

**ICBC Turkey Yatırım Menkul Değerler**

**Anonim Şirketi and Its Subsidiary**

Consolidated Financial Statements  
for the year ended 31 December 2023  
with Independent Auditor's Report

(Convenience Translation of the Auditor's  
Report and the Consolidated Financial  
Statements Originally Issued in Turkish)

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

**INDEPENDENT AUDITOR’S REPORT**

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

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

**1) Opinion**

We have audited the consolidated financial statements ICBC Yatırım Menkul Değerler A.Ş. (“the Company”) and its subsidiary (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (“TFRS”).

**2) Basis for Opinion**

We conducted our audit in accordance with standards on auditing as issued by Capital Markets Board of Turkey and the Standards of Independent Auditing (SIA) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (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 are independent of the Company in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**3) Matters of Emphasis**

In accordance with the “Announcement on Inflation Adjustment of Financial Statements of Companies Subject to Independent Audit” dated 23 November 2023 published by POA, the financial statements as of 31 December 2023 are subject to inflation adjustment in accordance with TAS 29 “Financial Reporting in Hyperinflationary Economies”. In this context, we draw attention to Note 2, which includes explanations about the transition to inflation accounting. This issue does not affect our opinion.

#### 4) Key Audit Matters

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

Key Audit Matter	How The Matter Was Addressed in The Audit
<p><b>Recognition of Commission and Loan Interest Income:</b></p> <p>Brokerage commissions, loan interest income and consultancy income generated by the Group constitute a significant portion of revenue. The Group has total income amounting to TL 193,809,808 reported as "commission" and total income amounting to TL 388,486,687 reported as "interest" in the statement of profit or loss and other comprehensive income for the period 1 January – 31 December 2023. The accounting of commission and loan interest income has been identified as a key audit matter due to the fact that commission and loan interest income received from customers are the Group's main source of income, are obtained through different channels, the number of realized transactions is high and different rates are used in the calculation of commission and loan interest income.</p> <p>Refer to Note 2.4 for details of accounting policies and significant accounting estimates and assumptions used in revenue recognition.</p>	<p>During our audit, the following audit procedures were performed regarding the test of revenue:</p> <ul style="list-style-type: none"> <li>• Evaluation of the appropriateness of the accounting policies applied by the Group management in accordance with TFRS,</li> <li>• Testing the design, implementation and operating effectiveness of internal controls on revenue recognition by understanding the Group's revenue process with the assistance of our IT specialists,</li> <li>• In order to verify that the revenue amount recognized appropriately, comparing the transaction details with the supporting documents obtained on sample basis from the transactions during the reporting period,</li> </ul> <p>In addition, we have evaluated the adequacy of the disclosures in Note 13 Revenue within the scope of TFRS.</p>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Group's bookkeeping activities for the period 1 January - 31 December 2023 and consolidated financial statements are not in compliance with law and provisions of the Company's articles of association in relation to financial reporting.

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

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Mehmet Erol  
Partner

İstanbul, 3 April 2024

İstanbul, 14 May 2024 (With amended versions of Notes 13, 14, 15, 16, 17 and 18)

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**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2023**

(Amounts expressed in TL based on the purchasing power of one thousand Turkish Liras as of 31 December 2023, unless otherwise stated.)

		<b>Audited</b>	<b>Audited</b>
		<b>Current period</b>	<b>Prior period</b>
	<b>Notes</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	401,731,721	583,605,313
Financial investments	5	25,803,502	29,080,138
Trade receivables	4	371,668,677	1,663,837,487
- Due from related parties	19	1,590,164	1,286,967
- Other trade receivables from third parties	4	370,078,513	1,662,550,520
Other receivables	6	6,900	8,263
- Other receivables from third parties		6,900	8,263
Prepaid expenses	6	977,803	89,510
Current period tax related assets	6	1,417	2,335
<b>Total current assets</b>		<b>800,190,020</b>	<b>2,276,623,046</b>
<b>Non-current assets</b>			
Financial investments	5	159,711	263,160
Other receivables		30,413,101	45,898,952
- Other receivables from third parties	6	30,413,101	45,898,952
Tangible assets	7	18,344,027	7,398,464
Intangible assets	8	12,861,333	8,365,467
Deferred tax asset	18	18,515,093	16,399,404
<b>Total non-current assets</b>		<b>80,293,265</b>	<b>78,325,447</b>
<b>Total assets</b>		<b>880,483,285</b>	<b>2,354,948,493</b>

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 FINANCIAL POSITION AS OF 31 DECEMBER 2023**

(Amounts expressed in TL based on the purchasing power of one thousand Turkish Liras as of 31 December 2023, unless otherwise stated.)

		<b>Audited</b>	<b>Audited</b>
		<b>Current period</b>	<b>Prior period</b>
	<b>Notes</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Liabilities</b>		<b>384,678,078</b>	<b>1,803,910,961</b>
<b>Current liabilities</b>			
Short-term financial borrowings	10	-	1,535,683,601
Trade payables	4	304,446,142	188,758,202
- Due to related parties	19	308,717	324,896
- Due to third parties	4	304,137,425	188,433,306
Short-term provisions		39,740,485	41,077,266
- Provisions for employee benefits	11	38,628,953	37,890,325
- Other short-term provisions (provisions for payables)	9	1,111,532	3,186,941
Other Current Liabilities	6	11,423,057	13,607,864
Current period tax liability	18	7,339,866	6,678,625
<b>Total current liabilities</b>		<b>362,949,550</b>	<b>1,785,805,558</b>
<b>Non-current liabilities</b>			
Long-term provisions		21,728,528	18,105,403
- Provisions for employee benefits	11	21,728,528	18,105,403
<b>Total non-current liabilities</b>		<b>21,728,528</b>	<b>18,105,403</b>
<b>Equity Attributable to Equity Holders of the Parent</b>			
Paid in capital	12	76,000,000	76,000,000
Share capital adjustment differences	12	454,344,759	454,344,759
Other comprehensive income or expenses that will not be reclassified to profit or loss		(9,417,192)	(4,945,553)
- Actuarial loss related to pension plans	11	(9,417,192)	(4,945,553)
Restricted reserves appropriated from profit	12	46,484,873	40,842,553
Prior period's profits/(losses)	12	(20,846,547)	86,544,286
Net profit for the period		(50,760,686)	(101,748,513)
<b>Total equity</b>		<b>495,805,207</b>	<b>551,037,532</b>
<b>Total liabilities</b>		<b>880,483,285</b>	<b>2,354,948,493</b>

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE PERIOD ENDED 1 JANUARY – 31 DECEMBER 2023**

*(Amounts expressed in TL based on the purchasing power of one thousand Turkish Liras as of 31 December 2023, unless otherwise stated.)*

