

ICBC Turkey Yatırım Menkul Değerler
Anonim Şirketi and Its Subsidiary
Condensed Consolidated Interim Financial Statements
As at and for the Nine Month Period
Ended 30 September 2019

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

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ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY
Condensed Consolidated Interim Statement of Financial Position as at 30 September 2019
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated)

		Reviewed	Audited
		Current Period	Prior Period
	Notes	30 September 2019	31 December 2018
Assets			
Current Assets			
Cash and cash equivalents	3	938.796.494	512.735.578
Financial investments	5	24.838.042	16.343.065
Trade receivables		52.027.058	56.260.083
- <i>Due from related parties</i>	4	--	82.579
- <i>Other trade receivables</i>	4	52.027.058	56.177.504
Other Receivables		25.336	1.488
- Other related parties	6	25.336	1.488
Prepaid expenses	6	305.050	6.700
Current period tax related assets	6	192.559	125.164
Total current assets		1.016.184.539	585.472.078
Non-current assets			
Financial investments	5	159.711	159.711
Other receivables		1.802.770	1.464.665
- <i>Other related parties</i>	6	1.802.770	1.464.665
Tangible assets	7	744.437	881.962
Intangible assets	7	272.430	257.204
Deferred tax assets	13	2.077.984	1.333.328
Total non-current assets		5.057.332	4.096.870
Total assets		1.021.241.871	589.568.948

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

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY
Condensed Consolidated Interim Statement of Financial Position as at 30 September 2019
(Amounts are expressed in Turkish Lira (“TL”) unless otherwise indicated)

		Reviewed Current- Period 30 September 2019	Audited Prior-Period 31 December 2018
	Notes		
Liabilities			
Short term liabilities			
Trade payables	4	871.010.504	466.675.110
- Other trade payables		871.010.504	466.675.110
Payables relating to employee benefits	6	--	310.732
Short term provisions		1.699.145	3.224.049
- Employee benefits	11	1.386.200	3.162.451
- Other short term provisions	8	312.945	61.598
Current tax payables	6	5.087.537	2.605.195
Current tax liability	13	1.051.984	--
Total short term liabilities		878.849.170	472.815.086
Long term liabilities			
Long term provisions		2.545.209	2.179.085
-Employee benefits provisions	11	2.545.209	2.179.085
Total long term liabilities		2.545.209	2.179.085
Equity			
Paid in capital	12	76.000.000	76.000.000
Adjustments to share capital	12	31.279	31.279
Other comprehensive income that will be reclassified to profit or loss			
Financial assets value increase/decrease fund	12	(125.865)	(143.503)
Other comprehensive income that will never be reclassified to profit or loss			
-Actuarial loss related to pension plans	11	(1.168.150)	(1.168.150)
Restricted Reserves allocated from profit		3.145.118	2.143.656
Prior year’s profit		36.710.033	16.087.671
Profit for the period		25.255.077	21.623.824
Total equity		139.847.492	114.574.777
Toplam liabilities and equity		1.021.241.871	589.568.948

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

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
for the Interim Period Ended 30 September 2019

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

		Not Reviewed 1 January- 30 September 2019	Not Reviewed 1 July - 30 September 2019	Not Reviewed 1 January- 30 September 2018	Not Reviewed 1 July- 30 September 2018
Statement of profit or loss					
Sales	15	159.837.599	64.613.989	116.344.421	43.382.691
Service income	15	42.203.312	11.591.073	30.114.822	4.744.117
Cost of sales (-)	15	(157.484.532)	(63.853.090)	(115.476.367)	(42.930.724)
Gross profit from operations		44.556.379	12.351.972	30.982.876	5.196.084
Interest income from operations		13.026.861	3.747.745	11.391.001	4.291.630
Gross profit/loss		57.583.240	16.099.717	42.373.877	9.487.714
General administrative expenses (-)	15	(27.190.144)	(11.146.672)	(24.396.343)	(9.672.362)
Other income from main operations		433.084	359.102	3.032	140
Other expense from main operations (-)		(151.340)	236.652	(334.053)	(112.400)
Operating profit		30.674.840	5.548.799	17.646.513	(296.908)
Financial income		7.818.696	1.063.169	10.909.267	7.699.477
Financial expenses (-)		(5.983.447)	(666.786)	(1.189.247)	(600.379)
Profit before tax from continuing operations		32.510.089	5.945.182	27.366.533	6.802.190
Tax income / (expense) from continuing operations	13	(7.255.012)	(1.073.607)	(6.241.952)	(1.930.625)
Current tax income / (expense)	13	(7.999.667)	(988.728)	(6.150.647)	(2.025.202)
Deferred tax income / (expense)	13	744.655	(84.879)	(91.305)	94.577
Profit from continuing operations		25.255.077	4.871.575	21.124.581	4.871.565
Profit / (loss) from discontinued operations		--	--	--	--
Profit / (loss) for the period		25.255.077	4.871.575	21.124.581	4.871.565
Statement of other comprehensive income		--	--	--	--
Changes in fair value reserves		22.613	22.176	(80.118)	(82.482)
Income tax relating to other comprehensive income		(4.975)	(4.879)	17.626	18.146
Other comprehensive income/(expense) after tax		17.638	17.297	(62.492)	(64.336)
Total comprehensive income / (expense)		25.272.715	4.888.872	21.062.089	4.807.229

