

**ICBC Turkey Yatırım Menkul Değerler**

**Anonim Şirketi and Its Subsidiary**

Consolidated Financial Statements  
for the Year Ended 31 December 2022  
with Independent Auditor's Report

**(Convenience Translation of the Auditor's Report  
Originally Issued in Turkish)**

**(Convenience Translation of the Auditor’s Report  
Originally Issued in Turkish)**

**INDEPENDENT AUDITOR’S REPORT**

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

**A) Report on the Audit of the Consolidated Financial Statements**

**1) Opinion**

We have audited the financial statements ICBC Yatırım Menkul Değerler A.Ş. (“the Company”) and its subsidiary (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (“TFRS”).

**2) Basis for Opinion**

We conducted our audit in accordance with Independent Auditing Standards (“IAS”) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (“Code of Ethics”) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter  | How the matter was addressed in the audit   |
|---|---|
| <p>Revenue</p> <p>The Group's revenue amounting to TL 813.218.499 is recognized in the statement of profit or loss and other comprehensive income as "revenue" for the period between 1 January 2022 – 31 December 2022.</p> <p>The Group's revenue mainly consists of the sale of financial assets and brokerage commissions.</p> <p>Revenue recognition was considered to be a key audit matter, due to the nature of the Group's operations, the high volume of transactions in determining the amount of revenue and different methods and parameters used in calculation of revenue.</p> <p>Accounting policies and explanations regarding revenue are included in Notes 2 and 13.</p> | <p>During our audit, the following audit procedures were performed regarding the test of revenue.:</p> <ul style="list-style-type: none"><li>• Evaluation of the appropriateness of the accounting policies applied by the Group management in accordance with TFRS,</li><li>• Testing the design, implementation and operating effectiveness of internal controls on revenue recognition by understanding the Group's revenue process with the assistance of our IT specialists,</li><li>• In order to verify that the revenue amount recognized appropriately, comparing the transaction details with the supporting documents obtained on sample basis from the transactions during the reporting period.</li></ul> <p>In addition, we have evaluated the adequacy of the disclosures in Note 13 Revenue within the scope of TFRS.</p> |

#### **4) Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### **5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **B) Report on Other Legal and Regulatory Requirements**

In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Group's bookkeeping activities for the period 1 January - 31 December 2022 and consolidated financial statements are not in compliance with law and provisions of the Group's articles of association in relation to financial reporting.

In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Mehmet Erol.

### *Additional paragraph for convenience translation to English*

*In the accompanying 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 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, 22 February 2023

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**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)  
(Convenience Translation of the Auditor’s Report Originally Issued in Turkish)

|   |              | <b>Audited</b>        | <b>Audited</b>      |
|---|--------------|-----------------------|---------------------|
|   |              | <b>Current Period</b> | <b>Prior Period</b> |
|   | <b>Notes</b> | <b>31 December</b>    | <b>31 December</b>  |
|   |              | <b>2022</b>           | <b>2021</b>         |
| <b>Assets</b>                                   |              |                       |                     |
| <b>Current Assets</b>                           |              |                       |                     |
| Cash and cash equivalents                       | 3            | 354.187.641           | 624.880.275         |
| Financial investments                           | 5            | 17.648.615            | 41.339.028          |
| Trade receivables                               | 4            | 1.009.776.061         | 172.822.525         |
| - <i>Trade receivables from related parties</i> | 19           | 781.055               | 476.698             |
| - <i>Trade receivables from third parties</i>   |              | 1.008.995.006         | 172.345.827         |
| Other Receivables                               | 6            | 5.015                 | 18.905              |
| - <i>Other receivables from third parties</i>   |              | 5.015                 | 18.905              |
| Prepaid expenses                                | 6            | 50.979                | 32.764              |
| Current tax assets                              | 6            | 1.417                 | 23.676              |
| <b>Total Current Assets</b>                     |              | <b>1.381.669.728</b>  | <b>839.117.173</b>  |
| <b>Non-Current Assets</b>                       |              |                       |                     |
| Financial investments                           | 5            | 159.711               | 159.711             |
| Other receivables                               | 6            | 27.855.882            | 6.076.833           |
| - <i>Other receivables from third parties</i>   |              | 27.855.882            | 6.076.833           |
| Tangible assets                                 | 7            | 2.598.414             | 2.380.237           |
| Intangible assets                               | 8            | 3.312.637             | 1.170.371           |
| Deferred tax asset                              | 18           | 9.952.730             | 4.828.366           |
| <b>Total Non-Current Assets</b>                 |              | <b>43.879.374</b>     | <b>14.615.518</b>   |
| <b>Total Assets</b>                             |              | <b>1.425.549.102</b>  | <b>853.732.691</b>  |

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



**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)  
(Convenience Translation of the Auditor's Report Originally Issued in Turkish)

|  |              | <b>Audited</b>          | <b>Audited</b>          |
|--|--------------|-------------------------|-------------------------|
|  |              | <b>Current Period</b>   | <b>Prior Period</b>     |
|  | <b>Notes</b> | <b>31 December 2022</b> | <b>31 December 2021</b> |
| <b>Liabilities</b>   |              |                         |                         |
| <b>Short Term Liabilities</b>  |              |                         |                         |
| Short term borrowings  | 10           | 932.000.000             | 10.500.000              |
| Trade payables   | 4            | 114.556.567             | 563.127.431             |
| - Trade payables to related parties  | 19           | 197.178                 | 85.915                  |
| - Trade payables to third parties  |              | 114.359.389             | 563.041.516             |
| Short term provisions  |              | 24.929.622              | 12.043.383              |
| - Provisions for employee benefits   | 11           | 22.995.481              | 10.466.163              |
| - Other short-term provisions (debt provision)   | 9            | 1.934.141               | 1.577.220               |
| Other short term liabilities   | 6            | 8.258.556               | 4.061.783               |
| Current tax liability  | 18           | 4.053.230               | 11.041.825              |
| <b>Total Short Term Liabilities</b>  |              | <b>1.083.797.975</b>    | <b>600.774.422</b>      |
| <b>Long Term Liabilities</b>   |              |                         |                         |
| Long-term provisions   |              | 10.988.094              | 5.231.419               |
| - Provisions for employee benefits   | 11           | 10.988.094              | 5.231.419               |
| <b>Total Long Term Liabilities</b>   |              | <b>10.988.094</b>       | <b>5.231.419</b>        |
| <b>Equity</b>  |              |                         |                         |
| Paid-in capital  | 12           | 76.000.000              | 76.000.000              |
| Capital adjustment differences   | 12           | 31.279                  | 31.279                  |
| Other comprehensive income or expenses that will not be reclassified to profit or loss |              | (4.172.572)             | (1.560.188)             |
| - Actuarial loss related to pension plans  |              | (4.172.572)             | (1.560.188)             |
| Restricted reserves appropriated from profit   |              | 9.833.071               | 6.340.294               |
| Retain earnings  |              | 163.422.688             | 96.894.626              |
| Net profit for the period  |              | 85.648.567              | 70.020.839              |
| <b>Total Equity</b>  |              | <b>330.763.033</b>      | <b>247.726.850</b>      |
| <b>Total Liabilities</b>   |              | <b>1.425.549.102</b>    | <b>853.732.691</b>      |

