ICBC Turkey Yatırım Menkul Değerler
Anonim Şirketi and its Subsidiary

Consolidated Financial Statements
As at and for the Year Ended 31 December 2019
With Independent Auditors' Report Thereon

ICBC Turkey Yatırım Menkul Değerler
Anonim Şirketi

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi

A) Audit of the Consolidated Financial Statements.

Opinion

We have audited the consolidated financial statements of ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi ("the Company") and its subsidiaries (together will be referred as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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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.

Revenue recognition

Refer to Notes 2.6 and 13 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

Key audit matter	How the matter is addressed in our audit
The Group's revenue amounting to TL 300.270.351 is recognized in the statement of profit or loss and other comprehensive income as "revenue" for the period between 1 January - 31 December 2019. The Group's revenue mainly consist of trading income, brokerage commissions, interest income and commission income. 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 the calculation of revenue.	Our procedures for testing the revenue recognition included below: • Evaluating of the appropriateness of the accounting policies applied by the Group management with TFRS, • Testing the design, implementation and operating effectiveness of internal controls on revenue recognition process with the assistance of our IT specialists by understanding the Group's revenue process. • In order to verify that the revenue amount recognized appropriately, comparing the transaction details with the supporting documents obtained on sample basis of from the transactions during the reporting period. • Performing expectation analyzes for trading income and brokerage commission income.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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 consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

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 standards on auditing issued by the CMB and Standards on Auditing issued by POA 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 the CMB and Standards on Auditing issued by POA, 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.

- 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 consolidated 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 consolidated 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.

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B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code numbered 6102 ("TCC"); no significant matter has come to our attention that causes us to believe that for the period between 1 January 2018 and 31 December 2018, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of KPMG International Cooperative

Ali Tuğrul Uzun, SMMM
Partner

26 February 2020
İstanbul, Türkiye

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

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

	Notes	Audited Current Period 31 December 2019	Audited Prior Period 31 December 2018
ASSETS			
Current Assets			
Cash and cash equivalents	3	842.363.646	512.735.578
Financial investments	5	18.527.017	16.343.065
Trade receivables	4	56.907.128	56.260.083
- Due from related parties	*19*	*309.244*	*82.579*
- Other trade receivables		*56.597.884*	*56.177.504*
Other Receivables	6	3.290	1.488
- Due from related parties		-	-
- Other receivables		*3.290*	*1.488*
Prepaid expenses	6	6.895	6.700
Current tax assets	6	214.993	125.164
Total current assets		**918.022.969**	**585.472.078**
Non-current assets			
Financial investments	5	159.711	159.711
Other receivables	6	1.732.467	1.464.665
-Due from related parties		-	-
-Other receivables		*1.732.467*	*1.464.665*
Tangible assets	7	1.321.058	881.962
Intangible assets	8	236.975	257.204
Deferred tax assets	18	2.150.121	1.333.328
Total non-current assets		**5.600.332**	**4.096.870**
Total assets		**923.623.301**	**589.568.948**

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

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

	Notes	Audited Current Period 31 December 2019	Audited Prior Period 31 December 2018
Liabilities			
Short term liabilities			
Trade payables	4	769.180.941	466.675.110
-Due to related parties		-	-
-Other trade payables		*769.180.941*	*466.675.110*
Payables for employee benefits	6	444.074	310.732
Short term provisions		2.082.891	3.224.049
-Employee benefits	11	*1.953.725*	*3.162.451*
-Other short term provisions	9	*129.166*	*61.598*
Tax and duties payable	6	2.415.369	2.605.195
Current period tax liability	18	1.647.341	-
Total current liabilities		**775.770.616**	**472.815.086**
Long term liabilities			
Long term provisions		2.316.016	2.179.085
-Employee benefits	11	*2.316.016*	*2.179.085*
Total non-current liabilities		**2.316.016**	**2.179.085**
Equity			
Paid in capital	12	76.000.000	76.000.000
Adjustments to share capital	12	31.279	31.279
Change in fair value of financial assets	12	-	(143.503)
Other comprehensive income that will never be reclassified to profit or loss		(846.989)	(1.168.150)
-Actuarial loss related to pension plans		*(846.989)*	*(1.168.150)*
Restricted reserves		3.145.118	2.143.656
Prior period's profit/loss		36.566.530	16.087.671
Net profit for the period		30.640.731	21.623.824
Total equity		**145.536.669**	**114.574.777**
Total liabilities and equity		**923.623.301**	**589.568.948**

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT PROFIT OR LOSS AND OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited 1 January - 31 December 2019	Audited 1 January - 31 December 2018
Statement of profit or loss			
Sales	13	247.801.587	149.779.950
Service income	13	52.468.764	36.068.506
Cost of sales (-)	13	(243.767.502)	(148.666.878)
Gross profit/loss from operations		**56.502.849**	**37.181.578**
Interest income from operations	13	16.675.027	16.459.298
Gross profit		**73.177.876**	**53.640.876**
General administrative expenses (-)	14	(38.687.173)	(35.063.510)
Other operating income	15	210.351	3.123
Other operating expenses (-)	15	(442.198)	(339.773)
Operating profit		**34.258.856**	**18.240.716**
Financial income	16	12.039.502	11.149.020
Financial expenses (-)	17	(6.876.560)	(1.773.659)
Profit before taxation from continuing operations		**39.421.798**	**27.616.077**
Tax income / (expense) from continuing operations		(8.781.067)	**(5.992.253)**
Current tax income / (expense)	18	(9.678.150)	(6.324.471)
Deferred tax income / (expense)	18	897.083	332.218
Profit / (loss) from continuing operations		**30.640.731**	**21.623.824**
Profit / (loss) from discontinued operations		-	-
Profit for the period		**30.640.731**	**21.623.824**
Statement of other comprehensive income			
Other comprehensive income	11	401.451	(1.292.011)
Changes in fair falue reserve		-	(148.953)
Tax income / (expense) for other comprehensive income items	18	(80.290)	317.012
Other comprehensive income/(loss) after tax		**321.161**	**(1.123.952)**
Total comprehensive income / (expense)		**30.961.892**	**20.499.872**