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

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Condensed Consolidated Interim Statement of Changes in Equity as at and for the Interim Period ended 30 September 2019

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

	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
1 January 2018	76.000.000	31.279	(27.320)	(160.381)	1.302.183	625.948	16.798.504	94.570.213
<i>Total comprehensive income</i>								
<i>Corrections due to changes in accounting policies</i>	--	--	--	--	--	(495.308)	--	(495.308)
Profit for the period	--	--	--	--	--	--	21.124.581	21.124.581
Change in fair value of financial assets available for sale	--	--	(62.492)	--	--	--	--	(62.492)
Total Comprehensive Income	76.000.000	31.279	(89.812)	(160.381)	1.302.183	130.640	37.923.085	115.136.994
Transfers to retained earnings	--	--	--	--	--	15.957.031	(15.957.031)	--
Transfers to reserves	--	--	--	--	841.473	--	(841.473)	--
Balance at 30 September 2018	76.000.000	31.279	(89.812)	(160.381)	2.143.656	16.087.671	21.124.581	115.136.994
1 January 2019	76.000.000	31.279	(143.503)	(1.168.150)	2.143.656	16.087.671	21.623.824	114.574.777
<i>Total Comprehensive Income</i>								--
<i>Corrections due to changes in accounting policies</i>								--
Profit for the period	--	--	--	--	--	--	25.255.077	25.255.077
Change in fair value of financial assets available for sale	--	--	17.638	--	--	--	--	17.638
Total Comprehensive Income	76.000.000	31.279	(125.865)	(1.168.150)	2.143.656	16.087.671	46.878.901	139.847.492
Transfers to retained earnings	--	--	--	--	--	20.622.362	(20.622.362)	--
Transfers to reserves	--	--	--	--	1.001.462	--	(1.001.462)	--
Balance at 30 September 2019	76.000.000	31.279	(125.865)	(1.168.150)	3.145.118	36.710.033	25.255.077	139.847.492

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

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Condensed Consolidated Interim Statement of Cash Flows

As at and for the Interim Period Ended 30 September 2019

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

		NotReviewed	Not Reviewed
	Notes	1 January- 30 September 2019	1 January- 30 September 2018
A. Cash flows provided from operating activities		10.767.479	82.812.180
Profit for the period		25.255.077	21.124.581
Adjustments for profit / loss reconciliation for the period		1.349.823	(3.712.243)
Adjustments for depreciaton and amortization	7	315.290	464.857
Adjustments for provision of expected credit loss	3	5.510.912	--
Adjustments for vacation pay liability	11	236.402	195.206
Adjustments for provision of employee termination benefit	11	646.389	442.022
Adjustments for financial income (excluding exchange difference income)		(12.406.430)	(11.391.001)
Adjustment for financial expense		(207.751)	334.053
Deferred tax expense / (income)		(744.656)	--
Adjustments related to derivative instruments		--	91.973
Current tax expense	13	7.999.667	6.150.647
Change in equity		(20.922.294)	58.799.975
Financial investments (the financial assets at fair value through profit or loss)		(6.359.633)	18.288.051
Changes in trade receivables from related parties		82.579	9.044
Changes in other trade receivables		4.150.446	8.372.364
Changes in client assets		(417.113.641)	109.315.253
Changes in other receivables		(727.698)	(370.199)
Changes in trade payables		406.959.108	(73.721.695)
Changes in other liabilities and provisions		(4.643.798)	(2.715.195)
Employee termination benefits payment	11	(280.265)	(274.949)
Vacation liability paid		--	(102.699)
Amounts of paid bonus		(2.989.392)	--
Cash flows from operating activities		5.084.873	6.599.867
Interests and commissions paid		(361.027)	(125.934)
Interests received		12.393.583	11.347.071
Taxes paid	13	(6.947.683)	(4.621.270)
B. Cash flows from investing activities		(192.990)	(205.598)
Cash flows from acquisition of tangible and intangible assets	7	(192.990)	(205.598)
C. Cash flows from financing activities		--	1.705.151
Cash entries related to borrowings	10	--	1.705.151
Net increase/decrease in cash and cash equivalents before the effect of foreign currency translation differences (A+B+C)		10.574.489	84.311.733
D. Effects of change in foreign exchange rate on cash and cash equivalents		--	--
Net increase/decrease in cash and cash equivalents (A+B+C+D)		10.574.489	84.311.733
E. Cash and cash equivalents at the beginning of the period		86.450.163	24.580.409
Cash and cash equivalents at the end of the period (A+B+C+D+E)		97.024.652	108.892.142

