

**ICBC Turkey Yatırım Menkul Değerler**  
**Anonim Şirketi and Its Subsidiary**  
Condensed Consolidated Financial Statements  
As at and for the Three Month Period  
Ended 31 March 2021

*(Convenience translation of the condensed consolidated  
financial information and related disclosures  
and footnotes originally issued in Turkish)*

**ICBC Turkey Yatırım Menkul Değerler  
Anonim Şirketi**

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**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**  
**Condensed Consolidated Statement of Financial Position as at 31 March 2021**

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated)

|                                   |              | <b>Not Reviewed</b>      | <b>Audited</b>              |
|-----------------------------------|--------------|--------------------------|-----------------------------|
|                                   |              | <b>Current Period</b>    | <b>Prior Period</b>         |
|                                   | <b>Notes</b> | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
| <b>Assets</b>                     |              |                          |                             |
| <b>Current Assets</b>             |              |                          |                             |
| Cash and cash equivalents         | 3            | 779.578.867              | 635.555.995                 |
| Financial investments             | 5            | 25.532.733               | 21.720.775                  |
| Trade receivables                 | 4            | 177.191.786              | 123.712.371                 |
| - Due from related parties        | 14           | 322.933                  | 357.547                     |
| - Other trade receivables         |              | 176.868.853              | 123.354.824                 |
| Other Receivables                 | 6            | 65.924                   | 2.865                       |
| - Due from related parties        |              | -                        | -                           |
| - Other receivables               |              | 65.924                   | 2.865                       |
| Prepaid expenses                  | 6            | 587.553                  | 24.058                      |
| Current period tax related assets | 6            | 19.751                   | 19.372                      |
| <b>Total current assets</b>       |              | <b>982.976.614</b>       | <b>781.035.436</b>          |
| <b>Non-current assets</b>         |              |                          |                             |
| Financial investments             | 5            | 159.711                  | 159.711                     |
| Other receivables                 | 6            | 5.794.683                | 4.940.425                   |
| - Due from related parties        |              | -                        | -                           |
| - Other receivables               |              | 5.794.683                | 4.940.425                   |
| Tangible assets                   | 7            | 3.186.024                | 3.183.027                   |
| Intangible assets                 | 7            | 927.224                  | 713.030                     |
| Deferred tax assets               | 13           | 2.528.064                | 1.537.233                   |
| <b>Total non-current assets</b>   |              | <b>12.595.706</b>        | <b>10.533.426</b>           |
| <b>Total assets</b>               |              | <b>995.572.320</b>       | <b>791.568.862</b>          |

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

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**  
**Condensed Consolidated Statement of Financial Position as at 31 March 2021**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated)

|  |       | Not Reviewed       | Audited             |
|--|-------|--------------------|---------------------|
|  |       | Current Period     | Prior Period        |
|  | Notes | 31 March<br>2021   | 31 December<br>2020 |
| <b>Liabilities</b>   |       |                    |                     |
| <b>Short term liabilities</b>  |       |                    |                     |
| Short term financial borrowings  | 10    | 21.250.000         | -                   |
| Trade payables   | 4     | 761.299.934        | 599.281.999         |
| - Due to related parties   |       | -                  | -                   |
| - Other trade payables   |       | 761.299.934        | 599.281.999         |
| Payables relating to employee benefits                                       | 6     | -                  | -                   |
| Short term provisions  |       | 3.438.048          | 2.434.118           |
| - Employee benefits  | 11    | 1.888.987          | 1.750.745           |
| - Other short term provisions  | 8     | 1.549.061          | 683.373             |
| Derivative financial instruments   |       | 540.832            | -                   |
| Tax and duties payable   | 6     | 4.394.492          | 5.080.323           |
| Current period tax liability   | 13    | 5.354.823          | 3.811.420           |
| <b>Total current liabilities</b>   |       | <b>796.278.129</b> | <b>610.607.860</b>  |
| <b>Long term liabilities</b>   |       |                    |                     |
| Long term provisions   |       | 3.088.856          | 2.572.297           |
| - Employee benefits  | 11    | 3.088.856          | 2.572.297           |
| <b>Total non-current liabilities</b>   |       | <b>3.088.856</b>   | <b>2.572.297</b>    |
| <b>Equity</b>  |       |                    |                     |
| Paid in capital  | 12    | 76.000.000         | 76.000.000          |
| Adjustments to share capital   | 12    | 31.279             | 31.279              |
| Other comprehensive income that will never be reclassified to profit or loss |       | (877.494)          | (877.494)           |
| - Actuarial loss related to pension plans                                    | 11    | (877.494)          | (877.494)           |
| Restricted reserves  |       | 6.340.294          | 4.797.765           |
| Prior period's profit/loss   |       | 96.894.626         | 65.554.614          |
| Net profit for the period  |       | 17.816.630         | 32.882.541          |
| <b>Total equity</b>  |       | <b>196.205.335</b> | <b>178.388.705</b>  |
| <b>Total liabilities</b>   |       | <b>995.572.320</b> | <b>791.568.862</b>  |

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

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Period Ended 31 March 2021**

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

|   | Not Reviewed                    | Not Reviewed                    |
|---|---------------------------------|---------------------------------|
|   | 1 January -<br>31 March<br>2021 | 1 January -<br>31 March<br>2020 |
| Notes   |                                 |                                 |
| <b>Statement of profit or loss</b>                          |                                 |                                 |
| Sales   | 7.173.358                       | 110.278.830                     |
| Service income  | 25.073.919                      | 6.697.826                       |
| Cost of sales (-)   | (7.145.143)                     | (110.094.538)                   |
| <b>Gross profit from operations</b>                         | <b>25.102.134</b>               | <b>6.882.118</b>                |
| Interest income from operations                             | 8.421.978                       | 3.562.672                       |
| Cost of finance sector activities (-)                       | -                               | -                               |
| <b>Gross profit from finance sector activities</b>          | <b>8.421.978</b>                | <b>3.562.672</b>                |
| <b>Gross profit</b>   | <b>33.524.112</b>               | <b>10.444.790</b>               |
| General administrative expenses (-)                         | (14.417.869)                    | (11.183.975)                    |
| Other operating income                                      | 35.695                          | 9.365                           |
| Other operating expenses (-)                                | (1.741.127)                     | (261.038)                       |
| <b>Operating profit</b>                                     | <b>17.400.811</b>               | <b>(990.858)</b>                |
| Financial income  | 5.383.857                       | 4.534.127                       |
| Financial expenses (-)                                      | (526.645)                       | (43.855)                        |
| <b>Profit before tax from continuing operations</b>         | <b>22.258.023</b>               | <b>3.499.414</b>                |
| <b>Tax income / (expense) from continuing operations</b>    | <b>(4.441.393)</b>              | <b>(558.398)</b>                |
| Current tax income / (expense)                              | 13<br>(5.432.222)               | (791.993)                       |
| Deferred tax income / (expense)                             | 13<br>990.829                   | 233.595                         |
| <b>Profit from continuing operations</b>                    | <b>17.816.630</b>               | <b>2.941.016</b>                |
| <b>Profit for the period</b>                                | <b>17.816.630</b>               | <b>2.941.016</b>                |
| <b>Statement of other comprehensive income</b>              |                                 |                                 |
| Other comprehensive income                                  | -                               | -                               |
| Changes in fair value reserves                              | -                               | -                               |
| Tax income / (expense) ofr other comprehensive income items | -                               | -                               |
| <b>Other comprehensive income/(loss) after tax</b>          | <b>-</b>                        | <b>-</b>                        |
| <b>Total comprehensive income</b>                           | <b>17.816.630</b>               | <b>2.941.016</b>                |

