

**ICBC Turkey Yatırım Menkul Değerler
Anonim Şirketi and Its Subsidiary**

**Condensed Consolidated Financial Statements
for the Interim Nine-Months Period Ended
30 September 2022 and
Review Report**

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

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

**REPORT ON REVIEW OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

To the Board of Directors of ICBC Turkey Yatırım Menkul Değerler A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of ICBC Turkey Yatırım Menkul Değerler A.Ş. (the “Company”) and its subsidiary (the “Group”) as at 30 September 2022, and the condensed consolidated statements of profit or loss and other comprehensive income, condensed consolidated statement of changes in shareholders’ equity and condensed consolidated statement of cash flows for the nine-months period then ended, and a summary of significant accounting policies and other explanatory notes. The Group management is responsible for the preparation and fair presentation of the accompanying condensed consolidated interim financial information in accordance with Turkish Accounting Standards 34 Interim Financial Reporting (“TAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

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

Additional paragraph for convenience translation to English

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Mehmet Erol
Partner

İstanbul, 25 October 2022

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ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2022

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

	Notes	Reviewed Current period 30 September 2022	Audited Prior period 31 December 2021
Assets			
Current assets			
Cash and cash equivalents	3	795,115,230	624,880,275
Financial investments	5	62,129,372	41,339,028
Trade receivables	4	739,586,899	172,822,525
- Trade receivables from related parties	16	693,564	476,698
- Trade receivables from third parties		738,893,335	172,345,827
Other receivables		3,109	18,905
- Other receivables from third parties	6	3,109	18,905
Prepaid expenses	6	550,378	32,764
Current tax assets	6	1,417	23,676
Total current assets		1,597,386,405	839,117,173
Non-current assets			
Financial investments	5	159,711	159,711
Other receivables	6	28,609,535	6,076,833
- Other receivables from third parties		28,609,535	6,076,833
Property, plant and equipment	7	2,653,792	2,380,237
Intangible assets	8	2,725,511	1,170,371
Deferred tax asset	15	5,747,838	4,828,366
Total non-current asset		39,896,387	14,615,518
Total assets		1,637,282,792	853,732,691

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 OF 30 SEPTEMBER 2022

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

Liabilities and equity	Notes	Reviewed Current period 30 September 2022	Audited Prior period 31 December 2021
Current liabilities			
Short-term borrowings	10	615,000,000	10,500,000
Trade payables	4	682,981,006	563,127,431
- Trade payables to related parties	16	112,629	85,915
- Trade payables to third parties		682,868,377	563,041,516
Other payables	6	134	134
Short-term provisions		6,333,354	12,043,383
- Provisions for employee benefits	11	5,945,761	10,466,163
- Other short-term provisions (debt provision)	9	387,593	1,577,220
Payables related to current tax	6	4,541,042	4,061,649
Current tax liability	15	9,450,811	11,041,825
Total current liabilities		1,318,306,347	600,774,422
Non-current liabilities			
Long-term provisions		8,194,326	5,231,419
- Provisions for employee benefits	11	8,194,326	5,231,419
Total non-current liabilities		8,194,326	5,231,419
Equity			
Paid-in capital	12	76,000,000	76,000,000
Capital adjustment differences	12	31,279	31,279
Other comprehensive income or expenses that will not be reclassified to profit or loss		(1,560,188)	(1,560,188)
- Actuarial loss related to pension plans	11	(1,560,188)	(1,560,188)
Restricted reserves appropriated from profit	12	9,833,071	6,340,294
Prior periods' profit	12	163,422,688	96,894,626
Net profit for the period		63,055,269	70,020,839
Total equity		310,782,119	247,726,850
Total liabilities and equity		1,637,282,792	853,732,691

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 NINE-MONTHS PERIOD ENDED
1 JANUARY – 30 SEPTEMBER 2022

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

	Notes	Reviewed 1 January – 30 September 2022	Not Reviewed 1 July – 30 September 2022	Reviewed 1 January – 30 September 2021	Not Reviewed 1 July – 30 September 2021
Profit or loss					
Sales	13	374,111,182	252,525,904	17,900,620	8,738,238
Service income	13	77,003,417	32,218,759	56,651,956	15,448,852
Cost of sales (-)	13	(372,780,989)	(252,315,316)	(17,861,686)	(8,730,423)
Gross profit from trade operations		78,333,610	32,429,347	56,690,890	15,456,667
Interest income from operating activities		61,900,517	33,960,629	27,129,478	9,370,655
Gross profit from finance sector activities		61,900,517	33,960,629	27,129,478	9,370,655
Gross profit		140,234,127	66,389,976	83,820,368	24,827,322
General administrative expenses (-)	14	(82,249,681)	(37,714,571)	(43,207,128)	(15,114,905)
Other operating income	13	40,735,175	14,269,668	57,037	(76)
Other operating expenses (-)	13	(287,219)	232,860	(1,940,290)	(507,685)
Operating profit		98,432,402	43,177,933	38,729,987	9,204,656
Finance income		17,130,553	7,247,092	12,892,293	1,936,404
Finance expenses (-)		(28,587,125)	(18,877,915)	(4,867,747)	(1,126,125)
Profit before tax from continuing operations		86,975,830	31,547,110	46,754,533	10,014,935
Tax expense from continuing operations	15	(23,920,561)	(8,894,533)	(11,649,717)	(2,594,530)
Current tax expense	15	(24,840,033)	(10,870,538)	(12,599,369)	(2,896,015)
Deferred tax (expense) /income	15	919,472	1,976,005	949,652	301,485
Profit for the period from continuing operations		63,055,269	22,652,577	35,104,816	7,420,405
Profit for the period		63,055,269	22,652,577	35,104,816	7,420,405
Other comprehensive income					
Other comprehensive income		-	-	-	-
Change in financial assets revaluation fund		-	-	-	-
Tax income / (expense) related to other comprehensive income items		-	-	-	-
Other comprehensive income / (expense) after tax		-	-	-	-
Total comprehensive income		63,055,269	22,652,577	35,104,816	7,420,405