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

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Condensed Consolidated Interim Financial Statements as at and for the Interim Period Ended 30 September 2019

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

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 May 31,2016 the Company’s trade name has been changed and registered as “ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi” on June 9,2016 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 January 1, 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

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 YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Condensed Consolidated Interim Financial Statements as at and for the Interim Period Ended 30 September 2019

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

1. Organization and operations of the Company (continued)

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 99 employees as at September 30, 2019 (December 31, 2018: 101).

Approval of financial statements

The condensed consolidated financial statements as at September 30, 2019 have been approved by the Board of Directors of the Company and authorized for issue on October 23, 2019. The General Assembly has the discretion of making changes in the accompanying condensed consolidated interim financial statements after their issuance.

Information on subsidiary

The Company’s subsidiary ICBC Turkey Portföy Yönetimi Anonim Şirketi (formerly “Tekstil Portföy Yönetimi Anonim Şirketi”), was established on April 21, 2015. The Company and its subsidiary are named as “the Group” as a whole.

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Condensed Consolidated Interim Financial Statements as at and for the Interim Period Ended 30 September 2019

(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 have been prepared in accordance with the provisions of the Communiqué 11-14.1 "Communiqué on Principles of Financial Reporting in Capital Market" ("Communiqué") promulgated in the Official Gazette by the Capital Markets Board ("CMB") dated June 13, 2013 and numbered 28676, and Auditing Standards Board ("UPS") that have been put into force by Turkey Accounting Standards (TAS) has been prepared in accordance. TMS; Turkey Accounting Standards, Turkey Financial Reporting Standards, comprise of additions and comments on them.

The Group's interim financial statements as at September 30, 2019 have been prepared in accordance with TAS 34. Limited interim consolidated financial statements do not consist full scope financial statements as the year end consequently, limited interim financial statements have to be read with the Group's financial statements as at December 31, 2018.

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 CMB Communiqué No:II-14.1 published in the Official Gazette dated June 13, 2013 and numbered 28676.

2.1.3. Offsetting

Financial assets and liabilities are presented as net if there is the necessary legal right to intend to evaluate the assets and liabilities in a net, or when the acquisition of the assets and the fulfillment of the liabilities follow each other.

2.1.4. Going Concern

The Group prepared financial statements according to going concern principle.

2.1.5. Presentation currency

Financial statements 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 financial statements, the result and financial position are expressed in Turkish Lira ("TRY"), which is the functional currency and the presentation currency of the Group.

2.2. Changes in accounting policies estimates and errors

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.

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Condensed Consolidated Interim Financial Statements as at and for the Interim Period Ended 30 September 2019

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

2. Basis of presentation of financial statements (continued)

2.3. Summary of Significant Accounting Policies

2.3.1. Impairment of Assets

Assets with indefinite useful life –goodwill- are not subject to amortization. Impairment test is applied to these assets each year. For assets subject to amortization impairment test is applied if it is not possible to recover the book value. If the carrying amount of the asset exceeds its the recoverable amount, impairment loss is recognized. The recoverable amount, asset’s fair value after the cost of sell has been deducted or greater of the value in use. For considering to impairment of assets, each asset could be identified separately, grouped at the lowest level of cash flows.(cash generating units).