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

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME FOR THE PERIOD ENDED JANUARY 1 – DECEMBER 31, 2022**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)  
(Convenience Translation of the Auditor’s Report Originally Issued in Turkish)

|  |              | <b>Audited</b>      | <b>Audited</b>      |
|--|--------------|---------------------|---------------------|
|  |              | <b>1 January –</b>  | <b>1 January –</b>  |
|  |              | <b>31 December</b>  | <b>31 December</b>  |
|  | <b>Notes</b> | <b>2022</b>         | <b>2021</b>         |
| <b>Statement of profit or loss</b>                               |              |                     |                     |
| Sales  | 13           | 689.985.109         | 58.002.650          |
| Service income   | 13           | 123.233.390         | 75.135.098          |
| Cost of sales (-)  | 13           | (674.718.250)       | (57.816.980)        |
| <b>Gross profit from trade operations</b>                        |              | <b>138.500.249</b>  | <b>75.320.768</b>   |
| Interest income from operating activities                        | 13           | 112.057.912         | 35.471.813          |
| <b>Gross profit from finance sector activities</b>               |              | <b>112.057.912</b>  | <b>35.471.813</b>   |
| <b>Gross profit</b>  |              | <b>250.558.161</b>  | <b>110.792.581</b>  |
| General administrative expenses (-)                              | 14           | (139.826.473)       | (70.685.995)        |
| Other operating income   | 15           | 48.831.406          | 39.774.189          |
| Other operating expenses (-)                                     | 15           | (1.502.060)         | (1.937.722)         |
| <b>Operating profit</b>  |              | <b>158.061.034</b>  | <b>77.943.053</b>   |
| Financial income   | 16           | 10.355.311          | 16.871.787          |
| Financial expenses (-)   | 17           | (58.120.756)        | (4.193.522)         |
| <b>Profit before tax from continuing operations</b>              |              | <b>110.295.589</b>  | <b>90.621.318</b>   |
| <b>Tax expense from continuing operations</b>                    |              | <b>(24.647.022)</b> | <b>(20.600.479)</b> |
| Current tax expense  | 18           | (28.900.592)        | (23.720.939)        |
| Deferred tax income / (expense)                                  | 18           | 4.253.570           | 3.120.460           |
| <b>Profit for the period from continuing operations</b>          |              | <b>85.648.567</b>   | <b>70.020.839</b>   |
| <b>Profit for the period</b>                                     |              | <b>85.648.567</b>   | <b>70.020.839</b>   |
| <b>Other comprehensive income</b>                                |              |                     |                     |
| Defined benefit plans remeasurement benefits                     | 11           | (3.483.178)         | (853.367)           |
| Tax income/(expense) related to other comprehensive income items |              | 870.794             | 170.673             |
| <b>Total comprehensive income</b>                                |              | <b>83.036.183</b>   | <b>69.338.145</b>   |

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

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)  
(Convenience Translation of the Auditor’s Report Originally Issued in Turkish)

|  |           |                   |                                | Other Accumulated Comprehensive Income and Expenses will not be Reclassified to Profit or Loss | Retained Earnings                            |                            |                                  |                    |
|--|-----------|-------------------|--------------------------------|--|--|----------------------------|----------------------------------|--------------------|
|  | Notes     | Paid-in Capital   | Capital Adjustment Differences | Actuarial Gain/(Loss) on Retirement Plans  | Restricted Reserves Appropriated From Profit | Prior Year’s Profit/(Loss) | Net Profit/(Loss) for the Period | Total Equity       |
| <b>Balances as of 1 January 2021</b>   | <b>12</b> | <b>76.000.000</b> | <b>31.279</b>                  | <b>(877.494)</b>   | <b>4.797.765</b>                             | <b>65.554.614</b>          | <b>32.882.541</b>                | <b>178.388.705</b> |
| Total comprehensive income             |           | --                | --                             | (682.694)  | --   | --                         | 70.020.839                       | 69.338.145         |
| Transfers to retained earnings         |           | --                | --                             | --   | --   | 31.340.012                 | (31.340.012)                     | --                 |
| Transfers to reserves                  |           | --                | --                             |  | 1.542.529                                    | --                         | (1.542.529)                      | --                 |
| <b>Balances as of 31 December 2021</b> |           | <b>76.000.000</b> | <b>31.279</b>                  | <b>(1.560.188)</b>   | <b>6.340.294</b>                             | <b>96.894.626</b>          | <b>70.020.839</b>                | <b>247.726.850</b> |
|  | Notes     | Paid-in Capital   | Capital Adjustment Differences | Actuarial Gain/(Loss) on Retirement Plans  | Restricted Reserves Appropriated From Profit | Prior Year’s Profit/(Loss) | Net Profit/(Loss) for the Period | Total Equity       |
| <b>Balances as of 1 January 2022</b>   | <b>12</b> | <b>76.000.000</b> | <b>31.279</b>                  | <b>(1.560.188)</b>   | <b>6.340.294</b>                             | <b>96.894.626</b>          | <b>70.020.839</b>                | <b>247.726.850</b> |
| Total comprehensive income             |           | --                | --                             | (2.612.384)  | --   | --                         | 85.648.567                       | 83.036.183         |
| Transfers to retained earnings         |           | --                | --                             | --   | --   | 66.528.062                 | (66.528.062)                     | --                 |
| Transfers to reserves                  |           | --                | --                             | --   | 3.492.777                                    | --                         | (3.492.777)                      | --                 |
| <b>Balances as of 31 December 2022</b> |           | <b>76.000.000</b> | <b>31.279</b>                  | <b>(4.172.572)</b>   | <b>9.833.071</b>                             | <b>163.422.688</b>         | <b>85.648.567</b>                | <b>330.763.033</b> |

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

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY-31**  
**DECEMBER 2022**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)  
(Convenience Translation of the Auditor's Report Originally Issued in Turkish)