		<b>Audited</b>	<b>Audited</b>
		<b>1 January –</b>	<b>1 January –</b>
	<b>Notes</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Statement of profit or loss</b>			
Sales	13	351,004,071	1,240,470,126
Service income	13	193,809,808	231,753,328
Cost of sales (-)	13	(344,990,198)	(1,213,821,364)
<b>Gross profit from operations</b>		<b>199,823,681</b>	<b>258,402,090</b>
Interest income from operations	13	401,164,073	204,501,134
<b>Gross profit from finance sector activities</b>		<b>401,164,073</b>	<b>204,501,134</b>
<b>Gross profit</b>		<b>600,987,754</b>	<b>462,903,224</b>
General administrative expenses (-)	14	(338,207,666)	(294,337,578)
Other operating income	15	169,137,011	80,494,015
Other operating expenses (-)	15	(26,165,795)	(2,697,321)
<b>Operating profit</b>		<b>405,751,304</b>	<b>246,362,340</b>
Financial income	16	61,341,440	37,519,121
Financial expenses (-)	17	(204,039,860)	(102,833,168)
Net monetary (loss)/gain		(244,463,641)	(230,385,031)
<b>Profit before tax from continuing operations</b>		<b>18,589,243</b>	<b>(49,336,738)</b>
<b>Tax income / (expense) from continuing operations</b>		<b>(69,349,929)</b>	<b>(52,411,775)</b>
Current tax expense	18	(69,549,203)	(47,620,350)
Deferred tax (expense) / income	18	199,274	(4,791,425)
<b>Profit for the period from continuing operations</b>		<b>(50,760,686)</b>	<b>(101,748,513)</b>
<b>Other comprehensive income</b>		<b>(4,471,639)</b>	<b>(4,945,553)</b>
Defined benefit plans remeasurement earnings	11	(6,388,054)	(6,592,871)
Tax income / (expense) on other comprehensive income		1,916,415	1,647,318
<b>Total comprehensive income</b>		<b>(55,232,325)</b>	<b>(106,694,066)</b>

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 PERIOD ENDED 1 JANUARY – 31 DECEMBER 2023**

*(Amounts expressed in TL based on the purchasing power of one thousand Turkish Liras as of 31 December 2023, unless otherwise stated.)*

				Other Accumulated Comprehensive Income and Expenses not to be Reclassified to Profit or Loss		Retained Earnings		
	Notes	Paid-in Capital	Capital Adjustment Differences	Actuarial Gain/(Loss) on Retirement Plans	Restricted Reserves Appropriated From Profit	Prior Years Profit/Loss	Net Profit/Loss for the Period	Total Equity
<b>Opening balance as of 1 January 2022</b>	<b>12</b>	<b>76,000,000</b>	<b>454,344,759</b>	-	<b>33,144,483</b>	<b>94,242,356</b>	-	<b>657,731,598</b>
Other Comprehensive Income		-	-	(4,945,553)	-	-	-	(4,945,553)
Amounts transferred to Retained Earnings		-	-	-	-	-	-	-
Amounts transferred to reserves		-	-	-	7,698,070	(7,698,070)	-	-
Net profit/loss for the period		-	-	-	-	-	(101,748,513)	(101,748,513)
<b>Balance as of 31 December 2022</b>		<b>76,000,000</b>	<b>454,344,759</b>	<b>(4,945,553)</b>	<b>40,842,553</b>	<b>86,544,286</b>	<b>(101,748,513)</b>	<b>551,037,532</b>
	Notes	Paid-in Capital	Capital Adjustment Differences	Actuarial Gain/(Loss) on Retirement Plans	Restricted Reserves Appropriated From Profit	Prior Years Profit/Loss	Net Profit/Loss for the Period	Total Equity
<b>Opening balance as of 1 January 2023</b>	<b>12</b>	<b>76,000,000</b>	<b>454,344,759</b>	<b>(4,945,553)</b>	<b>40,842,553</b>	<b>86,544,286</b>	<b>(101,748,513)</b>	<b>551,037,532</b>
Other Comprehensive Income		-	-	(4,471,639)	-	-	-	(4,471,639)
Amounts transferred to Retained Earnings		-	-	-	-	(101,748,513)	101,748,513	-
Amounts transferred to reserves		-	-	-	5,642,320	(5,642,320)	-	-
Net profit/loss for the period		-	-	-	-	-	(50,760,686)	(50,760,686)
<b>Balance as of 31 December 2023</b>		<b>76,000,000</b>	<b>454,344,759</b>	<b>(9,417,192)</b>	<b>46,484,873</b>	<b>(20,846,547)</b>	<b>(50,760,686)</b>	<b>495,805,207</b>

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 CASH FLOWS  
FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2023**

*(Amounts expressed in TL based on the purchasing power of one thousand Turkish Liras as of 31 December 2023, unless otherwise stated.)*

		Audited	Audited
	Notes	1 January- 31 December 2023	1 January- 31 December 2022
<b>A. Cash flows from operating activities</b>		<b>1,533,657,041</b>	<b>(1,453,846,699)</b>
<b>Profit/(loss) for the period</b>		<b>(50,760,686)</b>	<b>(101,748,513)</b>
<b>Adjustments to reconcile net profit for the period</b>		<b>593,372,600</b>	<b>686,650,422</b>
Adjustment related to depreciation and amortization	7,8	7,880,075	6,207,627
Adjustment related to provision for expected credit loss		5,602,552	(605,079)
Adjustment related to provision for unused vacation	11	8,225,340	6,034,793
Adjustment related to employment termination benefits	11	10,955,476	9,033,328
Provision for personnel bonus liability	11	(3,096,548)	6,357,651
Financial income from operations		(458,809,073)	(524,188,216)
Non-operating financial expenses		204,039,860	102,833,168
Adjustments related to deferred tax income / expense	18	(199,274)	4,791,425
Adjustments related to tax expense for the period		69,549,203	47,620,350
Monetary gain / (loss)		749,224,989	1,028,565,375
<b>Changes in working capital</b>		<b>862,092,557</b>	<b>(2,068,460,509)</b>
Financial investments (Financial assets at fair value through profit or loss)	5	(12,264,166)	17,220,252
Adjustments related to increase/decrease in trade receivables from related parties		(809,109)	(304,357)
Adjustments related to increase/decrease in other trade receivables		638,916,493	(836,649,179)
Adjustments related to increase/decrease in customer assets		39,031,329	(768,707,218)
Adjustments related to increase/decrease in blocked deposits	3	1,802,380	(3,980,457)
Adjustments related to increase/decrease in other receivables		643,312	(15,289,658)
Adjustments related to increase/decrease in trade payables		189,889,567	(472,083,154)
Adjustments related to increase/decrease in other liab. and prov.		6,459,868	11,894,362
Employment termination benefits paid	11	(1,070,401)	(341,667)
Leave compensations paid	11	(506,716)	(219,433)
<b>Cash flows from operating activities</b>		<b>128,952,570</b>	<b>29,711,901</b>
Interests and commissions paid		(204,039,860)	(102,833,168)
Interests received		401,880,392	203,401,754
Taxes paid	18	(68,887,962)	(70,856,685)
<b>B. Cash flows from investing activities</b>		<b>(23,321,504)</b>	<b>(7,537,199)</b>
Cash outflows from the purchase of property, plant and equipment and intangible assets	7,8	(23,321,504)	(7,537,199)
Cash inflows from the used in of property, plant and equipment and intangible assets		-	-
<b>C. Cash flows from financing activities</b>		<b>(1,535,683,601)</b>	<b>1,507,263,061</b>
Changes in financial liabilities		(1,535,683,601)	1,507,263,061
<b>Net increase/decrease in cash and cash equivalents before the effect of foreign currency translation differences (A+B+C)</b>		<b>(25,348,064)</b>	<b>45,879,163</b>
<b>D. Effects of change in foreign exchange rate on cash and cash equivalents</b>		<b>57,645,001</b>	<b>319,687,083</b>
<b>E. Inflation Effect on Cash and Cash Equivalents</b>		<b>(167,017,949)</b>	<b>(172,887,128)</b>
<b>Net increase/decrease in cash and cash equivalents (A+B+C+D+E)</b>		<b>(134,721,012)</b>	<b>192,679,118</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	3	<b>453,034,805</b>	<b>260,355,687</b>
<b>Cash and cash equivalents at the end of the period (A+B+C+D+E+F)</b>	3	<b>318,313,793</b>	<b>453,034,805</b>

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

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

*(Amounts expressed in TL based on the purchasing power of one thousand Turkish Liras as of 31 December 2023, unless otherwise stated.)*

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

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

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

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

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

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

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

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

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

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

**ICBC TURKEY YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

*(Amounts expressed in TL based on the purchasing power of one thousand Turkish Liras as of 31 December 2023, unless otherwise stated.)*

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

ICBC Turkey Bank A.Ş. owns 99.99% shares of the Company. The Parent Bank of ICBC Turkey Bank A.Ş. is Industrial and Commercial Bank of China Limited (“ICBC”). Headquarters address of the Company is Maslak Mahallesi Dereboyu/2 Caddesi No:13 34398 Sarıyer İstanbul. The Group has 115 employees as of 31 December 2023 (31 December 2022: 110).