Except for goodwill, non-financial assets that are allowed to impairment are reviewed for possible cancellation of the impairment at each reporting date.

2.3.2. Borrowing Expenses

Borrowing expenses are recognised in profit or loss statement on an accrual basis in related periods.

2.3.3. Accounting Policies Estimates and Errors

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 consolidated financial statements as at and for the year ending January 1, 2019.The Group has initially adopted IFRS 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.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, 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 IFRS 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 IFRS 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 IFRS 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 IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRS 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after January 1, 2019.

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Condensed Consolidated Interim Financial Statements as at and for the Interim Period Ended 30 September 2019

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

2. Basis of presentation of financial statements (continued)

2.3. Summary of Significant Accounting Policies (continued)

2.3.3. Accounting Policies Estimates and Errors (continued)

A. Definition of Leases (continued)

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.

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 Group 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 IAS 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.

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY

Notes to the Condensed Consolidated Interim Financial Statements as at and for the Interim Period Ended 30 September 2019

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

2. Basis of presentation of financial statements (continued)

2.3. Summary of Significant Accounting Policies (continued)

2.3.3. Accounting Policies Estimates and Errors (continued)

i. Transition(continued)

The Group has used the following facilitation practices when applying IFRS 16 for leases that were previously classified as operating leases under UAS 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 Revised Accounting Standards at Turkey

As at 30 September 2019 Standards issued but not yet effective and not early adopted

Standarts published but not effective, not early adopted

New standards, interpretations and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, after the new standards and interpretations become in effect.

The Conceptual Framework (Revised)

The revised Conceptual Framework issued on March 28, 2018 by the IASB. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the Board with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no IFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after January 1, 2020 with earlier application permitted.

Amendments to IAS 1 and IAS 8- Definition of Materiality

In October 2018, the IASB issued the “materialit definition” amendment.(Amendments in the IAS 1 and IAS 8).The amendments provide guidance to help clarify the definition of materiality, determine the materiality threshold, and improve consistency in applying the materiality concept to IFRS’s. The amendments to IAS 1 and IAS 8 are effective for annual periods beginning on or after January 1, 2020 with earlier application permitted.

The adoption of IAS 1 an IAS 8 is not expected to have a material impact on the Group’s consolidated financial statements.

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS
SUBSIDIARY**

**Notes to the Condensed Consolidated Interim Financial Statements
as at and for the Interim Period Ended 30 September 2019**

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

IFRS 3 Amendments of Business Mergers – Business Definition

There have been difficulties in whether a transaction would result in the acquisition of an asset or the acquisition of an entity, and has long been an important issue of professional jurisdiction. IASB has amended IFRS 3 Business Combinations to clarify this issue. Changes include an optional right to use a concentration test. This is a simplified assessment that leads to the acquisition of an asset if a large portion of the fair value of the assets is concentrated on a single identifiable asset or group of similar identifiable assets. If the financial statement preparers do not choose to apply the concentration test or the test fails, then the assessment focuses on the existence of an important process. The amendments to IFRS 3 apply to entities that were acquired in the reporting periods beginning on or after January 1, 2020 but are permitted for early adoption.

The adoption of IFRS 3 is not expected to have a significant impact on the Group’s consolidated financial statements.

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS
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**Notes to the Condensed Consolidated Interim Financial Statements
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3. Cash and cash equivalents

	30 September 2019	31 December 2018
Demand Deposit	9.007.112	19.910.016
Term Deposit	921.422.294	484.085.237
Receivables from Money Markets	13.878.000	9.724.000
Expected credit loss provision (-)	(5.510.912)	(983.675)
Cash and cash equivalents in statement of financial position	938.796.494	512.735.578

	30 Eylül 2019	31 Aralık 2018
Minus: Customer assets (*)	(847.269.908)	(427.257.835)
Minus: Interest accruals	(12.846)	(11.254)
Minus: Expected Credit loss provision (-)	5.510.912	983.675
Cash and cash equivalents in statement of cash flows	97.024.652	86.450.164

(*) Customer assets which consist of currently not directed customer investments as at 30 September 2019, are recognized under the Company's deposit accounts although the Company 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 September 30 2019, time deposit interest rates for TL are %16.44 (December 31, 2018: for TL is %24.90). The Group holds the time deposits in overnight and monthly accounts.

