

**ICBC TURKEY PORTFÖY YÖNETİMİ  
ANONİM ŞİRKETİ**

**FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022 AND  
INDEPENDENT AUDITOR'S REPORT**

(CONVENIENCE TRANSLATION OF  
INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH)

**(CONVENIENCE TRANSLATION OF  
INDEPENDENT AUDITOR’S REPORT ORIGINALLY ISSUED IN TURKISH)**

**INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of ICBC Turkey Portföy Yönetimi A.Ş.

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

**1) Opinion**

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

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

**2) Basis for Opinion**

We conducted our audit in accordance with the Standards on 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 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”) published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**3) Key Audit Matters**

Key audit matters are those that, in our professional judgment, are of the most importance in an independent audit of the current period's financial statements. We have concluded that there are no key audit matters to report in our report.

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

The Company management is responsible for the preparation and fair presentation of the 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 financial statements, management is responsible for assessing the Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

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

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the 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 the 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 financial statements.

As part of an audit in accordance with the SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January - 31 December 2022 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Mehmet Erol.

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

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

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

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**ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ****STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022***(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated.)*

		<b>Audited</b>	<b>Audited</b>
		<b>31 December</b>	<b>31 December</b>
	<i>Notes</i>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	10,309,594	8,917,319
Trade receivables	4	921,247	483,406
- Trade receivables from related parties	16	915,686	476,698
- Trade receivables from third parties		5,561	6,708
Other Receivables		-	15,141
- Other receivables from related parties		-	15,141
Prepaid expenses	7	50,979	55,023
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	63,037	34,573
Deferred tax asset	17	145,121	62,310
<b>TOTAL ASSETS</b>		<b>11,489,978</b>	<b>9,567,772</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables	4	331,809	179,619
- Trade payables to related parties	16	331,809	171,359
- Trade payables to third parties		-	8,260
Current tax liability	17	28,133	46,928
Short-term provisions	9	91,756	82,715
- Short-term provisions for employee benefits		91,756	82,715
Other payables	10	1,377,381	235,834
- Other current liabilities to related parties	16	1,057,585	57,218
- Other current liabilities to third parties		319,796	178,616
<b>NON-CURRENT LIABILITIES</b>			
Non-current liabilities	9	134,925	93,763
- Long-term provisions for employee benefits		134,925	93,763
<b>EQUITY</b>			
Paid-in capital	11	8,500,000	8,500,000
Accumulated other comprehensive income or expenses that will not be reclassified to profit or loss		53,802	53,802
- Long-term provisions for employee benefits		53,802	53,802
Restricted reserves appropriated from profit		23,285	-
Prior years' profit/losses		351,826	(113,943)
Net profit for the period		597,061	489,054
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>11,489,978</b>	<b>9,567,772</b>

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

**ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

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

		<b>Audited</b>	<b>Audited</b>
	<i>Notes</i>	<b>1 January – 31 December 2022</b>	<b>1 January – 31 December 2021</b>
<b>PROFIT OR LOSS</b>			
Revenue	<i>12</i>	5,122,533	3,324,561
<b>GROSS PROFIT</b>		<b>5,122,533</b>	<b>3,324,561</b>
General administrative expenses	<i>13</i>	(5,995,011)	(3,428,961)
Other operating income	<i>14</i>	1,892,815	983,711
Other operating expenses	<i>15</i>	(249,909)	(118,469)
<b>OPERATING PROFIT</b>		<b>770,428</b>	<b>760,842</b>
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>770,428</b>	<b>760,842</b>
Tax expense from continuing operations		(173,367)	(271,788)
- Current tax expense	<i>17</i>	(256,178)	(251,936)
- Deferred tax expense	<i>17</i>	82,811	(19,852)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>597,061</b>	<b>489,054</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>597,061</b>	<b>489,054</b>