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

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**  
**Condensed Consolidated Statement of Changes in Equity for the Period Ended 31 March 2021**

(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated)

|   | Notes     | Paid in capital   | Adjustment to share capital | Fair value reserves | Actuarial gains and losses related to pension plans | Restricted reserves | Prior year’s profit or loss | Profit for the period | Total Equity       |
|---|-----------|-------------------|-----------------------------|---------------------|---|---------------------|-----------------------------|-----------------------|--------------------|
| <b>1 January 2020</b>                                       | <b>12</b> | <b>76.000.000</b> | <b>31.279</b>               | -                   | <b>(846.989)</b>                                    | <b>3.145.118</b>    | <b>36.566.530</b>           | <b>30.640.731</b>     | <b>145.536.669</b> |
| <i>Corrections due to changes in accounting policies</i>    |           | -                 | -                           | -                   | -   | -                   | -                           | -                     | -                  |
| Profit for the period                                       |           | -                 | -                           | -                   | -   | -                   | -                           | 2.941.016             | <b>2.941.016</b>   |
| Actuarial profit/(loss)                                     |           | -                 | -                           | -                   | -   | -                   | -                           | -                     | -                  |
| Change in fair value of financial assets available for sale |           | -                 | -                           | -                   | -   | -                   | -                           | -                     | -                  |
| <b>Total Comprehensive Income</b>                           |           | <b>76.000.000</b> | <b>31.279</b>               | -                   | <b>(846.989)</b>                                    | <b>3.145.118</b>    | <b>36.566.530</b>           | <b>33.581.747</b>     | <b>148.477.685</b> |
| Transfers to retained earnings                              |           | -                 | -                           | -                   | -   | -                   | 28.988.084                  | (28.988.084)          | -                  |
| Transfers to reserves                                       |           | -                 | -                           | -                   | -   | 1.652.647           | -                           | (1.652.647)           | -                  |
| <b>Balance at 31 March 2020</b>                             |           | <b>76.000.000</b> | <b>31.279</b>               | -                   | <b>(846.989)</b>                                    | <b>4.797.765</b>    | <b>65.554.614</b>           | <b>2.941.016</b>      | <b>148.477.685</b> |
| <b>1 January 2021</b>                                       | <b>12</b> | <b>76.000.000</b> | <b>31.279</b>               | -                   | <b>(877.494)</b>                                    | <b>4.797.765</b>    | <b>65.554.614</b>           | <b>32.882.541</b>     | <b>178.388.705</b> |
| <i>Corrections due to changes in accounting policies</i>    |           | -                 | -                           | -                   | -   | -                   | -                           | -                     | -                  |
| Profit for the period                                       |           | -                 | -                           | -                   | -   | -                   | -                           | 17.816.630            | <b>17.816.630</b>  |
| Actuarial profit/(loss)                                     |           | -                 | -                           | -                   | -   | -                   | -                           | -                     | -                  |
| Change in fair value of financial assets available for sale |           | -                 | -                           | -                   | -   | -                   | -                           | -                     | -                  |
| <b>Total Comprehensive Income</b>                           |           | <b>76.000.000</b> | <b>31.279</b>               | -                   | <b>(877.494)</b>                                    | <b>4.797.765</b>    | <b>65.554.614</b>           | <b>50.699.171</b>     | <b>196.205.335</b> |
| Transfers to retained earnings                              |           | -                 | -                           | -                   | -   | -                   | 31.340.012                  | (31.340.012)          | -                  |
| Transfers to reserves                                       |           | -                 | -                           | -                   | -   | 1.542.529           | -                           | (1.542.529)           | -                  |
| <b>Balance at 31 March 2021</b>                             |           | <b>76.000.000</b> | <b>31.279</b>               | -                   | <b>(877.494)</b>                                    | <b>6.340.294</b>    | <b>96.894.626</b>           | <b>17.816.630</b>     | <b>196.205.335</b> |

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

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**  
**Condensed Consolidated Statement of Cash Flows**  
**for the Period Ended 31 March 2021**

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

|   |              | <b>Not Reviewed</b>                 | <b>Not Reviewed</b>                 |
|---|--------------|-------------------------------------|-------------------------------------|
|   | <b>Notes</b> | <b>1 January-<br/>31 March 2021</b> | <b>1 January-<br/>31 March 2020</b> |
| <b>A. Cash flows provided from operating activities</b>   |              | <b>(194.439.297)</b>                | <b>132.330.304</b>                  |
| <b>Profit for the period</b>  |              | <b>17.816.630</b>                   | <b>2.941.016</b>                    |
| <b>Adjustments for profit / loss for the period</b>   |              | <b>(4.760.608)</b>                  | <b>(3.262.113)</b>                  |
| Adjustment for depreciation and amortization  | 7,8          | 134.058                             | (321.968)                           |
| Adjustment for ECL  |              | (2.777.150)                         | 622.842                             |
| Adjustment for vacation pay liability   |              | 146.215                             | 89.972                              |
| Adjustment for employee termination benefit   |              | 516.559                             | 99.363                              |
| Other financial income (excluding foreign currency gain)  |              | (8.421.978)                         | (3.562.672)                         |
| Other financial expense   |              | 1.741.127                           | 261.038                             |
| Adjustment for derivative instruments   |              | (540.832)                           | (1.009.086)                         |
| Deferred tax expense / (income)   |              | (990.829)                           | (233.595)                           |
| Current tax expense   | 13           | 5.432.222                           | 791.993                             |
| <b>Change in net working capital</b>  |              | <b>(216.063.984)</b>                | <b>140.131.180</b>                  |
| Financial investments   |              | (3.811.958)                         | (5.159.297)                         |
| Changes in receivables from related parties   |              | 34.614                              | 30.228                              |
| Changes in other trade receivables  |              | (54.217.181)                        | 3.623.356                           |
| Changes in customer assets  |              | (317.563.420)                       | 33.434.442                          |
| Changes in other receivables  |              | (1.481.191)                         | (2.738.585)                         |
| Changes in trade payables   |              | 163.099.599                         | 103.645.346                         |
| Changes in other liabilities and provisions   |              | (2.116.474)                         | 7.301.060                           |
| Vacation liability paid   | 11           | (7.973)                             | (5.370)                             |
| <b>Cash flows from operating activities</b>   |              | <b>8.568.665</b>                    | <b>(7.479.779)</b>                  |
| Interests and commissions paid  |              | (517.473)                           | (36.663)                            |
| Interests received  |              | 9.125.130                           | 2.717.533                           |
| Taxes paid  | 13           | (38.992)                            | (10.160.649)                        |
| <b>B. Cash flows from investing activities</b>  |              | <b>(351.249)</b>                    | <b>(723.640)</b>                    |
| Cash flows from acquisition of tangible and intangible assets   | 7,8          | (366.315)                           | (723.640)                           |
| Cash flows from sale of tangible and intangible assets  | 7,8          | 15.066                              | -                                   |
| <b>C. Cash flows from financing activities</b>  |              | <b>21.250.000</b>                   | <b>-</b>                            |
| Changes in borrowings   |              | 21.250.000                          | -                                   |
| Repayments of borrowings  |              | -                                   | -                                   |
| <b>Net increase/decrease in cash and cash equivalents<br/>before the effect of foreign currency translation<br/>differences (A+B+C)</b> |              | <b>(173.540.546)</b>                | <b>131.606.664</b>                  |
| <b>D. Effects of change in foreign exchange rate on cash<br/>and cash equivalents</b>   |              | <b>4.501.669</b>                    | <b>332.185</b>                      |
| <b>Net increase/decrease in cash and cash equivalents<br/>(A+B+C+D)</b>   |              | <b>(169.038.877)</b>                | <b>131.938.849</b>                  |
| <b>E. Cash and cash equivalents at the beginning of the<br/>period</b>  | 3            | <b>271.031.407</b>                  | <b>92.355.564</b>                   |
| <b>Cash and cash equivalents at the end of the period<br/>(A+B+C+D+E)</b>   | 3            | <b>101.992.530</b>                  | <b>224.294.413</b>                  |