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

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Notes	Paid in capital	Adjustment to share capital	Fair value reserves	Actuarial gains and losses related to pension plans	Restricted reserves	Prior period's profit/loss	Net profit for the period	Equity
1 January 2018	**12**	**76.000.000**	**31.279**	**(27.320)**	**(160.381)**	**1.302.183**	**625.948**	**16.798.504**	**94.570.213**
Adjustments related to accounting policy changes		-	-	-	-	-	(495.308)	-	**(495.308)**
Profit for the period		-	-	-	-	-	-	21.623.824	**21.623.824**
Actuarial gain/loss		-	-	-	(1.007.769)	-	-	-	**(1.007.769)**
Changes in fair value of financial assets available for sale		-	-	(116.183)	-	-	-	-	**(116.183)**
Total Comprehensive Income		**76.000.000**	**31.279**	**(143.503)**	**(1.168.150)**	**1.302.183**	**130.640**	**38.422.328**	**114.574.777**
Transfers to retained earnings		-	-	-	-	-	15.957.031	(15.957.031)	-
Transfers to reserves		-	-	-	-	841.473	-	(841.473)	-
Capital increase									
Balance at 31 December 2018		**76.000.000**	**31.279**	**(143.503)**	**(1.168.150)**	**2.143.656**	**16.087.671**	**21.623.824**	**114.574.777**
1 January 2019	**12**	**76.000.000**	**31.279**	**(143.503)**	**(1.168.150)**	**2.143.656**	**16.087.671**	**21.623.824**	**114.574.777**
Adjustments related to accounting policy changes		-	-	-	-	-	-	-	-
Profit for the period		-	-	-	-	-	-	30.640.731	**30.640.731**
Actuarial gain/ (loss)		-	-	-	321.161	-	-	-	**321.161**
Changes in fair value of financial assets available for sale		-	-	143.503	-	-	(143.503)	-	-
Total Comprehensive Income		**76.000.000**	**31.279**	**-**	**(846.989)**	**2.143.656**	**15.944.168**	**52.264.555**	**145.536.669**
Transfers to retained earnings		-	-	-	-	-	20.622.362	(20.622.362)	-
Trasnfers to reserves		-	-	-	-	1.001.462	-	(1.001.462)	-
Balance at 31 December 2019		**76.000.000**	**31.279**	**-**	**(846.989)**	**3.145.118**	**36.566.530**	**30.640.731**	**145.536.669**

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

ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY
FOR THE YEAR ENDED 31 DECEMBER 2019
CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Notes	Audited 1 January- 31 December 2019	Audited 1 January- 31 December 2018
A. Cash flow from operating activities		**8.339.185**	**62.102.433**
Net profit for the period		**30.640.731**	**21.623.824**
Adjustments for:		**1.302.457**	**(6.922.419)**
Adjustment for depreciation	7,8	582.130	520.407
Adjustment for amortization		7.629.996	983.675
Adjustment for vacation pay liability		347.184	221.654
Adjustment for employee termination benefit		313.565	1.479.117
Adjustment for employee bonus benefit		(1.496.689)	-
Adjustment for financial income (excluding exchange difference income)		(16.675.027)	(16.459.298)
Adjustment for financial expense		442.198	339.773
Adjustment for litigation provisions		(70.200)	-
Deferred tax expense / (income)		(881.639)	(332.218)
Adjustment for derivative instruments		1.432.789	-
Current tax expense	18	9.678.150	6.324.471
Change in working capital		**(29.789.545)**	**37.403.390**
Financial investments (the financial assets at fair value through profit or loss)		(2.183.952)	15.206.322
Changes in trade receivables from related parties		(226.665)	(1.995)
Changes in other trade receivables		(420.380)	11.582.272
Changes in client assets		(321.922.501)	(37.285.925)
Changes in other receivables		(359.629)	(268.223)
Changes in trade payables		302.505.831	50.095.654
Changes in other liabilities and provisions		(6.946.394)	(1.575.301)
Employee termination benefits payments	11	(176.634)	(274.949)
Employee permission benefits payments		(59.221)	(74.465)
Cash flows from operating activities		**6.185.542**	**9.997.638**
Interests and commissions paid		(658.509)	(125.934)
Interests received		14.874.860	16.448.043
Taxes paid	18	(8.030.809)	(6.324.471)
B. Cash flows from investing activities		**(1.000.996)**	**(232.678)**
Acquisition of tangible and intangible assets	7,8	(1.000.996)	(232.678)
Capital increase		-	-
C. Cash flows from financing activities		**(1.432.789)**	-
Changes in financial investments		(1.432.789)	-
Net cash flows before effect of change in Exchange rates on cash and cash equivalents (A+B+C)		**5.905.400**	**61.869.755**
D. Effects of changes in exchange rates on cash and cash equivalents		-	-
Net increase/decrease in cash and cash equivalents (A+B+C+D)		**5.905.400**	**61.869.755**
E. Cash and cash equivalents at the beginning of the period	3	**86.450.164**	**24.580.409**
Cash and cash equivalents at the end of the period (A+B+C+D+E)	3	**92.355.564**	**86.450.164**

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

1. Organization and operations of the Company

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

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

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

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

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

ICBC Turkey Bank A.Ş. owns 99.99% shares of the Company. The Parent Bank of ICBC Turkey Bank A.Ş. is Industrial and Commercial Bank of China Limited ("ICBC"). Headquarters address of the Company is Maslak Mahallesi Dereboyu/2 Caddesi No:13 34398 Sarıyer İstanbul. The Company has 101 employees as at 31 December 2019 (31 December 2018: 101).

Information on subsidiary

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

1. Organization and operations of the Company (continued)

Investment services and activities

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

a) Reception and transmission of orders in relation to capital market instruments,

b) Execution of orders in relation to capital market instruments in the name and account of the customer or in their own name and in the account of the customer,

c) Dealing on own account,

ç) Individual portfolio management,

d) Investment advice,

e) Underwriting of capital market instruments on a firm commitment basis,

f) Placing of financial instruments without a firm commitment basis,

g) Operation of multilateral trading systems and regulated markets other than exchanges

Ancillary Services:

a) Providing consultancy services regarding capital markets,

b) Granting credits or lending and providing foreign exchange services limited to investment services and activities,

c) Providing investment research and financial analysis or general advice concerning transactions in capital market instruments,

ç) Providing services in relation to the conduct of underwriting,

d) Providing intermediary services for obtaining financing by borrowing or through other means,

e) Wealth management and financial planning,

f) Conduct of other services and activities to be determined by the Board.

ICBC Turkey Bank A.Ş. owns 99.99% shares of the Company. The Parent Company of ICBC Turkey Bank A.Ş. is Industrial and Commercial Bank of China Limited ("ICBC"). Headquarters address of the Company is Maslak Mahallesi Dereboyu/2 Caddesi No:13 34398 Sarıyer İstanbul. The Company has 103 employees as at 31 December 2019 (31 December 2018: 101).

Information on subsidiary

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

2. Basis of presentation of financial statements

2.1. Basis of presentation

2.1.1. Accounting standards applied

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

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

The financial statements as of and for the year ended 31 December 2019 were approved by the Board of Directors of the Company on 26 February 2020. Within the framework of the legislation, the authorized committees of the Company have the authority to change the financial statements.

2.1.2. The preparation of financial statements

The accompanying consolidated financial statements of the Group have been prepared in accordance with the CMB Communique No: II-14.1 published in the official gazette dated June 13, 2013 and numbered 28676.

2.1.3. Offsetting

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

2.1.4. Going concern

The Company prepared its financial statements according to going concern assumption.

2.1.5. Presentation currency

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

2.2. Changes in accounting policies estimates and errors

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

2. Basis of presentation of financial statements (continued)

2.3. Accounting Policies Estimates and Errors

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

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

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

A. Definition of Leases

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRS 4 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRS 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after January 1, 2019.