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

ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

STATEMENT OF CHANGES IN EQUITY AS OF 1 JANUARY - 31 DECEMBER 2022

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

			Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss		Retained Earnings		
Prior Period	Notes	Paid-in Capital	Gain/(Losses) on Remeasurement of Defined Benefit Plans	Restricted Reserves Appropriated from Profit	Prior Years' Profit/(Losses)	Net Profit/(Loss)	Total Equity
Balance as of 1 January 2021	11	5,000,000	53,802	-	(544,450)	430,507	4,939,859
Capital increase		3,500,000	-	-	-	-	3,500,000
Transfer		-	-	-	430,507	(430,507)	-
Net profit for the period		-	-	-	-	489,054	489,054
<b>Balance as of 31 December 2021</b>		<b>8,500,000</b>	<b>53,802</b>	<b>-</b>	<b>(113,943)</b>	<b>489,054</b>	<b>8,928,913</b>
			Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss		Retained Earnings		
Current Period	Notes	Paid-in Capital	Gain/(Losses) on Remeasurement of Defined Benefit Plans	Restricted Reserves Appropriated from Profit	Prior Years' Profit/(Losses)	Net Profit/(Loss)	Total Equity
Balance as of 1 January 2022	11	8,500,000	53,802	-	(113,943)	489,054	8,928,913
Transfer		-	-	23,285	465,769	(489,054)	-
Net profit for the period		-	-	-	-	597,061	597,061
<b>Balance as of 31 December 2022</b>		<b>8,500,000</b>	<b>53,802</b>	<b>23,285</b>	<b>351,826</b>	<b>597,061</b>	<b>9,525,974</b>

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



**ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ**

**STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

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

		Audited	Audited
	Notes	1 January – 31 December 2022	1 January – 31 December 2021
<b>A. Cash flows from operating activities</b>		<b>2,235,231</b>	<b>(3,831,120)</b>
<b>Profit for the Period</b>		<b>597,061</b>	<b>489,054</b>
<b>Adjustments related to reconcile net profit/(loss) for the period:</b>			
Adjustments related to depreciation and amortization	5,6	33,048	18,316
Adjustments related to provisions		260,798	67,744
- Adjustments related to employment termination benefits	9	41,162	24,650
- Adjustments related to provision for unused vacation	9	9,041	37,827
- Adjustments related to provision for expected credit losses	3	210,595	5,267
Adjustments related to deferred tax expense/income	17	173,367	271,788
- Adjustments related to deferred tax (income)/expense		(82,811)	19,852
- Current tax		256,178	251,936
Adjustments related to interest income and expenses	14	(1,844,874)	(926,741)
<b>Changes in working capital</b>			
Adjustments related to increase/decrease in prepaid expenses		4,044	(13,010)
Adjustments related to increase/decrease in trade receivables		(437,841)	(125,859)
Adjustments related to increase/decrease in trade payables		152,190	178,870
Adjustments related to increase/decrease in other payables related to operations		1,141,547	(62,244)
Adjustments related to increase/decrease in other current assets		15,141	(14,449)
Adjustments related to increase/decrease in blocked deposits		2,415,723	(3,509,581)
<b>Cash flows used in operating activities</b>		<b>(274,973)</b>	<b>(205,008)</b>
Tax payments	17	(274,973)	(205,008)
<b>B. Cash flows from investing activities</b>		<b>(61,512)</b>	<b>-</b>
Cash outflows from purchase of property, plant and equipment	5	(61,512)	-
<b>C. Cash flows from financing activities</b>		<b>1,797,927</b>	<b>4,439,473</b>
Cash inflows related to capital increase		-	3,500,000
Interest received		1,797,927	939,473
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>3,971,646</b>	<b>608,353</b>
<b>D. Cash and cash equivalents at the beginning of the period</b>	3	<b>5,444,471</b>	<b>4,836,118</b>
<b>Cash and cash equivalents at the end of the period (A+B+C+D)</b>	3	<b>9,416,117</b>	<b>5,444,471</b>

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

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 1. Organization and Operations of the Company

ICBC Turkey Portföy Yönetimi A.Ş. (“the Company”), formerly Tekstil Portföy Yönetimi A.Ş., was established on 21 April 2015. The Company was registered by the Istanbul Trade Registry Directorate on 21 April 2015 and announced in the Turkish Trade Registry Gazette in the issue 8809 dated 28 April 2015. The purpose of the Company is to manage portfolios consisting of Capital Market instruments in accordance with the provisions of the Capital Markets Law (“CMB”) and related legislation, by making portfolio management contracts with customers and as a proxy, and to engage in capital market activities specified in the Company's articles of association. The Company's trade name was registered by the Istanbul Trade Registry on 17 November 2015, announced in the Turkish Trade Registry Gazette dated 23 November 2015 and numbered 8952 and changed as ICBC Turkey Portföy Yönetimi A.Ş. The Company's address is Abdülhak Hamit Cad. No:25 Beyoğlu/İstanbul.