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 NINE-MONTHS PERIOD ENDED
1 JANUARY – 30 SEPTEMBER 2022

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

Other Accumulated
Comprehensive Income
and Expenses will not
Reclassified to Profit or
Loss

Retained
Earnings

	Notes	Paid-in capital	Capital adjustment differences	Actuarial loss on retirement plans	Restricted Reserves Appropriated From Profit	Prior Year’s Profit/ Loss	Net Profit/ Loss for the Period	Total Equity
Balances as of 1 January 2021	12	76,000,000	31,279	(877,494)	4,797,765	65,554,614	32,882,541	178,388,705
Transfers		--	--	--	1,542,529	31,340,012	(32,882,541)	--
Actuarial loss/gain		--	--	--	--	--	--	--
Profit for the Period		--	--	--	--	--	35,104,816	35,104,816
								--
Balances as of 30 September 2021		76,000,000	31,279	(877,494)	6,340,294	96,894,626	35,104,816	213,493,521

	Notes	Paid-in capital	Capital adjustment differences	Actuarial loss on retirement plans	Restricted Reserves Appropriated From Profit	Prior Year’s Profit/ Loss	Net Profit/ (Loss) for the Period	Total Equity
Balances as of 1 January 2022	12	76,000,000	31,279	(1,560,188)	6,340,294	96,894,626	70,020,839	247,726,850
Transfers		--	--	--	--	66,528,062	(66,528,062)	--
Transfers to reserves		--	--	--	3,492,777	--	(3,492,777)	--
Actuarial gain/(loss)		--	--	--	--	--	--	--
Net loss for the period		--	--	--	--	--	63,055,269	63,055,269
Balances as of 30 September 2022		76,000,000	31,279	(1,560,188)	9,833,071	163,422,688	63,055,269	310,782,119

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 NINE-MONTHS
PERIOD ENDED 1 JANUARY – 30 SEPTEMBER 2022

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

	Notes	Reviewed 1 January- 30 September 2022	Reviewed 1 January- 30 September 2021
A. Cash flows from operating activities		(476,589,183)	(94,413,290)
Profit/loss for the period		63,055,269	35,104,816
Adjustments to reconcile net profit/loss for the period		2,659,292	(5,648,226)
Adjustment related to depreciation and amortization	7	1,382,374	802,173
Adjustment related to provision for expected credit loss		3,956,133	2,322,464
Adjustment related to provision for unused vacation		3,558,935	715,355
Adjustment related to employment termination benefits		3,154,681	1,123,796
Financial income from main operations		(61,900,517)	(27,129,478)
Non-operating financial expenses (excluding exchange expense)		28,587,125	4,867,747
Deferred tax expense/(income)		(919,472)	(949,652)
Adjustment related to current tax expense	13	24,840,033	12,599,369
Changes in working capital		(549,178,211)	(131,866,743)
Financial investments (Financial assets at fair value through profit/loss)		(20,790,344)	(7,976,426)
Adjustments related to trade receivables from related parties		(216,866)	35,988
Adjustments related to other trade receivables		(566,470,018)	(33,968,951)
Adjustments related to customer assets		(48,403,610)	(305,967,938)
Adjustments related to other receivables		(23,012,261)	(378,429)
Adjustments related to trade payables		119,853,575	222,520,241
Adjustments related to other payables and provisions		(728,663)	(5,704,645)
Employment termination benefits paid	11	(261,386)	(331,493)
Provision for unused vacation paid	11	(79,337)	(95,090)
Premiums paid		(8,000,000)	--
Blocked amount		(1,069,301)	--
Cash flows from operating activities		6,804,855	7,996,863
Commissions paid		(28,587,125)	(4,867,747)
Interests received		61,823,027	26,453,897
Taxes paid	13	(26,431,047)	(13,589,287)
B. Cash flows used in investing activities		(3,192,640)	(676,367)
Cash outflows from acquisition of property, plant and equipment and intangible assets	7	(3,192,640)	(689,284)
Cash inflows from sale of property, plant and equipment and intangible assets		--	12,917
C. Cash flows from financing activities		604,500,000	12,900,000
Change in borrowings		604,500,000	12,900,000
Net increase/decrease in cash and cash equivalents before the effect of foreign currency translation differences (A+B+C)		124,718,177	(82,189,657)
D. Effects of change in foreign exchange rate on cash and cash equivalents		3,438,452	2,668,253
Net increase/decrease in cash and cash equivalents (A+B+C+D)		128,156,629	(79,521,404)
E. Cash and cash equivalents at the beginning of the period	3	87,468,560	271,031,407
Cash and cash equivalents at the end of the period (A+B+C+D+E)		215,625,189	191,510,003

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
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

1. Organization and operations of the Group

ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi (“the Company”), formerly Tekstil Menkul Değerler Anonim Şirketi, was established on 5 December 1996 and started its operations on 10 January 1997 by obtaining the operation certificate from Capital 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,
- d) Individual portfolio management,
- e) Investment advice,
- f) Underwriting of capital market instruments on a firm commitment basis,
- g) Placing of financial instruments without a firm commitment basis,
- h) Operation of multilateral trading systems and regulated markets other than exchanges
- i) Safekeeping and administration of capital market instruments in the name of customers and portfolio custody services.
- j) Conducting other services and activities to be determined by the Board.