B. As a lessee

The Company leases real estate.

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

i. Significant Accounting Policies

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

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

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual

value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

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

ii. Transition

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

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

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

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

2.4 Summary of significant accounting policies

Standards issued but not yet effective and not early adopted

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi has not early adopted are as follows

The revised Conceptual Framework

The revised Conceptual Framework issued on 27 October 2018 by the POA. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the POA in developing TFRSs. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no TFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the POA with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no TFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies

Standards issued but not yet effective and not early adopted (continued)

Amendments to TFRS 4: Applying TFRS 9 Financial Instruments with TFRS 4 Insurance Contracts

TFRS 4 has been amended by POA, to reduce the impact of the differing effective dates of the new insurance contracts standard and TFRS 9. These amendments to TFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying TFRS 9 by insurers to its financial assets, an insurer will be permitted to reclassify the difference between profit or loss and other comprehensive income and the amounts recognised in profit or loss under TFRS 9 and those that would have been reported under TAS 39; or ii) an optional temporary exemption from applying TFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2021. These companies will be permitted to continue to apply existing requirements for financial instruments in TAS 39.

The ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi does not expect that application of these amendments to TFRS 4 will have significant impact on its consolidated financial statements.

Amendments to TAS 1 and TAS 8 - Definition of Material

In June 2019 POA issued Definition of Material (Amendments to TAS 1 and TAS 8). The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. The amended "definition of material "was added to the important definition and it was stated that this expression could lead to similar results by not giving and giving misstating information. In addition, with this amendment, the terminology used in its definition of material has been aligned with the terminology used in the Conceptual Framework for Financial Reporting (Version 2018). Those amendments are prospectively effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

The ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi does not expect that application of these amendments to TAS 1 and TAS 8 will have significant impact on its consolidated financial statements.

Amendments to TFRS 3 - Definition of a Business

Determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. The IASB has issued amendments to IFRS 3 Business Combinations to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets.

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Standards issued but not yet effective and not early adopted (continued)

Amendments to TFRS 3 - Definition of a Business (continued)

In May 2019, POA has also published the Definition of Business (Amendments to TFRS 3). With this amendments confirmed that a business shall include inputs and a process, and clarified that the process must be substantive and the inputs and process must together significantly contribute to creating outputs.. It narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a concentration test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted.

The ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi does not expect that application of these amendments to TFRS 3 will have significant impact on its consolidated financial statements .

Interest Rate Benchmark Reform, which amended TFRS 9, TAS 39 and TFRS 7 issued in September 2019, added Section 6.8 and amended paragraph 7.2.26. About this issue, IASB identified two groups of accounting issues that could affect financial reporting. These are:

• pre-replacement issues—issues affecting financial reporting in the period before the reform; and

• replacement issues—issues that might affect financial reporting when an existing interest rate benchmark is either reformed or replaced.

IASB considered the pre-replacement issues to be more urgent and decided to address the following hedge accounting requirements as a priority in the first phase of the project:

(a) The highly probable requirement;

(b) Prospective assessments;

(c) IAS 39 retrospective assessment; and

(d) Separately identifiable risk components.

All other hedge accounting requirements remain unchanged. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

The ICBC Turkey Yatırım Menkul Değerler Anonim Şirketi shall apply these amendments for annual periods beginning on or after 1 January 2020 with earlier applicationpermitted.

2.5 Comparative Information

The financial statements as of December 31, 2019 have been presented comparatively with the financial statements dated December 31, 2018.

2 Basis of presentation of financial statements (continued)

2.6 Summary of significant accounting policies

Financial Instruments

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.

Classification and subsequent measurement

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

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see Note 32(A)). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

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

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

2 Basis of presentation of financial statements (continued)

2.6 Summary of significant accounting policies (continued)

Financial Instruments (continued)

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;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

2 Basis of presentation of financial statements (continued)

2.6 Summary of significant accounting policies (continued)

Financial Instruments (continued)

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

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.

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

2 Basis of presentation of financial statements (continued)

2.6 Summary of significant accounting policies (continued)

Financial Instruments (continued)

Financial liabilities

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.

Offsetting

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

(a) Foreign exchange transactions

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

The foreign exchange rates used by the Company as of 31 December 2019 and 31 December 2018 are as follows.

	USD	EUR	GBP	CNY
31 December 2019	5,9402	6,6506	7,7765	0,84545
31 December 2018	5,2810	6,0422	6,7135	0,76345

(a) Revenue

(i) Brokerage services in capital markets

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

(ii) Trading gain / loss on securities sale and purchases

Income/expense on securities sale/purchases are recorded as income/loss on the same date of sale/purchase order given.

(b) Property and equipment

All property and equipment are carried at cost less depreciation (Note 7).

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

Office equipment and special costs	5 years

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

2 Basis of presentation of financial statements (continued)

2.6 Summary of significant accounting policies (continued)

(b) Property and equipment (continued)

Leasehold improvements are depreciated over the lower of the periods of the respective leases and useful lives, on a straight-line basis.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and impairments are recognised in the profit or loss.

Gains and losses on the disposal of property and equipment are determined in reference to their carrying amounts and are taken into account in determining operating profit.

(c) 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 (Note 8).

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

(e) Foreign exchange transactions

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

The foreign exchange rates used by the Company as of 31 December 2019 and 31 December 2018 are as follows.

	USD	EUR	GBP	CNY
31 December 2019	5,9402	6,6506	7,7765	0,84545
31 December 2018	5,2810	6,0422	6,7135	0,76345

(f) Earnings per share

In accordance with the Turkish Accounting Standard related with Earnings per Share, TAS 33, it is not mandatory to disclose earnings per share information for the entities whose shares are not quoted in stock exchange. Since the shares of the Company are not quoted in stock exchange, earnings per share is not calculated and disclosed in the accompanying financial statements.

(g) Events after the reporting period

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

(h) Related parties

For the purpose of these financial statements, the shareholders, key management personnel and Board members, in each case together with companies controlled by or affiliated with them are considered and referred to as related parties (Note 19).

(h) Taxation on Corporate Income

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognised in operating expenses (Note 18).

2 Basis of presentation of financial statements (continued)

2.6 Summary of significant accounting policies (continued)

(i) Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences since they are realized in the past and it is expected that they will be realized in the foreseeable future (Note 18).

(j) Employee benefits

(i) Reserve for employee severance payments

Employee termination benefits, as required by the Turkish Labour Law, are recognised in these financial statements as they are earned. The total provision represents the present value of the future probable obligation of the Company arising from the retirement of its employees regarding the actuarial projections in accordance with TAS 19 (2011) "Employee Benefits" (Note 11).

(ii) Vacation pay liability

In accordance with existing labour law in Turkey, the Company is required to make payments to employees for the remaining vacation days up to the termination date regarding on the current salary amount (Note 12).