The Company continues its activities in accordance with the provisions of the Capital Markets Board's Communiqué III No: 55.1 “Portfolio Management Companies and Principles Regarding the Activities of These Companies”.

The Company engages in portfolio management, investment consultancy, and marketing and distribution of fund participation shares, including investment funds of which it is the founder, and the shares of investment trusts with variable capital.

The Company received an operating authorization certificate from the CMB on 17 June 2015. The actual field of activity of the Company is portfolio management.

The shares of the Company are not traded on stock exchange. As of 31 December 2022, the number of personnel of the Company is 7 (31 December 2021: 6).

The Company's statement of financial position dated 31 December 2022, statement of profit or loss and other comprehensive income and the notes to the financial statements for the period then ended were approved by the Board of Directors on 22 February 2023 and authorized for publication. The General Assembly and certain regulatory bodies have the right to amend the financial statements after publication.

Information on the Company's shareholders and their shares are as follows:

	31 December 2022	31 December 2021
ICBC Turkey Yatırım Menkul Değerler A.Ş.	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### 2. Basis of Presentation of the Financial Statements

#### 2.1 Basis of Presentation

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

The accompanying financial statements are prepared in accordance with the Communiqué numbered II-14.1, “Basis for Financial Reporting in Capital Markets”(“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to the Article 5 of 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”).

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

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 2. Basis of Presentation of the Financial Statements (cont'd)

#### 2.1 Basis of Presentation (cont'd)

##### 2.1.1 Statement of Compliance to Turkish Financial Reporting Standards (“TRFSs”) (cont'd)

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.

##### 2.1.2 Basis of Preparation of the Financial Statements

In the preparation of the financial statements and notes for the accounting period ending on 31 December 2022, the principles specified in the “Announcement on Financial Statement and Footnote Formats” announced by the CMB Decision Making Body dated 7 June 2013 and numbered 20/670 were used.

##### 2.1.3 Currency Used

The accompanying financial statements are presented in Turkish Lira (“TL”), which is the current and reporting currency of the Company, and all financial information is presented in TL unless otherwise stated.

##### 2.1.4 Measurement Principles

The financial statements have been prepared over historical costs, except for financial investments measured at fair value.

##### 2.1.5 Comparative Information and Restatement of Prior Period Financial Statements

The financial statements of the Company include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, in order to maintain consistency with the presentation of the current period financial statements.

##### 2.1.6 Changes in Accounting Estimates and Errors

If changes in accounting estimates and errors are for only one period, changes are applied in the current period but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively. In the current period, there are not any material changes in the Company’s accounting estimates.

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 2. Basis of Presentation of the Financial Statements (cont'd)

#### 2.2 New and Amended Turkish Reporting Standards

##### a) Amendments that are mandatorily effective from 2022

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

#### **Amendments to TFRS 3 Reference to the Conceptual Framework**

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

#### **Amendments to TAS 16 *Property, Plant and Equipment - Proceeds before Intended Use***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

#### **Amendments to TAS 37 *Onerous Contracts – Cost of Fulfilling a Contract***

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

#### **Annual Improvements to TFRS Standards 2018-2020 Cycle**

##### Amendments to TFRS 1 *First time adoption of Turkish Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to TFRSs.

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 2. Basis of Presentation of the Financial Statements (cont'd)

#### 2.2 New and Amended Turkish Reporting Standards (cont'd)

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

###### Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

###### Amendments to TAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

###### **Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021**

Public Oversight Accounting and Auditing Standards Authority ("POA") has published Amendments to *TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

The Company management has assessed that these amendments and interpretations, which are effective from 2022, do not have any impact on the financial statements of the Company.