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



**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**  
**Notes to the Condensed Consolidated Financial Statements as at and**  
**For the Period Ended 31 March 2021**

*(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)*

**1. Organization and operations of the Company**

ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi (the “Company”), formerly Tekstil Menkul Değerler Anonim Şirketi, was established on December 5, 1996 and started its operations on January 10, 1997 by obtaining the operation certificate from Capital Market Boards 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 Market Boards 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,
- ç) Individual portfolio management,
- d) Investment advice,
- e) Underwriting of capital market instruments on a firm commitment basis,
- f) Placing of financial instruments without a firm commitment basis,
- g) Operation of multilateral trading systems and regulated markets other than exchanges

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**  
**Notes to the Condensed Consolidated Financial Statements as at and**  
**For the Period Ended 31 March 2021**

*(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated.)*

**1. Organization and operations of the Company (continued)**

**Ancillary Services:**

- 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,
- ç) Providing services in relation to the conduct of underwriting,
- d) Providing intermediary services for obtaining financing by borrowing or through other means,
- e) Wealth management and financial planning,
- f) 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 103 employees as at 31 March 2021 (31 December 2020: 104).

**Information on subsidiary**

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.

# ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

## Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021

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

### 2. Basis of presentation of financial statements

#### 2.1. Basis of presentation

##### 2.1.1. Accounting standards applied

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 Reporting Standards (“TFRS”) which are published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). TFRS consist of Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations.

The financial statements are presented in accordance with the TAS Taxonomy published by the POA and the formats specified in the Financial Statements Examples and User Guidelines published by the CMB.

The financial statements as of and for the period ended 31 March 2021 were approved by the Board of Directors of the Company on 27 April 2021. Within the framework of the legislation, the authorized committees of the Company have the authority to change the financial statements.

##### 2.1.2. The preparation of 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 Company prepared its financial statements according to going concern assumption.

##### 2.1.5. Presentation currency

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

### 2.2. Changes in accounting policies and errors

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.

# ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

## Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021

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

### 2. Basis of presentation of financial statements (continued)

#### 2.3. Changes in accounting estimates

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements. The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending January 1, 2019. The Group has initially adopted TFRS 16 Leases from January 1, 2019. A number of other new standards are effective from January 1, 2019 but they do not have a material effect on the Group's financial statements.

TFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied TFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at January 1, 2019.

#### 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. 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 January 1, 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 stand-alone 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.

#### i. Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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### Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021

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

#### 2. Basis of presentation of financial statements (continued)

#### 2.3. Changes in accounting estimates (continued)

##### i. Significant accounting policies (continued)

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

##### ii. Transition

For the leases classified as operating leases in accordance with TAS 17, the lease obligation is measured at the present value of the remaining lease payments discounted at the tenant’s initial borrowing interest rate at the initial application date. Right of use assets; on the basis of each lease, measured at an amount equal to the lease obligation, which is reflected in the statement of financial position immediately prior to the initial application date, adjusted for the amount of all prepaid or accrued lease payments.

The Group has used the following facilitation practices when applying TFRS 16 for leases that were previously classified as operating leases under TAS 17.

-Initial direct costs are not included in measuring the existence of the right to use at the date of initial application.

-If the contract includes options to extend or terminate the contract, the management’s new assessments are used to determine the lease term.

#### 2.4 New and Amended Turkish Financial Reporting Standards

##### a) Amendments that are mandatorily effective from 2021

##### **Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform — Phase 2**

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity’s progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

The Group assessed that the adoption of this amendment does not have any effect on the Group’s consolidated financial statements.

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

### 2.4 New and Amended Turkish Financial Reporting Standards (continued)

#### 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   | <i>Insurance Contracts</i>  |
| Amendments to TAS 1                             | <i>Classification of Liabilities as Current or Non-Current</i>      |
| Amendments to TFRS 3                            | <i>Reference to the Conceptual Framework</i>                        |
| Amendments to TAS 16                            | <i>Property, Plant and Equipment – Proceeds before Intended Use</i> |
| Amendments to TAS 37                            | <i>Onerous Contracts – Cost of Fulfilling a Contract</i>            |
| Annual Improvements to TFRS Standards 2018-2020 | <i>Amendments to TFRS 1, TFRS 9 and TAS 41</i>                      |
| Amendments to TFRS 4                            | <i>Extension of the Temporary Exemption from Applying IFRS 9</i>    |
| Amendments to TFRS 16                           | <i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>        |

#### **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 2023.

#### **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 2023 and earlier application is permitted.

#### **Amendments to TFRS 3 *Reference to the Conceptual Framework***

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

#### **Amendments to TAS 16 *Proceeds before Intended Use***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

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**Notes to the Condensed Consolidated Financial Statements as at and**  
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**2.4 New and Amended Turkish Financial Reporting Standards (continued)**

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

**Amendments to TAS 37 Onerous Contracts – Cost of Fulfilling a Contract**

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

**Annual Improvements to TFRS Standards 2018-2020 Cycle**

Amendments to TFRS 1 First time adoption of International Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to TFRSs.

Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

Amendments to TAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

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

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

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

**2.4 New and Amended Turkish Financial Reporting Standards *(continued)***

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

**Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021***

Public Oversight Accounting and Auditing Standards Authority (“POA”) has published *COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to TFRS 16)* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

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

**2.5 Comparative Information**

The consolidated financial statements of the Group are compared with the previous period in order to allow the determination of financial status and performance trends. In order to ensure the comparability of the consolidated financial statement items, the previous period financial statements are also classified.