|  |                  | <b>Audited</b><br><b>1 January-</b><br><b>31 December</b><br><b>2022</b> | <b>Audited</b><br><b>1 January-</b><br><b>31 December</b><br><b>2021</b> |
|--|------------------|--|--|
|  | <b>Dipnotlar</b> |  |  |
| <b>A. Cash flows from operating activities</b>   |                  | <b>(722.569.708)</b>   | <b>(195.688.167)</b>   |
| <b>Net profit for the period</b>   |                  | <b>85.648.567</b>  | <b>70.020.839</b>  |
| <b>Adjustments to reconciliation of net profit for the period</b>  |                  | <b>(12.682.888)</b>  | <b>2.846.112</b>   |
| Adjustment related to depreciation and amortization  | 7,8              | 1.831.123  | 1.144.603  |
| Adjustment related to provision for expected credit loss   |                  | (367.221)  | 1.409.467  |
| Adjustment related to provision for unused vacation  | 11               | 3.662.491  | 817.485  |
| Adjustment related to employment termination benefits  | 11               | 2.480.853  | 2.152.368  |
| Adjustment for employee bonus benefit  | 11               | 9.000.000  | 8.000.000  |
| Financial income from main operations  |                  | (112.057.912)  | (35.471.813)   |
| Non-operationing financial expenses  |                  | 58.120.756   | 4.193.523  |
| Adjustment for derivative instruments  |                  | -  | -  |
| Deferred tax income/(expense)  | 18               | (4.253.570)  | (3.120.460)  |
| Adjustment related to current tax expense  | 18               | 28.900.592   | 23.720.939   |
| <b>Change in working capital</b>   |                  | <b>(814.244.204)</b>   | <b>(283.336.514)</b>   |
| Financial investments (the financial assets at fair value through profit or loss)  | 5                | 17.220.252   | (19.618.253)   |
| Adjustment related to trade receivables from related parties   |                  | (304.357)  | (119.151)  |
| Adjustment related to other trade receivables  |                  | (837.310.027)  | (48.984.642)   |
| Adjustment related to customer assets  |                  | 466.525.218  | (171.802.021)  |
| Adjustment related to blocked deposits   |                  | (1.093.858)  | (3.509.581)  |
| Adjustment related to other receivables  |                  | (15.290.953)   | (1.165.458)  |
| Adjustment related to trade payables   |                  | (448.570.864)  | (36.154.568)   |
| Adjustment related to other payables and provisions  |                  | 4.920.914  | (1.534.160)  |
| Employee termination benefits payment  | 11               | (207.356)  | (346.613)  |
| Employee permission benefits payment   | 11               | (133.173)  | (102.067)  |
| <b>Cash flows from operating activities</b>  |                  | <b>18.708.817</b>  | <b>14.781.396</b>  |
| Interests and commissions paid   |                  | (58.120.756)   | (4.193.522)  |
| Interests received   |                  | 112.718.760  | 35.465.452   |
| Taxes paid   | 18               | (35.889.187)   | (16.490.534)   |
| <b>B. Cash flows from investing activities</b>   |                  | <b>(4.191.566)</b>   | <b>(799.154)</b>   |
| Cash outflows from acquisition of tangible and intangible assets   | 7,8              | (4.191.566)  | (820.791)  |
| Cash inflows from sale of tangible and intangible assets   |                  | -  | 21.637   |
| <b>C. Cash flows from financing activities</b>   |                  | <b>921.500.000</b>   | <b>10.500.000</b>  |
| Changes in financial liabilities   |                  | 921.500.000  | 10.500.000   |
| <b>Net increase/decrease in cash and cash equivalents before the effect of foreign currency conversion differences (A+B+C)</b> |                  | <b>194.738.726</b>   | <b>(185.987.321)</b>   |
| <b>D. The effect of foreign currency conversion differences on cash and cash equivalents</b>                                   |                  | <b>3.809.570</b>   | <b>2.424.474</b>   |
| <b>Net increase/decrease in cash and cash equivalents (A+B+C+D)</b>  |                  | <b>198.548.296</b>   | <b>(183.562.487)</b>   |
| <b>E. Cash and cash equivalents at the beginning of the period</b>   | 3                | <b>87.468.560</b>  | <b>271.031.407</b>   |
| <b>Cash and cash equivalents at the end of the period (A+B+C+D+E)</b>  | 3                | <b>286.016.856</b>   | <b>87.468.560</b>  |

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

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2022**

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

(Convenience Translation of the Auditor’s Report Originally Issued in Turkish)

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

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

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

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

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

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

**Investment services and activities:** Investment services and activities regulated by the Communiqué and which may be executed with a prior authorization of the Board are as follows:

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

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

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

ICBC Turkey Bank A.Ş. owns 99.99% shares of the Company. The Parent Bank of ICBC Turkey Bank A.Ş. is Industrial and Commercial Bank of China Limited (“ICBC”). Headquarters address of the Company is Maslak Mahallesi Dereboyu/2 Caddesi No:13 34398 Sarıyer İstanbul. The Company has 110 employees as of 31 December 2022 (31 December 2021: 102).

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

**Information on subsidiary**

As of 31 December 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 (“TFRS”) which are published by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

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

*Approval of financial statements*

The consolidated financial statements were approved by the Board of Directors of the Group on 22 February 2023. The Group's General Assembly and relevant regulatory bodies have the right to change these financial statements.

**2.1.2. Basis of preparation of the financial statements**

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

**2.1.3. Offsetting**

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

**2.1.4. Going concern**

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

**2.1.5. 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.

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**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. The Group does not have any policy changes in the current period.

**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.

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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)**

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.



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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

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>              |
| Amendments to TFRS 16 | <i>Lease Liability in a Sale and Leaseback</i>  |
| Amendments to TAS 1   | <i>Non-current Liabilities with Covenants</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.

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

**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 31 December 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.

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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:*

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

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

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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)*

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

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

*Financial assets – Gain or loss resulting from subsequent measurement*

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

*Financial liabilities – Classification, subsequent measurement and gains and losses*

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

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

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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 Group for translation of foreign currency transactions to TL as of 31 December 2022 and 31 December 2021 are as follows:

|                         | US Dollar | EUR     | GBP     | CNY    |
|-------------------------|-----------|---------|---------|--------|
| <b>31 December 2022</b> | 18,6983   | 19,9349 | 22,4892 | 2,6806 |
| <b>31 December 2021</b> | 13,3290   | 15,0867 | 17,9667 | 2,0840 |

***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:

|                        | <b>Useful life</b> |
|------------------------|--------------------|
| 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**

|   | <b>31 December 2022</b> | <b>31 December 2021</b> |
|---|-------------------------|-------------------------|
| Time deposit  | 35.489.118              | 545.168.883             |
| Demand deposit  | 318.173.632             | 63.998.722              |
| Receivables from money markets                                      | 5.400.000               | 20.955.000              |
| Blocked amount  | -                       | --                      |
| Expected credit loss provision (-)                                  | (4.875.109)             | (5.242.330)             |
| <b>Cash and cash equivalents in statement of financial position</b> | <b>354.187.641</b>      | <b>624.880.275</b>      |

|   | <b>31 December 2022</b> | <b>31 December 2021</b> |
|---|-------------------------|-------------------------|
| Less: Customer assets (*)                                   | (72.612.885)            | (539.138.103)           |
| Less: interest accruals                                     | 660.848                 | (6.361)                 |
| Blocked amount  | (1.093.857)             | (3.509.581)             |
| Less: Expected credit loss provision (-)                    | 4.875.109               | 5.242.330               |
| <b>Cash and cash equivalents in the cash flow statement</b> | <b>286.016.856</b>      | <b>87.468.560</b>       |

(\*) Customer assets which consist of currently not directed investments as of 31 December 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 31 December 2022, time deposit interest rates for TL is 8,90%, 0,35% for Chinese Yuan, 0,80%-2,90% for US Dollar, 1,90% 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 31 December 2022 and 31 December 2021, the details of bank deposits are as follows:

|   | <b>31 December 2022</b> | <b>31 December 2021</b> |
|---|-------------------------|-------------------------|
| Time Deposit – (ICBC Turkey Bank) (Note 19)           | 26.055.342              | 513.879.967             |
| Time Deposit Account (other banks)                    | 9.433.776               | 31.288.916              |
| Demand Deposit Account - (ICBC Turkey Bank) (Note 19) | 47.331.940              | 26.202.351              |
| Demand Deposit Account (other banks)                  | 270.841.692             | 37.796.371              |
|   | <b>353.662.750</b>      | <b>609.167.605</b>      |

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**4. Trade receivables and payables**

**Short-term trade receivables:**

|  | <b>31 December 2022</b> | <b>31 December 2021</b> |
|--|-------------------------|-------------------------|
| Receivables from costumers                                 | 581.655.376             | 7.123.455               |
| Receivables from loan customers                            | 298.884.667             | 113.800.056             |
| Receivables from domestic clearing and custody centers (*) | 107.000.000             | -                       |
| Receivables from TDE                                       | 21.300.078              | 51.407.215              |
| Trade receivables from related parties (Note 19)           | 781.055                 | 476.698                 |
| Doubtful trade receivables                                 | 162.484                 | 162.484                 |
| Receivables from overseas clearing and custody centers     | 674                     | 674                     |
| Provision for doubtful trade receivables                   | (162.484)               | (162.484)               |
| Other trade receivables                                    | 154.211                 | 14.427                  |
|  | <b>1.009.776.061</b>    | <b>172.822.525</b>      |

(\*) Related balance; based on the capital increase request of the CMB for brokerage companies due to the extraordinary market conditions, is as a capital blockage deposit in the Takasbank account of the company.