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

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

ICBC Turkey Bank A.Ş. owns 99.99% shares of the Company. The Parent Bank of ICBC Turkey Bank A.Ş. is Industrial and Commercial Bank of China Limited (“ICBC”). Headquarters address of the Company is Maslak Mahallesi Dereboyu/2 Caddesi No:13 34398 Sarıyer İstanbul. The Company has 101 employees as of 30 September 2022 (31 December 2021: 102).

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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

Information on subsidiary

As of 30 September 2022, the subsidiary of the Company, ICBC Turkey Portföy Yönetimi Anonim Şirketi (formerly named as “Tekstil Portföy Yönetimi Anonim Şirketi”), was established on 21 April 2015. The Company and its subsidiary have been consolidated. The Company and its subsidiary are named as “the Group” as a whole.

2. Basis of presentation of the financial statements

2.1. Basis of presentation

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

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

In addition, the financial statements are presented in accordance with the “Announcement on TRFS Taxonomy” published by the POA on 15 April 2019, and the formats specified in the Financial Statements Examples and User Guidelines published by the CMB.

Approval of financial statements

The consolidated financial statements were approved by the Board of Directors of the Group on 25 October 2022. The Group's General Assembly and relevant regulatory bodies have the right to change these financial statements.

2.1.2. Basis of preparation of the financial statements

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

2.1.3. Offsetting

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

2.1.4. Going concern

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

2.1.5. Currency Used

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

2.1.6 Comparative Information and Restatement of Prior Periods’ Financial Statements

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

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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

2.2. Changes in accounting policies

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

2.3. New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2022

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS Standards 2018-2020	<i>Amendments to IFRS 1, IFRS 9 and IAS 41</i>
Amendments to IFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>

Amendments to IFRS 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 IAS 16 *Property, Plant and Equipment - 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.

Amendments to IAS 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.

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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

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

a) Amendments that are mandatorily effective from 2022 (cont’d)

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 *First time adoption of Turkish 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 16 *COVID-19 Related Rent Concessions beyond 30 June 2021*

Public Oversight Accounting and Auditing Standards Authority (“POA”) has published Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021* 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 management has evaluated that these amendments and interpretations, effective from 2022, do not have any impact on the consolidated financial statements of the Group.

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

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

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

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 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information</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 4 *Extension of the Temporary Exemption from Applying TFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

Amendments to TAS 1 *Disclosure of Accounting Policies*

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

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

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

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

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

Amendments to TAS 8 *Definition of Accounting Estimates*

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

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

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

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

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

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

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

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

Amendments are effective with the first application of TFRS 17.

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

TAS 29 *Financial Reporting in High Inflation Economies*

POA made an announcement on 20 January 2022 regarding the application of TAS 29, “Financial Reporting in Hyperinflationary Economies” (IAS 29 Financial Reporting in Hyperinflationary Economies) for entities adopting Turkish Financial Reporting Standards (“TFRS”) for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 - Financial Reporting in Hyperinflationary Economies for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As of 30 September 2022, no inflation adjustment was made to the accompanying consolidated financial statements in accordance with TAS 29.

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

2.4 Summary of Significant Accounting Policies

Financial Instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

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

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

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

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

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

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

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

Financial assets – Business model assessment:

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

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

2.4 Summary of Significant Accounting Policies (cont’d)

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the financial assets in the business model is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected) and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

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

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

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

2.4 Summary of Significant Accounting Policies (cont’d)

Financial Instruments (cont’d)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest (cont’d)

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.

Financial assets – Gain or loss resulting from subsequent measurement

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

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

2.4 Summary of Significant Accounting Policies (cont’d)

Financial Instruments (cont’d)

Financial liabilities – Classification, subsequent measurement and gains and losses

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

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

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

2.4 Summary of Significant Accounting Policies (cont’d)

Financial Instruments (cont’d)

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv. Offsetting of financial assets and liabilities

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

Effects of Foreign Exchange

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

The foreign exchange rates used by the Company for translation of foreign currency transactions to TL as of 30 September 2022 and 31 December 2021 are as follows:

	US Dollar	EUR	GBP	CNY
30 September 2022	18,5187	18,1395	20,5816	2,5922
31 December 2021	13,3290	15,0867	17,9667	2,084

Fee and Commission Income and Expenses

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

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

2.4 Summary of Significant Accounting Policies (cont’d)

Interest Income and Expense

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

Property, Plant and Equipment

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

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

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

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

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

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

Intangible Assets

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

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

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

2.4 Summary of Significant Accounting Policies (cont’d)

Leases

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

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

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

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

A. Definition of Leases

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

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

B. As a lessee

The Group leases real estate.

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

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

2.4 Summary of Significant Accounting Policies (cont’d)

Events After the Balance Sheet Date

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

Provisions, Contingent Assets and Liabilities

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

Related Parties

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

Taxation on Corporate Income

Corporate tax

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

Deferred tax

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

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

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

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

2.4 Summary of Significant Accounting Policies (cont’d)

Employee Benefits

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

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

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

Statement of Cash Flow

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

Share Capital and Dividends

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

Derivative (“TDE”) transactions

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

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

2.5. Significant Accounting Evaluations, Estimates and Assumptions

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

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3. Cash and cash equivalents