**2.6 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.



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## Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021

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

### 2 Basis of presentation of financial statements (continued)

#### 2.6 Summary of significant accounting policies (continued)

##### Financial Instruments (continued)

##### 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 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 amortised cost 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

finansal varlıkların farklı şekilde ölçümünden ve bunlara ilişkin kazanç veya kayıpların farklı şekilde finansal tablolara alınmasından kaynaklanacak bir muhasebe uyumsuzluğunu ortadan kaldırması veya önemli ölçüde azaltması şartıyla bir finansal varlığın geri dönülemez bir şekilde GUD değişimi kar veya zarara yansıtılarak ölçülen olarak tanımlanabilir.

##### 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 portfolio 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;
- 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.

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

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## Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021

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

### 2 Basis of presentation of financial statements *(continued)*

#### 2.6 Summary of significant accounting policies *(continued)*

##### **Financial Instruments** *(continued)*

##### *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.

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## Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021

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

### 2 Basis of presentation of financial statements (continued)

### 2.6 Summary of significant accounting policies (continued)

#### Financial Instruments (continued)

##### Financial assets – gain or loss resulting from subsequent measurement

|   |   |
|---|---|
| <b>Financial assets at FVTPL</b>  | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.  |
| <b>Financial assets at amortized cost</b>   | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses.<br><br>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.   |
| <b>Financial assets measured at fair value through other comprehensive income</b> | 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. |
| <b>Equity instruments at fair value through other comprehensive income</b>        | 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.<br>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, it is a derivative or it is designated as such on 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.

# ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

## Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021

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

### 2 Basis of presentation of financial statements (continued)

### 2.6 Summary of significant accounting policies (continued)

#### Financial Instruments (continued)

#### 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

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.

#### Foreign exchange transactions

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 Company as of 31 March 2021 and 31 December 2020 are as follows.

|                  | USD    | EUR    | GBP     | CNY    |
|------------------|--------|--------|---------|--------|
| 31 March 2021    | 8,3260 | 9,7741 | 11,4324 | 1,2605 |
| 31 December 2020 | 7,3405 | 9,0079 | 9,9438  | 1,1182 |

#### Revenue

##### (i) Brokerage services in capital markets

Income obtained from the brokerage services is recorded to the profit or loss at the transaction date. The brokerage services income is recorded daily to the profit or loss on an accrual basis until there is an estimate of the Company’s management occurs related to the uncertainty of the collection.

# ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

## Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021

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

### 2 Basis of presentation of financial statements (continued)

### 2.6 Summary of significant accounting policies (continued)

#### Revenue (continued)

#### (ii) 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 revenues from coupons of fixed yield investments and the valuation of discounted government bonds on the basis of internal discount.

#### Property and equipment

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

Depreciation is calculated on property and equipment using the straight-line method over their estimated useful lives as follows:

|                            | Years   |
|----------------------------|---------|
| Office equipment, fixtures | 5 years |
| Vehicles                   | 5 years |
| Special costs              | 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.

# ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

## Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021

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

### 2 Basis of presentation of financial statements *(continued)*

### 2.6 Summary of significant accounting policies *(continued)*

#### Events after the reporting period

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 Company adjusts its financial statements if such events after the reporting period arise which require an adjustment to the financial statements. Non-adjusting events are disclosed when material.

#### Provisions, contingent assets and liabilities

Provisions are recognized when the company’s management has legal or constructive obligation arising from past events, probable that an outflow of resources embodying economic benefits to fulfil this obligation and when liability can be estimated reliably, provision made such amount of liability enclosed in financial statements. Contingent liabilities are continuously evaluated for identify the possibility of an outflow is probable for resources contain economic benefits. Except where possibility is remote to outflow of resources contain economic benefits, are disclosure in financial statements. If it becomes probable that an inflow of economic benefits, disclosure is made in the financial statements about contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, disclosure is made the date on which the changes comes about it.

#### Related parties

For the purpose of these financial statements, the shareholders, key management personnel and board members, in each case together with companies controlled by or affiliated with them are considered and referred to as related parties.

#### Taxation on Corporate Income

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognised in operating expenses.

#### 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.

Deferred tax liabilities are recognised for all taxable temporary differences since they are realized in the past and it is expected that they will be realized in the foreseeable future.

# ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

## Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021

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

### 2 Basis of presentation of financial statements *(continued)*

#### 2.6 Summary of significant accounting policies *(continued)*

##### **Employee benefits**

The Group accounts for severance pay and vacation pay provisions in accordance with TAS 19 “Employee Benefits” and classifies under “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 in accordance with TAS 19 (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.

##### **Reporting of cash flows**

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. Cash and cash equivalent dividends which will be received from investment securities are accounted for income at the date of announcement.

##### **Derivative (“TDE”) transactions**

TDE Preparation of 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 revenues 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. Profits 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.

### 2.7 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 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.

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ****Notes to the Condensed Consolidated Financial Statements as at and  
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(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)

**3. Cash and cash equivalents**

|   | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|---|--------------------------|-----------------------------|
| Demand deposit  | 16.503.043               | 14.422.334                  |
| Expected credit loss provision (-)                                  | (6.610.013)              | (3.832.863)                 |
| Time deposit  | 730.259.837              | 420.725.524                 |
| Receivables from Money Markets                                      | 39.426.000               | 204.241.000                 |
| <b>Cash and cash equivalents in statement of financial position</b> | <b>779.578.867</b>       | <b>635.555.995</b>          |
|   | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
| Minus: Customer assets (*)  | (684.899.502)            | (367.336.082)               |
| Expected credit loss provision                                      | 6.610.013                | 3.832.863                   |
| Minus: Interest accruals  | 703.152                  | (1.021.369)                 |
| <b>Cash and cash equivalents in statement of cash flows</b>         | <b>101.992.530</b>       | <b>271.031.407</b>          |

(\*) Customer assets which consist of currently not directed customer investments as at 31 March 2021 and 31 December 2020, 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 at 31 March 2021, time deposit interest rates for TL are %16,80-%19 (31 December 2020: for TL are %15). The Group holds the time deposits in overnight and monthly accounts.

