 31 December 2022
Liabilities			
Short Term Liabilities			
Short term borrowings	10	906.500.000	932.000.000
Trade payables	4	202.724.377	114.556.567
- Trade payables to related parties	*19*	*233.298*	*197.178*
- Trade payables to third parties		*202.491.079*	*114.359.389*
Short term provisions		11.602.534	24.929.622
- Provisions for employee benefits	*11*	*9.505.886*	*22.995.481*
- Other short-term provisions (debt provision)	*9*	*2.096.648*	*1.934.141*
Other short term liabilities	6	8.486.104	8.258.556
Current tax liability	18	28.456.183	4.053.230
Total Short Term Liabilities		**1.157.769.198**	**1.083.797.975**
Long Term Liabilities			
Long-term provisions		12.506.903	10.988.094
- Provisions for employee benefits	11	*12.506.903*	*10.988.094*
Total Long Term Liabilities		**12.506.903**	**10.988.094**
Equity			
Paid-in capital	12	76.000.000	76.000.000
Capital adjustment differences	12	31.279	31.279
Other comprehensive income or expenses that will not be reclassified to profit or loss		(4.172.572)	(4.172.572)
- Actuarial loss related to pension plans		*(4.172.572)*	*(4.172.572)*
Restricted reserves appropriated from profit		13.674.416	9.833.071
Prior periods' profit		245.229.910	163.422.688
Net profit for the period		101.437.802	85.648.567
Total Equity		**432.200.835**	**330.763.033**
Total Liabilities		**1.602.476.936**	**1.425.549.102**

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

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 1 JANUARY – 30 JUNE 2023
(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

		Reviewed	**Reviewed**	**Reviewed**	**Reviewed**
	Notes	**1 January – 30 June 2023**	**1 April – 30 June 2023**	**1 January – 30 June 2022**	**1 April – 30 June 2022**
Statement of profit or loss					
Sales	13	71.739.923	5.171.389	121.585.278	63.838.302
Service income	13	56.962.230	26.590.804	44.784.658	27.481.494
Cost of sales (-)	13	(71.577.979)	(5.070.614)	(120.465.673)	(63.449.073)
Gross profit from trade operations		**57.124.174**	**26.691.579**	**45.904.263**	**27.870.723**
Interest income from operating activities	13	140.708.045	80.296.723	27.939.888	17.012.386
Gross profit from finance sector activities		**140.708.045**	**80.296.723**	**27.939.888**	**17.012.386**
Gross profit		**197.832.219**	**106.988.302**	**73.844.151**	**44.883.109**
General administrative expenses (-)	14	(86.435.624)	(48.479.989)	(44.535.110)	(25.674.402)
Other operating income	15	136.013.821	123.239.821	25.022.285	14.198.493
Other operating expenses (-)	15	(27.951.469)	(22.935.670)	(520.079)	(299.701)
Operating profit		**219.458.947**	**158.812.464**	**53.811.247**	**33.107.499**
Financial income	16	4.607.200	3.381.246	11.326.683	5.499.180
Financial expenses (-)	17	(82.887.200)	(50.844.239)	(9.709.210)	(9.290.478)
Profit before tax from continuing operations		**141.178.947**	**111.349.471**	**55.428.720**	**29.316.201**
Tax expense from continuing operations	18	**(39.741.145)**	**(28.523.998)**	**(15.026.028)**	**(6.968.875)**
Current tax expense	18	(37.325.422)	(28.479.359)	(13.969.495)	(7.955.523)
Deferred tax income / (expense)	18	(2.415.723)	(44.639)	(1.056.533)	986.648
Profit for the period from continuing operations		**101.437.802**	**82.825.473**	**40.402.692**	**22.347.326**
Profit for the period		**101.437.802**	**82.825.473**	**40.402.692**	**22.347.326**

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

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 30 JUNE 2023
(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

				Other Accumulated Comprehensive Income and Expenses will not Reclassified to Profit or Loss	Retained Earnings			
	Notes	**Paid-in Capital**	**Capital Adjustment Differences**	**Actuerial Gain/(Loss) on Retirement Plans**	**Restricted Reserves Appropriated From Profit**	**Prior Year's Profit/(Loss)**	**Net Profit/(Loss) for the Period**	**Total Equity**
Balances as of 1 January 2022	**12**	**76.000.000**	**31.279**	**(1.560.188)**	**6.340.294**	**96.894.626**	**70.020.839**	**247.726.850**
Transfers to retained earnings		-	-	-		66.528.062	(66.528.062)	-
Transfers to reserves					3.492.777		(3.492.777)	
Total comprehensive income		-	-	-	-	-	40.402.692	40.402.692
Balances as of 30 June 2022		**76.000.000**	**31.279**	**(1.560.188)**	**9.833.071**	**163.422.688**	**40.402.692**	**288.129.542**

	Notes	**Paid-in Capital**	**Capital Adjustment Differences**	**Actuerial Gain/(Loss) on Retirement Plans**	**Restricted Reserves Appropriated From Profit**	**Prior Year's Profit/(Loss)**	**Net Profit/(Loss) for the Period**	**Total Equity**
Balances as of 1 January 2023	**12**	**76.000.000**	**31.279**	**(4.172.572)**	**9.833.071**	**163.422.688**	**85.648.567**	**330.763.033**
Transfers to retained earnings		-	-	-	-	81.807.222	(81.807.222)	-
Transfers to reserves		-	-	-	3.841.345	-	(3.841.345)	-
Total comprehensive income		-	-	-	-	-	101.437.802	101.437.802
Balances as of 30 June 2023		**76.000.000**	**31.279**	**(4.172.572)**	**13.674.416**	**245.229.910**	**101.437.802**	**432.200.835**

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

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

	Notes	Reviewed 1 January- 30 June 2023	Reviewed 1 January- 30 June 2022
A. Cash flows from operating activities		**218.083.513**	**(246.798.391)**
Net profit for the period		**101.437.802**	**40.402.692**
Adjustments to reconciliation of net profit for the period		**(11.657.719)**	**627.651**
Adjustment related to depreciation and amortization	7,8	(1.147.290)	711.546
Adjustment related to provision for expected credit loss		2.107.228	453.962
Adjustment related to provision for unused vacation	11	3.510.405	1.982.399
Adjustment related to employment termination benefits	11	1.951.638	684.394
Finansal income from main operations (excluding exchange gain)		(140.708.045)	(27.939.888)
Non-operationg financial expenses (excluding exchange loss)		82.887.200	9.709.210
Deferred tax income/(expense)	18	2.415.723	1.056.533
Adjustment related to current tax expense	18	37.325.422	13.969.495
Change in working capital		**82.973.092**	**(287.947.813)**
Financial investments (the financial assets at fair value through profit or loss)		(2.328.491)	(13.207.436)
Adjustment related to trade receivables from related parties		(406.912)	(13.257)
Adjustment related to other trade receivables		46.577.867	(295.915.605)
Adjustment related to customer assets		(37.149.320)	10.093.871
Adjustment related to other receivables		7.262.140	(6.938.417)
Adjustment related to trade payables		88.167.810	28.432.131
Adjustment related to other payables and provisions		(1.717.173)	(2.069.315)
Employee bonus payment	11	(17.000.000)	(8.000.000)
Employee termination benefits payment	11	(432.829)	(261.386)
Employee permition benefits payment	11	-	(68.399)
Cash flows from operating activities		**45.330.338**	**119.079**
Interests and commissions paid		(82.887.200)	(9.709.210)
Interests received		141.140.007	27.739.735
Taxes paid	18	(12.922.469)	(17.911.446)
B. Cash flows from investing activities		**(10.369.035)**	**(1.731.251)**
Cash outflows from acquisition of tangible and intangible assets	7,8	(10.369.035)	(1.688.215)
Cash inflows from sale of tangible and intangible assets		-	(43.036)
C. Cash flows from financing activities		**(25.500.000)**	**270.900.000**
Changes in financial liabilities		(25.500.000)	270.900.000
Net increase/decrease in cash and cash equivalents before the effect of foreign currency conversion differences (A+B+C)		**182.214.478**	**22.370.358**
D. The effect of foreign currency conversion differences on cash and cash equivalents		**2.972.199**	**3.769.752**
Net increase/decrease in cash and cash equivalents (A+B+C+D)		**185.186.677**	**26.140.110**
E. Cash and cash equivalents at the beginning of the period	3	**286.016.856**	**87.468.560**
Cash and cash equivalents at the end of the period (A+B+C+D+E)	3	**471.203.533**	**113.608.670**