**Information on subsidiary**

As of 31 December 2023, subsidiary of the Company, ICBC Turkey Portföy Yönetimi Anonim Şirketi (Formerly named as “Tekstil Portföy Yönetimi Anonim Şirketi”), was established on 21 April 2015. The Company and its subsidiary have been consolidated. The Company and its subsidiary are named as “the Group” as a whole.

**2. Basis of presentation of the financial statements**

**2.1. Basis of presentation**

**2.1.1 Basis of Measurement**

The financial statements have been prepared on the historical cost basis except for assets and liabilities that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

***Restatement of financial statements during periods of high inflation***

The financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, the financial statements and related figures for previous periods are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 “Financial Reporting in Hyperinflationary Economies”.

TAS 29 applies to the financial statements, including the consolidated financial statements, of each entity whose functional currency is the currency of a hyperinflationary economy. If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period.

As at the reporting date, entities operating in Turkey are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 December 2023, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index (“CPI”) is more than 100%.

POA made an announcement on 23 November 2023 regarding the scope and application of TAS 29. It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation.

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**2 Basis of Presentation of the Financial Statements (continued)**

**2.1. Basis of Presentation (continued)**

**2.1.1. Basis of Measurement (continued)**

***Restatement of financial statements during periods of high inflation (continued)***

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

In this framework, while preparing the consolidated financial statements dated 31 December 2023 inflation adjustment has been made in accordance with TAS 29.

The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute ("TURKSTAT"):

<b>Date</b>	<b>Index</b>	<b>Adjustment Coefficient</b>	<b>Three-year cumulative inflation rates</b>
31 December 2023	1,859.38	1.00000	268%
31 December 2022	1,128.45	1.64773	156%
31 December 2021	686.95	2.70672	74%

The main lines of TAS 29 indexation transactions are as follows:

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.
- Fixed assets, subsidiaries and similar assets are indexed to their acquisition values, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in shareholders' equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.
- All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognized in the financial statements.
- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit.

The impact of the application of TAS 29 "Inflation Accounting" is summarized below:

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**2 Basis of Presentation of the Financial Statements (continued)**

**2.1. Basis of Presentation (continued)**

**2.1.1. Basis of Measurement (continued)**

***Restatement of financial statements during periods of high inflation (continued)***

***Restatement of the Statement of Financial Position***

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognized in profit or loss and presented separately in the statement of comprehensive income.

**Restatement of the Statement of Profit or Loss**

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index. Depreciation and amortization expenses have been restated using the restated balances of property, plant and equipment, intangible assets, investment property and right-of-use assets.

**Restatement of Statement of Cash Flows**

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

**Comparative figures**

Relevant figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

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

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

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

***Approval of financial statements***

The consolidated financial statements were approved by the Board of Directors of the Group on 14 May 2024. The Group's General Assembly and relevant regulatory bodies have the right to change these financial statements.



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**2. Basis of Presentation of the Financial Statements** *(continued)*

**2.1. Basis of Presentation** *(continued)*

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

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

**2.1.4. Offsetting**

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

**2.1.5. Going concern**

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

**2.1.6. Currency Used**

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

**2.1.7 Comparative Information and Restatement of Prior Periods' Financial Statements**

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

**2.2. Changes in accounting policies**

Any change in the accounting policies resulted from the first-time adoption of a new TAS/IFRS is made either retrospectively or prospectively in accordance with the transition requirements of TAS/IFRS. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period financial statements. The Group has not made any policy changes in the current period.

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**2. Basis of presentation of the financial statements (continued)**

**2.3. New and Amended Turkish Financial Reporting Standards**

a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1	Disclosure of Accounting Policies
Amendments to TAS 8	Definition of Accounting Estimates
Amendments to TAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to TAS 12	International Tax Reform — Pillar Two Model Rules

**Amendments to TAS 1 *Disclosure of Accounting Policies***

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

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

**Amendments to TAS 8 *Definition of Accounting Estimates***

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

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

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

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

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

**Amendments to TAS 12 *International Tax Reform — Pillar Two Model Rules***

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

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**2. Basis of presentation of the financial statements (continued)**  
**2.3. New and Amended Turkish Financial Reporting Standards (continued)**

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

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	Insurance Contracts
Amendments to TFRS 17	Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)
Amendments to TFRS 4	Extension of the Temporary Exemption from Applying TFRS 9
Amendments to TAS 1	Classification of Liabilities as Current or Non-Current
Amendments to TFRS 16	Lease Liability in a Sale and Leaseback
Amendments to TAS 1	Non-current Liabilities with Covenants
Amendments to TAS 7 and TFRS 7	Supplier Finance Arrangements
TSRS 1	General Requirements for Disclosure of Sustainability-related Financial Information
TSRS 2	Climate-related Disclosures

***TFRS 17 Insurance Contracts***

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2025.

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

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

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

Amendments are effective with the first application of TFRS 17.

***Amendments to TAS 1 Classification of Liabilities as Current or Non-Current***

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

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**2. Basis of presentation of the financial statements (continued)**  
**2.3. New and Amended Turkish Financial Reporting Standards (continued)**

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

***Amendments to TFRS 16 Lease Liability in a Sale and Leaseback***

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

***Amendments to TAS 1 Non-current Liabilities with Covenants***

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

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

***Amendments to TAS 7 and TFRS 7 Supplier Finance Arrangements***

The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

***TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information***

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

***TSRS 2 Climate-related Disclosures***

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

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**2. Basis of presentation of the financial statements (continued)**

**2.4 Summary of Significant Accounting Policies**

**Financial Instruments**

**i. Recognition and initial measurement**

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

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

**ii. Classification and subsequent measurement**

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

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

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

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

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

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

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

**Financial assets – Business model assessment:**

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

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

**2.4. Summary of Significant Accounting Policies (continued)**

**Financial Instruments (continued)**

*Financial assets – Business model assessment (continued)*

- 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 realizing cash flows through the sale of the assets;
- how the performance of the financial assets in the business model is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected) and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

- contingent events that would change the amount or timing of cash flows (in other words the triggering event);
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).
- A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

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

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**2. Basis of presentation of the financial statements (continued)**

**2.4 Summary of Significant Accounting Policies (continued)**

**Financial Instruments (continued)**

*Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest (continued)*

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

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

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
<b>Financial assets at amortized cost</b>	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
<b>Borrowing instruments measured at fair value through other comprehensive income</b>	These assets are subsequently measured at their fair value. Interest income, foreign currency gains and losses and impairments calculated using the effective interest method are recognized in profit or loss. Other gains and losses are recognized in other comprehensive income. When financial assets are derecognized, total gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.
<b>Equity instruments at fair value through other comprehensive income</b>	These assets are subsequently measured at fair value. Dividends are recognized in profit or loss unless it is explicitly intended to recover part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are not reclassified to profit or loss.