	<u>30 September 2022</u>	<u>31 December 2021</u>
Time deposit	529,980,604	545,168,883
Demand deposit	256,330,788	63,998,722
Receivables from money markets	16,933,000	20,955,000
Blocked amount	1,069,301	--
Expected credit loss provision (-)	(9,198,463)	(5,242,330)
	<u>795,115,230</u>	<u>624,880,275</u>
Cash and cash equivalents in statement of financial position	<u>795,115,230</u>	<u>624,880,275</u>
	<u>30 September 2022</u>	<u>31 December 2021</u>
Less: Customer assets (*)	(587,541,713)	(673,304,020)
Less: interest accruals	(77,490)	(675,581)
Blocked amount	(1,069,301)	--
Less: Expected credit loss provision (-)	9,198,463	6,155,327
	<u>215,625,189</u>	<u>191,510,003</u>
Cash and cash equivalents in the cash flow statement	<u>215,625,189</u>	<u>191,510,003</u>

(*) Customer assets which consist of currently not directed customer investments as of 30 September 2022, are recognized under the Group's deposit accounts although the Group does not have control on these accounts. Therefore, customer assets are not included within cash and cash equivalents in the statement of cash flows.

As of 30 September 2022, time deposit interest rates for TL is 12.00%, 0.35% for Chinese Yuan, 3.50% – 3.70% for US Dollar, 1.80%-2.05% for Euro (31 December 2021: 13.90% – 17.40% for TL, 0.80% for British Pound, 0.35% for Chinese Yuan, 0.15% – 1.75% for US Dollar, 0.01%-0.95% for Euro). The Group holds the time deposits in overnight and monthly accounts.

As of 30 September 2022 and 31 December 2021, the details of bank deposits are as follows:

	<u>30 September 2022</u>	<u>31 December 2021</u>
Time Deposit – (ICBC Turkey Bank) (Note 16)	110,058,134	513,879,967
Time Deposit Account (other banks)	419,922,470	31,288,916
Demand Deposit Account - (ICBC Turkey Bank) (Note 16)	39,958,229	26,202,351
Demand Deposit Account (other banks)	216,372,559	37,796,371
	<u>786,311,392</u>	<u>609,167,605</u>

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4. Trade receivables and payables

Short-term trade receivables:

	<u>30 September 2022</u>	<u>31 December 2021</u>
Receivables from loan customers	302,672,091	113,800,056
Receivables from TDE	73,754,264	51,407,215
Receivables from costumers	362,453,111	7,123,455
Receivables from overseas clearing and custody centers	674	674
Doubtful trade receivables	162,484	162,484
Provision for Doubtful trade receivables	(162,484)	(162,484)
Trade receivables from related parties (Note 16)	693,564	476,698
Other trade receivables	13,195	14,427
	<u>739,586,899</u>	<u>172,822,525</u>

Short-term trade payables:

	<u>30 September 2022</u>	<u>31 December 2021</u>
Payables to customers (*)	610,821,153	512,562,594
Other payables	72,047,224	50,478,922
Trade payables to related parties (Note 16)	112,629	85,915
	<u>682,981,006</u>	<u>563,127,431</u>

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

5. Financial investments

	<u>30 September 2022</u>	<u>31 December 2021</u>
Trading securities		
Financial assets at fair value through profit/loss	61,214,814	41,339,028
Financial assets measured at amortized cost		
Financial assets measured at amortized cost	914,558	--
	<u>61,129,372</u>	<u>41,339,028</u>

	<u>30 September 2022</u>	<u>31 December 2021</u>
Trading securities	Book value	Book value
Stock – Traded on the stock exchange	61,850	37,657
ICBC Turkey Portföy Yönetimi Investment Fund	61,152,964	41,301,371
	<u>61,214,814</u>	<u>41,339,028</u>

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5. Financial investments (cont’d)

	<u>30 September 2022</u>	<u>31 December 2021</u>
Financial assets measured at amortized cost		
Government Bonds	914,558	--
	<u>914,558</u>	<u>--</u>

	<u>30 September 2022</u>	<u>31 December 2021</u>
Stock investments		
Stock – Istanbul Stock Exchange (ISE) (*)	159,711	159,711
	<u>159,711</u>	<u>159,711</u>

(*) As of 30 September 2022, the Group’s share on capital of Istanbul Stock Exchange is 0.0377%. The nominal value of the shares held by the Company is 15,971,094 amounting to TL 159,711 (31 December 2021: TL 159,711)

Financial assets measured at amortized cost	<u>30 September 2022</u>		<u>31 December 2021</u>	
	<u>Amount</u>	<u>Effective interest rate</u>	<u>Amount</u>	<u>Effective interest rate</u>
Government bond	914,558	22.91%	--	0.00%
Total	<u>914,558</u>		<u>--</u>	

6. Other receivables and payables

As of 30 September 2022 and 31 December 2021, the details of other receivables and payables are as follows:

Prepaid expenses

	<u>30 September 2022</u>	<u>31 December 2021</u>
Prepaid expenses	550,378	32,764
	<u>550,378</u>	<u>32,764</u>

As of 30 September 2022 and 31 December 2021, prepaid expenses mainly consist of licence taken from CMB, payments for Investors Protection Fund, prepaid rents, health and life insurance payments, Turkish Capital Markets Association’s and Derivative Market’s annual contribution fees, computer and infrastructure usage fees.

Current tax assets

	<u>30 September 2022</u>	<u>31 December 2021</u>
Prepaid taxes	1,417	23,676
	<u>1,417</u>	<u>23,676</u>

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6. Other receivables and payables (cont’d)

Other short-term receivables

	<u>30 September 2022</u>	<u>31 December 2021</u>
Receivables from personnel	3,109	3,764
Short-term receivables	--	15,141
	<u>3,109</u>	<u>18,905</u>

Other long-term receivables

As at 30 September 2022 and 31 December 2021, the details of long-term other receivables are as follows:

	<u>30 September 2022</u>	<u>31 December 2021</u>
Deposits given	28,609,535	6,076,833
	<u>28,609,535</u>	<u>6,076,833</u>

Deposits given as of 30 September 2022 and 31 December 2021 consist of guarantees given for the Group's ability to act as an intermediary in the equity market, over-the-counter market, money exchange market and futures and options exchange.