As at 31 March 2021 and 31 December 2020 , the details of bank deposits are as follows:

|   | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|---|--------------------------|-----------------------------|
| Demand deposit account (other banks)                  | 10.464.965               | 7.414.064                   |
| Demand deposit account – (ICBC Turkey Bank) (Note 14) | 6.038.078                | 7.008.270                   |
| Time deposit account (other banks)                    | 51.949.587               | 30.715.706                  |
| Time deposit - (ICBC Turkey Bank) (Note 14)           | 678.310.250              | 390.009.818                 |
| <b>Total</b>  | <b>746.762.880</b>       | <b>435.147.858</b>          |



**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ****Notes to the Condensed Consolidated Financial Statements as at and  
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(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated)

**4. Trade receivables and payables****Short term trade receivables:**

|  | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|--|--------------------------|-----------------------------|
| Receivables from loan customers          | 116.466.524              | 86.059.828                  |
| Receivables from TDE                     | 29.200.036               | 21.478.977                  |
| Receivables from costumers               | 19.451.619               | 6.358.270                   |
| Provision for doubtful trade receivables | (162.484)                | (162.484)                   |
| Doubtful trade receivables               | 162.484                  | 162.484                     |
| Other trade receivables                  | 11.750.000               | 9.457.075                   |
| Receivables from clearing houses abroad  | 674                      | 674                         |
| Trade receivables from related parties   | 322.933                  | 357.547                     |
| <b>Total</b>                             | <b>177.191.786</b>       | <b>123.712.371</b>          |

**Short term trade payables:**

|                           | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|---------------------------|--------------------------|-----------------------------|
| Payables to customers (*) | 733.689.615              | 578.400.433                 |
| Other payables            | 28.151.151               | 20.881.566                  |
| <b>Total</b>              | <b>761.840.766</b>       | <b>599.281.999</b>          |

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

**5. Financial Investments****a) Current assets**

|   | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|---|--------------------------|-----------------------------|
| Financial Assets at Fair Value Through Profit or Loss | 25.532.733               | 21.720.775                  |
| <b>Total</b>  | <b>25.532.733</b>        | <b>21.720.775</b>           |

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ****Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021**

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**5. Financial Investments (continued)**

As at 31 March 2021 and 31 December 2020 the details of financial assets at fair value through profit or loss are as follows:

|   | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|---|--------------------------|-----------------------------|
|   | <b>Carrying Value</b>    | <b>Carrying Value</b>       |
| ICBC Turkey Portföy Yönetimi Investment Fund    | 25.497.400               | 21.686.451                  |
| Equity shares – <i>Traded in stock exchange</i> | 35.333                   | 34.324                      |
| <b>Total</b>                                    | <b>25.532.733</b>        | <b>21.720.775</b>           |

The details of debt instruments measured at fair value through other comprehensive income as of 31 March 2021 and 31 December 2020 are as follows:

|   | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|---|--------------------------|-----------------------------|
| <b>Equity investments</b>                 |                          |                             |
| Stock – Istanbul Stock Exchange (ISE) (*) | 159.711                  | 159.711                     |
| <b>Total</b>                              | <b>159.711</b>           | <b>159.711</b>              |

(\*) As at 31 March 2021 the Company’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 2020: TL 159.711).

**6. Other receivables and payables**

As of 31 March 2021 and 31 December 2020, the details of other receivables and payables are as follows:

**Prepaid Expenses**

|                  | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|------------------|--------------------------|-----------------------------|
| Prepaid Expenses | 587.553                  | 24.058                      |
| <b>Total</b>     | <b>587.553</b>           | <b>24.058</b>               |

As at 31 March 2021 and 31 December 2020, prepaid expenses mainly consist of licence taken from CMB, health insurance payments, payments for Investors Protection Fund and Turkish Capital Markets Association’s and Derivative Market’s annual contribution fees and rents.

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ****Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021**

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

**6. Other receivables and payables (continued)****Current tax assets**

|               | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|---------------|--------------------------|-----------------------------|
| Prepaid taxes | 19.751                   | 19.372                      |
|               | <b>19.751</b>            | <b>19.372</b>               |

**Other short term receivables**

As at 31 March 2021 and 31 December 2020, the details of short term other receivables are as follows:

|                              | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|------------------------------|--------------------------|-----------------------------|
| Receivables from personnel   | 5.503                    | 2.173                       |
| Other short term receivables | 60.421                   | 692                         |
|                              | <b>65.924</b>            | <b>2.865</b>                |

**Other long term receivables**

As at 31 March 2021 and 31 December 2020, the details of long term other receivables are as follows:

|                | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|----------------|--------------------------|-----------------------------|
| Deposits given | 5.794.683                | 4.940.425                   |
| <b>Total</b>   | <b>5.794.683</b>         | <b>4.940.425</b>            |

Deposits given consists of guarantees given by the Group to operate in Equity Capital Markets and TDE as at 31 March 2021 and 31 December 2020.

**Current tax payables**

|                          | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|--------------------------|--------------------------|-----------------------------|
| Taxes and duties payable | 4.394.492                | 5.080.323                   |
| <b>Total</b>             | <b>4.394.492</b>         | <b>5.080.323</b>            |

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

# ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

## Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021

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

### 7. Tangible and intangible assets

The Group purchased tangible and intangible assets amounting to TL 50.276 and TL 316.039 for the three month period ended 31 March 2021 (31 December 2020: TL 2.677.013). For the period from 1 January 2021 to 31 March 2021, depreciation expenses for tangible assets amounts to TL 32.213 (31 December 2020: TL 815.044) and TL 101.845 (31 December 2020: TL 71.133) for intangible assets. As at March 31, 2021 and December 31, 2020, the Group does not have any pledges on tangible assets. The net carrying value of tangible assets as at 31 March 2021 is TL 3.186.024 (31 December 2020: TL 3.183.027) and net carrying value of intangible assets is TL 927.224 (31 December 2020: TL 713.030).

### 8. Provisions, contingent assets and liabilities

#### Short term provisions

As at 31 March 2021 and 31 December 2020, the details of other short term provisions are as follows:

|                  | 31 March<br>2021 | 31 December<br>2020 |
|------------------|------------------|---------------------|
| Other provisions | 1.549.061        | 683.373             |
| <b>Total</b>     | <b>1.549.061</b> | <b>683.373</b>      |

The Group does not have any contingent assets or liabilities as of 31 March 2021 (31 December 2020: None).

### 9. Commitments

As at 31 March 2021 and 31 December 2020, the details of the letters of guarantee and promissory notes are as follows:

|              | 31 March<br>2021  | 31 December<br>2020 |
|--------------|-------------------|---------------------|
| Takasbank    | 30.000.000        | -                   |
| CMB          | 1.776             | 1.776               |
| <b>Total</b> | <b>30.001.776</b> | <b>1.776</b>        |

### 10. Short Term Borrowings

As at 31 March 2021 the Group has short-term debt amounting to TL 21.250.000 (31 December 2020: None).

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ****Notes to the Condensed Consolidated Financial Statements as at and  
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(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated)

**11. Employee benefits**

As at 31 March 2021 and 31 December 2020, the details of the short-term employee benefits are as follows:

|                                    | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|------------------------------------|--------------------------|-----------------------------|
| <b>Employee benefits</b>           |                          |                             |
| Provision for unused vacation      | 1.888.987                | 1.750.745                   |
| <b>Total short term provisions</b> | <b>1.888.987</b>         | <b>1.750.745</b>            |

Movement of provision for unused vacation is as follows:

|  | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|--|--------------------------|-----------------------------|
| <b>Opening balance</b>                 | <b>1.750.745</b>         | <b>1.437.761</b>            |
| Charge for the period                  | (7.973)                  | (190.127)                   |
| Allocated provisions during the period | 146.215                  | 503.111                     |
| <b>Closing balance</b>                 | <b>1.888.987</b>         | <b>1.750.745</b>            |

As at 31 March 2021 and 31 December 2020, the details of the long-term employee benefits are as follows:

|  | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|--|--------------------------|-----------------------------|
| <b>Provisions related to employee benefits</b> |                          |                             |
| Employee severance pay liability               | 3.088.856                | 2.572.297                   |
| <b>Total long term provisions</b>              | <b>3.088.856</b>         | <b>2.572.297</b>            |

Movements of provision for employee severance pay are as follows:

|                           | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|---------------------------|--------------------------|-----------------------------|
| <b>Opening balance</b>    | <b>2.572.297</b>         | <b>2.316.016</b>            |
| Service cost              | 465.651                  | 282.815                     |
| Interest cost             | 50.908                   | 301.907                     |
| Payment during the period | -                        | (199.281)                   |
| Actuarial difference (*)  | -                        | 38.131                      |
| Layoff cost               | -                        | (167.291)                   |
| <b>Closing balance</b>    | <b>3.088.856</b>         | <b>2.572.297</b>            |

(\*) In the period actuarial gains / losses are not calculated.

# ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

## Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021

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

### 11. Employee benefits (continued)

Under the Turkish Labour Law, the Group is required to pay employment termination benefits to each entitled employee to receive such benefits. The applicable retirement pay provision ceiling as at 31 March 2021, is at maximum TL 7.638,96 (31 December 2020: TL 7,117.17), calculated based on total gross wages and other rights 30 day trial. The principal assumption is that the maximum liability for each year of service will increase parallel with inflation and the retirement pay provision ceiling is revised semi-annually.

### 12. Equity

#### Share capital

As at 31 March 2021 and 31 December 2020, the capital structure is as follows:

|  | 31 March 2021     |            | 31 December 2020  |            |
|--|-------------------|------------|-------------------|------------|
|  | 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      |
| <b>Total paid in capital</b>             | <b>76.000.000</b> | <b>100</b> | <b>76.000.000</b> | <b>100</b> |
| Capital inflation adjustment differences | 31.279            |            | 31.279            |            |
| <b>Total</b>                             | <b>76.031.279</b> |            | <b>76.031.279</b> |            |

As at 31 March 2021, the share capital consists of 7.600.000.000 shares having a nominal value of TL 0,01 each (31 December 2020: 7.600.000.000 shares having a nominal value of TL 0,01).

The Company has no preferred shares as at 31 March 2021 (31 December 2020: None).

#### Adjustment to share capital

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 2020: TL 31.279) is recognised.

#### Fair value reserves

##### Change in fair value of financial assets

None (31 December 2020: None).

#### Restricted reserves

At the Ordinary General Assembly Meeting of the Company held on 25 March 2021, the Company decided to transfer TL 1.542.529,57 of profit to legal reserves account; the remaining balance amounting to TL 29.308.061,85 amount was decided to be transferred to extraordinary reserves.

## ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021

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

#### 13. Tax assets and liabilities

As per Article 32 of Law No. 5520 on Corporate Income Tax, which was published in the Official Gazette dated June 21, 2006 and numbered 26205, corporation earnings are subject to corporate tax rate of 20%.

The effective tax rate applied in 2021 is 20% (2020: 22%). According to the regulation numbered 7061, which is published in the Official Gazette on December 5, 2017, with the amendment made with "Some Tax Laws and Other Certain Other Laws" law; the corporate tax rate is set to be %22 for the years 2018, 2020 and 2021. In addition, the Council of Ministers was authorized to reduce the rate of 22% to 20%.

Corporate tax in Turkey is calculated every three-month period and are accrued. The provisional tax rate to be calculated over the corporate earnings in the course of the taxation of corporate earnings in 2021 for the temporary tax periods is 20% (2020: 22%).

A corporation or a permanent representative generating revenue in Turkey are subject to %15 withholding tax on dividends paid to non-resident institutions.

Transfer pricing is discussed under the title of "disguised profit distribution" through transfer pricing of Article 13 of the Corporate Tax Law. The details of the implementation in the "General Notification on Disguised Profit Distribution Through Transfer Pricing" published on November 18, 2007, have been identified.

If the taxpayers are involved in the purchase, sale or purchase of goods, services or goods that are not carried out within the scope of the precedent of comparability with the parties concerned, then the relevant profits will be considered to be implicitly distributed through transfer pricing. Disguised profit distributions done with this type of transfer pricing will not be deductible from the tax base in terms of corporation tax.

Companies report 20% advance tax on their quarterly financial profits and pay till the 10th day of the second month following that period and pay the 25th day until the evening. The temporary tax paid during the year belongs to that accounting period is deducted from the corporation tax that will be calculated over the tax declaration of the institutions to be given in the following year. If there is prepaid tax amount remaining in spite of the indictment, this amount can be refunded to the company or any other financial debt to the state can be deducted.

There is no procedure for a final agreement with the competent authorities about the tax in Turkey. Corporate tax declarations are delivered to the tax offices until the evening of the fifteenth day of the fourth month following the year in which they are concerned. However, the tax authorities may retroactively review the five-year accounting records and / or change their opinion on taxation.

According to Turkish tax legislation, financial losses shown on the tax return may be deducted from the period corporate income for not exceeding 5 years.

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ****Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021**

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

**13. Tax assets and liabilities (continued)****Current tax liability**

The breakdown of income tax payable reflected in balance sheet as at 31 March 2021 and 31 March 2020 are as follows:

|                                 | <b>31 March 2021</b> | <b>31 March 2020</b> |
|---------------------------------|----------------------|----------------------|
| Current tax provision           | (5.432.222)          | (791.993)            |
| Deferred tax expense / (income) | 990.829              | 233.595              |
| <b>Net</b>                      | <b>(4.441.393)</b>   | <b>(558.398)</b>     |

**Deferred tax assets and liabilities**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit and its accounted for using the balance sheet liability method. Deferred tax liabilities or assets considered the tax rates prevailing at the reporting date is reflected in the accompanying financial statements.

If the changes in fair value of financial assets are recognised in profit or loss; current year corporate tax, deferred tax income/expense which are related to this change is also recognised in profit or loss. If the changes in fair value of financial assets are directly recognised in equity; tax effects which are related to this change is recognised in equity.

The Company’s deferred tax assets and liabilities as at 31 March 2021 and 31 December 2020 are as follows:

|  | <b>31 March 2021</b>                   |   | <b>31 December 2020</b>                |   |
|--|--|---|--|---|
|  | <b>Accumulated current differences</b> | <b>Deferred tax assets/ liabilities</b> | <b>Accumulated current differences</b> | <b>Deferred tax assets/ liabilities</b> |
| Provisions related to employee benefits              | 4.977.842                              | 995.568                                 | 4.323.042                              | 899.623                                 |
| Provisions related to other liabilities and expenses | 1.549.061                              | 309.812                                 | 683.373                                | 150.342                                 |
| Expected credit loss provision (-)                   | 6.610.013                              | 1.322.003                               | 3.832.863                              | 843.230                                 |
| Derivative transactions                              | 540.832                                | 108.166                                 | -                                      | -                                       |
| <b>Deferred tax assets</b>                           | <b>13.677.748</b>                      | <b>2.735.549</b>                        | <b>8.839.278</b>                       | <b>1.893.195</b>                        |
| Tangible and intangible assets                       | (1.037.428)                            | (207.485)                               | (913.949)                              | (201.068)                               |
| Derivative transactions                              | -                                      | -                                       | (704.065)                              | (154.894)                               |
| <b>Deferred tax liabilities</b>                      | <b>(1.037.428)</b>                     | <b>(207.485)</b>                        | <b>(1.618.014)</b>                     | <b>(355.962)</b>                        |
| <b>Deferred tax net</b>                              | <b>12.640.320</b>                      | <b>2.528.064</b>                        | <b>7.221.264</b>                       | <b>1.537.233</b>                        |