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**2. Basis of presentation of the financial statements (continued)**

**2.4 Summary of Significant Accounting Policies (continued)**

**Financial Instruments (continued)**

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

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

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

**iii. Derecognition**

*Financial assets*

The Group derecognizes 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 recognized 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 derecognized.

*Financial liabilities*

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes 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 recognized 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 recognized in profit or loss.

**iv. Offsetting of financial assets and liabilities**

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



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**2. Basis of presentation of the financial statements (continued)**

**2.4 Summary of Significant Accounting Policies (continued)**

**Financial Instruments (continued)**

**Effects of Foreign Exchange**

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

The foreign exchange rates used by the Company for translation of foreign currency transactions to TL as of 31 December 2023 and 31 December 2022 are as follows:

	<b>US Dollar</b>	<b>EUR</b>	<b>GBP</b>	<b>CNY</b>
<b>31 December 2023</b>	29.4382	32.5739	37.4417	4.1212
<b>31 December 2022</b>	18.6983	19.9349	22.4892	2.6806

**Fee and Commission Income and Expenses**

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

**Interest Income and Expense**

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

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**2. Basis of presentation of the financial statements (continued)**

**2.4 Summary of Significant Accounting Policies (continued)**

**Tangible assets**

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

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

	<b>Useful life</b>
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	5 years

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

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

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

**Intangible Assets**

Intangible assets include information systems and computer software. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated economic lives for a period not exceeding 5 years from the date of acquisition.

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

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**2. Basis of presentation of the financial statements (continued)**

**2.4 Summary of Significant Accounting Policies (continued)**

**Leases**

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

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

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

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

**A. Definition of leases**

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

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

**B. As a lessee**

The Group leases real estate.

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

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**2. Basis of presentation of the financial statements (continued)**

**2.4 Summary of significant accounting policies (continued)**

**Events after the reporting period**

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

**Provisions, Contingent assets and Liabilities**

Provisions are recognized when there is a legal or constructive obligation as a result of a past event as of the balance sheet date, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. In cases where the amount cannot be measured reliably enough and there is no possibility of funding for the Group to fulfil the obligation, the obligation is considered as “Contingent” and explained in the footnotes.

**Related Parties**

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

**Taxation on Corporate Income**

*Corporate tax*

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

*Deferred tax*

Deferred tax is calculated over the temporary differences between the recorded values of assets and liabilities in the financial statements and their tax values, using the liability method. In the calculation of deferred tax, the tax rates valid as of the balance sheet date are used in accordance with the current tax legislation.

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

While deferred tax liability is calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future.

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**2. Basis of presentation of the financial statements (continued)**

**2.4 Summary of significant accounting policies (continued)**

**Employee Benefits**

The Group accounts for severance pay and vacation pay provisions in accordance with TAS 19 “Employee Benefits” and classifies under “Employee benefits” accounts on the balance sheet.

The Group is required to make lump sum payments to the employees laid off for reasons other than retirement and resignation or those specified in the Labor Code, in accordance with the existing labor law in Turkey. Provision for employment termination benefits is recognized in the financial statements by estimating the present value of the future probable obligation under the Turkish Labour Law using actuarial assumptions (Note 11).

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

**Statement of Cash Flow**

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

**Share capital and dividends**

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

**Derivative (“TDE”) transactions**

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

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

**2.5. Significant Accounting Evaluations, Estimates and Assumptions**

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

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**3. Cash and cash equivalents**

	<u>31 December 2023</u>	<u>31 December 2022</u>
Time deposit	115,744,976	58,476,456
Demand deposit	78,199,053	524,263,980
Receivables from money markets	210,218,000	8,897,738
Expected credit loss provision (-)	(2,430,308)	(8,032,861)
<b>Cash and cash equivalents in statement of financial position</b>	<b><u>401,731,721</u></b>	<b><u>583,605,313</u></b>

	<u>31 December 2023</u>	<u>31 December 2022</u>
Cash and cash equivalents in the statement of financial position	401,731,721	583,605,313
Less: Customer assets (*)	(80,615,041)	(119,646,370)
Less: Interest accruals (-)	(372,579)	(1,088,897)
Blocked amount	-	(1,802,380)
Less: Expected credit loss provision (-)	(2,430,308)	(8,032,861)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b><u>318,313,793</u></b>	<b><u>453,034,805</u></b>

(\*) Customer assets which consist of currently not directed customer investments as at 31 December 2023, are recognized under the Group's deposit accounts although the Group does not have control on these accounts. Therefore, customer assets are not included within cash and cash equivalents in the statement of cash flows.

As of 31 December 2023, interest rates on time deposits are between 0.30% - 3.55% for EUR, 0.80% - 4.20% for USD, 27.40% - 27.50% for TL, 0.35% for Chinese Yuan (31 December 2022: 8.90% for TL, 0.35% for Chinese Yuan, 1.90% for EUR, 0.80% - 2.90% for USD). The Group holds time deposits with overnight and monthly maturities.

As at 31 December 2023 and 31 December 2022, the details of bank deposits are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Time Deposit-(ICBC Turkey Bank) (Note 19)	87,184,677	42,932,147
Time Deposit Account (other banks)	28,560,299	15,544,308
Demand Deposit Account-(ICBC Turkey Bank) (Note 19)	24,358,495	77,990,219
Demand Deposit Account (other banks)	53,840,558	446,273,762
	<b><u>193,944,029</u></b>	<b><u>582,740,436</u></b>

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**4. Trade receivables and payables**

**Short-term trade receivables:**

	<u>31 December 2023</u>	<u>31 December 2022</u>
Receivables from loan customers	354,984,894	492,480,989
Receivables from TDE	10,741,513	35,096,760
Receivables from customers	4,351,432	958,410,539
Trade receivables from related parties (Note 19)	1,590,164	1,286,967
Doubtful trade receivables	162,484	267,730
Receivables from clearing houses abroad	674	1,111
Receivables from clearing houses domestic (*)	-	176,307,023
(Provision for) doubtful trade receivables	(162,484)	(267,730)
Other trade receivables	-	254,098
	<u><b>371,668,677</b></u>	<u><b>1,663,837,487</b></u>

(\*) Related balance; based on the capital increase request of the CMB for brokerage companies due to the extraordinary market conditions, is as a deposit in the Takasbank account of the company and this amount which was sent to Takasbank on 7 October 2022 for cash deposit, was returned as of 7 February 2023.

**Short-term trade payables:**

	<u>31 December 2023</u>	<u>31 December 2022</u>
Payables to customers (*)	290,436,450	155,124,064
Other payables	13,700,975	33,309,242
Trade payables to related parties (Note 19)	308,717	324,896
	<u><b>304,446,142</b></u>	<u><b>188,758,202</b></u>

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

**5. Financial investments**

	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Securities held for trading</b>		
Financial assets at fair value through profit or loss	25,803,502	26,873,242
<b>Financial assets measured at amortized cost</b>		
Financial assets measured at amortized cost	-	2,206,896
	<u><b>25,803,502</b></u>	<u><b>29,080,138</b></u>
	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Securities held for trading</b>	<b>Book value</b>	<b>Book value</b>
Equity securities - quoted on the stock exchange	194,190	114,565
ICBC Turkey Portföy Yönetimi Investment Fund	25,609,312	26,758,677
	<u><b>25,803,502</b></u>	<u><b>26,873,242</b></u>

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**5. Financial investments (continued)**

	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Financial assets measured at amortized cost</b>		
Government Bond	-	2,206,896
	<u>-</u>	<u>2,206,896</u>
<b>Equity investments</b>	<u>31 December 2023</u>	<u>31 December 2022</u>
Stock – Istanbul Stock Exchange (ISE) (*)	159,711	263,160
	<u>159,711</u>	<u>263,160</u>

(\*) As of 31 December 2023, the Group's participation rate in Borsa Istanbul is 0.0377%. The Group holds shares amounting to TL 159,711 with a nominal value of TL 15,971,094 (31 December 2022: TL 263,160).