Current tax payables

	<u>30 September 2022</u>	<u>31 December 2021</u>
Taxes and duties payable	4,541,042	4,061,649
	<u>4,541,042</u>	<u>4,061,649</u>

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

	<u>30 September 2022</u>	<u>31 December 2021</u>
Other Payables	134	134
	<u>134</u>	<u>134</u>

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7. Property, plant and equipment

In the nine-months period ended 30 September 2022, the Group purchased property, plant and equipment amounting to TL 1,505,212 (31 December 2021: TL 182,352). Between 1 January 2022 and 30 September 2022, depreciation expense for property, plant and equipment amounted to TL 1,250,086 (1 January 2021 – 30 September 2021: TL 648,576).

As of 30 September 2022 and 31 December 2021, the Group has no assets acquired through financial leasing. There is no mortgage, pledge or collateral on tangible assets. All depreciation expenses are included in general administrative expenses.

As of 30 September 2022, the net book value of the Group's property, plant and equipment has been TL 2,653,792 (31 December 2021 TL 2,380,237).

8. Intangible assets

For the nine-months period ended 30 September 2022, the Group purchased intangible assets amounting to TL 1,687,428 (31 December 2021: TL 638,439). Between 1 January 2022 and 30 September 2022, amortization expense for intangible assets amounted to TL 132,288 (1 January 2021 – 30 September 2021: TL 153,597).

As of 30 September 2022 and 31 December 2021, the Group has no assets acquired through financial leasing. There is no mortgage, pledge or collateral on intangible assets. All amortization expenses are included in general administrative expenses.

As of 30 September 2022, the net book value of the Group's intangible assets is TL 2,725,511 (31 December 2021: TL 1,170,371).

9. Provisions, contingent assets and liabilities

Provision for payables

As at 30 September 2022 and 31 December 2021, the details of other short-term payables and provisions are as follows:

	<u>30 September 2022</u>	<u>31 December 2021</u>
Other provisions	387,593	1,577,220
	<u>387,593</u>	<u>1,577,220</u>

The Group does not have any contingent assets or liabilities as of 30 September 2022 (31 December 2021: None).

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9. Provisions, contingent assets and liabilities (cont’d)

As of 30 September 2022 and 31 December 2021, the details of the letters of guarantee and promissory notes are as follows:

	<u>30 September 2022</u>	<u>31 December 2021</u>
Takasbank	485,500,000	42,000,000
CMB	1,776	1,776
	<u>485,501,776</u>	<u>42,001,776</u>

Commitments

CPMs Given by the Company	<u>30 September 2022</u>	<u>31 December 2021</u>
A. Total amount of CPMs given on behalf of its own legal entity	485,501,776	42,001,776
B. Total amount of CPMs given in favor of partnerships included in the full consolidation scope		
C. Total amount of CPMs given in order to secure the debt of other third parties in order to carry out ordinary commercial activities		
D. Total amount of other CPMs		
i. Total amount of CPMs given on behalf of the parent company		
ii. Total amount of CPM's given in favor of other group companies that are not in the scope of B and C.		
iii. Total amount of CPMs given on behalf of third parties which are not in the scope of article C		
Total	<u>485,501,776</u>	<u>42,001,776</u>

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10. Short-term borrowings

The Group has a bank loan of TL 615,000,000 as of 30 September 2022 (31 December 2021: TL 10,500,000), The maturity of the bank loan is 1 day and the interest rate is between 16% and 21.05% (31 December 2021: 14.10%).

11. Provisions for employee benefits

As of 30 September 2022 and 31 December 2021, the details of the short-term employee benefits are as follows:

	<u>30 September 2022</u>	<u>31 December 2021</u>
Provision for employee benefits		
Provision for unused vacation	5,945,761	2,466,163
Provision for personnel premiums	--	8,000,000
Total short-term provisions	<u>5,945,761</u>	<u>10,466,163</u>

Movement of provision for unused vacation is as follows:

	<u>30 September 2022</u>	<u>31 September 2021</u>
Beginning of the period (1 January)	2,466,163	1,750,745
Charge for the period	(79,337)	(95,090)
Allocated provisions during the period	3,558,935	715,355
	<u>5,945,761</u>	<u>2,371,010</u>

Long-term provisions for employee benefits

Provision for employment termination benefits:

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

Employment termination benefits to be paid as of 30 September 2022 is subject to a monthly ceiling of TL 15,371.40 (31 December 2021: TL 8,284.51).

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

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11. Provisions for employee benefits (cont’d)

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

Provision for employment termination benefits (cont’d):

The main assumption is that the maximum liability amount for each year of service will increase in line with inflation. Consequently, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore, provisions in the accompanying financial statements as of 30 September 2022 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. Provisions at the relevant balance sheet dates are calculated using the real discount rate, which is approximately 3.71% (31 December 2021: 3.09%), based on the assumptions of an annual inflation rate of 17.15% and an interest rate of 21.50%. Voluntary dismissal rates are 80% for those working for 0-15 years and 0% for 16 years or more. The maximum amount of TL 15,371.40 effective from 1 April 2022 has been taken into account in the calculation of the severance pay provision of the Group (1 January 2022: TL 10,848.59).