**Short-term trade payables:**

|   | <b>31 December 2022</b> | <b>31 December 2021</b> |
|---|-------------------------|-------------------------|
| Payables to customers (*)                   | 94.299.662              | 512.562.594             |
| Other payables                              | 20.059.727              | 50.478.922              |
| Trade payables to related parties (Note 19) | 197.178                 | 85.915                  |
|   | <b>114.556.567</b>      | <b>563.127.431</b>      |

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

**5. Financial investments**

|  | <b>31 December 2022</b> | <b>31 December 2021</b> |
|--|-------------------------|-------------------------|
| <b>Trading securities</b>                          |                         |                         |
| Financial assets at fair value through profit/loss | 16.309.259              | 41.339.028              |
| <b>Financial assets measured at amortized cost</b> |                         |                         |
| Financial assets measured at amortized cost        | 1.339.356               | --                      |
|  | <b>17.648.615</b>       | <b>41.339.028</b>       |

|  | <b>31 December 2022</b> | <b>31 December 2021</b> |
|--|-------------------------|-------------------------|
| <b>Trading securities</b>                    | <b>Book value</b>       | <b>Book value</b>       |
| Stocks – <i>Traded on the stock exchange</i> | 69.529                  | 37.657                  |
| ICBC Turkey Portföy Yönetimi Investment Fund | 16.239.730              | 41.301.371              |
|  | <b>16.309.259</b>       | <b>41.339.028</b>       |

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**5. Financial investments (cont'd)**

|  | <u>31 December 2022</u>        | <u>31 December 2021</u>        |
|--|--------------------------------|--------------------------------|
| <b>Financial assets measured at amortized cost</b> |                                |                                |
| Government Bonds                                   | 1.339.356                      | --                             |
|  | <u><b>1.339.356</b></u>        | <u><b>--</b></u>               |
| <b>Stock investments</b>                           | <u><b>31 December 2022</b></u> | <u><b>31 December 2021</b></u> |
| Stocks – Istanbul Stock Exchange (ISE) (*)         | 159.711                        | 159.711                        |
|  | <u><b>159.711</b></u>          | <u><b>159.711</b></u>          |

(\*) As of 31 December 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)

|  | <u>31 December 2022</u> |                                | <u>31 December 2021</u> |                                |
|--|-------------------------|--------------------------------|-------------------------|--------------------------------|
| <b>Financial assets measured at amortized cost</b> | <u>Amount</u>           | <u>Effective interest rate</u> | <u>Amount</u>           | <u>Effective interest rate</u> |
| Government bond                                    | 1.339.356               | %22,91                         | --                      | %0,00                          |
| <b>Total</b>                                       | <u><b>1.339.356</b></u> |                                | <u><b>--</b></u>        |                                |

**6. Other receivables and payables**

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

**Prepaid expenses**

|                  | <u>31 December 2022</u> | <u>31 December 2021</u> |
|------------------|-------------------------|-------------------------|
| Prepaid expenses | 50.979                  | 32.764                  |
|                  | <u><b>50.979</b></u>    | <u><b>32.764</b></u>    |

As of 31 December 2022 and 31 December 2021, prepaid expenses mainly consist of health and life insurance payments, finnet annual fee, computer and infrastructure usage fees.

**Current tax assets**

|               | <u>31 December 2022</u> | <u>31 December 2021</u> |
|---------------|-------------------------|-------------------------|
| Prepaid taxes | 1.417                   | 23.676                  |
|               | <u><b>1.417</b></u>     | <u><b>23.676</b></u>    |

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**6. Other receivables and payables (cont'd)**

**Other short-term receivables**

|                            | <b>31 December 2022</b> | <b>31 December 2021</b> |
|----------------------------|-------------------------|-------------------------|
| Receivables from personnel | 5.015                   | 3.764                   |
| Short-term receivables     | --                      | 15.141                  |
|                            | <b>5.015</b>            | <b>18.905</b>           |

**Other long-term receivables**

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

|                | <b>31 December 2022</b> | <b>31 December 2021</b> |
|----------------|-------------------------|-------------------------|
| Deposits given | 27.855.882              | 6.076.833               |
|                | <b>27.855.882</b>       | <b>6.076.833</b>        |

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

**Other short term liabilities**

|                              | <b>31 December 2022</b> | <b>31 December 2021</b> |
|------------------------------|-------------------------|-------------------------|
| Taxes and duties payable(*)  | 6.100.086               | 4.061.649               |
| Other short term liabilities | 2.158.470               | 134                     |
|                              | <b>8.258.556</b>        | <b>4.061.783</b>        |

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

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**7. Tangible assets**

|                                 | <b>Machinery and<br/>Equipment</b> | <b>Furniture and<br/>Fixtures</b> | <b>Other tangible<br/>assets</b> | <b>Total</b>     |
|---------------------------------|------------------------------------|-----------------------------------|----------------------------------|------------------|
| <b>Acquisition cost</b>         |                                    |                                   |                                  |                  |
| 1 January 2021                  | 6.392.386                          | 237.324                           | 377.608                          | 7.007.318        |
| Additions                       | 143.523                            | 20.470                            | 18.359                           | 182.352          |
| Disposals                       | (22.097)                           | -                                 | -                                | (22.097)         |
| <b>31 December 2021</b>         | <b>6.513.812</b>                   | <b>257.794</b>                    | <b>395.967</b>                   | <b>7.167.573</b> |
| 1 January 2022                  | 6.513.812                          | 257.794                           | 395.967                          | 7.167.573        |
| Additions                       | 1.525.402                          | 316.015                           | 11.995                           | 1.853.412        |
| Disposals                       | -                                  | -                                 | -                                | -                |
| <b>31 December 2022</b>         | <b>8.039.214</b>                   | <b>573.809</b>                    | <b>407.962</b>                   | <b>9.020.985</b> |
| <b>Accumulated depreciation</b> |                                    |                                   |                                  |                  |
| 1 January 2021                  | 3.319.409                          | 176.872                           | 328.010                          | 3.824.291        |
| Charge for the period           | 930.752                            | 25.165                            | 7.588                            | 963.505          |
| Disposals                       | (460)                              | -                                 | -                                | (460)            |
| <b>31 December 2021</b>         | <b>4.249.701</b>                   | <b>202.037</b>                    | <b>335.598</b>                   | <b>4.787.336</b> |
| 1 January 2022                  | 4.249.701                          | 202.037                           | 335.598                          | 4.787.336        |
| Charge for the period           | 1.331.618                          | 292.348                           | 11.269                           | 1.635.235        |
| Disposals                       | -                                  | -                                 | -                                | -                |
| <b>31 December 2022</b>         | <b>5.581.319</b>                   | <b>494.385</b>                    | <b>346.867</b>                   | <b>6.422.571</b> |
| <b><u>Net book value</u></b>    |                                    |                                   |                                  |                  |
| 31 December 2021                | 2.269.110                          | 55.756                            | 60.369                           | 2.380.237        |
| 31 December 2022                | 2.457.896                          | 79.423                            | 61.095                           | 2.598.414        |

As of 31 December 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.