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

1. Organization and operations of the Group

ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi ("the Company"), formerly Tekstil Menkul Değerler Anonim Şirketi, was established on 5 December 1996 and started its operations on 10 January 1997 by obtaining the operation certificate from Capital Markets Board of Turkey ("CMB").

In the context of the decision number 561 taken at the Board of Director's Meeting on 31 May 2016, the Company's trade name has been changed and registered as "ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi" on 9 June 2016 at the Trade Registry Gazette.

The Company applied to renew certificate of authorities in accordance with Capital Market Law's Communiqué numbered III-37.1 "Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services" and Communiqué numbered III-39.1 "Principles of Establishment and Activities of Investment Firms". As a result, the Company was authorized as "Broadly Authorized Intermediary Firm" as at 1 January 2016 according to Capital Market Law serial 6362.

The Company has the following certificates of authorization from Capital Markets Board of Turkey ("CMB"):

- Activity of execution of orders
- Activity of dealing on own account
- Activity of individual portfolio management
- Investment advisory activity
- Activity of intermediation for public offering
- Limited custody services

Investment services and activities: Investment services and activities regulated by the Communiqué and which may be executed with a prior authorization of the Board are as follows:
a) Reception and transmission of orders in relation to capital market instruments,
b) Execution of orders in relation to capital market instruments in the name and account of the customer or in their own name and in the account of the customer,
c) Dealing on own account,
d) Individual portfolio management,
e) Investment advice,
f) Underwriting of capital market instruments on a firm commitment basis,
g) Placing of financial instruments without a firm commitment basis,
h) Operation of multilateral trading systems and regulated markets other than exchanges
i) Safekeeping and administration of capital market instruments in the name of customers and portfolio custody services.
j) Conducting other services and activities to be determined by the Board.

Ancillary Services: The ancillary services that may be carried out by investment firms in connection with their authorizations for investment services and activities are as follows:

a) Providing consultancy services regarding capital markets,
b) Granting credits or lending and providing foreign exchange services limited to investment services and activities,
c) Providing investment research and financial analysis or general advice concerning transactions in capital market instruments,
d) Providing services in relation to the conduct of underwriting,
e) Providing intermediary services for obtaining financing by borrowing or through other means,
f) Wealth management and financial planning,
g) Conduct of other services and activities to be determined by the Board.

ICBC Turkey Bank A.Ş. owns 99,99% shares of the Company. The Parent Bank of ICBC Turkey Bank A.Ş. is Industrial and Commercial Bank of China Limited ("ICBC"). Headquarters address of the Company is Maslak Mahallesi Dereboyu/2 Caddesi No:13 34398 Sarıyer İstanbul. The Company has 110 employees as of 30 June 2023 (31 December 2022: 110).

1. Organization and operations of the Group (cont'd)

Information on subsidiary

As of 30 June 2023, the subsidiary of the Company, ICBC Turkey Portföy Yönetimi Anonim Şirketi (formerly named as "Tekstil Portföy Yönetimi Anonim Şirketi"), was established on 21 April 2015. The Company and its subsidiary have been consolidated. The Company and its subsidiary are named as "the Group" as a whole.

2. Basis of presentation of the financial statements

2.1. Basis of presentation

2.1.1. Statement of Compliance to Turkish Financial Reporting Standards ("TRFSs")

The accompanying financial statements are prepared in accordance with the Communiqué numbered II-14.1, "Basis for Financial Reporting in Capital Markets"("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the Communiqué, financial statements are prepared in accordance with Turkish Financial Repoting Standarts ("TFRS") which are published by the Public Oversight Accounting and Auditing Standards Authority ("POA").

In addition, the financial statements are presented in accordance with the "Announcement on TFRS Taxonomy" published by the POA on 15 April 2019, and the formats specified in the Financial Statements Examples and User Guidelines published by the CMB. The financial statements have been prepared on the historical cost basis except for the fair value measurement of financial assets at fair value through profit or loss in financial investments, derivative financial instruments, and financial assets at fair value through other comprehensive income. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as the basis.

The condensed interim financial statements as at 30 June 2023 have been prepared by applying accounting policies consistent with those applied in the preparation of the financial statements for the year ended 31 December 2022. Therefore, these interim condensed financial statements should be evaluated together with the financial statements for the year ended 31 December 2022.

Approval of financial statements

The consolidated financial statements were approved by the Board of Directors of the Group on 10 August 2023. The Group's General Assembly and relevant regulatory bodies have the right to change these financial statements.

2.1.2. Basis of preparation of the financial statements

The accompanying consolidated financial statements of the Group have been prepared in accordance with the provisions of the CMB's Communiqué II-14.1 published in the Official Gazette dated 13 June 2013 and numbered 28676.

2.1.3. Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.1.4. Going concern

The consolidated financial statements have been prepared on a going concern basis, with the assumption that the Group will benefit from its assets and fulfill its obligations in the next year and in the natural course of its activities.

2. Basis of presentation of the financial statements (cont'd)

2.1. Basis of presentation (cont'd)

2.1.5. Currency Used

The financial statements of each entity of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the result and financial position are expressed in Turkish Lira ("TL"), which is the functional currency of the Company and the presentation currency of the consolidated financial statements.

2.1.6 Comparative Information and Restatement of Prior Periods' Financial Statements

The consolidated financial statements of the Group are prepared in comparison with the prior period in order to allow the determination of financial position and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when necessary and important differences are explained.

2.2. Changes in accounting policies

Any change in the accounting policies resulted from the first time adoption of a new TAS/TFRS is made either retrospectively or prospectively in accordance with the transition requirements of TAS/TFRS. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period financial statements.

2.3. New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1	*Disclosure of Accounting Policies*
Amendments to TAS 8	*Definition of Accounting Estimates*
Amendments to TAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to TFRS 17	*Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)*

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

2. Basis of presentation of the financial statements (cont'd)

2.3. New and Amended Turkish Financial Reporting Standards (cont'd)

a) Amendments that are mandatorily effective from 2023 (cont'd)

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 17 *Insurance Contracts* and *Initial Application of TFRS 17 and TFRS 9 — Comparative Information*

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	*Insurance Contracts*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying TFRS 9*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to TAS 1	*Non-current Liabilities with Covenants*

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 *Insurance Contracts* as of 1 January 2024 for insurance and reinsurance and pension companies.

Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

2. Basis of presentation of the financial statements (cont'd)

2.3 New and Amended Turkish Financial Reporting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective (cont'd)

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to TFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 *Non-current Liabilities with Covenants*

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

TAS 29 Financial Reporting in High Inflation Economies

POA made an announcement on 20 January 2022 regarding the application of TAS 29, "Financial Reporting in Hyperinflationary Economies" (IAS 29 Financial Reporting in Hyperinflationary Economies) for entities adopting Turkish Financial Reporting Standards ("TFRS")) for the year ended 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 - Financial Reporting in Hyperinflationary Economies for the year ended 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As of 30 June 2023, no inflation adjustment was made to the accompanying consolidated financial statements in accordance with TAS 29.

2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of Significant Accounting Policies

Financial Instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI (debt investment); FVOCI (equity investment); or FVTPL.

Financial instruments are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets. In which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. An initial recognition, the Group may irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets – Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the financial assets in the business model is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

ii. Classification and subsequent measurement (cont'd)

Financial assets – Business model assessment: (cont'd)

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected) and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that are not eligible for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of its assets in its financial statements.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes 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 this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows (in other words the triggering event);
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, (i) a financial asset acquired at a discount or premium to its contractual par amount, (ii) the prepayment amount substantially represents the contractual par amount and accrued (but unpaid) contractual interest, which may include reasonable additional compensation for the early termination of the contract; and (iii) initially recognises the financial asset, the fair value of the prepayment feature is insignificant.

2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets – Gain or loss resulting from subsequent measurement

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt instruments measured at fair value through other comprehensive income	Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings.
Equity instruments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized in profit or loss unless it is explicitly intended to recover part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are not reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading. A financial liability is classified as a financial liability held for trading if it is a derivative or designated as such at initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Effects of Foreign Exchange

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions and monetary assets and liabilities denominated in foreign currencies translated by using year-end exchange rates of the Central Bank of the Republic of Turkey's bid rates. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

The foreign exchange rates used by the Group for translation of foreign currency transactions to TL as of 30 Haziran 2023 and 31 December 2022 are as follows:

	US Dollar	EUR	GBP	CNY
30 June 2023	25,8231	28,1540	32,8076	3,5499
31 December 2022	18,6983	19,9349	22,4892	2,6806

Fee and Commission Income and Expenses

Fees and commissions are generally reflected in the income statement on the date they are collected or paid. However, fund management fee commissions, portfolio management commissions and agency commissions are accounted for on an accrual basis. Stock transaction commissions are accounted for by netting off with commission returns.

2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Interest Income and Expense

Interest income and expenses are recognized in the income statement in the relevant period on an accrual basis. Interest income includes the revenue from coupons of fixed yield investments and the valuation of discounted government bonds on the basis of internal discount.

Property, Plant and Equipment

All property, plant and equipment are carried with their net value after deducting accumulated depreciation over their carrying values.

Depreciation is calculated on property, plant and equipment using the straight-line method over their estimated useful lives. Estimated useful lives of these assets are as follows:

	Useful life
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	5 years

Regular maintenance and repair expenses incurred for a tangible fixed asset are accounted as expense. Investment expenditures, which increase the future benefit of the tangible fixed asset by expanding its capacity, are added to the cost of the tangible fixed asset. Investment expenditures consist of cost elements such as expenses that extend the useful life of the asset, increase the service capacity of the asset, increase the quality or decrease the cost of the goods or services produced.

If the carrying value of the tangible assets in the balance sheet exceeds the estimated recoverable value, the value of the asset is reduced to its recoverable value and the provision for the impairment allocated is associated with the expense accounts. It is assessed at the end of each reporting period whether there is any indication that the impairment loss allocated in previous periods will no longer exist or may have decreased, and in case of such an indication, the asset's recoverable amount is estimated and the book value of the asset is increased to the recoverable amount determined by new estimates and impairment loss it is canceled by associating with income accounts. The book value, which increased due to the cancellation of the impairment loss, cannot exceed the book value it would have reached if the impairment loss was not accounted for the asset in the previous periods.

Profit or loss arising from the disposal of tangible assets are determined by comparing adjusted and collected amounts, and reflected in the relevant income and expense accounts in the current period.

Intangible Assets

Intangible assets consist of software. They are recorded at acquisition cost and amortised on a straight-line basis over their estimated economic lives for a period not exceeding between three and five years from the date of acquisition.

Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount.

2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Leases

The Group includes right-of-use assets and lease liabilities in its consolidated financial statements at the commencement date of the lease. The right-of-use asset is measured initially at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses and adjusted for remeasurement of the lease liability.

At the commencement date of the lease, the lease liability is measured at the present value of the lease payments not paid at that date. Lease payments are discounted using the Group's alternative borrowing rate, if the implied interest rate in the lease can be easily determined, if not easily determined.

After the commencement date of the lease, the lessee increases the carrying amount of the lease liability to reflect the interest on the lease liability and decreases the carrying amount to reflect the lease payments made. It is remeasured in the event of a change in the lease term and in the assessment of the option to purchase the asset, and in the event of a change in the amounts expected to be paid under the residual value commitment and in the event of a change in these payments as a result of a change in the index or rate.

The Group has used its own judgment to determine the lease term for some leases that include renewal options. The assessment of whether the Group is reasonably confident to exercise such options affects the lease term; therefore, this issue affects the amounts of lease liabilities and right-of-use assets recognized.

A. Definition of Leases

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under TFRS 4 "*Determining Whether an Arrangement Contains a Lease*". The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under TFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. On transition to TFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. Thus, it applied TFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under TAS 17 and TFRS 4 were not reassessed. Therefore, the definition of a lease under TFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative standalone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non- lease components as a single lease component.

B. As a lessee

The Group leases real estate.

As a lessee, the Group has previously classified leases as operating or finance leases based on the assessment of whether all the risks and rewards of ownership of the asset have been transferred. According to TFRS 16, the Group has not recognized the right of use assets and lease payables for the leases due to its significant effect on the financial statements.

2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Events After the Balance Sheet Date

Events after the reporting period cover any events which arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Group adjusts its financial statements if such events after the reporting period arise which require an adjustment to the financial statements.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when there is a legal or constructive obligation arising from past events, it is probable that an outflow of resources embodying economic benefits to fulfill this obligation and liability can be estimated reliably. In cases where the amount cannot be measured reliably and there is no possibility that the Group will have resources to settle the liability, the liability is considered as "Contingent" and explained in the notes.

Related Parties

For the purpose of these financial statements, the shareholders of the Group and ICBC group companies that have direct and/or indirect capital relations with the Group, board members and key management personnel are considered as "related parties".

Taxation on Corporate Income

Corporate tax

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognised in operating expenses. Current tax assets and current tax liabilities are offset if there is a legal right to set off or if such assets and liabilities are associated with income tax collected by the same tax authority.

Deferred tax

Deferred income tax is provided for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income taxes.

Significant temporary differences mainly arise from differences between the book value of fixed assets and securities and their tax base, and provisions for employee benefits.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

2. Basis of presentation of the financial statements (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Employee Benefits

The Group accounts for severance pay and vacation pay provisions in accordance with "Turkish Accounting Standards on Employee Benefits" ("TAS 19") and classifies under "Provisions for employee benefits" accounts on the balance sheet.

The Group is required to make lump sum payments to the employees laid off for reasons other than retirement and resignation or those specified in the Labor Code, in accordance with the existing labor law in Turkey. The total provision represents the present value of the future probable obligation of the Company arising from the retirement of its employees regarding the actuarial projections (Note 11).