As of 30 September 2022 and 31 December 2021, the details of long-term employee benefits are as follows:

	<u>30 September 2022</u>	<u>31 December 2021</u>
Provisions for employee benefits		
Provision for employment termination benefits	8,194,326	5,231,419
Total long-term provisions	<u>8,194,326</u>	<u>5,231,419</u>

Movements in the provision for employment termination benefits during the periods are as follows:

	<u>30 September 2022</u>	<u>31 December 2021</u>
Beginning of the period (1 January)	5,231,419	2,572,297
Paid during the period	(261,386)	(346,613)
Service cost	3,076,839	2,075,126
Interest cost	147,454	77,242
Actuarial gain/loss	--	853,367
Total	<u>8,194,326</u>	<u>5,231,419</u>

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12. Equity

Share capital

As at 30 September 2022 and 31 December 2021, the capital structure is as follows:

	30 September 2022		31 December 2021	
	Amount	Share (%)	Amount	Share (%)
ICBC Turkey Bank A.Ş.	75,998,480	99.998	75,998,480	99.998
Other	1,520	0.002	1,520	0.002
Total paid-in capital	76,000,000	100	76,000,000	100
Capital inflation adjustment differences	31,279		31,279	
Total	<u>76,031,279</u>		<u>76,031,279</u>	

As of 30 September 2022, the Group’s share capital consists of 7,600,000,000 shares having a nominal value of TL 0.01 each (31 December 2021: 7,600,000,000 shares having a nominal value of TL 0.01).

The Group has no preferred shares as of 30 September 2022 (31 December 2021: None).

Capital inflation adjustment difference

The capital increases made by shareholders are adjusted with the inflation effect up to 31 December 2004 in accordance with the Communiqué XI-29 and as a result inflation adjustment amounting to TL 31,279 (31 December 2021: TL 31,279) is recognised.

Value increase/ (decrease) funds

Financial assets revaluation fund

None (31 December 2021: None).

Restricted reserves appropriated from profit

As a result of the Ordinary General Assembly held by the Company on 31 March 2022, it was decided to transfer TL 3,492,777 from the profit calculated according to the TPL to the primary legal reserves account (30 September 2021: TL 1,542,529).

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13. Profit or loss

Revenue and cost of sales

	1 January - 30 September 2022	1 July - 30 September 2022	1 January- 30 September 2021	1 July - 30 September 2021
Sales				
Treasury bonds/government bonds	373,060,977	251,797,819	9,576,630	1,799,951
Stock sales	1,050,205	728,085	8,323,990	6,938,287
Total	374,111,182	252,525,904	17,900,620	8,738,238
Cost of Sales				
Treasury bonds/government bonds	371,724,066	251,582,763	9,531,384	1,791,540
Stock sales	1,056,923	732,553	8,330,302	6,938,883
Total	372,780,989	252,315,316	17,861,686	8,730,423

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13. Profit or loss

Cost of service

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
Project Finance/Corporate Finance revenue	33,227,714	12,157,628	31,769,233	9,544,025
Stock buying/selling brokerage commissions	25,172,228	12,527,498	15,655,572	2,891,838
Futures brokerage commissions	6,086,537	1,943,058	2,222,698	628,730
Bist stock market share	3,205,567	1,343,346	1,759,142	382,623
Mutual funds commission income	2,885,570	1,046,587	1,869,261	585,435
Over-the-Counter Transaction Revenues	2,569,625	1,685,351	1,719,585	814,807
Lending-Borrowing commission income	957,299	569,205	248,670	70,789
Custody Commission Income	1,013,713	291,168	342,944	75,353
Brokerage commission income for capital increase	276,488	12,312	138,437	110,166
BPP commission	76,764	23,945	146,721	26,688
Underwriting commissions for public offering	34,970	11,313	74,695	13,616
Dividend commissions	27,017	12,025	9,243	2,334
Other	1,469,925	595,323	695,755	302,448
	<u>77,003,417</u>	<u>32,218,759</u>	<u>56,651,956</u>	<u>15,448,852</u>
Other income from operating activities	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
Fx gains	40,667,819	14,268,498	--	--
Account opening fee	1,542	1,170	69	(77)
Provision reversals	42,669	--	56,998	1
Rediscount Income	23,145	--	--	--
	<u>40,735,175</u>	<u>14,269,668</u>	<u>57,037</u>	<u>(76)</u>

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13. Profit or loss (cont’d)

Other Expenses from Operating Activities

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
Transaction loss expenses	83,014	(232,860)	1,529,468	507,685
Prior period expenses	204,057	--	410,810	--
Other operating expenses	148	--	12	--
	<u>287,219</u>	<u>(232,860)</u>	<u>1,940,290</u>	<u>507,685</u>

14. General Administrative Expenses

The general administrative expenses of the Company for the accounting periods ending on 30 September 2022 and 30 September 2021 are as follows:

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
Personnel expenses	56,245,854	27,574,719	28,659,539	10,069,220
Communication expenses	6,241,532	2,408,422	4,008,207	1,301,290
Rental expenses	2,884,219	1,025,513	1,775,699	628,565
Subscription expenses	5,710,984	2,593,560	3,097,289	1,121,790
Audit and consultancy expenses	1,209,410	251,926	891,555	337,447
Depreciation expenses	1,382,374	670,828	802,173	334,810
Building expenses	2,324,700	1,053,865	975,610	326,197
Computer usage expenses	2,898,334	1,111,629	1,130,444	408,565
Transportation expenses	1,197,849	503,937	514,884	190,510
Taxes, fees and registration expenses	691,556	193,782	477,495	148,036
Representation and hospitality expenses	513,006	237,981	209,791	87,943
Maintenance and repair expenses	416,346	111,290	187,467	30,272
Disallowable expenses	98,500	15,472	89,245	19,630
Small fixture expenses	3,185	283	15,275	119
Other	431,831	(38,636)	372,454	109,616
	<u>82,249,681</u>	<u>37,714,571</u>	<u>43,207,128</u>	<u>15,114,905</u>