**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ****Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021**

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**14. Related party transactions**

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”.

|   | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|---|--------------------------|-----------------------------|
| <b>Receivables from related parties</b>   |                          |                             |
| <b>Cash and cash equivalents</b>          |                          |                             |
| -ICBC Turkey Bank A.Ş. - Main shareholder | 684.348.328              | 397.018.088                 |
| <b>Trade Receivables</b>                  |                          |                             |
| -Fund Management Commissions              | 322.933                  | 357.547                     |
| <b>Total</b>                              | <b>684.671.261</b>       | <b>397.375.635</b>          |

|   | <b>31 March<br/>2021</b> | <b>31 December<br/>2020</b> |
|---|--------------------------|-----------------------------|
| <b>Other payables and expense provisions</b>                          |                          |                             |
| - ICBC Turkey Portföy Yönetimi A.Ş. - Provision for other Liabilities | 217.563                  | 735.538                     |
| -ICBC Turkey Portföy Yönetimi A.Ş. – Attorney fee                     | 11.340                   | 45.360                      |
| <b>Total</b>  | <b>228.903</b>           | <b>780.898</b>              |

|  | <b>1 January –<br/>31 March 2021</b> | <b>1 January –<br/>31 March 2020</b> |
|--|--------------------------------------|--------------------------------------|
| <b>Commission income of mutual funds management</b>  |                                      |                                      |
| - ICBC Turkey Portföy Yönetimi AŞ (gold fund, first variable fund, second variable fund, money market fund, fx fund and stock fund) fund management fees | 617.185                              | 493.108                              |
| <b>Individual portfolio management commission</b>  |                                      |                                      |
| - ICBC Turkey Portföy Yönetimi AŞ  | 97.095                               | -                                    |
| <b>Fund service unit support service</b>   |                                      |                                      |
| - ICBC Turkey Portföy Yönetimi AŞ  | 6.300                                | -                                    |
| <b>Interest income</b>   |                                      |                                      |
| -ICBC Turkey Bank A.Ş.   | 518.448                              | 201.727                              |
| <b>Rent expenses</b>   |                                      |                                      |
| -ICBC Turkey Bank A.Ş.   | 559.331                              | 605.849                              |
| <b>Building participation expenses</b>   |                                      |                                      |
| - ICBC Turkey Bank A.Ş.  | 317.089                              | 250.628                              |
| <b>Commission expenses</b>   |                                      |                                      |
| - ICBC Turkey Bank A.Ş.  | 141.625                              | 219.106                              |

Letters of guarantee received from related parties as at 31 March 2021 amounting to TL 30.001.776 (31 December 2020: TL 1.776).

# ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

## Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021

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

### 15. 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 Company’s operations that yields gain to its partners and benefits for other shareholders.

The Group follows its capital adequacy in accordance with the Communiqué Serial: V, No: 34 of the minimum core capital requirement of capital adequacy bases.

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company'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 Company.

#### Credit risk

Financial instruments contain an element of risk that the counterparties may be unable to meet the terms of the agreements. This risk is monitored in reference to credit ratings and managed by limiting the aggregate risk to any individual counterparty. Exposure to credit risk is also managed by obtaining collaterals in the form of listed equity securities.

| 31 March 2021   | Receivables       |                    |                   |               |                    |                       |
|---|-------------------|--------------------|-------------------|---------------|--------------------|-----------------------|
|   | Trade receivables |                    | Other receivables |               | Bank deposits      | Financial investments |
|   | Related parties   | Third parties      | Related parties   | Third parties |                    |                       |
| <b>Maximum credit risk exposure as at reporting date</b>                  | <b>322.933</b>    | <b>176.868.853</b> | -                 | <b>65.924</b> | <b>779.578.867</b> | <b>25.497.400</b>     |
| The part of maximum risk under guarantee with collateral etc.             | -                 | -                  | -                 | -             | -                  | -                     |
| Net book value of financial assets that are neither past due nor impaired | 322.933           | 176.868.853        | -                 | 65.924        | 779.578.867        | 25.497.400            |
| Elements containing risk of off-balance-sheet credit                      | -                 | -                  | -                 | -             | -                  | -                     |

  

| 31 December 2020  | Receivables       |                    |                   |               |                    |                       |
|---|-------------------|--------------------|-------------------|---------------|--------------------|-----------------------|
|   | Trade receivables |                    | Other receivables |               | Bank deposits      | Financial investments |
|   | Related parties   | Third parties      | Related parties   | Third parties |                    |                       |
| <b>Maximum credit risk exposure as at reporting date</b>                  | <b>357.547</b>    | <b>123.354.824</b> | -                 | <b>2.865</b>  | <b>635.555.995</b> | <b>21.686.451</b>     |
| The part of maximum risk under guarantee with collateral etc.             | -                 | -                  | -                 | -             | -                  | -                     |
| Net book value of financial assets that are neither past due nor impaired | 357.547           | 123.354.824        | -                 | 2.865         | 635.555.995        | 21.686.451            |
| Elements containing risk of off-balance-sheet credit                      | -                 | -                  | -                 | -             | -                  | -                     |

# ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

## Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021

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

### 15. Nature and level of risks related to financial instruments (continued)

#### Foreign currency risk

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

As of 31 March 2021 and 31 December 2020 the Group's the foreign currency rates used in converting foreign currency denominated transactions into TL are given in TL as follows:

|                  | USD Dollar | Euro   | GBP     | Chinese Yuan |
|------------------|------------|--------|---------|--------------|
| 31 March 2021    | 8,3260     | 9,7741 | 11,4324 | 1,2605       |
| 31 December 2020 | 7,3405     | 9,0079 | 9,9438  | 1,1182       |
| 31 March 2020    | 6,5160     | 7,2150 | 8,0579  | 0,9132       |

The following table as at 31 March 2021 and 31 December 2020, showing the TL denominated foreign currency assets and carrying amounts of debt held by the Group are summarized the exposure to foreign currency position.