The Group is required to pay a contribution amount, determined by law, to the Social Security Institution on behalf of its employees. These contributions are charged on the date they accrue.

Statement of Cash Flow

For the purposes of cash flow statement, cash and cash equivalents include reserve repurchase receivables cash and due from banks with original maturity periods of less than three months.

Share Capital and Dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Derivative ("TDE") transactions

Preparation of TDE financial statements requires estimates and assumptions that affect the amounts of reported assets and liabilities or disclosed contingent assets and liabilities as of the balance sheet date and the amounts of reported revenue and expenses in the relevant period. Although these estimates and assumptions are based on the best judgments and knowledge of the management, actual results may differ from these estimates and assumptions. In addition, important accounting evaluations, estimates and assumptions that need to be specified are explained in the relevant notes.

Cash collaterals given for trading in TDE are classified as trade receivables. Profit and losses resulting from the transactions made in the period are classified under other operating income. The valuation differences reflected in the income statement as a result of the valuation of open trades at market prices, the paid commissions and the interest income arising from the remaining collaterals are offset and recognised in trade receivables.

2.5. Significant Accounting Evaluations, Estimates and Assumptions

Preparation of the financial statements requires making estimates and assumptions that affect the amounts of assets and liabilities reported or the amounts of contingent assets and liabilities declared as of the balance sheet date, and the amounts of income and expenses reported in the relevant period. While these estimates and assumptions are based on the management's best judgment and knowledge, actual results may differ from those estimates and assumptions. In addition, important accounting evaluations, estimates and assumptions that need to be specified are explained in the related notes.

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

3. Cash and cash equivalents

	30 June 2023	31 December 2022
Time deposit	40.595.574	35.489.118
Demand deposit	496.711.203	318.173.632
Receivables from money markets	43.227.000	5.400.000
Expected credit loss provision (-)	(6.982.337)	(4.875.109)
Cash and cash equivalents in statement of financial position	**573.551.439**	**354.187.641**

	30 June 2023	30 June 2022
Cash and cash equivalents in statement of financial position	573.551.439	637.156.763
Customer assets (*)	(109.762.205)	(529.044.232)
Interest accruals	431.962	(200.153)
Expected credit loss provision (-)	6.982.337	5.696.292
Cash and cash equivalents in the cash flow statement	**471.203.533**	**113.608.670**

(*) Customer assets which consist of currently not directed investments as of 30 June 2023, are recognized under the Group's deposit accounts although the Group does not have control on these accounts. Therefore, customer assets are not included within cash and cash equivalents in the statement of cash flows.

As of 30 June 2023, time deposit interest rates for TL between 8,40% - 8,50%, 0,80% for US Dollar, 0,30% for Euro, 0,35% for Chinese Yuan. (31 December 2022: 8,90% for TL, between 0,80% – 2,90% for US Dollar, 1,90% for Euro, 0,35% for Chinese Yuan). The Group holds the time deposits in overnight and monthly accounts.

As of 30 June 2023 and 31 December 2022, the details of bank deposits are as follows:

	30 June 2023	31 December 2022
Time Deposit – (ICBC Turkey Bank) (Note 19)	28.848.604	26.055.342
Time Deposit Account (other banks)	11.746.970	9.433.776
Demand Deposit Account - (ICBC Turkey Bank) (Note 19)	98.661.292	47.331.940
Demand Deposit Account (other banks)	398.049.911	270.841.692
	537.306.777	**353.662.750**

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

4. Trade receivables and payables

Short-term trade receivables:

	30 June 2023	31 December 2022
Receivables from costumers	610.839.219	581.655.376
Receivables from loan customers	328.054.778	298.884.667
Receivables from domestic clearing and custody centers (*)	-	107.000.000
Receivables from TDE	10.781.020	21.300.078
Trade receivables from related parties (Note 19)	13.489.107	781.055
Doubtful trade receivables	162.484	162.484
Receivables from overseas clearing and custody centers	674	674
Provision for doubtful trade receivables	(162.484)	(162.484)
Other trade receivables (**)	8.346	154.211
	963.173.144	**1.009.776.061**

(*) Related balance; based on the capital increase request of the CMB for brokerage companies due to the extraordinary market conditions, is as a deposit in the Takasbank account of the company and this amount which was sent to Takasbank on 7 October 2022 for cash deposit, was returned as of 7 February 2023.

(*) Related balance; mainly consists of commission receivables obtained from intermediation transactions of financing within the scope of corporate finance activities.

Short-term trade payables:

	30 June 2023	31 December 2022
Payables to customers (*)	193.066.755	94.299.662
Other payables	9.424.324	20.059.727
Trade payables to related parties (Note 19)	233.298	197.178
	202.724.377	**114.556.567**

(*) Payables to customers, mostly consist of costumers' TDE collateral and costumers'receivables from money market.

5. Financial investments

	30 June 2023	31 December 2022
Trading securities		
Financial assets at fair value through profit/loss	19.611.231	16.309.259
Financial assets measured at amortized cost		
Financial assets measured at amortized cost (*)	-	1.339.356
	19.611.231	**17.648.615**

(*)The government bond classified under financial assets measured at amortized cost was redeemed on 25.01.2023.

	30 June 2023	31 December 2022
Trading securities	**Book value**	**Book value**
Stocks – *Traded on the stock exchange*	73.677	69.529
ICBC Turkey Portföy Yönetimi Investment Fund	19.537.554	16.239.730
	19.611.231	**16.309.259**

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

5. Financial investments (cont'd)

	30 June 2023	31 December 2022
Financial assets measured at amortized cost		
Government Bonds	-	1.339.356
	-	**1.339.356**

Stock investments	**30 June 2023**	**31 December 2022**
Stocks – Istanbul Stock Exchange (ISE) (*)	159.711	159.711
	159.711	**159.711**

(*) As of 30 June 2023, the Group's share on capital of Istanbul Stock Exchange is 0,0377%. The nominal value of the shares held by the Company is 15.971.094 amounting to TL 159.711 (31 December 2022: TL 159.711)

	30 June 2023		31 December 2022	
Financial assets measured at amortized cost	**Amount**	**Effective interest rate**	**Amount**	**Effective interest rate**
Government bond	-	-	1.339.356	%22,91
Total	**-**		**1.339.356**	

6. Other receivables and payables

As of 30 June 2023 and 31 December 2022, the details of other receivables and payables are as follows:

Prepaid expenses

	30 June 2023	31 December 2022
Prepaid expenses	2.311.960	50.979
	2.311.960	**50.979**

As of 30 June 2023 and 31 December 2022, prepaid expenses mainly consist of authorization certificate and subscriptions, computer and infrastructure usage expenses and health insurance expenses.

Current tax assets

	30 June 2023	31 December 2022
Prepaid taxes	1.417	1.417
	1.417	**1.417**

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

6. Other receivables and payables (cont'd)

Other short-term receivables

	30 June 2023	31 December 2022
Receivables from personnel	11.822	5.015
	11.822	**5.015**

Other long-term receivables

As at 30 June 2023 and 31 December 2022, the details of long-term other receivables are as follows:

	30 June 2023	31 December 2022
Deposits given	18.691.829	27.855.882
	18.691.829	**27.855.882**

Deposits given as of 30 June 2023 and 31 December 2022 consist of guarantees given for the Group's ability to act as an intermediary in the equity market, derivatives market, over-the-counter market, money market, futures and options stock market.