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

As of 30 September 2022 and 31 December 2021, the breakdown of the tax liability of the profit for the period reflected in the related balance sheet is presented below:

	<u>30 September 2022</u>	<u>31 December 2021</u>
Provision for corporate tax	24,840,033	23,720,939
Prepaid temporary taxes and funds	(15,389,222)	(12,679,114)
Net	<u>9,450,811</u>	<u>11,041,825</u>

Tax expense in the profit or loss statement

	<u>30 September 2022</u>	<u>30 September 2021</u>
Tax expense for the period	(24,840,033)	(12,599,369)
Deferred (tax)/income	919,472	949,652
Tax expense	<u>(23,920,561)</u>	<u>(11,649,717)</u>

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

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and other incentives (prior year’s losses if any and investment incentives used if preferred) utilized.

The effective tax rate in 2022 is 25%. (2021: 23%).

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

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15. Income taxes (Including deferred tax assets and liabilities) (cont’d)

Deferred tax assets and liabilities

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

The tax rate used in the calculation of deferred tax assets and liabilities is 25% over the temporary timing differences expected to reverse in 2022 (2021: 23%), and 25% over the temporary timing differences that are expected to reverse after 2022 (2021: 20%).

Subsidiaries with deferred tax assets are not netted off with subsidiaries with deferred tax liabilities and are shown separately, as businesses in Turkey cannot declare consolidated tax returns.

As of 30 September 2022 and 31 December 2021, the items giving rise to the Group's deferred tax assets and liabilities are as follows:

	30 September 2022		31 December 2021	
	Accumulated temporary differences	Deferred tax assets/ liabilities	Accumulated temporary differences	Deferred tax assets/ liabilities
Provisions for employee benefits	14,140,087	3,535,020	15,697,582	3,453,500
<i>Employment termination</i>	8,194,326	2,048,580	5,231,419	1,046,283
<i>Unused vacation</i>	5,945,761	1,486,440	2,466,163	567,217
<i>Premium</i>	-	-	8,000,000	1,840,000
Other provisions for loan and expenses	387,593	96,898	1,577,220	362,760
Expected credit loss provision (-)	9,198,463	2,299,616	5,242,330	1,205,735
Derivative Transaction	-	-	-	-
Deferred tax asset	23,726,143	5,931,534	22,517,132	5,021,995
Property, plant and equipment and intangible assets	(734,783)	(183,696)	(968,143)	(193,629)
Deferred tax liability	(734,783)	(183,696)	(968,143)	(193,629)
Deferred tax net	22,991,360	5,747,838	21,548,989	4,828,366

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16. Related party disclosures

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

Receivables from related parties	30 September 2022	31 December 2021
Cash and cash equivalents		
-ICBC Turkey Bank A.Ş. - Shareholder	150,016,363	540,082,318
Trade receivables		
Fund Management Commissions	693,564	476,698
Total	150,709,927	540,559,016
Trade payables	30 September 2022	31 December 2021
Trade payables to related parties		
-ICBC Turkey Bank. A.Ş.	112,629	85,915
Total	112,629	85,915
Other payables and expense provisions	30 September 2022	31 December 2021
Attorney fee		
-ICBC Turkey Portföy Yönetimi A.Ş.	3,780	3,780
Total	3,780	3,780
Related party balances	1 January – 30 September 2022	1 January – 30 September 2021
ICBC Turkey Portföy Yönetimi AŞ fund management fees	2,947,082	1,824,434
Interest income		
-ICBC Turkey Bank AŞ	2,379,114	1,458,819
Rent expenses		
-ICBC Turkey Bank AŞ	2,884,219	1,775,699
Building participation expenses		
- ICBC Turkey Bank AŞ	2,326,193	976,680
Commission expenses		
- ICBC Turkey Bank AŞ	1,008,389	486,864

Letters of guarantee received from related parties as of 30 September 2022 amount to TL 485,501,776 (31 December 2021: TL 42,001,776).

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17. Nature and level of risks related to financial instruments

Capital management

The Group’s objectives during managing capital is to maintain an optimal capital structure in order to maintain the Group’s operations that yields 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 Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Credit risk disclosures

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.

30 September 2022	Receivables						Financial Investments
	Trade receivables		Other receivables		Bank deposits		
	Related parties	Third parties	Related parties	Third parties			
Maximum credit risk exposure as at reporting date	693,564	738,893,335	--	3,109	795,115,230	62,129,372	
The part of maximum risk under guarantee with collateral etc.	--	--	--	--	--	--	
Net book value of financial assets that are neither past due nor impaired							
Elements containing risk of off-balance-sheet credit	693,564	738,893,335	--	3,109	795,115,230	62,129,372	
31 December 2021	Receivables						
	Trade receivables		Other receivables		Bank deposits	Financial	
	Related parties	Third parties	Related parties	Third parties		Investments	
Maximum credit risk exposure as at reporting date	476,698	172,345,827	--	18,905	624,880,275	41,339,028	
The part of maximum risk under guarantee with collateral etc.	--	--	--	--	--	--	
Net book value of financial assets that are neither past due nor impaired							
Elements containing risk of off-balance-sheet credit	476,698	172,345,827	--	18,905	624,880,275	41,339,028	

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17. Nature and level of risks related to financial instruments (cont’d)

Foreign currency risk

The Group is exposed to foreign exchange risk through changes in foreign currency exchange rates 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 30 September 2022 and 31 December 2021, the Group’s the foreign currency rates used in converting foreign currency denominated transactions into TL are given in TL as follows:

	<u>USD Dollar</u>	<u>Euro</u>	<u>GBP</u>	<u>Chinese Yuan</u>
30 September 2022	18,5187	18,1395	20,5816	2,5922
31 December 2021	13,329	15,0867	17,9667	2,084

The following table as at 30 September 2022 and 31 December 2021, showing the TL denominated foreign currency assets and carrying amounts of debt held by the Group are summarized the exposure to foreign currency position.