As at September 30 2019 and December 31 2018, the details of bank deposits are as follows:

	30 September 2019	31 December 2018
Time deposit – (Other Banks)	497.165.905	309.024.093
Time deposit (ICBC Turkey Bank) (Note 4)	424.256.389	175.061.143
Demand deposits– (ICBC Turkey Bank) (Note 4)	5.046.692	5.921.488
Demand deposits (other banks)	3.960.420	13.988.528
Total	930.429.406	503.995.253

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4. Trade receivables and payables

Short term trade receivables:

	30 September 2019	31 December 2018
Receivables from loan customers	39.468.257	45.009.202
Receivables from TDE	7.344.738	6.060.394
Receivables from costumers	4.844.398	5.100.932
Doubthful trade receivables	162.484	162.484
Doubthful trade receivables (provision)	(162.484)	(162.484)
Receivables from international clearing and custody centers	674	674
Trade Receivables from related parties	--	82.579
Other trade receivables	368.991	6.302
Total	52.027.058	56.260.083

Short term trade payables:

	30 September 2019	31 December 2018
Payables to customers (*)	864.456.609	461.197.612
Other payables	6.553.895	5.477.498
Total	871.010.504	466.675.110

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

5. Financial Investments

a) Current assets

	30 September 2019	31 December 2018
Financial assets at fair value through profit or loss	22.742.022	12.847.781
Debt instruments measured at fair value through other comprehensive income	2.096.020	3.495.284
Total	24.838.042	16.343.065

	30 September 2019	31 December 2018
--	------------------------------	-----------------------------

Debt instruments measured at fair value through other comprehensive income

Government bonds	2.096.020	3.495.284
Total	2.096.020	3.495.284

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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5. Financial Investments (continued)

As at September 30 2019 and December 31 2019, the details of financial assets at fair value through profit or loss are as follows:

	30 September 2019	31 December 2018
Financial assets at fair value through profit or loss	Carrying Value	Carrying Value
Investment Funds – which founded and managed by ICBC Turkey Portföy Yönetimi A.Ş.(AMC)	22.726.437	12.832.810
Equity shares – traded in stock exchange	15.585	14.971
Total	22.742.022	12.847.781

As at September 30 2019 and December 31 2018, the details of the debt instruments measured by reflecting FV difference to other comprehensive income are as follows:

	30 September 2019		31 December 2018	
	Amount	Effective Interest Rate	Amount	Effective Interest Rate
Government bonds	2.096.020	22.57%	3.495.284	%17,96-%22,57
Total	2.096.020		3.495.284	

	30 September 2019	31 December 2018
Equity investments		
Stocks – Istanbul Stock Exchange (ISE) (*)	159.711	159.711
Total	159.711	159.711

(*)As at September 30 2019, 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 (December 31, 2018: TL 159.711).

6. Other receivables and payables

As at September 30 2019 and December 31, the details of other receivables and payables are as follows:

Prepaid Expenses

	30 September 2019	31 December 2018
Prepaid expenses	305.050	6.700
Total	305.050	6.700

As at September 30 2019, prepaid expenses mainly consist of licence taken from CMB, health insurance payments, payments for Investors Protection Fund and Turkish Capital Markets Association’s and rents.

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6. Other receivables and payables (continued)

Current tax assets

	30 September 2019	31 December 2018
Prepaid taxes	192.559	125.164
	192.559	125.164

Other short term receivables

	30 September 2019	31 December 2018
Receivables from personnel	25.336	1.488
	25.336	1.488

Other long term receivables

As at September 30 2019 and December 31 2018, the details of long term other receivables are as follows:

	30 September 2019	31 December 2018
Deposits given	1.802.770	1.464.665
Total	1.802.770	1.464.665

The amount consists of guarantees given by the Group to operate in TDE and Equity Capital Markets as at September 30 2019 and December 31 2018.