(k) Reporting of cash flows

For the purposes of cash flow statement, cash and cash equivalents include reserve repurchase receivables cash and due from banks with original maturity periods of less than three months (Note 4).

(l) Provisions, contingent assets and liabilities

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

2 Basis of presentation of financial statements (continued)

2.6 Summary of significant accounting policies (continued)

(m) Taxation on Corporate Income

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognised in operating expenses (Note 18).

(n) Share capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared. Cash and cash equivalent dividends which will be received from investment securities are accounted for income at the date of announcement.

(o) Transfer pricing

In Turkey, transfer pricing provisions are stated under Article 13 of the Corporate Tax Law under the heading "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007, details the implementation of the law.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with the arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

As stated in "7.1 Annual Documentation" of the related communiqué, corporate taxpayers shall prepare "Transfer Pricing, Controlled Companies (Affiliates) and Thin Capitalisation Form" regarding to sale or purchase of goods and services with related parties and declare to tax authorisation in attachment of Corporate Tax Statement.

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

3. Cash and cash equivalents

	31 December 2019	31 December 2018
Time deposit	836.256.531	484.085.237
Demand deposit	11.361.111	19.910.016
Receivables from Money Markets	2.376.000	9.724.000
Expected credit loss provision	(7.629.996)	(983.675)
Cash and cash equivalents on statement of financial position	**842.363.646**	**512.735.578**

	31 December 2019	31 December 2018
Minus: Customer assets (*)	(755.837.911)	(427.257.835)
Minus: Interest accruals	(1.800.167)	(11.254)
Minus: Expected credit loss provision	7.629.996	983.675
Cash and cash equivalents on statement of cash flows	**92.355.564**	**86.450.164**

(*) Customer assets which consist of the customer investments not yet evaluated as at 31 December 2019, are recognised under the Company's deposit accounts although the Company does not have control on these accounts. Therefore, customer assets are not included within cash and cash equivalents in the statement of cash flows.

As at 31 December 2019, time deposit interest rates for TL is 10% (31 December 2018: 24,90% for TL). The Group holds the time deposits in overnight and monthly accounts.

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

	31 December 2019	31 December 2018
Time deposit - (ICBC Turkey Bank) (Note 19)	640.242.902	175.061.143
Time deposit account (other banks)	196.013.629	309.024.094
Demand deposit account – (ICBC Turkey Bank) (Note 19)	7.025.627	5.921.488
Demand deposit account (other banks)	4.335.484	13.988.528
Total	**847.617.642**	**503.995.253**

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

4. Trade receivables and payables

Short term trade receivables:

	31 December 2019	31 December 2018
Receivables from margin trading customers	44.182.673	45.009.202
Receivables from TDE (Derivatives Market)	10.111.761	6.060.394
Receivables from customers	2.295.898	5.100.932
Doubtful trade receivables	162.484	162.484
Provision for doubtful trade receivables	(162.484)	(162.484)
Trade receivables from related parties	309.244	82.579
Other trade receivables	6.878	6.302
Receivables from clearing houses abroad	674	674
Total	**56.907.128**	**56.260.083**

Short term trade payables:

	31 December 2019	31 December 2018
Payables to customers (*)	759.631.916	461.197.612
Other payables	9.549.025	5.477.498
Total	**769.180.941**	**466.675.110**

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

5. Financial Investments

a) Current assets

	31 December 2019	31 December 2018
Held for trading marketable securities		
Financial assets at fair value through profit or loss	16.430.697	12.847.781
Financial assets measured at fair value through other comprehensive income		
Financial assets measured at fair value through other comprehensive income	2.096.320	3.495.284
Total	**18.527.017**	**16.343.065**

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

5. Financial Investments *(Continued)*

	31 December 2019	31 December 2018
Financial assets measured at fair value through other comprehensive income		
Government bonds	2.096.320	3.495.284
Total	**2.096.320**	**3.495.284**

As at 31 December 2019 and 31 December 2018, the details of financial assets at fair value through profit or loss are as follows:

	31 December 2019	31 December 2018
Trading marketable securities	**Carrying value**	**Carrying value**
ICBC Turkey Portföy Yönetimi Investment Fund	16.414.725	12.832.810
Equity shares – *Traded in stock exchange*	15.972	14.971
Total	**16.430.697**	**12.847.781**

As at 31 December 2019 and 31 December 2018, the details of Financial assets measured at fair value through other comprehensive income are as follows:

	31 December 2019		31 December 2018	
Financial assets available for sale	**Amount**	**Effective interest rate**	**Amount**	**Effective interest rate**
Government bonds	2.096.320	11,72%	3.495.284	17,96%-22,57%
Total	**2.096.320**		**3.495.284**	

Non-current assets – Financial assets available for sale	**31 December 2019**	**31 December 2018**
Stock – Istanbul Stock Exchange (ISE) (*)	159.711	159.711
Total	**159.711**	**159.711**

(*)As at 31 December 2019 the Company's share on capital of Istanbul Stock Exchange is 0,0377%. The nominal value of the shares held by the Company is 15.971.094 amounting to TL 159.711 (31 December 2018: TL 159.711).

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

6. Other receivables and payables

As at 31 December 2019 and 31 December 2018, the details of other receivables and payables are as follows:

Prepaid Expenses

	31 December 2019	31 December 2018
Prepaid expenses	6.895	6.700
Total	**6.895**	**6.700**

As of December 31, 2019 and December 31, 2018, prepaid expenses mainly comprise of health insurance amounts.

Current tax assets

	31 December 2019	31 December 2018
Prepaid taxes	214.993	125.164
Total	**214.993**	**125.164**

Other short term receivables

	31 December 2019	31 December 2018
Receivables from personnel	3.290	1.488
Short term receivables	-	-
Total	**3.290**	**1.488**

Other long term receivables

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

	31 December 2019	31 December 2018
Deposits given	1.732.467	1.464.665
Total	**1.732.467**	**1.464.665**

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

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

6. Other receivables and payables *(Continued)*

Taxes and duties payable

	31 December 2019	31 December 2018
Taxes and duties payable	2.415.369	2.605.195
Total	**2.415.369**	**2.605.195**

The amount of tax and dues payable mostly consists of the tax deductions (withholdings) for the customer transactions.