	US				
	<u>TL equivalent</u>	<u>Dollar</u>	<u>Euro</u>	<u>GBP</u>	<u>Chinese Yuan</u>
30 September 2022					
Cash and cash equivalents	772,042,401	12,427,392	29,855,413	734	125,712
Trade receivables	--	--	--	--	--
Total assets	<u>772,042,401</u>	<u>12,427,392</u>	<u>29,855,413</u>	<u>734</u>	<u>125,712</u>
Net foreign currency assets	<u>772,042,401</u>	<u>12,427,392</u>	<u>29,855,413</u>	<u>734</u>	<u>125,712</u>
31 December 2021					
Cash and cash equivalents	589,237,500	10,804,513	19,144,722	8,667,406	129,036
Trade receivables	--	--	--	--	--
Total assets	<u>589,237,500</u>	<u>10,804,513</u>	<u>19,144,722</u>	<u>8,667,406</u>	<u>129,036</u>
Net foreign currency assets	<u>589,237,500</u>	<u>10,804,513</u>	<u>19,144,722</u>	<u>8,667,406</u>	<u>129,036</u>

Sensitivity to foreign currency risk

The amounts below represent the effect in the case of a 10% increase of TL against the following currencies (as of 30 September 2022 and 31 December 2021, excluding tax effect on profit/loss):

(*) Includes profit/loss effect.

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

Sensitivity to foreign currency risk (cont'd)

30 September 2022	Profit / (Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Appreciation of foreign currency
10% change of US Dollar against TL				
1- US Dollar net asset/liability	23,013,915	(23,013,915)	23,013,915	(23,013,915)
2- Hedged portion of USD amounts (-)	--	--	--	--
3- US Dollar net effect (1+2)	23,013,915	(23,013,915)	23,013,915	(23,013,915)
10% change of EURO against TL				
4- EURO net asset/liability	54,156,227	(54,156,227)	54,156,227	(54,156,227)
5- Hedged portion of EUR amounts (-)	--	--	--	--
6- EURO net effect (4+5)	54,156,227	(54,156,227)	54,156,227	(54,156,227)
10% change of GBP against TL				
7- GBP net asset/liability	1,512	(1,512)	1,512	(1,512)
8- Hedged portion of GBP amounts (-)	--	--	--	--
9- GBP net effect (7+8)	1,512	(1,512)	1,512	(1,512)
10% change of CNY against TL				
7- CNY net asset/liability	32,587	(32,587)	32,587	(32,587)
8- Hedged portion of CNY amounts (-)	--	--	--	--
9 - CNY net effect (10+11)	32,587	(32,587)	32,587	(32,587)
TOTAL (3+6+9+12)	77,204,240	(77,204,240)	77,204,240	(77,204,240)

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17. Nature and level of risks related to financial instruments (cont’d)

Sensitivity to foreign currency risk (cont’d)

31 December 2021	Profit / (Loss)		Equity ^(*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Appreciation of foreign currency
10% change of US Dollar against TL				
1- US Dollar net asset/liability	14,441,322	(14,441,322)	14,441,322	(14,441,322)
2- Hedged portion of USD amounts (-)				
3- US Dollar net effect (1+2)	14,441,322	(14,441,322)	14,441,322	(14,441,322)
10% change of EURO against TL				
4- EURO net asset/liability	28,883,068	(28,883,068)	28,883,068	(28,883,068)
5- Hedged portion of EUR amounts (-)				
6- EURO net effect (4+5)	28,883,068	(28,883,068)	28,883,068	(28,883,068)
10% change of GBP against TL				
7- GBP net asset/liability	15,572,469	(15,572,469)	15,572,469	(15,572,469)
8- Hedged portion of GBP amounts (-)	-	-	-	-
9- GBP net effect (7+8)	15,572,469	(15,572,469)	15,572,469	(15,572,469)
10% change of CNY against TL				
7- CNY net asset/liability	26,891	(26,891)	26,891	(26,891)
8- Hedged portion of CNY amounts (-)	-	-	-	-
9 - CNY net effect (10+11)	26,891	(26,891)	26,891	(26,891)
TOTAL (3+6+9+12)	58,923,750	(58,923,750)	58,923,750	(58,923,750)

^(*) Includes profit / loss effect.

Fair value of financial instruments

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

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

Second level: Except the stock market price mentioned in the first level, inputs used to find the price that is directly or indirectly observed in the market are used in order to value the financial assets and liabilities.

Third level: Financial assets and liabilities are valued by using the inputs not based on a data that can be observable in the market.

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17. Nature and level of risks related to financial instruments (cont’d)

Fair value of financial instruments (cont’d)

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

Financial assets	30 September 2022	Fair value level as at reporting date		
		Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	61,214,814	61,214,814	--	--
Total	61,214,814	61,214,814	--	--

Financial assets	31 December 2021	Fair value level as at reporting date		
		Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	41,339,028	41,339,028	--	--
Total	41,339,028	41,339,028	--	--

18. Events after the balance sheet

None.