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 2. Basis of Presentation of the Financial Statements (cont'd)

#### 2.2 New and Amended Turkish Reporting Standards (cont'd)

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>

#### **TFRS 17 Insurance Contracts**

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 *Insurance Contracts* as of 1 January 2023.

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

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

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

#### **Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9**

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

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

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

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

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 2. Basis of Presentation of the Financial Statements (cont'd)

#### 2.2 New and Amended Turkish Reporting Standards (cont'd)

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

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

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

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

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

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

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

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

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

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

Amendments are effective with the first application of TFRS 17.

##### **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 Company evaluates the effects of these standards, amendments and improvements on the financial statements.

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 2. Basis of Presentation of the Financial Statements (cont'd)

#### 2.3 Significant Accounting Judgement, Estimate and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from the estimates. Estimates are reviewed regularly, adjusted if necessary, and are reflected in the financial statements in the period in which they are realised. Significant assumptions that may have a significant effect on the amounts recognised in the financial statements that are based on estimates that existed at the reporting date or that may be realised in the future are as follows:

There has been no change in the estimates and assumptions of the Company management used in the implementation of the accounting policies taken as a basis in the preparation of the financial statements compared to the accounting period ending on 31 December 2022.

### 3. Cash and Cash Equivalents

As of 31 December 2022 and 31 December 2021, the details of cash and cash equivalents are as follows:

	31 December 2022	31 December 2021
Cash at bank	10,568,478	8,965,608
<i>Demand deposit</i>	41,267	3,556,043
<i>Time deposit</i>	10,527,211	5,409,565
Provision for expected credit loss (-)	(258,884)	(48,289)
<b>Total</b>	<b>10,309,594</b>	<b>8,917,319</b>

As of 31 December 2022, the Company has blocked deposits of TL 1,093,858 (31 December 2021: TL 3,509,581). As of 31 December 2022 and 31 December 2021, the interest and maturity details of time deposits in banks are as follows:

Currency	Interest Rate	Maturity	31 December 2022
TL	8.90%	2 January 2023	375,032
TL	26.00%	24 January 2023	9,057,699
TL	10.37%	2 January 2023	1,094,480
			<b>10,527,211</b>

  

Currency	Interest Rate	Maturity	31 December 2021
TL	14.90%	1 January 2022	68,294
TL	18.40%	19 January 2022	5,341,271
			<b>5,409,565</b>

In the cash flow statement of the Company as of 31 December 2022, cash and cash equivalents are shown by deducting interest accruals from cash and cash equivalents:

	31 December 2022	31 December 2021
Cash and cash equivalents	10,309,594	8,917,319
Interest accruals	(58,503)	(11,556)
Blocked deposit	(1,093,858)	(3,509,581)
Provision for expected credit loss	258,884	48,289
<b>Total</b>	<b>9,416,117</b>	<b>5,444,471</b>



# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 4. Trade Receivables and Payables

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

<b>Trade Receivables</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Trade receivables from related parties (Note 16)	915,686	476,698
Trade receivables from third parties	5,561	6,708
<b>Total</b>	<b>921,247</b>	<b>483,406</b>

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

<b>Trade Payables</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Trade payables to related parties (Note 16)	331,809	171,359
Trade payables to third parties	-	8,260
<b>Total</b>	<b>331,809</b>	<b>179,619</b>

### 5. Property, Plant and Equipment

<b>Cost</b>	<b>1 January 2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2022</b>
Machinery, Plant and Equipment	65,737	61,512	-	127,249
Furniture and Fixtures	8,641	-	-	8,641
<b>Total</b>	<b>74,378</b>	<b>61,512</b>	<b>-</b>	<b>135,890</b>

<b>Accumulated Depreciation</b>	<b>1 January 2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2022</b>
Machinery, Plant and Equipment	(35,262)	(31,413)	-	(66,675)
Furniture and Fixtures	(4,543)	(1,635)	-	(6,178)
<b>Total</b>	<b>(39,805)</b>	<b>(33,048)</b>	<b>-</b>	<b>(72,853)</b>