Payables for employee benefits

	31 December 2019	31 December 2018
Social security premium payable	444.074	310.732
Total	**444.074**	**310.732**

7. Tangible Assets

Movements of tangible assets for the years ended 31 December 2019 and 31 December 2018 are as follow:

	Machinery and Equipment	Furniture and Fixtures	Other Tangible Assets	Total
Acquisition cost				
Opening balance, 1 January 2018	2.715.895	159.642	294.548	3.170.085
Additions	165.187	34.645	27.039	226.871
Disposals	-	-	-	-
Closing balance, 31 December 2018	**2.881.082**	**194.287**	**321.587**	**3.396.956**
Opening balance, 1 January 2019	**2.881.082**	**194.287**	**321.587**	**3.396.956**
Additions	855.154	28.345	49.850	933.349
Disposals	-	-	-	-
Closing balance, 31 December 2019	**3.736.236**	**222.632**	**371.437**	**4.330.305**
Accumulated depreciation				
Opening balance, 1 January 2018	1.612.462	126.337	290.696	2.029.495
Charge for the period	466.341	12.737	6.421	485.499
Closing balance, 31 December 2018	**2.078.803**	**139.074**	**297.117**	**2.514.994**
Opening balance, 1 January 2019	**2.078.803**	**139.074**	**297.117**	**2.514.994**
Charge for the period	462.658	16.071	15.524	494.253
Closing balance, 31 December 2019	**2.541.461**	**155.145**	**312.641**	**3.009.247**
Net Book Value				
31 December 2018	802.279	55.213	24.470	881.962
31 December 2019	1.194.775	67.487	58.796	1.321.058

As of 31 December 2019 and 31 December 2018, the Group does not have any financial leasing assets. There are no mortgages, pledges and collaterals on tangible assets. All depreciation expenses are included in general administrative expenses.

As of 31 December 2019 the Group has purchased TL 933.349 of tangible assets (31 December 2018: TL 226.871). Between the period of 1 January 2019 – 31 December 2019 tha Group has recognized TL 484.253 amortization expense for its tangible assets (31 December 2018: TL 485.499).

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

8. Intangible Assets

Movements of intangible assets for the periods ended 31 December 2019 and 31 December 2018 are as follow:

	Computer software
Acquisition cost	
Opening balance, 1 January 2018	633.458
Additions	5.807
Closing balance, 31 December 2018	**639.265**
Opening balance, 1 January 2019	**639.265**
Additions	67.647
Closing balance, 31 December 2019	**706.912**
Accumulated amortization	
Opening balance, 1 January 2018	347.152
Charge for the period	34.908
Closing balance, 31 December 2018	**382.060**
Opening balance, 1 January 2019	**382.060**
Charge for the period	87.877
Closing balance, 31 December 2019	**469.937**
Net Book Value	
31 December 2018	257.204
31 December 2019	236.975

As of 31 December 2019 and 31 December 2018, the Group does not have any financial leasing assets. There is no mortgage, pledge or collateral on intangible assets. All redemption expenses are included in general administrative expenses.

As of 31 December 2019 amortization expense for the intangibe assets TL 87.877 (31 December 2018: 34.908)

9. Provisions, contingent assets and liabilities

Short term provisions

Short term provisions for the periods ended 31 December 2019 and 31 December 2018 are as follow:

	31 December 2019	31 December 2018
Other provisions	129.166	61.598
Total	**129.166**	**61.598**

The Group does not have any contingent assets and liabilities as of 31 December 2019 (31 December 2018: None).

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

9. Provisions, contingent assets and liabilities (continued)

Commitments

As at 31 December 2019 and 31 December 2018, the details of the letters of guarantee and promissory notes are as follows:

	31 December 2019	31 December 2018
CMB	1.776	1.776
ISE	-	-
Total	**1.776**	**1.776**

Guarantee/pledge/mortgage ("GPM") position of the Company as at 31 December 2019 and 2018 are as follows:

Guarantees/Pledges/Mortgages given by the Company	31 December 2019	31 December 2018
A. GPM given on behalf of its own legal entity	1.776	1.776
B.GPM given on behalf of consolidated subsidiaries	-	-
C. Total amount of GPM given on behalf of other third parties' debt	-	-
D. Other GPM	-	-
i. Total amount of GPM given on behalf of the Parent	-	-
ii. Total amount of GPM given on behalf of other	-	-
iii. Total amount of GPM given on behalf of third parties not covered in C		
Total	**1.776**	**1.776**

10. Short-term borrowing

The Group has no short-term borrowing (31 December 2018: None).

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

11. Employee benefits

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

	31 December 2019	31 December 2018
Employee benefits		
Provision for unused vacation	1.437.761	1.149.798
Bonus provisions	515.964	2.012.653
Total short term provisions	**1.953.725**	**3.162.451**

Movement of provision for unused vacation is as follows:

	31 December 2019	31 December 2018
Opening balance (1 January)	1.149.798	1.002.609
Paid provisions during the period	(59.221)	(74.465)
Allocated provisions during the period	347.184	221.654
Total	**1.437.761**	**1.149.798**

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

	31 December 2019	31 December 2018
Provisions related to employee benefits		
Employee severance pay liability	2.316.016	2.179.085
Long term provisions total	**2.316.016**	**2.179.085**

Movements of provision for employee severance pay are as follows:

	31 December 2019	31 December 2018
Opening balance	**2.179.085**	**974.917**
Charge for the period	(176.634)	(274.949)
Service cost	309.426	94.704
Interest cost	296.513	92.402
Actuarial difference (*)	(401.451)	1.292.011
Layoff cost	109.077	--
Balance at the end of the period	**2.316.016**	**2.179.085**

(*)The provision for severance payments in the current period resulting from changes in actuarial assumptions in actuarial losses amounting to TL 401.451 the actuarial gains are recognised in other comprehensive income.(31 December 2018:1.292.011 TL).

Under the Turkish Labour Law, the Group is required to pay employment termination benefits to each entitled employee to receive such benefits. The applicable retirement pay provision ceiling as at 31 December 2019, maximum TL 6.379,86 (31 December 2018: TL 5.434,42), calculated based on total gross wages and other rights 30 day trial. The principal assumption is that the maximum liability for each year of service will increase parallel with inflation and the retirement pay provision ceiling is revised semi-annually.

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

11. Provisions related to employee benefits *(Continued)*

TFRS anticipates development of actuarial valuation methods for estimating the Company's provision for severance pay. Accordingly, actuarial assumptions and legal liabilities which were used in the calculation of total liabilities are shown in the table below.

	31 December 2019	31 December 2018
Discount rate (%)	4,39%	3,50%
Estimated salary / limit increase rate	8,25%	9,50%

12. Equity

Share capital

As at 31 December 2019 and 31 December 2018, the capital structure is as follows:

	31 December 2019		31 December 2018	
	Amount	Share (%)	Amount	Share (%)
ICBC Turkey Bank A.Ş.	75.998.480	99,998	75.998.480	99,998
Other	1.520	0,002	1.520	0.002
Total paid in capital	**76.000.000**	**100**	**76.000.000**	**100**
Capital inflation adjustment differences	31.279		31.279	
Total	**76.031.279**		**76.031.279**	

As at 31 December 2019, the share capital consists of 7.600.000.000 shares of having a nominal value of TRY 0.01 each (31 December 2018: 7.600.000.000 shares of having a nominal value of TRY 0.01). At the Extraordinary General Assembly Meeting of the Company held on September 8, 2017, it was decided to increase the Company's paid-in capital from TL 25,000,000 to TL 76,000,000. It was registered in the Turkey Trade Registry on 9 October 2017.

The Company has no preferred shares as at 31 December 2019 (31 December 2018: None).