	<u>31 December 2023</u>		<u>31 December 2022</u>	
	<u>Amount</u>	<u>Effective interest rate</u>	<u>Amount</u>	<u>Effective interest rate</u>
<b>Financial assets measured at amortized cost</b>				
Government bond	-	-	2,206,896	22.91%
<b>Total</b>	<u>-</u>		<u>2,206,896</u>	

**6. Other receivables and payables**

As at 31 December 2023 and 31 December 2022, other receivables and payables are as follows:

**Prepaid expenses**

	<u>31 December 2023</u>	<u>31 December 2022</u>
Prepaid expenses	977,803	89,510
	<u>977,803</u>	<u>89,510</u>

As of 31 December 2023 and 31 December 2022, prepaid expenses mainly consist of health-life insurance, finnet annual fee, computer and infrastructure usage expenses.

**Current tax assets**

	<u>31 December 2023</u>	<u>31 December 2022</u>
Prepaid taxes	1,417	2,335
	<u>1,417</u>	<u>2,335</u>



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**6. Other receivables and payables (continued)**

**Other short-term receivables**

	<u>31 December 2023</u>	<u>31 December 2022</u>
Receivables from personnel	6,900	8,263
	<u>6,900</u>	<u>8,263</u>

**Other long-term receivables**

As of 31 December 2023 and 31 December 2022, other long-term receivables are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Deposits given	30,413,101	45,898,952
	<u>30,413,101</u>	<u>45,898,952</u>

Deposits given consists of guarantees given by the Group to act as an intermediary in the equity market, otc market, money market and futures and options exchange as of 31 December 2023 and 31 December 2022.

**Other current liabilities**

	<u>31 December 2023</u>	<u>31 December 2022</u>
Tax deductions, duties and fees payable (*)	11,422,923	10,051,290
Other current liabilities	134	3,556,574
	<u>11,423,057</u>	<u>13,607,864</u>

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

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**7. Tangible assets**

	<b>Machinery and Equipment</b>	<b>Furniture and Fixtures</b>	<b>Other tangible assets</b>	<b>Total</b>
<b>Cost value</b>				
1 January 2022	31,997,703	2,532,798	1,691,193	36,221,694
Additions	2,836,887	91,037	22,100	2,950,024
Disposals	-	-	-	-
<b>31 December 2022</b>	<b>34,834,590</b>	<b>2,623,835</b>	<b>1,713,293</b>	<b>39,171,718</b>
1 January 2023	34,834,590	2,623,835	1,713,293	39,171,718
Additions	17,768,957	299,304	51,574	18,119,835
Disposals	-	-	-	-
<b>31 December 2023</b>	<b>52,603,547</b>	<b>2,923,139</b>	<b>1,764,867</b>	<b>57,291,553</b>
<b>Accumulated depreciation</b>				
1 January 2022	22,457,670	2,306,767	1,442,163	26,206,600
Depreciation expense for the period	5,415,353	106,970	44,331	5,566,654
Disposals	-	-	-	-
<b>31 December 2022</b>	<b>27,873,023</b>	<b>2,413,737</b>	<b>1,486,494</b>	<b>31,773,254</b>
1 January 2023	27,873,023	2,413,737	1,486,494	31,773,254
Depreciation expense for the period	7,015,060	109,925	49,287	7,174,272
Disposals	-	-	-	-
<b>31 December 2023</b>	<b>34,888,083</b>	<b>2,523,662</b>	<b>1,535,781</b>	<b>38,947,526</b>
<b>Net book value</b>				
31 December 2022	6,961,567	210,098	226,799	7,398,464
31 December 2023	17,715,464	399,477	229,086	18,344,027

As of 31 December 2023 and 31 December 2022, 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.

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**8. Intangible assets**

	<b>Computer software</b>
<b>Cost value</b>	
Opening balance, 1 January 2022	7,686,735
Additions	4,587,175
<b>Closing balance, 31 December 2022</b>	<b>12,273,910</b>
Opening balance, 1 January 2023	12,273,910
Additions	5,201,669
<b>Closing balance, 31 December 2023</b>	<b>17,475,579</b>
<b>Accumulated amortization</b>	
Opening balance, 1 January 2022	3,267,470
Charge for the period	640,973
<b>Closing balance, 31 December 2022</b>	<b>3,908,443</b>
Opening balance, 1 January 2023	3,908,443
Charge for the period	705,803
<b>Closing balance, 31 December 2023</b>	<b>4,614,246</b>
<b>Net book value</b>	
31 December 2022	8,365,467
31 December 2023	12,861,333

As of 31 December 2023 and 31 December 2022, 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.

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

**Debt provisions**

As at 31 December 2023 and 31 December 2022, other short-term payables and provisions are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Other provisions	1,111,532	3,186,941
	<u>1,111,532</u>	<u>3,186,941</u>

The Group does not have any contingent assets and liabilities as of 31 December 2023 (31 December 2022: None).

**Commitments**

As at 31 December 2023 and 31 December 2022, the details of the letters of guarantee and promissory notes are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Takasbank	442,000,000	1,178,950,233
CMB	1,776	2,926
Istanbul 8th Commercial Court of First Instance (*)	18,011,816	29,678,596
	<u>460,013,592</u>	<u>1,208,631,755</u>

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

<b>Guarantees/Pledges/Mortgages given by the Company</b>	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>A.</b> Total amount of GPM given on behalf of its own legal entity	460,013,592	1,208,631,755
<b>B.</b> Total amount of GPMs given in favor of partnerships included in the scope of consolidation	-	-
<b>C.</b> Total amount of GPMs given to other 3rd parties for the purpose of carrying out their ordinary trade operations	-	-
<b>D.</b> Total amount of other GPMs given	-	-
<b>i.</b> Total amount of GPMs given in favor of the parent company	-	-
<b>ii.</b> Total amount of GPMs given in favor of other group companies that are not in the scope of B and C.	-	-
<b>iii.</b> Total amount of GPMs given in favor of third parties that are not in the scope of article C	-	-
<b>Total</b>	<u>460,013,592</u>	<u>1,208,631,755</u>

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**10. Short-term borrowings**

The Group has no bank borrowings as of 31 December 2023 (31 December 2022: TL 1,535,683,601 with 1 day maturity and interest rate between 8.05% and 13.45%).

**11. Employee benefits**

As at 31 December 2023 and 31 December 2022, the details of the short-term employee benefits are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Provision for employee benefits</b>		
Provision for unused vacation	13,714,105	9,878,929
Provision for personnel bonus	24,914,848	28,011,396
<b>Total short-term provisions</b>	<b>38,628,953</b>	<b>37,890,325</b>

Movement of provision for unused vacation is as follows:

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
<b>Opening balance (1 January)</b>	<b>9,878,929</b>	<b>6,675,208</b>
Paid during the period	(506,716)	(219,433)
Allocated provisions during the period	8,225,340	6,034,793
Inflation effect	(3,883,448)	(2,611,639)
<b>Total</b>	<b>13,714,105</b>	<b>9,878,929</b>

**Long-term employee benefits**

Provision for severance pay:

According to the Turkish Labor Law, the Group is obliged to pay severance pay to each employee who completes at least one year of service and retires after 25 years of working life (aged 58 for women, 60 for men), terminated, called for military service or passed away.