Current tax payables

	30 September 2019	31 December 2018
Taxes and duties payable	5.087.537	2.605.195
Total	5.087.537	2.605.195

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

Payables for employee benefits

	30 September 2019	31 December 2018
Social security contribution payable	362.488	310.732
Total	362.488	310.732

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7. Tangible and intangible assets

The Group purchased tangible assets amounting to TL 152.419 for the nine month period ended September 30 2019 (December 31, 2018: 226.871 TL). For the period from January 1 2019 to September 30 2019, depreciation expenses for tangible assets amounts to TL 289.944 (September 30, 2018: 430.890 TL) and 25.346 TL (September 30, 2018: 33.967 TL) for intangible assets. As at September 30 2019 and December 31 2018, the Group does not have any pledges on property, plant and equipment. The net carrying value of tangible assets as at September 30 2019 is TL 744.437 TL (December 31, 2018: TL 881.962) value of intangible assets is TL 272.430 TL (December 31, 2018: 257.204 TL)

8. Provisions, contingent assets and liabilities

Short term provisions

As at September 30 2019 and December 31 2018, the details of other short term provisions are as follows:

	30 September 2019	31 December 2018
Other provisions	312.945	61.598
Total	312.945	61.598

The Group does not have any contingent assets or liabilities as of 30 September 2019 (31 December 2018: None)

9. Commitments

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

	30 September 2019	31 December 2018
CMB	1.776	1.776
Total	1.776	1.776

10. Short Term Borrowings

As at September 30 2019, the Group has no short-term debt. (December 31 2018 : None)

11. Employee benefits

As at September 30 2019 and December 31 2018, the details of the short-term employee benefits are as follows:

	30 September 2019	31 December 2018
Employee benefits provisions		
<i>Provision for unused vacation</i>	1.386.200	1.149.798
<i>Bonus provisions</i>	--	2.012.653
Total short term provisions	1.386.200	3.162.451

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11. Employee benefits(continued)

Movement of provision for unused vacation is as follows:

	30 September 2019	31 December 2018
Opening balance (January 1 st)	1.149.798	1.002.609
Charge for the period	(70.256)	(74.465)
Allocated provisions during the period	306.658	221.654
Total	1.386.200	1.149.798

As at 30 September 2019 and 31 December 2018, the details of the long-term employee benefits are as follows:

	30 September 2019	31 December 2018
Provisions related to employee benefits		
<i>Employee severance pay liability</i>	<i>2.545.209</i>	<i>2.179.085</i>
Total long term provisions	2.545.209	2.179.085

Movements of provision for employee severance pay are as follows:

Opening balance(January 1st)	2.179.085	974.917
Payment during the period	(280.265)	(274.949)
Cost of Service	284.020	94.704
Cost of Interest	256.305	92.402
Cost of layoff	106.064	--
Actuarial gain/loss (*)	--	1.292.011
Total	2.545.209	2.179.085

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 September 30 2019, maximum TL 6.379,86 (December 31, 2018: TL 5.434,42), 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 September 30 2019 and December 31 2018, the capital structure is as follows:

	30 September 2019		31 December 2018	
	Amount	Share (%)	Amount	Share (%)
ICBC Turkey Bank A.Ş.	75.998.480	99.998	75.998.480	99.998
Other	1.520	0.002	1.520	0.002
Total paid in capital	76.000.000	100	76.000.000	100
Capital inflation adjustment differences	31.279		31.279	
Total	76.031.279		76.031.279	

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12. Equity (continued)

Share capital (continued)

Capital inflation adjustment difference

The capital increases made by shareholders are adjusted with the inflation effect up to December 31, 2004 in accordance with the Communiqué II-14.1 and as a result inflation adjustment amounting to TL 31.279 (December 31, 2018: TL 31.279) is accounted.

Fair value reserves

Change in fair value of financial assets

As at September 30 2019, the difference between fair value and the value calculated according to internal rate of return method of financial assets available for sale net off tax amount to TL 125.865 TL is recognised in other comprehensive income as change in fair value of financial assets (December 31, 2018: TL 143.503).

Restricted reserves

At the Ordinary General Assembly Meeting of the Company held on March 29, 2019 the Company decided to transfer TL 1.001.461 of profit to first legal reserves account; the remaining balance amounting to TL 19.027.766 amount was decided to be transferred to extraordinary reserves.

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 2019 is 22% (2018: 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, 2019 ve 2020. 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 2019 for the temporary tax periods is 20% (2018: 20%). With the amendment made in the law, this ratio was set at 22% for the years 2018, 2019 and 2020. The losses can be carried forward for a maximum of 5 years to be deducted from the taxable profit to be generated in the following years. However, losses can not be deducted retrospectively from profits from previous years.

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

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13. Tax assets and liabilities (Continued)

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.

Current tax liability

The breakdown of income tax payable reflected in balance sheet as at September 30 2019 and December 31 2018, are as follows:

	30 September 2019	31 December 2018
Corporate tax provision	7.999.667	6.324.471
Prepaid taxes and funds	(6.947.683)	(6.324.471)
Net	1.051.984	--

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.