Adjustment to share capital

The capital increases made by shareholders are adjusted with the inflation effect up to 31 December 2004 in accordance with the Communiqué XI-29 and as a result inflation adjustment amounting to TL 31.279 (31 December 2018: TL 31.279) is recognised.

Fair value reserves

Change in fair value of financial assets

None. (31 December 2018:TL 143.503).

Restricted reserves

At the Ordinary General Assembly Meeting of the Company held on 29 March 2019, the Company decided to transfer TL 1.001.461 of profit to legal reserves account; the remaining balance amounting to TL 20.622.362 amount was decided to be transferred to extraordinary reserves.

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

13. Statement of profit or loss

Sales and cost of sales

For the periods ended 31 December 2019 and 31 December 2018, sales and cost of sales are as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Sales		
Investment funds	238.741.269	131.088.276
Equity security	9.060.318	8.987.140
Treasury bonds/government bonds	--	9.704.534
Total	**247.801.587**	**149.779.950**
Cost of sales		
Investment funds	(235.445.645)	(130.140.560)
Equity security	(8.321.857)	(8.821.797)
Treasury bonds/government bonds	--	(9.704.521)
Total	**(243.767.502)**	**(148.666.878)**

Service income

For the periods ended 31 December 2019 and 31 December 2018,service income are as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Corporate finance/project finance	28.850.647	19.458.178
Over-the-counter transactions	10.426.937	4.529.747
Brokerage commission income on equity securities transactions	7.700.255	8.966.548
Fund management commission income	1.785.543	87.984
Intermediary commission income on futures market	1.137.581	1.454.534
BIST stock market share	667.970	836.154
Money market commissions	509.368	165.499
Lending commission	366.160	130.387
Intermediary commission from capital increase transactions	256.127	207.960
Dividend commissions	71.757	3.516
Commission income on trading treasury bills and bonds	--	80.685
Other	696.419	147.314
Total	**52.468.764**	**36.068.506**

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

13. Statement of profit or loss (continued)

Interest income from main operations

For the periods ended 31 December 2019 and 2018, interest income from main operations are as follow:

	1 January- 31 December 2019	1 January- 31 December 2018
Interest income from customers	14.804.523	13.758.589
Interest income from banks	1.870.504	2.700.709
Total	**16.675.027**	**16.459.298**

14. General administrative expenses

For the periods ended 31 December 2019 and 31 December 2018 , general and administrative expenses are as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Personnel expenses	25.760.262	23.449.943
Communication expenses	2.500.764	2.353.003
Rent expenses	2.408.867	2.000.149
Membership fees	1.913.038	2.131.583
Taxes and duties	1.267.116	384.239
Building contribution expenses	1.002.715	750.265
Computer expenses	894.087	647.459
Advisory and legal consultancy expenses	697.593	1.141.461
Transportation expenses	637.376	516.858
Amortisation and depreciation expenses	582.130	520.407
Representation and hospitality expenses	358.937	492.489
Maintenance and repair costs	95.968	172.329
Non-deductable expenses	84.959	69.150
Small fixtures	9.435	77.419
Payments from previous years	--	58.950
Other expenses	473.926	297.806
Total	**38.687.173**	**35.063.510**

Personnel expenses for the years ended 31 December 2019 and 31 December 2018 are as follows:

Personnel expenses	1 January- 31 December 2019	1 January- 31 December 2018
Salary and wages	20.066.395	18.937.340
SSI and unemployment insurance - employer share	2.625.911	2.687.289
Travel expenses	1.446.026	560.184
Food expenses	530.919	387.481
Health expenses	398.604	366.163
Allowance expense	315.360	244.377
Other	377.047	267.109
Total	**25.760.262**	**23.449.943**

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

15. Other operating income and expense

For the periods ended 31 December 2019 and 2018 other operating income and expenses are as follow:

Other Operating Income	1 January- 31 December 2019	1 January- 31 December 2018
Account opening fee	380	1.242
Other	209.971	1.881
Total	**210.351**	**3.123**

Other Operating Expense	1 January- 31 December 2019	1 January- 31 December 2018
Previous period expenses	228.486	742
Transaction losses expenses	212.858	308.142
Other expense from operating activities	854	30.889
Total	**442.198**	**339.773**

16. Financial income

For the periods ended 31 December 2019 and 2018 financial income are as follow:

	1 January- 31 December 2019	1 January- 31 December 2018
Foreign exchange gains	10.682.783	10.517.573
Rediscount income on marketable securities	1.325.813	375.683
Dividend income	1.384	151.580
Other	29.522	104.184
Total	**12.039.502**	**11.149.020**

17. Financial Expenses

For the periods ended 31 December 2019 and 31 December 2018 financial expenses are as follow:

	1 January- 31 December 2019	1 January- 31 December 2018
Loan Interest expense	8.878	263.125
Commission expenses on MM.	127.395	60.790
Financial assets commission expenses	69.821	7.419
Security rediscount expenses	--	988.097
Commission expenses on letters of guarantee	--	45.938
Other (*)	6.670.466	408.290
Total	**6.876.560**	**1.773.659**

(*) 6.646.321-TL includes IFRS-9 provision expenses. (2018 348.665-TL)..

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

18. Tax assets and liabilities

Current Tax liability

The details of tax liability as at 31 December 2018 and 2019 as follows:

	31 December 2019	31 December 2018
Corporate tax payable	9.678.150	6.324.471
Prepaid taxes and funds	(8.030.809)	(6.324.471)
Net	**1.647.341**	**-**

The Company is subject to corporation tax applicable in Turkey. Corporate tax rate to be accrued on the taxable income of the corporation, the deduction of the expenses that cannot be deducted from the tax base in the determination of the commercial income, and the gains after deducting the tax exempted earnings, non-taxable income and other discounts (past year losses and preferred investment discounts if preferred) is calculated.

While the corporate tax rate was at the rate of 20% since 1 January 2006, for all companies, such rate has been set as 22% for the tax bases of the years 2018, 2019, and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%. This rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and other deductions on accounting income. If there is no dividend distribution, no further tax charges are made. According to the Corporate Tax Law, tax losses shown on the tax return can be deducted from the corporate tax base of the period, provided that it does not exceed 5 years. However, the losses cannot be deducted retrospectively from the profits in previous years. Declarations and related accounting records can be reviewed by the tax office within five years and tax accounts can be revised.