Other short term liabilities

	30 June 2023	31 December 2022
Taxes and duties payable (*)	8.485.970	6.100.086
Other short term liabilities	134	2.158.470
	8.486.104	**8.258.556**

(*) Taxes and deductions to be paid consist mainly of tax deductions made on behalf of customers (withholding tax).

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

7. Tangible asets

	Machinery and Equipment	Furniture and Fixtures	Other Tangible Assets	Total
Acquisition cost				
1 January 2022	6.513.812	257.794	395.967	7.167.573
Additions	1.525.402	316.015	11.995	1.853.412
Disposals	-	-	-	-
31 December 2022	**8.039.214**	**573.809**	**407.962**	**9.020.985**
1 January 2023	8.039.214	573.809	407.962	9.020.985
Additions	10.368.759	-	-	10.368.759
Disposals	-	(93.733)	(167.155)	(260.888)
30 June 2023	**18.407.973**	**480.076**	**240.807**	**19.128.856**
Accumulated depreciation				
1 January 2022	4.249.701	202.037	335.598	4.787.336
Charge for the period	1.331.618	292.348	11.269	1.635.235
Disposals	-	-	-	-
31 December 2022	**5.581.319**	**494.385**	**346.867**	**6.422.571**
1 January 2023	5.581.319	494.385	346.867	6.422.571
Charge for the period	(509.533)	(222.222)	(193.769)	(925.524)
Disposals	-	-	-	-
30 June 2023	**5.071.786**	**272.163**	**153.098**	**5.497.047**
Net book value				
31 December 2022	2.457.896	79.423	61.095	2.598.414
30 June 2023	13.336.187	207.913	87.709	13.631.809

As of 30 June 2023 and 31 December 2022, the Group has no assets acquired through financial leasing. There is no mortgage, pledge or collateral on tangible assets. All depreciation expenses are included in general administrative expenses.

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

8. Intangible assets

	Computer software
Acquisition cost	
Opening balance, 1 January 2022	1.892.539
Additions	2.338.154
Closing balance, 31 December 2022	**4.230.693**
Opening balance, 1 January 2023	4.230.693
Additions	261.164
Closing balance, 30 June 2023	**4.491.857**
Accumulated amortization	
Opening balance, 1 January 2022	722.168
Charge for the period	195.888
Closing balance, 31 December 2022	**918.056**
Opening balance, 1 January 2023	918.056
Charge for the period	(221.766)
Closing balance, 30 June 2023	**696.290**
<u>Net book value</u>	
31 December 2022	3.312.637
30 June 2023	3.795.567

As of 30 June 2023 and 31 December 2022, the Group has no assets acquired through financial leasing. There is no mortgage, pledge or collateral on intangible assets. All amortization expenses are included in general administrative expenses.

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

9. Provisions, contingent assets and liabilities

Provision for payables

As at 30 June 2023 and 31 December 2022, the details of other short-term payables and provisions are as follows:

	30 June 2023	31 December 2022
Other provisions	2.096.648	1.934.141
	2.096.648	**1.934.141**

The Group does not have any contingent assets or liabilities as of 30 June 2023 (31 December 2022: None).

Commitments

As of 30 June 2023 and 31 December 2022, the details of the letter of guarantee and promissory notes given by the Group are as follows:

	30 June 2023	31 December 2022
Takasbank	706.000.000	715.500.000
CMB	1.776	1.776
Istanbul 8th Commercial Court of First Instance (*)	18.011.816	18.011.816
	724.013.592	**733.513.592**

(*) It is a letter of guarantee given to the court as a precautionary injunction in case of a possible risk due to the unfavourable developments in the Futures and Options market.

CPMs Given by the Company	**30 June 2023**	**31 December 2022**
A. Total amount of CPMs given on behalf of its own legal entity	724.013.592	733.513.592
B. Total amount of CPMs given in favor of partnerships included in the full consolidation scope	-	-
C. Total amount of CPMs given in order to secure the debt of other third parties in order to carry out ordinary commercial activities	-	-
D. Total amount of other CPMs	-	-
i. Total amount of CPMs given on behalf of the parent company	-	-
ii. Total amount of CPM's given in favor of other group companies that are not in the scope of B and C.	-	-
iii. Total amount of CPMs given on behalf of third parties which are not in the scope of article C	-	-
Total	**724.013.592**	**733.513.592**

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

10. Short-term borrowings

The Group has a bank loan of TL 906.500.000 as of 30 June 2023 (31 December 2022: TL 932.000.000), The maturity of the bank loan is between 6-7 days and interest rate is between 15,20% and 21,00% (31 December 2022: maturity 1 day, rate between 8,05%-13,45%).

11. Provisions for employee benefits

As of 30 June 2023 and 31 December 2022, the details of the short-term employee benefits are as follows:

	30 June 2023	**31 December 2022**
Provision for employee benefits		
Provision for unused vacation	9.505.886	5.995.481
Provision for personnel bonus	-	17.000.000
Total short-term provisions	**9.505.886**	**22.995.481**

Movement of provision for unused vacation is as follows:

	1 January- 30 June 2023	**1 January- 30 June 2022**
Beginning of the period (1 January)	**5.995.481**	**2.466.163**
Charge for the period	-	(68.399)
Allocated provisions during the period	3.510.405	1.982.399
Total	**9.505.886**	**4.380.163**

Long-term provisions for employee benefits

Provision for employment termination benefits:

According to the Turkish Labor Law, the Group is obliged to pay severance pay to each employee who completes at least one year of service and retires after 25 years of working life (aged 58 for women, 60 for men), terminated, called for military service or passed away.

Employment termination benefits to be paid as of 1 January 2023 - 30 June 2023 is subject to a monthly ceiling of TL 23.489,83 (June 2022: TL 15.371,4).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 *Employee Benefits* stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

11. Provisions for employee benefits (cont'd)

Long-term provisions for employee benefits (cont'd)

Provision for employment termination benefits (cont'd):

The main assumption is that the maximum liability amount for each year of service will increase in line with inflation. Consequently, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore, provisions in the accompanying financial statements as of 30 June 2023 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. Provisions at the relevant balance sheet dates are calculated using the real discount rate, which is approximately 2,85%, based on the assumptions of an annual inflation rate of 19,13% and an interest rate of 22,52% (31 December 2022: 2,85%). Voluntary dismissal rates are 83,54% for those working for 0-15 years and 0% for 16 years or more. The maximum amount of TL 23.489,83 effective from 1 July 2023 has been taken into account in the calculation of the severance pay provision of the Group (1 January 2023: TL 19.982,83).

As of 30 June 2023 and 31 December 2022, the details of long-term employee benefits are as follows:

	30 June 2023	31 December 2022
Provisions for employee benefits		
Provision for employment termination benefits	12.506.903	10.988.094
Total long-term provisions	**12.506.903**	**10.988.094**

Movements of provision for employment termination benefits are as follows:

	1 January- 30 June 2023	1 January- 30 June 2022
Beginning of the period (1 January)	**10.988.094**	**5.231.419**
Charge for the period	(432.829)	(261.386)
Service cost	1.641.835	497.346
Interest cost	309.803	187.048
Total	**12.506.903**	**5.654.427**

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

12. Equity

Share capital

As at 30 June 2023 and 31 December 2022, the capital structure is as follows:

	30 June 2023		31 December 2022	
	Amount	**Share (%)**	**Amount**	**Share (%)**
ICBC Turkey Bank A.Ş.	75.998.480	99,998	75.998.480	99,998
Other	1.520	0,002	1.520	0,002
Total paid-in capital	**76.000.000**	**100**	**76.000.000**	**100**
Capital inflation adjustment differences	31.279		31.279	
Total	**76.031.279**		**76.031.279**	

As of 30 June 2023, the Group's share capital consists of 7.600.000.000 shares having a nominal value of TL 0,01 each (31 December 2022: 7.600.000.000 shares having a nominal value of TL 0,01).