<b>Net carrying value</b>	<b>34,573</b>	<b>28,464</b>	<b>-</b>	<b>63,037</b>
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<b>Cost</b>	<b>1 January 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2021</b>
Machinery, Plant and Equipment	65,737	-	-	65,737
Furniture and Fixtures	8,641	-	-	8,641
<b>Total</b>	<b>74,378</b>	<b>-</b>	<b>-</b>	<b>74,378</b>

<b>Accumulated Depreciation</b>	<b>1 January 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2021</b>
Machinery, Plant and Equipment	(18,727)	(16,535)	-	(35,262)
Furniture and Fixtures	(2,762)	(1,781)	-	(4,543)
<b>Total</b>	<b>(21,489)</b>	<b>(18,316)</b>	<b>-</b>	<b>(39,805)</b>

<b>Net carrying value</b>	<b>52,889</b>	<b>-</b>	<b>-</b>	<b>34,573</b>
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The Company's depreciation expenses as at 31 December 2022 and 31 December 2021 are included in general administrative expenses. There are no mortgages, pledges or guarantees on property, plant and equipment. The Company has no assets acquired through financial leasing as of 31 December 2022 and 31 December 2021.

## ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

### NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

#### 6. Intangible Assets

The Company has no intangible assets as of 31 December 2022. (31 December 2021: None).

There is no amortization expense for intangible assets in the accounting period ending on 31 December 2022 (31 December 2021: None).

The Company has no assets acquired through financial leasing as of 31 December 2022 (31 December 2021: None).

All amortization expenses are included in general administrative expenses.

#### 7. Prepaid Expenses

As of 31 December 2022 and 31 December 2021, the details of the Company's prepaid expenses are as follows:

	31 December 2022	31 December 2021
Time deposit withholding	-	22,259
Prepaid expenses	50,979	32,764
<b>Total</b>	<b>50,979</b>	<b>55,023</b>

#### 8. Disclosures on Other Current Assets

As of 31 December 2022, the Company has no other current assets (31 December 2021: None).

#### 9. Short and Long-Term Provisions

The Company's short-term provisions as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Provision for unused vacation	91,756	82,715
<b>Total</b>	<b>91,756</b>	<b>82,715</b>

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 9. Short and Long-Term Provisions (cont'd)

The movement table of the Company's provision for unused vacation as of 31 December 2022 and 31 December 2021 is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
As of 1 January	82,715	44,888
Provision made during the year	9,041	37,827
<b>As of 31 December</b>	<b>91,756</b>	<b>82,715</b>

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

The amount payable consists of one month's salary limited to a maximum of TL 15,371.40 for each period of service as of 31 December 2022 (31 December 2021: TL 8,248.51).

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 2.85% real discount rate (31 December 2021: 3.09%) calculated by using 19.13% annual inflation rate and %22.52 interest rate. Voluntary leave rates are also taken into consideration as 80% for employees with 0-15 years of service, and 0% for those with 16 or more years of service. Ceiling amount of TL 19,982.83 which is in effect since 1 January 2023 is used in the calculation of provision for retirement pay liability (1 January 2022: TL 10,848.59).

The movement table of the Company's provision for employment termination benefit as of 31 December 2022 and 31 December 2021 is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
As of 1 January	93,763	69,113
Provision made during the year	41,162	24,650
<b>As of 31 December</b>	<b>134,925</b>	<b>93,763</b>

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 10. Other Payables

	31 December 2022	31 December 2021
Income tax deducted from salaries	85,402	96,193
SSI premium employer share	48,836	24,953
SSI premium employee share	44,110	22,538
Fund Management BSMV	-	4,066
Fund management fee rediscount	93,578	57,218
Advances received from related party (Note 16) (*)	1,057,585	-
Stamp duty deducted from fees	2,203	3,276
VAT payable	6,758	3,805
Other	38,909	23,785
<b>Total</b>	<b>1,377,381</b>	<b>235,834</b>

(\*) It was decided at the Board of Directors dated 09.08.2022 to increase the capital of the Company. Advances received from related parties include the amount to be used for capital increase. Registration procedures for capital increase are continuing as of 31.12.2022.