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date. Tax returns are open for five years which period the tax authorities have the right to audit tax returns and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

18 Tax assets and liabilities (continued)

Deferred tax assets and liabilities

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

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

The Company's deferred tax assets and liabilities as at 31 December 2019 and 31 December 2018 are as follows:

		31 December 2019		31 December 2018
	Accumulated temporary differences	Deferred tax assets/ liabilities	Accumulated temporary differences	Deferred tax assets/ Liabilities
Provisions related to employee benefits	4.269.741	893.021	5.341.536	1.131.556
Provisions for other debts and liabilities	129.166	28.417	61.598	12.543
Expected credir loss provisions	7.629.996	1.678.599	983.675	216.408
Deferred tax assets	**12.028.903**	**2.600.037**	**6.386.809**	**1.360.507**
Tangible and intangible assets	(612.289)	(134.703)	(135.896)	(27.179)
Principal interest accrual to be collected	(1.432.789)	(315.213)	-	-
Deferred tax liabilities	**(2.045.078)**	**(449.916)**	**(135.896)**	**(27.179)**
Deferred tax net	**9.983.825**	**2.150.121**	**6.250.913**	**1.333.328**

Deferred tax assets and deferred tax liabilities are offset and reported in the statement of financial position of each company subject to consolidation. However, deferred tax assets and liabilities are presented without offsetting in the consolidated financial statements. There is no deferred tax liability of ICBC Portföy Yönetimi AŞ. (31 December 2018: None) .

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

18 Tax assets and liabilities (continued)

Deferred tax assets and liabilities

	31 December 2019	31 December 2018
Deferred tax asset movements		
1 January 2019 opening balance	1.333.328	545.941
Deferred tax income / expense recognized in the income statement	897.083	332.218
IFRS 9 opening effect	--	139.702
Deferred tax income / (expense) accounted under equity	(80.290)	317.012
Tax Rate Change Effect	--	(1.545)
Total deferred tax assets (net)	**2.150.121**	**1.333.328**

19. Balances and transactions with related parties

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".

	31 December 2019	31 December 2018
Receivables from related parties		
Cash and cash equivalents		
-ICBC Turkey Bank A.Ş. - Main shareholder	647.268.529	180.982.631
Trade receivables		
-Fund management commissions	309.244	82.579
Total	**647.577.773**	**181.065.210**

	31 December 2019	31 December 2018
Provision for other liabilities and expenses		
-ICBC Turkey Bank A.Ş. - Provision for other liabilities	77.137	16.448
Toplam	**77.137**	**16.448**

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

19. Balances and transactions with related parties (continued)

	1 January – 31 December 2019	1 January – 31 December 2018
- ICBC Turkey Portföy Yönetimi AŞ (gold fund, first variable fund, second variable fund, money market fund and stock fund) fund management fees	1.762.899	398.804
Interest income		
-ICBC Turkey Bank AŞ	1.505.750	1.854.671
Rent expense	2.345.867	2.095.265
-ICBC Turkey Bank AŞ		
Building contribution expense	984.135	692.657
- ICBC Turkey Bank AŞ		
Financial expenses		
- ICBC Turkey Bank AŞ	305.631	194.446

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

For the year ended 31 December 2019, wages and similar benefits provided to the top management including chairman, member of the board of directors, general manager, audit committee members, and assistant general managers amounting to TL 4.575.610 (31 December 2018: TL 3.437.416 TL). Compensation of key management personnel consists of fees and other short term benefits, unused vacation and retirement pay liability provisions.

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

20. Seasonal change of activities

The Company's operations do not show a significant change compared to the season.For the year ended December 31, 2019, the Company's sales amounting to TL 247.801.587 consists of shares, fund revenues (31 December 2018: TL 149,779,950).The cost of sales of the Company is TL 243.767.502 (31 December 2018: TL 148.666.878).The service income of the Company is TL 52.468.764, project finance income, corporate finance income, share purchase / sale brokerage commissions, forward transactions and brokerage commissions (31 December 2018: TL 36,068,506).Interest income from main activities of the Company consists of interest income amounting to TL 16.675.027 (31 December 2018: TL 16.459.298).In the same period, general administrative expenses amounted to TL 38.687.173 (31 December 2018: TL 35.063.510).

21. Nature and level of risks arising from financial instruments

Capital Management

In managing the capital, the Company's objectives are to ensure the continuity of the Company's activities in order to maintain the most appropriate capital structure in order to provide returns to its shareholders and benefit to other shareholders.

The Company monitors its capital adequacy within the framework of the Communiqué on Principles Regarding Capital and Capital Adequacy of Intermediary Institutions of the Capital Markets Board Serial: V. No: 34.

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

Information on credit risk

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

	Receivables					
	Trade receivables		Other receivables		Cash and	
31 December 2019	**Related parties**	**Third parties**	**Related parties**	**Third parties**	**cash equivalents**	**Financial investments(*)**
Exposure to maximum credit risk as at reporting date	**309.244**	**56.597.884**	-	**3.290**	**842.363.646**	**2.096.320**
- Guaranteed part of maximum credit risk with collaterals etc.	-	-	-	-	-	-
Net carrying value of financial assets which are neither impaired nor overdue	309.244	56.597.884	-	3.290	842.363.646	2.096.320
Off balance sheet items with credit risks	-	-	-	-	-	-

(*) Equity and investment funds are not included.

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

21. Nature and level of risks arising from financial instruments(continued)

***Information on credit risk*(continued)**

	Receivables					
	Trade receivables		Other receivables		Cash and	Financial
31 December 2018	**Related parties**	**Third parties**	**Related parties**	**Third parties**	**cash equivalents**	**Investments (*)**
Exposure to maximum credit risk as at reporting date	**82.579**	**56.177.504**	**-**	**1.488**	**512.735.578**	**3.495.284**
- Guaranteed part of maximum credit risk with collaterals etc.	-	-	-	-	-	-
Net carrying value of financial assets which are neither impaired nor overdue	82.579	56.177.504	-	1.488	512.735.578	3.495.284
Off balance sheet items with credit risks	-	-	-	-	-	-

(*) Equity and investment funds are not included.

Liquidity risk:

Liquidity risk is the inability of the Company to match the net funding requirements with sufficient liquidity. The Company manages the liquidity risk by maintaining sufficient cash and other liquid assets in order to fund the current and prospective debt requirements

The remaining contractual maturities of non-derivative financial liabilities as at 31 December 2019 and 31 December 2018 are as follows:

31 December 2019

Expected maturities	Carrying value	3 months or less	3-12 months	Total contractual cash outflow
Non-derivative financial liabilities				
Trade payables	769.180.941	769.180.941	-	769.180.941
Total financial liabilities	**769.180.941**	**769.180.941**	**-**	**769.180.941**

31 December 2018

Expected maturities	Carrying value	3 months or less	3-12 months	Total contractual cash outflow
Non-derivative financial liabilities				
Trade payables	466.675.110	466.675.110	-	466.675.110
Total financial liabilities	**466.675.110**	**466.675.110**	**-**	**466.675.110**

The company has no derivative financial liabilities as at 31 December 2019 and 2018.