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**8. Intangible assets**

|  | <b>Computer software</b> |
|--|--------------------------|
| <b>Acquisition cost</b>                  |                          |
| Opening balance, 1 January 2021          | 1.254.100                |
| Additions                                | 638.439                  |
| <b>Closing balance, 31 December 2021</b> | <b>1.892.539</b>         |
| Opening balance, 1 January 2022          | 1.892.539                |
| Additions                                | 2.338.154                |
| <b>Closing balance, 31 December 2022</b> | <b>4.230.693</b>         |
| <b>Accumulated amortization</b>          |                          |
| Opening balance, 1 January 2021          | 541.070                  |
| Charge for the period                    | 181.098                  |
| <b>Closing balance, 31 December 2021</b> | <b>722.168</b>           |
| Opening balance, 1 January 2022          | 722.168                  |
| Charge for the period                    | 195.888                  |
| <b>Closing balance, 31 December 2022</b> | <b>918.056</b>           |
| <b><u>Net book value</u></b>             |                          |
| 31 December 2021                         | 1.170.371                |
| 31 December 2022                         | 3.312.637                |

As of 31 December 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.



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**9. Provisions, contingent assets and liabilities**

**Provision for payables**

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

|                  | <u>31 December 2022</u> | <u>31 December 2021</u> |
|------------------|-------------------------|-------------------------|
| Other provisions | 1.934.141               | 1.577.220               |
|                  | <u><b>1.934.141</b></u> | <u><b>1.577.220</b></u> |

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

**Commitments**

As of 31 December 2022 and 31 December 2021, the details of the letter of guarantee and promissory notes given by the Group are as follows:

|   | <u>31 December 2022</u>   | <u>31 December 2021</u>  |
|---|---------------------------|--------------------------|
| Takasbank   | 715.500.000               | 42.000.000               |
| CMB   | 1.776                     | 1.776                    |
| Istanbul 8th Commercial Court of First Instance (*) | 18.011.816                | -                        |
|   | <u><b>733.513.592</b></u> | <u><b>42.001.776</b></u> |

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

| <b>CPMs Given by the Company</b>   | <u><b>31 December 2022</b></u> | <u><b>31 December 2021</b></u> |
|--|--------------------------------|--------------------------------|
| <b>A.</b> Total amount of CPMs given on behalf of its own legal entity   | 733.513.592                    | 42.001.776                     |
| <b>B.</b> Total amount of CPMs given in favor of partnerships included in the full consolidation scope                                       | -                              | -                              |
| <b>C.</b> Total amount of CPMs given in order to secure the debt of other third parties in order to carry out ordinary commercial activities | -                              | -                              |
| <b>D.</b> Total amount of other CPMs   | -                              | -                              |
| <b>i.</b> Total amount of CPMs given on behalf of the parent company   | -                              | -                              |
| <b>ii.</b> Total amount of CPM's given in favor of other group companies that are not in the scope of B and C.                               | -                              | -                              |
| <b>iii.</b> Total amount of CPMs given on behalf of third parties which are not in the scope of article C                                    | -                              | -                              |
| <b>Total</b>   | <u><b>733.513.592</b></u>      | <u><b>42.001.776</b></u>       |

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**10. Short-term borrowings**

The Group has a bank loan of TL 932.000.000 as of 31 December 2022 (31 December 2021: TL 10.500.000), The maturity of the bank loan is 1 day and the interest rate is between 8,05% and 13,45% (31 December 2021: maturity 3 days, rate 14.10%).

**11. Provisions for employee benefits**

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

|  | <u>31 December 2022</u>  | <u>31 December 2021</u>  |
|--|--------------------------|--------------------------|
| <b>Provision for employee benefits</b> |                          |                          |
| Provision for unused vacation          | 5.995.481                | 2.466.163                |
| Provision for personnel bonus          | 17.000.000               | 8.000.000                |
| <b>Total short-term provisions</b>     | <b><u>22.995.481</u></b> | <b><u>10.466.163</u></b> |

Movement of provision for unused vacation is as follows:

|  | <u>1 January-<br/>31 December 2022</u> | <u>1 January-<br/>31 December 2021</u> |
|--|--|--|
| <b>Beginning of the period (1 January)</b> | <b>2.466.163</b>                       | <b>1.750.745</b>                       |
| Charge for the period                      | (133.173)                              | (102.067)                              |
| Allocated provisions during the period     | 3.662.491                              | 817.485                                |
| <b>Total</b>                               | <b><u>5.995.481</u></b>                | <b><u>2.466.163</u></b>                |

**Long-term provisions for employee benefits**

Provision for employment termination benefits:

Under the 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 1 July 2022 - 31 December 2022 is subject to a monthly ceiling of TL 15.371,40 (1 July 2021 - 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 31 December 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 2,85% (31 December 2021: 3,09%), based on the assumptions of an annual inflation rate of 19,13% and an interest rate of 22,52%. Voluntary dismissal rates are 83,54% for those working for 0-15 years and 0% for 16 years or more. The maximum amount of TL 19.982,83 effective from 1 January 2023 has been taken into account in the calculation of the severance pay provision of the Group (1 January 2022: TL 10.596,74).

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

|   | <u><b>31 December 2022</b></u> | <u><b>31 December 2021</b></u> |
|---|--------------------------------|--------------------------------|
| <b>Provisions for employee benefits</b>       |                                |                                |
| Provision for employment termination benefits | 10.988.094                     | 5.231.419                      |
| <b>Total long-term provisions</b>             | <u><b>10.988.094</b></u>       | <u><b>5.231.419</b></u>        |

Movements of provision for employment termination benefits are as follows:

|  | <u><b>1 January-<br/>31 December 2022</b></u> | <u><b>1 January-<br/>31 December 2021</b></u> |
|--|---|---|
| <b>Beginning of the period (1 January)</b> | <b>5.231.419</b>                              | <b>2.572.297</b>                              |
| Charge for the period                      | (207.356)                                     | (346.613)                                     |
| Service cost                               | 1.165.099                                     | 2.075.126                                     |
| Interest cost                              | 1.315.754                                     | 77.242  |
| Actuarial gain/loss                        | 3.483.178                                     | 853.367                                       |
| <b>Total</b>                               | <u><b>10.988.094</b></u>                      | <u><b>5.231.419</b></u>                       |

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**12. Equity**

**Share capital**

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

|  | <b>31 December 2022</b> |                  | <b>31 December 2021</b> |                  |
|--|-------------------------|------------------|-------------------------|------------------|
|  | <b>Amount</b>           | <b>Share (%)</b> | <b>Amount</b>           | <b>Share (%)</b> |
| ICBC Turkey Bank A.Ş.                    | 75.998.480              | 99,998           | 75.998.480              | 99,998           |
| Other                                    | 1.520                   | 0,002            | 1.520                   | 0,002            |
| <b>Total paid-in capital</b>             | <b>76.000.000</b>       | <b>100</b>       | <b>76.000.000</b>       | <b>100</b>       |
| Capital inflation adjustment differences | 31.279                  |                  | 31.279                  |                  |
| <b>Total</b>                             | <b>76.031.279</b>       |                  | <b>76.031.279</b>       |                  |

As of 31 December 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 31 December 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 (31 December 2021: TL 1.542.529).