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13. Tax assets and liabilities (Continued)

Deferred tax assets and liabilities(Continued)

The Company’s deferred tax assets and liabilities as at September 30 and December 31, are as follows:

	30 September 2019		31 December 2018	
	Accumulated current differences	Deferred tax Assets/liabilities	Accumulated current differences	Deferred tax assets/liabilities
Provisions related to employee benefits	3.987.773	876.788	5.341.536	1.131.556
<i>Termination Benefit</i>	2.659.150	584.491	2.179.085	435.816
<i>Vacation</i>	1.328.623	292.297	1.149.798	252.956
<i>Bonus</i>	--	--	2.012.653	442.784
Provisions related to other liabilities and expenses	162.495	35.749	61.598	12.543
Expected credit loss provision (-)	5.496.253	1.209.176	983.675	216.408
Other	10.069	2.214	--	--
Deferred tax assets	9.656.590	2.123.927	6.386.809	1.360.507
Tangible and intangible assets	(194.203)	(42.063)	(135.896)	(27.179)
Financial investments	(17.638)	(3.880)	--	--
Other				
Deferred tax liabilities	(211.841)	(45.943)	(135.896)	(27.179)
Deferred tax net	9.444.749	2.077.984	6.250.913	1.333.328

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”.

	30 September 2019	31 December 2018
Receivables from related parties		
Cash and cash equivalents		
-ICBC Turkey Bank A.Ş. –Shareholder(Note 3)	429.303.082	180.982.631
Investment Funds		
-Investment Funds – <i>which founded and managed by ICBC Turkey Portföy Yönetimi A.Ş.(AMC)</i>	22.726.437	12.832.810
Trade Receivables		
-Fund Management Commissions	368.902	82.579
Total	452.398.421	193.898.020

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14. Related party transactions (continued)

Related Party Balances	1 January – 30 September 2019	1 July – 30 September 2019	1 January – 30 September 2018	1 July – 30 September 2018
- ICBC Turkey Portföy Yönetimi AŞ (Gold fund, First variable fund, Second variable fund, Money market fund, fx fund) fund management fees	991.464	942.586	398.804	353.669
Interest income -ICBC Turkey Bank AŞ	620.431	186.249	1.745.543	1.151.417
Rent expense -ICBC Turkey Bank AŞ	1.836.124	689.403	1.462.882	501.727
Building participation expense - ICBC Turkey Bank AŞ	722.145	286.764	493.350	180.153
Comission expenses -ICBC Turkey Bank A.Ş.	305.631	--	144.792	49.687

Letters of guarantee received from related parties as at September 30 2019, amounting to TL1.776
(December 31, 2018: TL 1.776).

15. Seasonal Change of Activities

The Company’s operations do not change significantly compared to the season. For nine-month period ended September 30 2019, the Company’s sales amounting to TL 159,837,599 consist of equity and fund income. (September 30, 2018: 116.344.421 TL) The cost of sales of the Company is 157.484.532 TL (September 30 2018: 115.476.367 TL) The company’s service income consist of TL 42.203.312, project finance income, corporate finance income, stock purchase / sale brokerage commissions OTC transactions income and forward transactions brokerage commissions. (September 30, 2018: 30.114.822 TL). The company’s interest income from its main operations consists of interest income amounting to TL 13.026.861. (September 30, 2018: 11.391.001 TL) In the same period, general administrative expenses amounting to TL 27.190.144 are included. (September 30, 2018: 24.396.343 TL).

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16. Nature and level of risks related to financial instruments

Capital management

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

The Company'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.

	Receivables					
	Trade receivables		Other receivables		Bank deposits	Financial Investments
	Related parties	Third parties	Related parties	Third parties		
30 September 2019						
Maximum credit risk exposure as at reporting date	--	52.027.058	--	25.336	938.796.494	2.096.020
The part of maximum risk under guarantee with collateral etc.	--	--	--	--	--	--
Net book value of financial assets that are neither past due nor impaired	--	52.027.058	--	25.336	938.796.494	2.096.020
Elements containing risk of off-balance-sheet credit	--	--	--	--	--	--