#### Sensitivity to foreign currency

The table below shows the sensitivity of the Company against a 10% change (as of 31 March 2021 and 31 December 2020, excluding tax effect on profit / loss) in exchange rates. The amounts below represent the effect on profit or loss statement in the case of a 10% increase/decrease in exchange rates.

|   | Profit / (Loss)                  |                                  | Equity(*)                        |                                  |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|   | Appreciation of foreign currency | Depreciation of foreign currency | Appreciation of foreign currency | Depreciation of foreign currency |
| <b>31 March 2021</b>                      |                                  |                                  |                                  |                                  |
| <b>10% change of US Dollar against TL</b> |                                  |                                  |                                  |                                  |
| 1- US Dollar net asset/liability          | 4.083.682                        | (4.083.682)                      | 4.083.682                        | (4.083.682)                      |
| 2- Hedged portion of USD amounts (-)      | -                                | -                                | -                                | -                                |
| <b>3- US Dollar net effect (1+2)</b>      | <b>4.083.682</b>                 | <b>(4.083.682)</b>               | <b>4.083.682</b>                 | <b>(4.083.682)</b>               |
| <b>10% change of EURO against TL</b>      |                                  |                                  |                                  |                                  |
| 4- EURO net asset/liability               | 1.586.271                        | (1.586.271)                      | 1.586.271                        | (1.586.271)                      |
| 5- Hedged portion of EUR amounts (-)      | -                                | -                                | -                                | -                                |
| <b>6- EURO net effect (4+5)</b>           | <b>1.586.271</b>                 | <b>(1.586.271)</b>               | <b>1.586.271</b>                 | <b>(1.586.271)</b>               |
| <b>10% change of GBP against TL</b>       |                                  |                                  |                                  |                                  |
| 7- GBP net asset/liability                | 3.299                            | (3.299)                          | 3.299                            | (3.299)                          |
| 8- Hedged portion of GBP amounts (-)      | -                                | -                                | -                                | -                                |
| <b>9- GBP net effect (7+8)</b>            | <b>3.299</b>                     | <b>(3.299)</b>                   | <b>3.299</b>                     | <b>(3.299)</b>                   |
| <b>10% change of CNY against TL</b>       |                                  |                                  |                                  |                                  |
| 10- CNY net asset/liability               | 26.141                           | (26.141)                         | 26.141                           | (26.141)                         |
| 11- Hedged portion of CNY amounts (-)     | -                                | -                                | -                                | -                                |
| <b>12 - CNY net effect (10+11)</b>        | <b>26.141</b>                    | <b>(26.141)</b>                  | <b>26.141</b>                    | <b>(26.141)</b>                  |
| <b>TOTAL (3+6+9+12)</b>                   | <b>5.699.393</b>                 | <b>(5.699.393)</b>               | <b>5.699.393</b>                 | <b>(5.699.393)</b>               |

(\*) Includes profit/loss effect

# ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

## Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021

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

### 15. Nature and level of risks related to financial instruments (continued) Sensitivity to foreign currency (continued)

|   | Profit / (Loss)                  |                                  | Equity(*)                        |                                  |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|   | Appreciation of foreign currency | Depreciation of foreign currency | Appreciation of foreign currency | Depreciation of foreign currency |
| <b>31 December 2020</b>                   |                                  |                                  |                                  |                                  |
| <b>10% change of US Dollar against TL</b> |                                  |                                  |                                  |                                  |
| 1- US Dollar net asset/liability          | 29.782.700                       | (29.782.700)                     | 29.782.700                       | (29.782.700)                     |
| 2- Hedged portion of USD amounts (-)      | -                                | -                                | -                                | -                                |
| <b>3- US Dollar net effect (1+2)</b>      | <b>29.782.700</b>                | <b>(29.782.700)</b>              | <b>29.782.700</b>                | <b>(29.782.700)</b>              |
| <b>10% change of EURO against TL</b>      |                                  |                                  |                                  |                                  |
| 4- EURO net asset/liability               | 9.276.029                        | (9.276.029)                      | 9.276.029                        | (9.276.029)                      |
| 5- Hedged portion of EUR amounts (-)      | -                                | -                                | -                                | -                                |
| <b>6- EURO net effect (4+5)</b>           | <b>9.276.029</b>                 | <b>(9.276.029)</b>               | <b>9.276.029</b>                 | <b>(9.276.029)</b>               |
| <b>10% change of GBP against TL</b>       |                                  |                                  |                                  |                                  |
| 7- GBP net asset/liability                | 9.713                            | (9.713)                          | 9.713                            | (9.713)                          |
| 8- Hedged portion of GBP amounts (-)      | -                                | -                                | -                                | -                                |
| <b>9- GBP net effect (7+8)</b>            | <b>9.713</b>                     | <b>(9.713)</b>                   | <b>9.713</b>                     | <b>(9.713)</b>                   |
| <b>10% change of CNY against TL</b>       |                                  |                                  |                                  |                                  |
| 10- CNY net asset/liability               | 39.750                           | (39.750)                         | 39.750                           | (39.750)                         |
| 11- Hedged portion of CNY amounts (-)     | -                                | -                                | -                                | -                                |
| <b>12 - CNY net effect (10+11)</b>        | <b>39.750</b>                    | <b>(39.750)</b>                  | <b>39.750</b>                    | <b>(39.750)</b>                  |
| <b>TOTAL (3+6+9+12)</b>                   | <b>39.108.192</b>                | <b>(39.108.192)</b>              | <b>39.108.192</b>                | <b>(39.108.192)</b>              |

(\*) Includes profit/loss effect

#### Fair value of financial instruments

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

First level: Registered (unadjusted) prices of identical assets or liabilities in active markets.

Second Level: Data which can be observed by directly (through prices) or indirectly (derived from prices) and which excludes the registered prices described in first level.

Third level: Data that is not based on observable market data related to assets and liabilities (non-observable data).

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ****Notes to the Condensed Consolidated Financial Statements as at and For the Period Ended 31 March 2021**

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

**15. Nature and level of risks related to financial instruments (continued)****Fair value of financial instruments (continued)**

Fair value classification of assets and liabilities which are measured over their fair values is as follows:

| Financial assets   | 31 March<br>2021  | Fair value level as at reporting date |         |         |
|--|-------------------|---------------------------------------|---------|---------|
|  |                   | Level 1                               | Level 2 | Level 3 |
| Financial assets at fair value through profit or loss  | 25.532.733        | 25.532.733                            | -       | -       |
| Borrowing instruments measured by reflecting fair value difference to other comprehensive income | -                 | -                                     | -       | -       |
| Derivative financial instruments   |                   |                                       |         |         |
| <b>Total</b>   | <b>25.532.733</b> | <b>25.532.733</b>                     |         |         |

| Financial assets   | 31 December<br>2020 | Fair value level as at reporting date |         |         |
|--|---------------------|---------------------------------------|---------|---------|
|  |                     | Level 1                               | Level 2 | Level 3 |
| Financial assets at fair value through profit or loss  | 21.720.775          | 21.720.775                            | -       | -       |
| Borrowing instruments measured by reflecting fair value difference to other comprehensive income | -                   | -                                     | -       | -       |
| <b>Total</b>   | <b>21.720.775</b>   | <b>21.720.775</b>                     | -       | -       |

**16. Events after reporting period**

Since January 1, 2006, corporate incomes in Turkey are subject to 20% corporate tax. Within the scope of the "Law on the Procedure of Collection of Public Receivables and the Law on Amendment of Certain Laws" published in the Official Gazette dated 22 April 2021, starting from 1 July 2021, corporate tax rate will be applied as 25% for 2021 taxation period and 23% for 2022 taxation period respectively.