### 11. Equity

As of 31 December 2022 and 31 December 2021, the paid-in capital structure is as follows:

	Share Rate(%)	31 December 2022	Share Rate(%)	31 December 2021
<i>ICBC Turkey Yatırım Menkul Değerler A.Ş.</i>	100,00	8,500,000	100,00	8,500,000
<b>Total</b>	<b>100,00</b>	<b>8,500,000</b>	<b>100,00</b>	<b>8,500,000</b>

The Company's share capital consists of 8,500,000 shares having a nominal value of TL 1 each (31 December 2021: 8,500,000 shares having a nominal value of TL 1.

#### Restricted reserves appropriated from profit

According to the Regulation of Dividend No II-19.1 which came into force from the date of 1 February 2014 by Capital Market Board dividend rate for shares of unquoted subsidiaries cannot be less than twenty percent of net distributable profit including donations. According to the same regulation, dividend of shares of unquoted subsidiaries is required to be distributed in cash and fully and cannot be taken advantage of dividend installments application granted to public companies.

In line with the provisions of the notification, partnerships shares of which are not traded on the stock exchange, in case the calculated profit share amount is less than five percent of the capital according to the last annual financial statements to be submitted to the general assembly or the net distributable profit for the period is below TL 100,000 according to the financial statements may not distribute dividends for the relevant accounting period, and in this case, the undistributed dividend is distributed in subsequent periods.

As of 31 December 2022, the Company does not have restricted reserves appropriated from profit (31 December 2021: None).

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 12. Revenue

The revenue details of the Company for the accounting periods ending on 31 December 2022 and 31 December 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Fund management commission income	4,458,741	2,694,946
Portfolio management commissions	663,792	629,615
<b>Total</b>	<b>5,122,533</b>	<b>3,324,561</b>

### 13. General Administrative Expenses

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

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel fees and expenses	3,996,679	2,299,616
Taxes, fees and registration fees	411,911	277,622
Audit and consultancy expenses	540,954	233,432
Membership expenses	346,466	185,526
Computer usage expenses	272,831	168,684
Building expenses	157,389	100,975
Non-deductible expenses	5,217	47,851
Transportation expenses	61,266	39,209
Maintenance and repair expenses	53,845	27,040
Depreciation expenses	33,048	18,316
Stationery expenses	12,359	3,254
Representation and hospitality expenses	16,724	2,395
Communication expenses	3,175	2,127
Other	83,147	22,914
<b>Total</b>	<b>5,995,011</b>	<b>3,428,961</b>

### 14. Other Income from Operating Activities

The Company's other income from operating activities for the interim accounting periods ending on 31 December 2022 and 31 December 2021 is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Deposit interest income	1,844,874	926,741
Other income	47,941	56,970
<b>Total</b>	<b>1,892,815</b>	<b>983,711</b>

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 15. Other Expenses from Operating Activities

The Company's other expenses from operating activities for the interim accounting periods ending on 31 December 2022 and 31 December 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Takasbank fund management commission	234,761	34,400
Fund overdraft expenses	13,455	78,487
Prior year payments	1,693	5,582
<b>Total</b>	<b>249,909</b>	<b>118,469</b>

### 16. Related Party Disclosures

ICBC Turkey Yatırım Menkul Kıymetler A.Ş., established in Turkey, is the main shareholder and ultimate controlling party of the Company.

ICBC Turkey Bank	31 December 2022	31 December 2021
<b>Cash and cash equivalents</b>		
-Demand deposit	491	-
-Time deposit	3,705,032	5,409,565
<b>Total</b>	<b>3,705,523</b>	<b>5,409,565</b>

ICBC Turkey Portföy Investment Funds	31 December 2022	31 December 2021
<b>Trade receivables</b>		
-Fund management commissions	915,686	476,698
<b>Total</b>	<b>915,686</b>	<b>476,698</b>

ICBC Turkey Yatırım Securities	31 December 2022	31 December 2021
<b>Other payables</b>		
-Other payables to related parties	1,057,585	57,218
<b>Total</b>	<b>1,057,585</b>	<b>57,218</b>