	Receivables					
	Trade receivables		Other receivables		Bank deposits	Financial Investments
	Related parties	Third parties	Related parties	Third parties		
30 September 2018						
Maximum credit risk exposure as at reporting date	71.540	59.444.882	-	13.016	390.788.772	2.879.840
The part of maximum risk under guarantee with collateral etc.	--	--	--	--	--	--
Net book value of financial assets that are neither past due nor impaired	71.540	59.444.882	-	13.016	390.788.772	2.879.840
Elements containing risk of off-balance-sheet credit	--	--	--	--	--	--

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17. 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 at September 30 2019, December 31 2018 and September 30 2018, the Group's the foreign currency rates used in converting foreign currency denominated transactions into TL are given in TL as follows:

	USD	Euro	GBP	Chinese Yuan	HKD
30 September 2019	5,6591	6,1836	6.9487	0.78973	0.72254
31 December 2018	5.2810	6.0422	6.7135	0.76345	0.67487
30 September 2018	5,9902	6,9505	7,8079	0,86537	0.76619

The following table as at September 30 2019 and December 31 2018, 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 10% change in exchange rate. The amounts below represent the effect on profit or loss statement in the case of a 10% increase/decrease in against TL.

	Profit / (Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
30 September 2019				
10% change of US Dollar against TL				
1- US Dollar net asset/liability	6.961.726	(6.961.726)	6.961.726	(6.961.726)
2- Hedged portion of USD amounts (-)				
3- US Dollar net effect (1+2)	6.961.726	(6.961.726)	6.961.726	(6.961.726)
10% change of EURO against TL				
4- EURO net asset/liability	81.521.162	(81.521.162)	81.521.162	(81.521.162)
5- Hedged portion of EUR amounts (-)				
6- EURO net effect (4+5)	81.521.162	(81.521.162)	81.521.162	(81.521.162)
10% change of GBP against TL				
7- GBP net asset/liability	411.003	(411.003)	411.003	(411.003)
8- Hedged portion of GBP amounts (-)	0	0	0	0
9- GBP net effect (7+8)	411.003	(411.003)	411.003	(411.003)
10% change of HKD against TL				
10- HKD net asset/liability	5.332	(5.332)	5.332	(5.332)
11- Hedged portion of HKD amounts (-)	-	-	-	-
12 - HKD net effect (10+11)	5.332	(5.332)	5.332	(5.332)
TOTAL (3+6+9+12)	88.899.222	(88.899.222)	88.899.222	(88.899.222)

*) Includes profit/loss effect

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17. 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
31 December 2018				
10% change of US Dollar against TL				
1- US Dollar net asset/liability	2.933.774	(2.933.774)	2.933.774	(2.933.774)
2- Hedged portion of USD amounts (-)	--	--	--	--
3- US Dollar net effect (1+2)	2.933.774	(2.933.774)	2.933.774	(2.933.774)
10% change of EURO against TL				
4- EURO net asset/liability	47.037.285	(47.037.285)	47.037.285	(47.037.285)
5- Hedged portion of EUR amounts (-)	--	--	--	--
6- EURO net effect (4+5)	47.037.285	(47.037.285)	47.037.285	(47.037.285)
10% change of GBP against TL				
7- GBP net asset/liability	2.958	(2.958)	2.958	(2.958)
8- Hedged portion of GBP amounts (-)	--	--	--	--
9- GBP net effect (7+8)	2.958	(2.958)	2.958	(2.958)
10% change of HKD against TL				
10- HKD net asset/liability	--	--	--	--
11- Hedged portion of HKD amounts (-)	--	--	--	--
12 - HKD net effect (10+11)	--	--	--	--
TOTAL (3+6+9+12)	49.974.017	(49.974.017)	49.974.017	(49.974.017)

(*) 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 AND ITS SUBSIDIARY

Notes to the Condensed Consolidated Interim Financial Statements as at and for the Interim Period Ended 30 September 2019

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

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

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

Financial assets	30 September 2019	Fair value level as at reporting date		
		Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	22.742.022	22.742.022	--	--
Financial instruments measured by reflecting fair value difference to other comprehensive income	2.096.020	2.096.020	--	--
Total	24.838.042	24.838.042	--	--

Financial assets	31 December 2018	Fair value level as at reporting date		
		Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	12.847.781	12.847.781	--	--
Financial instruments measured by reflecting fair value difference to other comprehensive income	3.495.284	3.495.284	--	--
Total	16.343.065	16.343.065	--	--

18. Subsequent Events

None.