The Group has no preferred shares as of 30 June 2023 (31 December 2022: None).

Capital inflation adjustment difference

The capital increases made by shareholders are adjusted with the inflation effect up to 31 December 2004 in accordance with the Communiqué XI-29 and as a result inflation adjustment amounting to TL 31.279 (31 December 2022: TL 31.279) is recognised.

Value increase/ (decrease) funds

Financial assets revaluation fund

None (31 December 2022: None).

Restricted reserves appropriated from profit

As a result of the Ordinary General Assembly held by the Company on 30 March 2023, it was decided to transfer TL 3.841.345 from the profit calculated according to the TPL to the primary legal reserves account (31 December 2022: TL 3.492.777).

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

13. Profit or loss

Sales and cost of sales

For the periods ended 30 June 2023 and 30 June 2022, sales and cost of sales are as follows:

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Sales				
Treasury bond/government bond sales	71.517.948	5.033.153	121.263.158	63.751.702
Stock sales	221.975	138.236	322.120	86.600
Total	**71.739.923**	**5.171.389**	**121.585.278**	**63.838.302**
Cost of Sales				
Treasury bond/government bond cost	(71.355.001)	(4.931.679)	(120.141.303)	(63.362.373)
Stock cost	(222.978)	(138.935)	(324.370)	(86.700)
Toplam	**(71.577.979)**	**(5.070.614)**	**(120.465.673)**	**(63.449.073)**

Service income

For the periods ended 30 June 2023 and 30 June 2022, service income are as follows:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January- 30 June 2022	1 April - 30 June 2022
Project/Corporate Finance revenue	22.624.155	10.661.818	21.070.086	13.981.912
Stock buying/selling brokerage comm.	20.662.520	8.146.100	12.644.938	7.339.618
Derivatives brokerage commissions	1.103.779	381.765	4.143.479	2.061.771
Bist stock market share	2.008.025	774.858	1.862.221	1.031.414
Mutual funds commission income	4.622.610	2.483.659	1.838.983	916.451
Over-the-Counter Transaction Revenues	338.524	203.705	884.274	578.261
Custody Commission Income	2.369.101	1.870.297	722.545	568.700
Lending-Borrowing commissions	116.357	-	388.094	283.540
Capital increase brokerage comm. income	470.995	89.845	264.176	255.471
Money market commission	39.980	21.498	52.819	28.398
Underwriting comm. for public offering	83.033	23.432	23.657	13.321
Treasury bond buy/sell brokerage comm	-	-	-	15.232
Dividend commissions	24.485	19.419	14.992	11.926
Other	2.498.666	1.914.408	874.394	395.479
Toplam	**56.962.230**	**26.590.804**	**44.784.658**	**27.481.494**

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

13. Profit or loss (cont'd)

Interest income from main operations

For the periods ended 30 June 2023 and 30 June 2022, interest income from main operations are as follows:

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Interest income from main operations				
Interest income from customers	134.300.602	79.247.332	26.513.054	16.491.531
Interest income from banks	6.407.443	1.049.391	1.426.834	520.855
Total	**140.708.045**	**80.296.723**	**27.939.888**	**17.012.386**

14. General Administrative Expenses

The general administrative expenses of the Group for the accounting periods ending on 30 June 2023 and 30 June 2022 are as follows:

	1 January – 30 June 2023	1 April – 30 June 2023	1 January – 30 June 2022	1 April - 30 June 2022
Personnel expenses	(59.216.882)	(32.844.133)	(28.671.135)	(17.001.722)
Membership expenses	(4.984.977)	(2.852.571)	(3.117.424)	(1.932.678)
Communication expenses	(6.696.489)	(3.523.258)	(3.833.110)	(2.029.997)
Computer usage expenses	(3.340.373)	(1.823.135)	(1.786.705)	(1.020.636)
Rental expenses	(2.476.323)	(1.289.551)	(1.858.706)	(1.132.333)
Building expenses	(3.001.785)	(1.639.744)	(1.270.835)	(691.887)
Taxes, fees and registration expenses	(2.295.181)	(1.886.960)	(497.774)	(177.799)
Depreciation expenses	(1.147.290)	(730.499)	(711.546)	(368.897)
Audit and consultancy expenses	(1.017.086)	(459.991)	(957.484)	(227.340)
Transportation expenses	(606.961)	(299.277)	(693.912)	(420.603)
Representation and hospitality expenses	(398.986)	(254.622)	(275.025)	(205.408)
Maintenance and repair expenses	(248.449)	(126.430)	(305.056)	(171.417)
Disallowable expenses	(50.300)	(14.704)	(83.028)	(61.569)
Small fixture expenses	(15.567)	(9.052)	(2.902)	-
Other	(938.975)	(726.062)	(470.467)	(232.116)
Total	**(86.435.624)**	**(48.479.989)**	**(44.535.110)**	**(25.674.402)**

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

15. Other operating income and expense

Other operating income/expense of the Group for the accounting periods ending on 30 June 2023 and 30 June 2022 are as follows:

Other Operating Income	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Foreign exchange gains	135.755.640	123.239.795	24.956.099	14.155.717
Other	258.181	26	66.186	42.776
Total	**136.013.821**	**123.239.821**	**25.022.285**	**14.198.493**

Other Operating Expense	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Transaction loss expenses	(27.262.292)	(22.921.499)	(315.874)	(299.555)
Other	(689.177)	(14.171)	(204.205)	(146)
Total	**(27.951.469)**	**(22.935.670)**	**(520.079)**	**(299.701)**

16. Financial incomes

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Rediscount income on marketable securities	3.297.824	2.931.949	9.881.805	5.240.944
Dividend income	2.662	1.580	1.656	943
Other (*)	1.306.714	447.717	1.443.222	257.293
Total	**4.607.200**	**3.381.246**	**11.326.683**	**5.499.180**

(*) As of 30 June 2023; consists of SSI incapacity amounts and SSI payment discount amounts.

17. Financial Expenses

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Loan interest expense	(73.725.181)	(45.426.496)	(8.287.705)	(8.183.233)
Financial assets commission expenses	(2.690.188)	(1.278.417)	(263.431)	(195.140)
Money Market Commission expenses	(4.364.605)	(2.042.414)	(704.111)	(458.142)
Other (*)	(2.107.226)	(2.096.912)	(453.963)	(453.963)
Total	**(82.887.200)**	**(50.844.239)**	**(9.709.210)**	**(9.290.478)**

(*) Includes IFRS-9 provision expense.

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

18. Income taxes (Including deferred tax assets and liabilities)

As of 30 June 2023 and 31 December 2022, the breakdown of the tax liability of the profit for the period reflected in the related balance sheet is presented below:

	30 June 2023	31 December 2022
Provision for corporate tax	37.325.422	28.900.592
Prepaid temporary taxes and funds	(8.869.239)	(24.847.362)
Net	**28.456.183**	**4.053.230**

<u>Tax expense in the profit or loss statement</u>

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Tax expense for the period	(37.325.422)	(28.479.359)	(13.969.495)	(7.955.523)
Deferred tax income/expense	(2.415.723)	(44.639)	(1.056.533)	986.648
Tax expense	**(39.741.145)**	**(28.523.998)**	**(15.026.028)**	**(6.968.875)**

The Group is subject to corporate tax valid in Turkey. Necessary provisions have been made in the accompanying financial statements for the estimated tax liabilities of the Group regarding the current period operating results. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

The corporate tax rate to be accrued on taxable corporate income is calculated over the remaining tax base after adding the non-deductible expenses from the tax base in the determination of the commercial profit and deducting the tax-exempt earnings, non-taxable incomes and other deductions (prior year’s losses if any and investment incentives used if preferred).