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**13. Profit or loss**

**Sales and cost of sales**

For the periods ended 31 December 2022 and 31 December 2021, sales and cost of sales are as follows:

|                                 | <b>1 January-<br/>31 December 2022</b> | <b>1 January-<br/>31 December 2021</b> |
|---------------------------------|--|--|
| <b>Sales</b>                    |  |  |
| Treasury bonds/government bonds | 639.699.316                            | 49.508.740                             |
| Investment funds                | 48.775.885                             | -                                      |
| Stock sales                     | 1.509.908                              | 8.493.910                              |
| <b>Total</b>                    | <b>689.985.109</b>                     | <b>58.002.650</b>                      |
| <b>Cost of Sales</b>            |  |  |
| Treasury bonds/government bonds | (638.143.744)                          | (49.316.568)                           |
| Investment funds                | (35.058.747)                           | -                                      |
| Stock sales                     | (1.515.759)                            | (8.500.412)                            |
| <b>Total</b>                    | <b>(674.718.250)</b>                   | <b>(57.816.980)</b>                    |

**Service income**

For the periods ended 31 December 2022 and 31 December 2021, service income are as follows:

|   | <b>1 January-<br/>31 December 2022</b> | <b>1 January-<br/>31 December 2021</b> |
|---|--|--|
| Project Finance/Corporate Finance revenue           | 53.423.539                             | 39.790.255                             |
| Stock buying/selling brokerage commissions          | 45.074.553                             | 21.649.789                             |
| Derivatives brokerage commissions                   | 6.522.449                              | 4.036.796                              |
| Bist stock market share                             | 4.859.147                              | 2.580.627                              |
| Mutual funds commission income                      | 4.424.911                              | 2.649.787                              |
| Over-the-Counter Transaction Revenues               | 3.273.220                              | 2.066.992                              |
| Custody Commission Income                           | 1.436.335                              | 460.380                                |
| Lending-Borrowing commissions                       | 1.309.932                              | 353.227                                |
| Brokerage commission income for capital increase    | 483.925                                | 148.553                                |
| Money market commission                             | 105.770                                | 201.784                                |
| Underwriting commissions for public offering        | 103.820                                | 99.077                                 |
| Treasury bonds buying/selling brokerage commissions | 34.253                                 | 2.205                                  |
| Dividend commissions                                | 27.692                                 | 10.011                                 |
| Other   | 2.153.844                              | 1.085.615                              |
| <b>Total</b>  | <b>123.233.390</b>                     | <b>75.135.098</b>                      |

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**13. Profit or loss (cont’d)**

**Interest income from main operations**

For the periods ended 31 December 2022 and 31 December 2021, interest income from main operations are as follows:

|   | <b>1 January-<br/>31 December 2022</b> | <b>1 January-<br/>31 December 2021</b> |
|---|--|--|
| <b>Interest income from main operations</b> |  |  |
| Interest income from customers              | 106.697.637                            | 32.100.298                             |
| Interest income from banks                  | 5.360.275                              | 3.371.515                              |
| <b>Total</b>                                | <b>112.057.912</b>                     | <b>35.471.813</b>                      |

**14. General Administrative Expenses**

The general administrative expenses of the Group for the accounting periods ending on 31 December 2022 and 31 December 2021 are as follows:

|   | <b>1 January –<br/>31 December 2022</b> | <b>1 January –<br/>31 December 2021</b> |
|---|---|---|
| Personnel expenses                      | 99.003.142                              | 49.277.785                              |
| Membership expenses                     | 10.214.311                              | 5.523.335                               |
| Communication expenses                  | 9.006.001                               | 5.587.078                               |
| Computer usage expenses                 | 4.366.769                               | 1.695.038                               |
| Rental expenses                         | 3.918.381                               | 2.473.177                               |
| Building expenses                       | 3.538.302                               | 1.243.799                               |
| Taxes, fees and registration expenses   | 2.311.489                               | 648.185                                 |
| Depreciation and amortization expenses  | 1.831.123                               | 1.144.603                               |
| Audit and consultancy expenses          | 1.751.735                               | 1.132.472                               |
| Transportation expenses                 | 1.698.168                               | 745.461                                 |
| Representation and hospitality expenses | 1.211.487                               | 411.241                                 |
| Maintenance and repair expenses         | 587.801                                 | 213.816                                 |
| Disallowable expenses                   | 109.690                                 | 107.793                                 |
| Small fixture expenses                  | 4.939                                   | 17.524                                  |
| Other                                   | 273.135                                 | 464.688                                 |
| <b>Total</b>                            | <b>139.826.473</b>                      | <b>70.685.995</b>                       |

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**15. Other operating income and expense from main operations**

Other operating income/expense of the Group for the accounting periods ending on 31 December 2022 and 31 December 2021 are as follows:

| <b>Other Operating Income</b> | <b>1 January-<br/>31 December 2022</b> | <b>1 January-<br/>31 December 2021</b> |
|-------------------------------|--|--|
| Foreign exchange gains        | 48.763.929                             | 39.713.895                             |
| Other                         | 67.477                                 | 60.294                                 |
| <b>Total</b>                  | <b>48.831.406</b>                      | <b>39.774.189</b>                      |

| <b>Other Operating Expense</b> | <b>1 January-<br/>31 December 2022</b> | <b>1 January-<br/>31 December 2021</b> |
|--------------------------------|--|--|
| Transaction loss expenses      | 1.295.782                              | 1.526.778                              |
| Previous period expenses       | 204.057                                | 410.932                                |
| Other                          | 2.221                                  | 12                                     |
| <b>Total</b>                   | <b>1.502.060</b>                       | <b>1.937.722</b>                       |

**16. Financial incomes**

|  | <b>1 January-<br/>31 December 2022</b> | <b>1 January-<br/>31 December 2021</b> |
|--|--|--|
| Rediscount income on marketable securities | 7.524.049                              | 16.614.921                             |
| Dividend income                            | 1.917                                  | 200.724                                |
| Other (*)                                  | 2.829.345                              | 56.142                                 |
| <b>Total</b>                               | <b>10.355.311</b>                      | <b>16.871.787</b>                      |

(\*) As of 31 December 2022; consists of IFRS-9 provision income, SSI incapacity amounts and SSI payment discount amounts.

**17. Financial Expenses**

|                                      | <b>1 January-<br/>31 December 2022</b> | <b>1 January-<br/>31 December 2021</b> |
|--------------------------------------|--|--|
| Loan interest expense                | 51.344.128                             | 2.331.696                              |
| Financial assets commission expenses | 4.570.681                              | 340.276                                |
| Commission expenses on money market  | 1.995.353                              | 117.350                                |
| Other (*)                            | 210.594                                | 1.404.200                              |
| <b>Total</b>                         | <b>58.120.756</b>                      | <b>4.193.522</b>                       |

(\*) Includes IFRS-9 provision expense.