As of 1 July 2023 - 31 December 2023, the severance pay to be paid is subject to a monthly ceiling of TL 23,489.83 (1 July 2022 - 31 December 2022: TL 15,371.4).

Severance pay liability is not legally subject to any funding. The provision for severance pay is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 *Employee Benefits* requires the company's liabilities to be developed using actuarial valuation methods within the scope of defined benefit plans. Accordingly, the actuarial assumptions used in the calculation of total liabilities are as follows:

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**11. Employee benefits (continued)**

**Long-term employee benefits (continued)**

Provision for severance pay (continued):

The main assumption is that the maximum liability amount for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore, provisions in the accompanying financial statements as of 31 December 2023 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 20.39% and an interest rate of 24.60%, resulting in a real discount rate of approximately 3.50% (31 December 2022: 2.85%). Optional dismissal rates are also taken into consideration as 83.54% for employees with 0-15 years of service and 0% for employees with more than 15 years of service. The maximum amount of TL 35,058.58 effective from 1 January 2024 has been taken into consideration in the calculation of the Group's provision for employment termination benefits (1 January 2023: TL 19,982.83).

As of 31 December 2023 and 31 December 2022, the details of long-term provisions for employee benefits are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Provisions related to employee benefits</b>		
Provision for severance pay	21,728,528	18,105,403
	<u>21,728,528</u>	<u>18,105,403</u>

Movements in the provision for severance pay during the periods are as follows:

	<u>1 January - 31 December 2023</u>	<u>1 January - 31 December 2022</u>
<b>Opening balance (1 January)</b>	<b>18,105,403</b>	<b>14,159,977</b>
Paid during the period	(1,070,401)	(341,667)
Service cost	3,499,510	1,919,768
Interest cost	2,779,497	2,168,006
Actuarial (gain)/loss	6,388,054	6,592,871
Inflation effect	(7,953,535)	(6,393,552)
<b>Total</b>	<b><u>21,728,528</u></b>	<b><u>18,105,403</u></b>

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**12. Shareholder's equity**

**Share capital**

As of 31 December 2023 and 31 December 2022, the capital structure of the Group is as follows:

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>Share amount</b>	<b>Share ratio (%)</b>	<b>Share amount</b>	<b>Share ratio (%)</b>
ICBC Turkey Bank A.Ş.	75,998,480	99.998	75,998,480	99.998
Other	1,520	0.002	1,520	0.002
<b>Total paid-in capital</b>	<b>76,000,000</b>	<b>100</b>	<b>76,000,000</b>	<b>100</b>
Capital inflation adjustment differences	454,344,759		454,344,759	
<b>Total</b>	<b>530,344,759</b>		<b>530,344,759</b>	

As at 31 December 2023, the share capital consists of 7,600,000,000 shares of having a nominal value of TL 0.01 each (31 December 2022: 7,600,000,000 shares of having a nominal value of TL 0.01).

As of 31 December 2023, the Group does not have any preferred shares. (31 December 2022: None).

**Capital inflation adjustment difference**

In accordance with TAS 29 "Financial Reporting in Hyperinflationary Economies", "Share capital", "Legal Reserves" and "Extraordinary Reserves" are carried at their statutory carrying amounts in the statement of financial position. If the restatement differences related to these account items are related to share capital, they are recognized under "Adjustment to share capital"; if they are related to legal reserves and extraordinary reserves, they are recognized under "Retained earnings / (losses)". As at 31 December 2023, the Company's positive capital restatement differences amount to TL 454,344,759 (31 December 2022: TL 454,344,759).

**Value increase/ (decrease) funds**

**Financial assets revaluation fund**

None (31 December 2022: None).

**Restricted reserves appropriated from profit**

The Company's restricted reserves as of 31 December 2023 is TL 46,484,873 (31 December 2022: TL 40,842,553).

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**13. Profit or loss**

**Revenue and cost of sales**

The details of the Group's sales revenues and costs for the accounting periods ending on 31 December 2023 and 31 December 2022 are as follows:

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
<b>Sales</b>		
Treasury bill/government bond sales	306,973,974	1,153,990,539
Stock sales	29,909,994	2,835,960
Investment fund	14,120,103	83,643,627
<b>Total</b>	<b>351,004,071</b>	<b>1,240,470,126</b>
<b>Cost of Sales</b>		
Treasury bills/government bond purchases	306,313,897	1,151,201,890
Stock purchases	29,886,774	2,483,374
Investment fund	8,789,527	60,136,100
<b>Total</b>	<b>344,990,198</b>	<b>1,213,821,364</b>

**Service income**

The Group's service income for the accounting periods ending on 31 December 2023 and 31 December 2022 is as follows:

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Project finance income/corporate finance income	83,462,553	101,438,429
Stock buying/selling brokerage commissions	72,443,664	82,713,165
Commission income from investment funds	14,399,239	8,459,869
Bist stock market share	6,879,317	9,157,460
Clearing / Settlement commission income	5,659,796	2,738,539
Gain on foreign exchange purchases and sales	3,057,940	1,270,293
Futures brokerage commissions	2,158,647	13,148,377
Over-the-Counter Transaction Revenues	1,667,538	6,156,406
Data broadcasting revenue	1,548,708	1,333,024
Overseas (ICM) income	915,709	1,319,352
Brokerage commission income from capital increase	875,476	875,094
Money market commissions	194,675	207,090
Lending commissions	178,988	2,424,319
Public offering brokerage commissions	153,944	184,644
Dividend commissions	52,514	54,080
Treasury bill purchase/sale brokerage commissions	-	68,387
Other	161,100	204,800
<b>Total</b>	<b>193,809,808</b>	<b>231,753,328</b>



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**13. Profit or loss (continued)**

**Interest income from operating activities**

The details of interest income from operating activities for the years ended 31 December 2023 and 31 December 2022 are as follows:

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
<b>Interest income from operating activities</b>		
Interest income received from customers	388,486,687	195,668,852
Interest income from banks	12,677,386	8,832,282
<b>Total</b>	<b>401,164,073</b>	<b>204,501,134</b>

**14. General Administrative Expenses**

The Group's general administrative expenses for the periods ending on 31 December 2023 and 31 December 2022 are as follows:

	<b>1 January – 31 December 2023</b>	<b>1 January – 31 December 2022</b>
Personnel Expenses	229,937,008	193,075,625
Taxes, Fees and Registration Expenses	23,627,430	18,586,237
Communication Expenses	18,909,560	18,453,317
Subscription Expenses	17,945,133	19,897,852
Computer Usage Expenses	10,481,132	8,846,583
Building Expenses	8,649,303	7,209,366
Depreciation Expenses	7,880,075	6,207,627
Rental Expenses	7,459,318	8,037,926
Audit and Consultancy Expenses	4,987,410	6,037,078
Maintenance and Repair Expenses	3,019,621	906,420
Transportation Expenses	1,998,289	3,459,202
Representation and Hospitality Expenses	1,481,914	2,257,981
Non-deductible Expenses	130,033	201,102
Small Warehouse Expenses	45,346	10,139
Other	1,656,094	1,151,123
<b>Total</b>	<b>338,207,666</b>	<b>294,337,578</b>

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**15. Other income and expenses from operating activities**

The Group's other operating income and expenses for the accounting periods ending on 31 December 2023 and 31 December 2022 are as follows:

<b>Other income from operating activities</b>	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Exchange profit	168,743,925	80,438,151
Fraction differences	232	3,258
Other	392,854	52,606
<b>Total</b>	<b>169,137,011</b>	<b>80,494,015</b>
<b>Other expenses from operating activities</b>	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Transaction loss expenses	25,102,402	2,050,674
Prior period expenses	1,063,393	642,909
Other	-	3,738
<b>Total</b>	<b>26,165,795</b>	<b>2,697,321</b>

**16. Finance income**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Rediscount income on marketable securities	6,448,569	17,769,812
Dividend income	5,517	3,922
Other	54,887,354	19,745,387
<b>Total</b>	<b>61,341,440</b>	<b>37,519,121</b>

**17. Finance expenses**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Loan interest expense	186,217,130	90,885,387
Financial assets commission expenses	11,942,849	8,312,978
Commission expenses on money market	5,823,130	3,287,801
Other	56,751	347,002
<b>Total</b>	<b>204,039,860</b>	<b>102,833,168</b>

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

The details of tax liability as at 31 December 2023 and 31 December 2022 as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Current tax provision	69,549,203	47,620,350
Prepaid taxes and funds	(62,209,337)	(40,941,725)
<b>Net</b>	<b>7,339,866</b>	<b>6,678,625</b>

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Profit from continuing operations before tax</b>	<b>18,589,243</b>	<b>(49,336,738)</b>
Theoretical tax expense with tax rate (30%, 2022: 25%)	(5,576,773)	12,334,185
Total discount exemption tax effect deducted from the corporate tax base	1,892,584	1,896,348
Total tax effect of unallowable expenses added to the corporate tax base	(57,225,066)	(79,549,280)
Non-taxable inflation adjustments	(8,440,674)	12,906,972
<b>Tax expense on profit for the period</b>	<b>(69,349,929)</b>	<b>(52,411,775)</b>

Tax expense in the profit or loss statement

	<b>31 December 2023</b>	<b>31 December 2022</b>
Provision for corporate tax	(69,549,203)	(47,620,350)
Deferred tax (expense)/income	199,274	(4,791,425)
<b>Tax expense</b>	<b>(69,349,929)</b>	<b>(52,411,775)</b>

The Group is subject to corporate tax valid in Turkey. Necessary provisions have been made in the accompanying financial statements for the estimated tax liabilities of the Group regarding the current period operating results. Turkish tax legislation does not allow the parent company to file a tax return on the consolidated financial statements of its subsidiaries. For this reason, tax liabilities reflected in these consolidated financial statements have been calculated separately for all companies included in the consolidation.

The corporate tax rate to be accrued on taxable corporate income is over the remaining tax base after adding the non-deductible expenses from the tax base in the determination of the commercial income and deducting the tax-exempt gains, non-taxable incomes and other deductions (if any, previous year losses and investment allowances used if preferred). is calculated.

The corporate tax rate applied in Turkey in 2023 is 30% (2022: 25%).

The Law No. 7061 on Amending Some Tax Laws and Some Other Laws was published in the Official Gazette dated 5 December 2017 and numbered 30261. With Article 89 of this Law, amendments are made to Article 5 of the Corporate Tax Law titled "Exceptions". The first paragraph of the article; With subparagraph (a), the 75% exemption applied to the profits arising from the sale of immovables that are in the assets of the institutions for two full years has been reduced to 50%. This regulation entered into force as of 5 December 2017.

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

**Deferred tax assets and liabilities**

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

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

As of 31 December 2023 and 31 December 2022, the items that give rise to the Group's deferred tax assets and liabilities are as follows:

	31 December 2023		31 December 2022	
	Accumulated temporary differences	Deferred tax assets/liabilities	Accumulated temporary differences	Deferred tax assets/liabilities
Provisions related to employee benefits	59,900,408	17,970,121	56,222,409	14,055,602
<i>Seniority</i>	21,271,455	6,381,435	18,240,328	4,560,082
<i>Vacation</i>	13,714,105	4,114,232	9,970,685	2,492,671
<i>Bonus</i>	24,914,848	7,474,454	28,011,396	7,002,849
Other debt and expense provisions	1,123,767	337,131	3,280,519	820,130
Expected credit loss provision (-)	2,366,578	709,973	7,713,472	1,928,368
	-	-	-	-
<b>Deferred tax asset</b>	<b>63,390,753</b>	<b>19,017,225</b>	<b>67,216,400</b>	<b>16,804,100</b>
Tangible and intangible assets	(1,673,767)	(502,132)	(1,618,781)	(404,696)
<b>Deferred tax liability</b>	<b>(1,673,767)</b>	<b>(502,132)</b>	<b>(1,618,781)</b>	<b>(404,696)</b>
<b>Deferred tax net</b>	<b>61,716,986</b>	<b>18,515,093</b>	<b>65,597,619</b>	<b>16,399,404</b>

Movement of deferred tax

	31 December 2023	31 December 2022
Opening - 1 January	16,399,404	14,558,844
Deferred tax income/(expense)	199,274	(4,791,425)
Deferred tax income related to other comprehensive income items	1,916,415	1,647,318
Inflation effect	-	4,984,667
<b>Closing - 31 December</b>	<b>18,515,093</b>	<b>16,399,404</b>

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**19. Related party disclosures**

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

<b><u>Receivables from related parties</u></b>	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
<b>Cash and cash equivalents</b>		
-ICBC Turkey Bank A.Ş. - Shareholder	111,543,172	120,922,366
<b>Trade receivables</b>		
Fund Management Commissions	1,590,164	1,286,967
<b>Total</b>	<b>113,133,336</b>	<b>122,209,333</b>
<b><u>Trade payables to related parties</u></b>	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
-ICBC Turkey Bank A.Ş. - Shareholder	308,717	324,896
<b>Total</b>	<b>308,717</b>	<b>324,896</b>
	<b><u>31 December 2023</u></b>	<b><u>31 December 2022</u></b>
<b>Other payables and expense provisions</b>		
- Provisions for other liabilities	145,427	221,835
- Attorney fee	136,080	107,267
<b>Total</b>	<b>281,507</b>	<b>329,102</b>
<b><u>Related party income/expense</u></b>	<b><u>1 January – 31 December 2023</u></b>	<b><u>1 January – 31 December 2022</u></b>
Fund management fee	14,010,000	5,149,188
Interest income		
-ICBC Turkey Bank A.Ş.	1,121,460	2,837,125
Rent expense		
-ICBC Turkey Bank A.Ş.	7,522,602	4,569,234
Building participation and other expenses		
- ICBC Turkey Bank A.Ş.	8,669,258	4,128,403
Commission expenses		
- ICBC Turkey Bank A.Ş.	4,225,397	1,765,175

As at 31 December 2023, letters of guarantee received from related parties amount to TL 1,776 (31 December 2022: TL 2,926).