ICBC Turkey Yatırım Securities	31 December 2022	31 December 2021
<b>Trade payables</b>		
-Trade payables to related parties	134,631	85,444
<b>Total</b>	<b>134,631</b>	<b>85,444</b>

ICBC Turkey Bank	31 December 2022	31 December 2021
<b>Trade payables</b>		
-Trade payables to related parties	197,178	85,915
<b>Total</b>	<b>197,178</b>	<b>85,915</b>

ICBC Turkey Yatırım Securities	1 January- 31 December 2022	1 January- 31 December 2021
<b>Commission expenses</b>		
-Fund management service expenses	1,112,758	820,607
<b>Total</b>	<b>1,112,758</b>	<b>820,607</b>

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 16. Related Party Disclosures (cont'd)

<b>ICBC Turkey Yatırım Securities</b>	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
<b>Portfolio management commission income</b>		
-Individual portfolio management commission income	707,304	629,615
	<b>707,304</b>	<b>629,615</b>
<b>ICBC Turkey Yatırım Securities</b>	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
<b>General administrative expenses</b>		
-Fund management service expenses	25,200	25,200
	<b>25,200</b>	<b>25,200</b>
<b>ICBC Turkey Bank</b>	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
<b>Commission expenses</b>		
- Fund management service expenses	1,513,739	700,793
	<b>1,513,739</b>	<b>700,793</b>
<b>ICBC Turkey Bank</b>	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
<b>Other income from operating expenses</b>		
-Time deposit interest income	827,583	926,270
	<b>827,583</b>	<b>926,270</b>

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 17. Income Taxes (Including Deferred Tax Assets and Liabilities)

The details of the Company's current tax liability as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Current corporate tax provision	256,178	251,936
Less: Prepaid taxes and funds	(228,045)	(205,008)
<b>Total</b>	<b>28,133</b>	<b>46,928</b>

#### Tax expense in the statement of profit or loss

Tax expense comprise of:	31 December 2022	31 December 2021
Current tax expense	256,178	251,936
Deferred tax expense	(82,811)	19,852
<b>Total tax expense</b>	<b>173,367</b>	<b>271,788</b>

#### *Corporate Tax*

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting non-deductible income and other deductions (prior years' losses, if any, and investment incentives used, if preferred).

The effective tax rate in 2022 is 25% (It will be 23% for the year 2023, 20% in the following periods) (2021: 25%).

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



# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 17. Income Taxes (Including Deferred Tax Assets and Liabilities) (cont'd)

#### *Deferred tax*

The items constituting the Company's deferred tax assets and liabilities as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
<i>Deferred tax assets/liabilities</i>		
Other payables and expense provisions	23,394	13,160
Provision for employment termination benefits	33,731	18,752
Provision for unused provision expense	22,939	19,024
Provision for expected credit loss	64,721	11,106
Useful life differences of property, plant and equipment	336	268
<b>Total deferred tax asset (net)</b>	<b>145,121</b>	<b>62,310</b>
	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
<i>Movements of deferred tax assets</i>		
1 January opening balance	62,310	82,162
Deferred tax expense recognised in the statement of income	82,811	(19,852)
<b>Total deferred tax asset (net)</b>	<b>145,121</b>	<b>62,310</b>

### 18. Earnings Per Share

According to TAS 33 "Earnings Per Share" standard, since companies whose stocks are not traded on the stock exchange are not required to disclose earnings per share, earnings/loss per share are not calculated for the Company whose shares are not traded on the stock exchange.

### 19. Foreign Currency Position

The Company has no foreign currency assets and liabilities as of 31 December 2022 (31 December 2021: None).

### 20. Nature and Level of Risks Arising From Financial Instruments and Capital Risk Management and Capital Adequacy Requirements

The Company manages its financial risk in accordance with the Communiqué Serial: V, No: 34 "Communiqué on Capital and Capital Adequacy of Brokerage Companies" ("Serial: V, No: 34") promulgated by CMB. According to the Communiqué, portfolio management companies are also subject to the provisions of this communiqué, and the equities of these companies constitute the group that includes the amounts included in the balance sheets prepared as of the valuation date and the total amount of net assets expressed by the partnership, within the framework of the valuation provisions introduced in Communiqué Serial: V No: 34.