The effective tax rate in 2023 is 25%. (2022: 25%).

The Law numbered 7061 on “Amendment of Certain Taxes and Laws and Other Acts” was published on the Official Gazette dated 5 December 2017 and numbered 30261. Article 5 entitled “Exceptions” of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

18. Income taxes (Including deferred tax assets and liabilities) (cont'd)
Deferred tax assets and liabilities

The Group recognizes deferred tax assets and liabilities over temporary differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TFRS. These differences are generally due to the fact that some income and expense items are included in different periods in tax base financial statements and financial statements prepared in accordance with TFRS, and these differences are stated below.

The tax rate used in the calculation of deferred tax assets and liabilities is 25% over the temporary timing differences expected to reverse in 2023 (2022: 25%), and 25% over the temporary timing differences that are expected to reverse after 2023 (2022: 25%).

Subsidiaries with deferred tax assets are not netted off with subsidiaries with deferred tax liabilities and they are shown separately, as businesses in Turkey cannot declare consolidated tax returns.
As of 30 June 2023 and 31 December 2022, the items giving rise to the Group's deferred tax assets and liabilities are as follows:

	30 June 2023		**31 December 2022**	
	Accumulated Temporary differences	**Deferred tax assets/ liabilities**	**Accumulated Temporary differences**	**Deferred tax assets/ liabilities**
Provisions for employee benefits	22.012.789	5.503.197	33.983.575	8.495.893
Employment termination	*12.506.903*	*3.126.725*	*10.988.094*	*2.747.023*
Unused vacation	*9.505.886*	*2.376.472*	*5.995.481*	*1.498.870*
Bonus	-	-	*17.000.000*	*4.250.000*
Other payables and expense provisions	2.095.650	523.913	1.934.141	483.536
Expected credit loss provision (-)	6.982.337	1.745.584	4.875.111	1.218.778
Deferred tax asset	**31.090.776**	**7.772.694**	**40.792.827**	**10.198.207**
Tangible and intangible assets	(942.740)	(235.687)	(981.903)	(245.477)
Deferred tax liability	**(942.740)**	**(235.687)**	**(981.903)**	**(245.477)**
Deferred tax net	**30.148.036**	**7.537.007**	**39.810.924**	**9.952.730**

Deferred tax movement table;

	30 June 2023	**30 June 2022**
Opening balance - 1 January	9.952.730	4.828.366
Deferred tax income / (expense)	(2.415.723)	(1.056.533)
Closing balance	**7.537.007**	**3.771.833**

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

19. Related party disclosures

In these financial statements, the shareholders of the Group and ICBC Group companies and all its subsidiaries having indirect shareholding relation with the Group are referred to as "related parties".

Receivables from related parties	**30 June 2023**	**31 December 2022**
Cash and cash equivalents		
-ICBC Turkey Bank A.Ş. - Shareholder	127.509.896	73.387.282
Trade receivables		
-ICBC Dubai	12.301.140	-
Fund Management Commissions	1.187.967	781.055
Total	**140.999.003**	**74.168.337**

Trade payables to related parties	**30 June 2023**	**31 December 2022**
-ICBC Turkey Bank. A.Ş. - Shareholder	233.298	197.178
Total	**233.298**	**197.178**

Other payables and expense provisions	**30 June 2023**	**31 December 2022**
-ICBC Turkey Portföy Yönetimi A.Ş.-Other payable provisions	92.367	134.631
-ICBC Turkey Portföy Yönetimi A.Ş.- Attorney fee	52.290	65.100
Total	**144.657**	**199.731**

Related party balances	**1 January – 30 June 2023**	**1 January – 30 June 2022**
ICBC Turkey Portföy Yönetimi AŞ - Fund management fees	4.628.610	1.834.648
Interest incomes		
-ICBC Turkey Bank AŞ	111.832	1.312.663
Rent expenses		
-ICBC Turkey Bank AŞ	2.476.323	1.858.706
Building participation and other expenses		
- ICBC Turkey Bank AŞ	3.002.911	1.271.738
Commission expenses		
- ICBC Turkey Bank AŞ	1.598.826	679.975

Letters of guarantee received from related parties as of 30 June 2023 amount to TL 1.776 (31 December 2022: TL 1.776).

19. Related party disclosures (cont'd)

Benefits provided to senior executives

The total amount of salaries and benefits provided to the Board Chairman, Board Members, and Senior Executives in the current period is TL 10.745.284. (30 June 2022: TL 5.805.860)

20. Nature and level of risks related to financial instruments

Capital management

The Group's objectives during managing capital is to maintain an optimal capital structure in order to maintain the Group's operations that yields to its partners and benefits for other shareholders.

The Group follows its capital adequacy within the framework of the Capital Markets Board's "Communiqué on Principles Regarding the Capital and Capital Adequacy of Intermediary Institutions" Serial: V. No: 34.

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Credit risk disclosures

For the allocated loans to counterparty's, there is a risk of failure to fulfill contractual obligations. This risk is monitored in reference to credit ratings and managed by limiting the loan amount of counterparty. Credit risk is also managed by holding as collateral the stocks bought from customers to whom loans are allocated and traded in the stock exchange.

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

20. Nature and level of risks related to financial instruments (cont'd)

	Receivables					
	Trade receivables		Other receivables			
30 June 2023	**Related parties**	**Third parties**	**Related parties**	**Third parties**	**Bank deposits**	**Money market receivables**
Maximum exposure to credit risk as of reporting date	**13.489.107**	**949.684.037**	**-**	**11.822**	**530.324.439**	**43.227.000**
- The portion of the maximum risk secured by collateral, etc.	-	-	-	-	-	-
A. Net book value of financial assets that are not overdue or impaired	13.489.107	314.660.051	-	11.822	530.324.439	43.227.000
B. Carrying value of financial assets whose conditions have been renegotiated and would otherwise be considered overdue or impaired	-	-	-	-	-	-
C. Net book value of overdue but not impaired assets	-	-	-	-	-	-
- part secured by collateral, etc.	-	-	-	-	-	-
D. Net book values of impaired assets	-	635.023.986	-	-	-	-
- Overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The portion of the net worth secured by collateral, etc.	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The portion of the net worth secured by collateral, etc.	-	-	-	-	-	-
E. Elements involving off-balance sheet credit risk	-	-	-	-	-	-

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

20. Nature and level of risks related to financial instruments (cont'd)

	Receivables					
	Trade receivables		**Other receivables**			
31 December 2022	**Related parties**	**Third parties**	**Related parties**	**Third parties**	**Bank deposits**	**Money market receivables**
Maximum exposure to credit risk as of reporting date	**781.055**	**1.008.995.006**	**-**	**5.015**	**348.787.641**	**5.400.000**
- The portion of the maximum risk secured by collateral, etc.	-	-	-	-	-	-
A. Net book value of financial assets that are not overdue or impaired	781.055	1.008.995.006	-	5.015	348.787.641	5.400.000
B. Carrying value of financial assets whose conditions have been renegotiated and would otherwise be considered overdue or impaired	-	-	-	-	-	-
C. Net book value of overdue but not impaired assets	-	-	-	-	-	-
- part secured by collateral, etc.	-	-	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The portion of the net worth secured by collateral, etc.	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The portion of the net worth secured by collateral, etc.	-	-	-	-	-	-
E. Elements involving off-balance sheet credit risk	-	-	-	-	-	-

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

20. Nature and level of risks related to financial instruments (cont'd)

Foreign currency risk

The Group is exposed to foreign exchange risk through changes in foreign currency exchange rates at transaction date and the exchange rates at the reporting date, while converting foreign currency denominated assets and liabilities into Turkish lira.