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

21. Nature and level of risks arising from financial instruments *(Continued)*

Liquidity risk*(Continued)*

Remaining maturities of assets and liabilities are as follows:

31 December 2019	Less than 1 month	Less than 3 month	3 months - 1 year	1-5 years	Current	Total
Cash and cash equivalents	836.256.531	-	-	-	6.107.115	842.363.646
Financial investments	-	-	2.096.320	-	16.430.697	18.527.017
Trade receivables	56.907.128	-	-	-	-	56.907.128
Other short-term receivables	3.290	-	-	-	-	3.290
Financial investments	-	-	-	-	159.711	159.711
Other long-term receivables	-	-	-	-	1.732.467	1.732.467
Total assets (*)	**893.166.949**	-	**2.096.320**	-	**24.429.990**	**919.693.259**
Trade payables (net)	769.180.941	-	-	-	-	769.180.941
Other liabilities	4.506.784	-	-	-	-	4.506.784
Total liabilities (**)	**773.687.725**	-	-	-	-	**773.687.725**
Liquidity risk	**119.479.225**	-	**2.096.320**	-	**24.429.990**	**146.005.534**

(*) Tangible assets amounting to TL 1.321.058, intangible assets amounting to TL 236.975, deferred tax asset amounting to TL 2.150.121, and current period tax related assets amounting to TL 214.993, prepaid expenses amounting to TL 6.895 were not included in the table.

(**) Long-term provisions amounting to TL 2.316.016 and short-term provisions amounting to TL 2.082.891 were not included in the table.

31 December 2018	Less than 1 month	Less than 3 month	3 months - 1 year	1-5 years	Current	Total
Cash and cash equivalents	484.085.237	-	-	-	28.650.341	512.735.578
Financial investments	-	-	1.895.284	-	14.447.781	16.343.065
Trade receivables	56.260.083	-	-	-	-	56.260.083
Other short-term receivables	1.488	-	-	-	-	1.488
Financial investments	-	-	-	-	159.711	159.711
Other long-term receivables	-	-	-	-	1.464.665	1.464.665
Total assets (*)	**540.346.808**	-	**1.895.284**	-	**44.722.498**	**586.964.590**
Trade payables (net)	466.675.110	-	-	-	-	466.675.110
Other liabilities	2.605.195	-	-	-	-	2.605.195
Total liabilities (**)	**469.280.305**	-	-	-	-	**469.280.305**
Liquidity risk	**71.066.503**	-	**1.895.284**	-	**44.722.498**	**117.684.284**

(*) Tangible assets amounting to TL 881.962, intangible assets amounting to TL 257.204, current period tax asset amounting to TL 2.605.195 and deferred tax asset amounting to TL 1.333.328 were not included in the table.

(**) Long-term provisions amounting to TL 2.179.085 and short-term provisions amounting to TL 3.224.049 were not included in the table.

21. Nature and level of risks arising from financial instruments *(Continued)*

Liquidity risk*(Continued)*

As at 31 December 2019 and 31 December 2018, the liquidity reqiirement of the Company in accordance with Communiqué 34 is as follows:

	31 December 2019	31 December 2018
Current assets (A)	918.022.969	585.472.078
Current Liabilities (B)	775.700.616	472.815.086
Current assets / Current Liabilities (A/B)	**1,18**	**1,24**

Foreign currency risk

Group is exposed to foreign currency risk due to changes in foreign exchange rates foreign currency denominated assets and liabilities between the transaction date and the reporting date.

Foreign currency rate for 31 December 2019 and 31 December 2018 are as follows:

	USD	EUR	GBP	CNY
31 Aralık 2019	5,9402	6,6506	7,7765	0,84545
31 Aralık 2018	5,2609	6,0280	6,6528	0,76203

The table below summarizes the foreign currency position risk as of December 31, 2019 and December 31, 2018, showing the registered amounts of foreign currency assets and liabilities held by the Group.

Sensitivity to foreign currency

The amounts below represent the effect on profit or loss statement (excluding tax effect) in the case of a 10% increase/decrease in TL against other currencies.

Sensitivity to foreign currency

	Profit / (Loss)		Equity(*)	
31 December 2019	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
10% change in US Dollar against TL				
1- US Dollar net asset/liability	940.972	(940.972)	940.972	(940.972)
2- Hedged portion of USD amounts (-)	-	-	-	-
3- US Dollar net effect (1+2)	**940.972**	**(940.972)**	**940.972**	**(940.972)**
10% change in EURO against TL				
4- EURO net asset/liability	75.656.557	(75.656.557)	75.656.557	(75.656.557)
5- Hedged portion of EUR amounts (-)	-	-	-	-
6- EURO net effect (4+5)	**75.656.557**	**(75.656.557)**	**75.656.557**	**(75.656.557)**
10% change in GBP against TL				
7- GBP net asset/liability	1.760.466	(1.760.466)	1.760.466	(1.760.466)
8- Hedged portion of GBP amounts (-)	-	-	-	-
9- GBP net effect (7+8)	**1.760.466**	**(1.760.466)**	**1.760.466**	**(1.760.466)**
10% change in CNY against TL				
10- CNY net asset/liability	-	-	-	-
11- Hedged portion of CNY amounts (-)	-	-	-	-
12- CNY net effect (10+11)	-	-	-	-
TOTAL (3+6+9+12)	**78.357.995**	**(78.357.995)**	**78.357.995**	**(78.357.995)**

(*)Includes profit/ loss effect.

21. Nature and level of risks arising from financial instruments *(Continued)*

Sensitivity to foreign currency*(Continued)*

	Profit / (Loss)		Equity(*)	
31 December 2018	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
10% change in US Dollar against TL				
1- US Dollar net asset/liability	2.933.774	(2.933.774)	2.933.774	(2.933.774)
2- Hedged portion of USD amounts (-)	-	-	-	-
3- US Dollar net effect (1+2)	**2.933.774**	**(2.933.774)**	**2.933.774**	**(2.933.774)**
10% change in EURO against TL				
4- EURO net asset/liability	47.037.285	(47.037.285)	47.037.285	(47.037.285)
5- Hedged portion of EUR amounts (-)	-	-	-	-
6- EURO net effect (4+5)	**47.037.285**	**(47.037.285)**	**47.037.285**	**(47.037.285)**
10% change in GBP against TL				
7- GBP net asset/liability	2.958	(2.958)	2.958	(2.958)
8- Hedged portion of GBP amounts (-)	-	-	-	-
9- GBP net effect (7+8)	**2.958**	**(2.958)**	**2.958**	**(2.958)**
10% change in CNY against TL				
10- CNY net asset/liability	-	-	-	-
11- Hedged portion of CNY amounts (-)	-	-	-	-
12- CNY net effect (10+11)	-	-	-	-
TOTAL (3+6+9+12)	**49.974.017**	**(49.974.017)**	**49.974.017**	**(49.974.017)**

(*)Includes profit/ loss effect.

Fair value of financial instruments

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

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

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

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

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

		Fair value level as at reporting date		
Financial assets	**31 December 2019**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit or loss	16.430.697	16.430.697	-	-
Financial assets measured at fair value through other comprehensive income	2.096.320	2.096.320	-	-
Total	**18.527.017**	**18.527.017**	-	-

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

21. Nature and level of risks arising from financial instruments *(Continued)*

Fair value of financial instruments *(Continued)*

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

22. Events after reporting period

None.