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**19. Related party disclosures (continued)**

**Benefits provided to key management**

The total amount of salaries and similar benefits provided to the Chairman and Members of the Board of Directors and Key Management in the current period is TL 21,993,649. (31 December 2022: TL 13,055,308)

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

**Capital management**

In managing the capital, the Group's objectives are to ensure the continuity of the Group'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 Group 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 Group'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 Group's wholesale risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

**Credit risk**

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

31 December 2023	Receivables				Deposits at Banks	Financial Investments
	Trade receivables		Other receivables			
	Related party	Third party	Related party	Third party		
<b>Maximum credit risk exposure as at reporting date</b>	<b>1,590,164</b>	<b>370,078,513</b>	<b>-</b>	<b>6,900</b>	<b>191,513,721</b>	<b>25,609,312</b>
The part of maximum risk under guarantee with collateral etc.	-	-	-	-	-	-
Net book value of financial assets that are neither past due nor impaired	1,590,164	370,078,513		6,900	191,513,721	25,609,312
Off-balance sheet items with credit risk	-	-	-	-	-	-
31 December 2022	Receivables				Deposits at Banks	Financial Investments
	Trade receivables		Other receivables			
	Related party	Third party	Related party	Third party		
<b>Maximum credit risk exposure as at reporting date</b>	<b>1,286,967</b>	<b>1,662,550,520</b>		<b>8,263</b>	<b>574,707,575</b>	<b>26,758,677</b>
The part of maximum risk under guarantee with collateral etc.	-	-		-	-	-
Net book value of financial assets that are neither past due nor impaired	1,286,967	1,662,550,520		8,263	574,707,575	26,758,677
Off-balance sheet items with credit risk	-	-		-	-	-

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

**Foreign currency risk**

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

As of 31 December 2023 and 31 December 2022, the Group's the foreign currency rates used in converting foreign currency denominated transactions into TL are given in TL as follows

	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>Chinese Yuan</u>
31 December 2023	29.4382	32.5739	37.4417	4.1212
31 December 2022	18.6983	19.9349	22.4892	2.6806

The following table as at 31 December 2023 and 31 December 2022, showing the TL denominated foreign currency assets and carrying amounts of debt held by the Group are summarized the exposure to foreign currency position.

**31 December 2023**

	<u>TL equivalent</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>Chinese Yuan</u>
Cash and cash equivalents	152,341,974	2,121,518	2,734,219	7,635	130,608
<b>Total assets</b>	<b>152,341,974</b>	<b>2,121,518</b>	<b>2,734,219</b>	<b>7,635</b>	<b>130,608</b>
Trade payables	86,316,857	490,373	2,206,642	59	-
<b>Total liabilities</b>	<b>86,316,857</b>	<b>490,373</b>	<b>2,206,642</b>	<b>59</b>	<b>-</b>
<b>Net foreign currency assets</b>	<b>66,025,117</b>	<b>1,631,145</b>	<b>527,577</b>	<b>7,576</b>	<b>130,608</b>

**31 December 2022**

	<u>TL equivalent</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>Chinese Yuan</u>
Cash and cash equivalents	558,268,783	12,818,525	4,952,440	2,806	125,674
<b>Total assets</b>	<b>558,268,783</b>	<b>12,818,525</b>	<b>4,952,440</b>	<b>2,806</b>	<b>125,674</b>
Trade payables	128,864,113	2,503,667	1,544,505	26,823	-
<b>Total liabilities</b>	<b>128,864,113</b>	<b>2,503,667</b>	<b>1,544,505</b>	<b>26,823</b>	<b>-</b>
<b>Net foreign currency assets</b>	<b>429,404,670</b>	<b>10,314,858</b>	<b>3,407,935</b>	<b>(24,016)</b>	<b>125,674</b>

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

***Sensitivity to foreign currency***

As at 31 December 2023 and 31 December 2022, if the foreign exchange rates had appreciated or depreciated by 10% against the Turkish Lira, the effect of the foreign exchange gains or losses arising from the Group's assets and liabilities denominated in foreign currencies on equity and profit/loss (excluding tax effect) is shown in the table below:

	Profit / (Loss)		Equity <sup>(*)</sup>	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>31 December 2023</b>				
<b>10% change of US Dollar against TL</b>				
1- US Dollar net asset/liability	163,114	(163,114)	163,114	(163,114)
2- Hedged portion of USD amounts (-)	-	-	-	-
<b>3-US Dollar net effect (1+2)</b>	<b>163,114</b>	<b>(163,114)</b>	<b>163,114</b>	<b>(163,114)</b>
<b>10% change of EURO against TL</b>				
4- EURO net asset/liability	52,758	(52,758)	52,758	(52,758)
5- Hedged portion of EURO amounts (-)	-	-	-	-
<b>6-EURO net effect (4+5)</b>	<b>52,758</b>	<b>(52,758)</b>	<b>52,758</b>	<b>(52,758)</b>
<b>10% change of GBP against TL</b>				
7- GBP net asset/liability	758	(758)	758	(758)
8- Hedged portion of GBP amounts (-)	-	-	-	-
<b>9- GBP net effect (7+8)</b>	<b>758</b>	<b>(758)</b>	<b>758</b>	<b>(758)</b>
<b>10% change of CNY against TL</b>				
10- CNY net asset/liability	13,061	(13,061)	13,061	(13,061)
11- Hedged portion of CNY amounts (-)	-	-	-	-
<b>12 – CNY net effect (10+11)</b>	<b>13,061</b>	<b>(13,061)</b>	<b>13,061</b>	<b>(13,061)</b>
<b>TOTAL (3+6+9+12)</b>	<b>229,691</b>	<b>(229,691)</b>	<b>229,691</b>	<b>(229,691)</b>

(\*) Includes profit/loss effect.



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

***Sensitivity to foreign currency (continued)***

	Profit / (Loss)		Equity <sup>(*)</sup>	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>31 December 2022</b>				
<b>10% change of US Dollar against TL</b>				
1- US Dollar net asset/liability	1,031,486	(1,031,486)	1,031,486	(1,031,486)
2- Hedged portion of USD amounts (-)	-	-	-	-
<b>3-US Dollar net effect (1+2)</b>	<b>1,031,486</b>	<b>(1,031,486)</b>	<b>1,031,486</b>	<b>(1,031,486)</b>
<b>10% change of EURO against TL</b>				
4- EURO net asset/liability	340,793	(340,793)	340,793	(340,793)
5- Hedged portion of EURO amounts (-)	-	-	-	-
<b>6-EURO net effect (4+5)</b>	<b>340,793</b>	<b>(340,793)</b>	<b>340,793</b>	<b>(340,793)</b>
<b>10% change of GBP against TL</b>				
7- GBP net asset/liability	(2,402)	2,402	(2,402)	2,402
8- Hedged portion of GBP amounts (-)	-	-	-	-
<b>9- GBP net effect (7+8)</b>	<b>(2,402)</b>	<b>2,402</b>	<b>(2,402)</b>	<b>2,402</b>
<b>10% change of CNY against TL</b>				
10- CNY net asset/liability	12,567	(12,567)	12,567	(12,567)
11- Hedged portion of CNY amounts (-)	-	-	-	-
<b>12 - CNY net effect (10+11)</b>	<b>12,567</b>	<b>(12,567)</b>	<b>12,567</b>	<b>(12,567)</b>
<b>TOTAL (3+6+9+12)</b>	<b>1,382,444</b>	<b>(1,382,444)</b>	<b>1,382,444</b>	<b>(1,382,444)</b>

<sup>(\*)</sup> Includes profit/loss effect.

**Fair value of financial instruments**

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

First level: 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).

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

**Fair value of financial instruments (continued)**

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

<b>Financial assets</b>	<b>31 December 2023</b>	<b>Fair value level as at reporting date</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets at fair value through profit or loss	25,803,502	25,803,502	-	-
<b>Total</b>	<b>25,803,502</b>	<b>25,803,502</b>	-	-

<b>Financial assets</b>	<b>31 December 2022</b>	<b>Fair value level as at reporting date</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets at fair value through profit or loss	26,873,242	26,873,242	-	-
<b>Total</b>	<b>26,873,242</b>	<b>26,873,242</b>	-	-

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

The fees related to the services received from the Independent Audit Firm (IAF) for the periods 1 January - 31 December 2023 and 1 January - 31 December 2022 are as follows:

	<b>2023</b>	<b>2022</b>
	<b>IAF</b>	<b>IAF</b>
Independent audit fee for the reporting period	1,095,600	377,600

**23. Events after balance-sheet**

None.