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

As of 31 December 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>31 December 2022</u> | <u>31 December 2021</u>  |
|-----------------------------------|-------------------------|--------------------------|
| Provision for corporate tax       | 28.900.592              | 23.720.939               |
| Prepaid temporary taxes and funds | (24.847.362)            | (12.679.114)             |
| <b>Net</b>                        | <b><u>4.053.230</u></b> | <b><u>11.041.825</u></b> |

*Reconciliation of current year tax expense and theoretical tax expense calculated using the Group's statutory tax rate:*

|  | <u>31 December 2022</u>    | <u>31 December 2021</u>    |
|--|----------------------------|----------------------------|
| <b>Profit before tax from continuing operations</b>    | 110.295.589                | 90.621.318                 |
| Theoretical tax expense with tax rate (%25, 2021: %25) | (27.573.897)               | (20.842.903)               |
| TL fund tax exemption                                  | 2.910.071                  | --                         |
| Other  | 16.804                     | 242.424                    |
| <b>Tax expense of profit for the period</b>            | <b><u>(24.647.022)</u></b> | <b><u>(20.600.479)</u></b> |

**Tax expense in the profit or loss statement**

|                            | <u>31 December 2022</u>    | <u>31 December 2021</u>    |
|----------------------------|----------------------------|----------------------------|
| Tax expense for the period | (28.900.592)               | (23.720.939)               |
| Deferred tax income        | 4.253.570                  | 3.120.460                  |
| <b>Tax expense</b>         | <b><u>(24.647.022)</u></b> | <b><u>(20.600.479)</u></b> |

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: 25%).

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



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

**Deferred tax assets and liabilities**

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

The tax rate used in the calculation of deferred tax assets and liabilities is 25% over the temporary timing differences expected to reverse in 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 31 December 2022 and 31 December 2021, the items giving rise to the Group's deferred tax assets and liabilities are as follows:

|  | <b>31 December 2022</b>                          |   | <b>31 December 2021</b>                          |   |
|--|--|---|--|---|
|  | <b>Accumulated<br/>Temporary<br/>differences</b> | <b>Deferred tax<br/>assets/<br/>liabilities</b> | <b>Accumulated<br/>Temporary<br/>differences</b> | <b>Deferred tax<br/>assets/<br/>liabilities</b> |
| Provisions for employee benefits       | 33.983.575                                       | 8.495.893                                       | 15.697.582                                       | 3.453.500                                       |
| <i>Employment termination</i>          | <i>10.988.094</i>                                | <i>2.747.023</i>                                | <i>5.231.419</i>                                 | <i>1.046.283</i>                                |
| <i>Unused vacation</i>                 | <i>5.995.481</i>                                 | <i>1.498.870</i>                                | <i>2.466.163</i>                                 | <i>567.217</i>                                  |
| <i>Bonus</i>                           | <i>17.000.000</i>                                | <i>4.250.000</i>                                | <i>8.000.000</i>                                 | <i>1.840.000</i>                                |
| Other provisions for loan and expenses | 1.934.141  | 483.536   | 1.577.220  | 362.760   |
| Expected credit loss provision (-)     | 4.875.111  | 1.218.778                                       | 5.242.330  | 1.205.735                                       |
| <b>Deferred tax asset</b>              | <b>40.792.827</b>                                | <b>10.198.207</b>                               | <b>22.517.132</b>                                | <b>5.021.995</b>                                |
| Tangible and intangible assets         | (981.903)  | (245.477)                                       | (968.143)  | (193.629)                                       |
| <b>Deferred tax liability</b>          | <b>(981.903)</b>                                 | <b>(245.477)</b>                                | <b>(968.143)</b>                                 | <b>(193.629)</b>                                |
| <b>Deferred tax net</b>                | <b>39.810.924</b>                                | <b>9.952.730</b>                                | <b>21.548.989</b>                                | <b>4.828.366</b>                                |

Deferred tax movement table:

|   | <b>31 December 2022</b> | <b>31 December 2021</b> |
|---|-------------------------|-------------------------|
| Opening balance - 1 January                             | 4.828.366               | 1.537.233               |
| Deferred tax income                                     | 4.253.570               | 3.120.460               |
| Deferred tax income on other comprehensive income items | 870.794                 | 170.673                 |
| <b>Closing balance - 31 December</b>                    | <b>9.952.730</b>        | <b>4.828.366</b>        |

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**19. Related party disclosures**

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

| <b><u>Receivables from related parties</u></b>              | <b><u>31 December 2022</u></b>                 | <b><u>31 December 2021</u></b>                 |
|---|--|--|
| Cash and cash equivalents                                   |  |  |
| -ICBC Turkey Bank A.Ş. - Shareholder                        | 73.387.282                                     | 540.082.318                                    |
| Trade receivables   |  |  |
| Fund Management Commissions                                 | 781.055  | 476.698  |
| <b>Total</b>  | <b>74.168.337</b>                              | <b>540.559.016</b>                             |
| <b><u>Trade payables to related parties</u></b>             | <b><u>31 December 2022</u></b>                 | <b><u>31 December 2021</u></b>                 |
| -ICBC Turkey Bank. A.Ş.                                     | 197.178  | 85.915   |
| <b>Total</b>  | <b>197.178</b>                                 | <b>85.915</b>                                  |
| <b><u>Other payables and expense provisions</u></b>         | <b><u>31 December 2022</u></b>                 | <b><u>31 December 2021</u></b>                 |
| -ICBC Turkey Portföy Yönetimi A.Ş.-Other payable provisions | 134.631  | 87.302   |
| -ICBC Turkey Portföy Yönetimi A.Ş.- Attorney fee            | 65.100   | 45.360   |
| <b>Total</b>  | <b>199.731</b>                                 | <b>132.662</b>                                 |
| <b><u>Related party balances</u></b>                        | <b><u>1 January –<br/>31 December 2022</u></b> | <b><u>1 January –<br/>31 December 2021</u></b> |
| ICBC Turkey Portföy Yönetimi AŞ - Fund management fees      | 4.458.741                                      | 2.694.946                                      |
| Interest incomes  |  |  |
| -ICBC Turkey Bank AŞ  | 2.432.998                                      | 2.063.563                                      |
| Rent expenses   |  |  |
| -ICBC Turkey Bank AŞ  | 3.918.381                                      | 2.473.177                                      |
| Building participation and other expenses                   |  |  |
| - ICBC Turkey Bank AŞ                                       | 3.540.343                                      | 1.245.290                                      |
| Commission expenses   |  |  |
| - ICBC Turkey Bank AŞ                                       | 1.513.739                                      | 700.793  |

Letters of guarantee received from related parties as of 31 December 2022 amount to TL 1.776 (31 December 2021: TL 1.776).

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**19. Related party disclosures (cont'd)**

**Financial rights provided to senior executives**

The total amount of salaries and benefits provided to the Board Chairman, Board Members, and Senior Executives in the current period is TL 13.055.308. (31 December 2021: TL 4.598.492)

**20. Nature and level of risks related to financial instruments**

**Capital management**

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

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

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

**Credit risk disclosures**

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

| 31 December 2022  | Receivables       |               |                   |               | Bank deposits | Financial Investment |
|---|-------------------|---------------|-------------------|---------------|---------------|----------------------|
|   | Trade receivables |               | Other receivables |               |               |                      |
|   | Related parties   | Third parties | Related parties   | Third parties |               |                      |
| Maximum credit risk exposure as at reporting date                         | 781.055           | 1.008.995.006 | --                | 5.015         | 354.187.641   | 17.648.615           |
| The part of maximum risk under guarantee with collateral etc.             | --                | --            | --                | --            | --            | --                   |
| Net book value of financial assets that are neither past due nor impaired | 781.055           | 1.008.995.006 | --                | 5.015         | 354.187.641   | 17.648.615           |
| Elements containing risk of off-balance-sheet credit                      |                   |               |                   |               |               |                      |
| 31 December 2021  | Receivables       |               |                   |               | Bank deposits | Financial Investment |
|   | Trade receivables |               | Other receivables |               |               |                      |
|   | Related parties   | Third parties | Related parties   | Third parties |               |                      |
| 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 | 476.698           | 172.345.827   | --                | 18.905        | 624.880.275   | 41.339.028           |
| Elements containing risk of off-balance-sheet credit                      |                   |               |                   |               |               |                      |