As of 30 June 2023 and 31 December 2022, the foreign currency rates used by the Group converting foreign currency transactions into TL are given as follows:

	US Dollar	Euro	GBP	Chinese Yuan
30 June 2023	25,8231	28,1540	32,8076	3,5499
31 December 2022	18,6983	19,9349	22,4892	2,6806

The following table as of 30 June 2023 and 31 December 2022, summarizes the foreign currency position risk by showing the recorded amounts of foreign currency assets and liabilities in TL held by the Group.

30 June 2023	**TL equivalent**	**US Dollar**	**Euro**	**GBP**	**Chinese Yuan**
Cash and cash equivalents	496.268.368	14.532.397	4.277.418	3.226	130.865
Trade receivables	-	-	-	-	-
Total assets	**496.268.368**	**14.532.397**	**4.277.418**	**3.226**	**130.865**
Net foreign currency assets	**496.268.368**	**14.532.397**	**4.277.418**	**3.226**	**130.865**

31 December 2022	**TL equivalent**	**US Dollar**	**Euro**	**GBP**	**Chinese Yuan**
Cash and cash equivalents	338.811.006	12.818.525	4.952.440	2.806	125.674
Trade receivables	-	-	-	-	-
Total assets	**338.811.006**	**12.818.525**	**4.952.440**	**2.806**	**125.674**
Net foreign currency assets	**338.811.006**	**12.818.525**	**4.952.440**	**2.806**	**125.674**

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

20. Nature and level of risks related to financial instruments (cont'd)

Sensitivity to foreign currency risk (cont'd)

As of 30 June 2023 and 31 December 2022, in case %10 increase/decrease of foreign currency exchange rate against TL, fx gain/loss effect that sourced of Group's foreign currency assets and liabilities on equity and profit-loss (excluding tax) is shown below table:

	Profit / (Loss)		**Equity (*)**	
30 June 2023	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
10% change of USD against TL				
1- USD net asset/liability	37.527.155	(37.527.155)	37.527.155	(37.527.155)
2- Hedged portion of USD amounts (-)	-	-	-	-
3- US Dollar net effect (1+2)	**37.527.155**	**(37.527.155)**	**37.527.155**	**(37.527.155)**
10% change of EURO against TL				
4- EURO net asset/liability	12.042.641	(12.042.641)	12.042.641	(12.042.641)
5- Hedged portion of EURO amounts (-)	-	-	-	-
6- EURO net effect (4+5)	**12.042.641**	**(12.042.641)**	**12.042.641**	**(12.042.641)**
10% change of GBP against TL				
7- GBP net asset/liability	10.585	(10.585)	10.585	(10.585)
8- Hedged portion of GBP amounts (-)	-	-	-	-
9- GBP net effect (7+8)	**10.585**	**(10.585)**	**10.585**	**(10.585)**
10% change of CNY against TL				
10- CNY net asset/liability	46.456	(46.456)	46.456	(46.456)
11- Hedged portion of CNY amounts (-)	-	-	-	-
12 - CNY net effect (10+11)	**46.456**	**(46.456)**	**46.456**	**(46.456)**
TOTAL (3+6+9+12)	**49.626.837**	**(49.626.837)**	**49.626.837**	**(49.626.837)**

(*) Includes profit / loss effect.

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

20. Nature and level of risks related to financial instruments (cont'd)

Sensitivity to foreign currency risk (cont'd)

	Profit / (Loss)		Equity (*)	
31 December 2022	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
10% change of USD against TL				
1- USD net asset/liability	23.968.462	(23.968.462)	23.968.462	(23.968.462)
2- Hedged portion of USD amounts (-)	-	-	-	-
3- US Dollar net effect (1+2)	**23.968.462**	**(23.968.462)**	**23.968.462**	**(23.968.462)**
10% change of EURO against TL				
4- EURO net asset/liability	9.872.639	(9.872.639)	9.872.639	(9.872.639)
5- Hedged portion of EURO amounts (-)	-	-	-	-
6- EURO net effect (4+5)	**9.872.639**	**(9.872.639)**	**9.872.639**	**(9.872.639)**
10% change of GBP against TL				
7- GBP net asset/liability	6.312	(6.312)	6.312	(6.312)
8- Hedged portion of GBP amounts (-)	-	-	-	-
9- GBP net effect (7+8)	**6.312**	**(6.312)**	**6.312**	**(6.312)**
10% change of CNY against TL				
10- CNY net asset/liability	33.688	(33.688)	33.688	(33.688)
11- Hedged portion of CNY amounts (-)	-	-	-	-
12 - CNY net effect (10+11)	**33.688**	**(33.688)**	**33.688**	**(33.688)**
TOTAL (3+6+9+12)	**33.881.101**	**(33.881.101)**	**33.881.101**	**(33.881.101)**

(*) Includes profit / loss effect.

Fair value of financial instruments

The fair value of financial assets and liabilities are determined as follows:

First level: Financial assets and liabilities are valued by using the market prices of listed for same type of assets and liabilities.

Second level: Financial assets and liabilities are valued from the inputs used to find the directly or indirectly observable market price of the related asset or liability other than the stock market price specified in the first level.

Third level: Financial assets and liabilities are valued by using the inputs not based on a data that can be observable in the market which used to calculate the fair value of asset or liability.

(Amounts expressed in Turkish Lira (TL) unless otherwise indicated.)

20. Nature and level of risks related to financial instruments (cont'd)

Fair value of financial instruments (cont'd)

The level classification of financial assets which are measured over their fair values is as follows:

		Fair value as at reporting date		
Financial assets	**30 June 2023**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit or loss	19.611.231	19.611.231	-	-
Total	**19.611.231**	**19.611.231**	-	-

		Fair value as at reporting date		
Financial assets	**31 December 2022**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit or loss	16.309.259	16.309.259	-	-
Total	**16.309.259**	**16.309.259**	-	-

21. Events after the balance sheet

In accordance with the Presidential Decision No. 7346 published in the Official Gazette dated 7 July 2023, to enter into force on 10 July 2023; the general VAT (value added tax) rate applied as 18% for general taxable transactions has been increased to 20% and the VAT rate applied for other deliveries and services subject to 8% VAT rate has been increased to 10%. This matter is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period.

In accordance with the "Law on the Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by Earthquakes Occurred on 6/2/2023 and Amendments to Some Laws and Decree Law No. 375" published in the Official Gazette dated 15 July 2023; 25% corporate tax rate applicable to banks, leasing, factoring, financing and savings financing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies has been increased to 30% and the corporate tax rate of 20% for other companies has been increased to 25%. The relevant tax rate change will be applied for the profits of the companies in 2023 and the following taxation period. This matter is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period and the Group continues to evaluate the possible effects of the relevant Law as of the date of publication of the financial statements.