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

**Foreign currency risk**

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

As of 31 December 2022 and 31 December 2021, the foreign currency rates used by the Group converting foreign currency transactions into TL are given as follows:

|                  | <u>US Dollar</u> | <u>Euro</u> | <u>GBP</u> | <u>Chinese Yuan</u> |
|------------------|------------------|-------------|------------|---------------------|
| 31 December 2022 | 18,6983          | 19,9349     | 22,4892    | 2,6806              |
| 31 December 2021 | 13,3290          | 15,0867     | 17,9667    | 2,0840              |

The following table as of 31 December 2022 and 31 December 2021, summarizes the foreign currency position risk by showing the recorded amounts of foreign currency assets and liabilities in TL held by the Group.

**31 December 2022**

|                                    | <u>TL equivalent</u> | <u>US Dollar</u>  | <u>Euro</u>      | <u>GBP</u>   | <u>Chinese Yuan</u> |
|------------------------------------|----------------------|-------------------|------------------|--------------|---------------------|
| Cash and cash equivalents          | 338.811.006          | 12.818.525        | 4.952.440        | 2.806        | 125.674             |
| Trade receivables                  | --                   | --                | --               | --           | --                  |
| <b>Total assets</b>                | <b>338.811.006</b>   | <b>12.818.525</b> | <b>4.952.440</b> | <b>2.806</b> | <b>125.674</b>      |
| <b>Net foreign currency assets</b> | <b>338.811.006</b>   | <b>12.818.525</b> | <b>4.952.440</b> | <b>2.806</b> | <b>125.674</b>      |

**31 December 2021**

|                                    | <u>TL equivalent</u> | <u>US Dollar</u>  | <u>Euro</u>       | <u>GBP</u>       | <u>Chinese Yuan</u> |
|------------------------------------|----------------------|-------------------|-------------------|------------------|---------------------|
| Cash and cash equivalents          | 589.237.500          | 10.834.513        | 19.144.722        | 8.667.406        | 129.036             |
| Trade receivables                  | --                   | --                | --                | --               | --                  |
| <b>Total assets</b>                | <b>589.237.500</b>   | <b>10.834.513</b> | <b>19.144.722</b> | <b>8.667.406</b> | <b>129.036</b>      |
| <b>Net foreign currency assets</b> | <b>589.237.500</b>   | <b>10.834.513</b> | <b>19.144.722</b> | <b>8.667.406</b> | <b>129.036</b>      |

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

***Sensitivity to foreign currency risk (cont'd)***

As of 31 December 2022 and 31 December 2021, in case %10 increase/decrease of foreign currency exchange rate against TL, fx gain/loss effect that sourced of Group's foreign currency assets and liabilities on equity and profit-loss (excluding tax) is shown below table:

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

(\*) Includes profit / loss effect.

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

*Sensitivity to foreign currency risk (cont’d)*

| 31 December 2021                          | Profit / (Loss)                  |                                  | Equity <sup>(*)</sup>            |                                  |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|   | Appreciation of foreign currency | Depreciation of foreign currency | Appreciation of foreign currency | Depreciation of foreign currency |
| <b>10% change of US Dollar against TL</b> |                                  |                                  |                                  |                                  |
| 1- US Dollar net asset/liability          | 14.441.322                       | (14.441.322)                     | 14.441.322                       | (14.441.322)                     |
| 2- Hedged portion of USD amounts (-)      | -                                | -                                | -                                | -                                |
| <b>3- US Dollar net effect (1+2)</b>      | <b>14.441.322</b>                | <b>(14.441.322)</b>              | <b>14.441.322</b>                | <b>(14.441.322)</b>              |
| <b>10% change of EURO against TL</b>      |                                  |                                  |                                  |                                  |
| 4- EURO net asset/liability               | 28.883.068                       | (28.883.068)                     | 28.883.068                       | (28.883.068)                     |
| 5- Hedged portion of EUR amounts (-)      | -                                | -                                | -                                | -                                |
| <b>6- EURO net effect (4+5)</b>           | <b>28.883.068</b>                | <b>(28.883.068)</b>              | <b>28.883.068</b>                | <b>(28.883.068)</b>              |
| <b>10% change of GBP against TL</b>       |                                  |                                  |                                  |                                  |
| 7- GBP net asset/liability                | 15.572.469                       | (15.572.469)                     | 15.572.469                       | (15.572.469)                     |
| 8- Hedged portion of GBP amounts (-)      | -                                | -                                | -                                | -                                |
| <b>9- GBP net effect (7+8)</b>            | <b>15.572.469</b>                | <b>(15.572.469)</b>              | <b>15.572.469</b>                | <b>(15.572.469)</b>              |
| <b>10% change of CNY against TL</b>       |                                  |                                  |                                  |                                  |
| 10- CNY net asset/liability               | 26.891                           | (26.891)                         | 26.891                           | (26.891)                         |
| 11- Hedged portion of CNY amounts (-)     | -                                | -                                | -                                | -                                |
| <b>12 - CNY net effect (10+11)</b>        | <b>26.891</b>                    | <b>(26.891)</b>                  | <b>26.891</b>                    | <b>(26.891)</b>                  |
| <b>TOTAL (3+6+9+12)</b>                   | <b>58.923.750</b>                | <b>(58.923.750)</b>              | <b>58.923.750</b>                | <b>(58.923.750)</b>              |

<sup>(\*)</sup> 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: Financial assets and liabilities are valued from the inputs used to find the directly or indirectly observable market price of the related asset or liability other than the stock market price specified in the first level.

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

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

**Fair value of financial instruments (cont’d)**

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

| Financial assets                                      | 31 December 2022  | Fair value as at reporting date |         |         |
|---|-------------------|---------------------------------|---------|---------|
|   |                   | Level 1                         | Level 2 | Level 3 |
| Financial assets at fair value through profit or loss | 16.309.259        | 16.309.259                      | -       | -       |
| <b>Total</b>  | <b>16.309.259</b> | <b>16.309.259</b>               | -       | -       |

| Financial assets                                      | 31 December 2021  | Fair value 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                      | -       | -       |
| <b>Total</b>  | <b>41.339.028</b> | <b>41.339.028</b>               | -       | -       |

**22. Fees for services received from the independent audit firm**

Fees for services received from independent audit firm for the periods 1 January – 31 December 2022 and 1 January – 31 December 2021 is shown below table:

|  | 2022    | 2021    |
|--|---------|---------|
|  | IAF     | IAF     |
| Independent audit fee for the reporting period | 377.600 | 440.560 |

**21. Events after the balance sheet**

Due to the negative effects caused by the earthquakes that affected many of our provinces and shook our whole country deeply on February 6, 2023 in Kahramanmaraş province Pazarcık and Elbistan districts, a state of emergency was declared in the region including 10 provinces. Studies and evaluations for the determination of the situation is in progress.

107 million TL, which was sent to Takasbank on 7 October 2022 for the deposit, was returned as of 7 February 2023.