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 20. Nature and Level of Risks Arising From Financial Instruments and Capital Risk Management and Capital Adequacy Requirements (cont'd)

Pursuant to Article 25 of the CMB's Communiqué on Principles Concerning the Capital and Capital Adequacy of Intermediary Institutions, Serial: V No: 34, Portfolio Management Companies are obliged to calculate their capital adequacy in accordance with the regulations of the same communiqué and report it to the CMB. According to Article 4 of the Communiqué Serial: V No: 34, capital adequacy base of portfolio management companies, the net amount of tangible and intangible assets from their equity capital calculated in accordance with Article 3 of Communiqué Serial: V No: 34, excluding those traded on stock exchanges and other organized markets, financial non-current assets and other non-current assets remaining after impairment provision and capital commitments are deducted, and unsecured receivables from personnel, partners, affiliates, subsidiaries and persons and institutions with whom they are directly or indirectly related in terms of capital, management and control, even in the capacity of customers and it refers to the amount found by deducting the amounts of capital market instruments issued by these persons and institutions and not traded in stock exchanges and other organized markets. As of 31 December 2022 and 31 December 2021, the Company meets the relevant capital adequacy requirements. Since the company only engages in portfolio management activities, the total minimum equity amount is TL 8,500,000 (31 December 2021: TL 8,500,000).

### Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out under policies approved by the Company management. The Company identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Company management provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 20. Nature and Level of Risks Arising From Financial Instruments and Capital Risk Management and Capital Adequacy Requirements (cont'd)

#### Financial Risk Factors (cont'd)

Credit risk of financial instruments	Receivables					
	Trade Receivables		Other Receivables		Deposits at	Financial
	Related Party	Other Party	Related Party	Other Party		
<b>31 December 2022</b>						
Maximum credit risk as of reporting date (*)	915,686	5,561	-	-	10,309,594	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	915,686	5,561	-	-	10,309,594	-
B. The conditions have been renegotiated otherwise, the carrying amount of financial assets that are considered to be overdue or impaired	-	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired net book value of assets	-	-	-	-	-	-
- The part of under guarantee with collateral etc	-	-	-	-	-	-
D. Net book value of the assets impaired	-	-	-	-	-	-
- Overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-
F. 12-month expected credit losses	-	-	-	-	-	-

(\*) In determining the amount, factors that increase credit reliability, such as guarantees received, were not taken into account.

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 20. Nature and Level of Risks Arising From Financial Instruments and Capital Risk Management and Capital Adequacy Requirements (cont'd)

#### Financial Risk Factors (cont'd)

Credit risk of financial instruments	Receivables		Deposits at	Financial		
	Trade Receivables	Other Receivables			Deposits	Investments
31 December 2021	Related Party	Other Party	Related Party	Other Party	Deposits	Investments
Maximum credit risk as of reporting date (*)	476,698	6,708	15,141	-	8,917,319	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	476,698	6,708	15,141	-	8,917,319	-
B. The conditions have been renegotiated otherwise, the carrying amount of financial assets that are considered to be overdue or impaired	-	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired net book value of assets	-	-	-	-	-	-
- The part of under guarantee with collateral etc	-	-	-	-	-	-
D. Net book value of the assets impaired	-	-	-	-	-	-
- Overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-
F. 12-month expected credit losses	-	-	-	-	-	-

(\*) In determining the amount, factors that increase credit reliability, such as guarantees received, were not taken into account.

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 20. Nature and Level of Risks Arising From Financial Instruments and Capital Risk Management and Capital Adequacy Requirements (cont'd)

#### Credit Risk

There is a risk for the receivables arising from the other party's failure to fulfill its contractual obligations. Since the Company's receivables are mostly from group companies, this risk is considered to be at a minimum level.

The Company does not have any loans extended.

#### Interest Rate Risk

Since the changes in market interest rates cause fluctuations in the prices of financial instruments, the Company is required to manage interest rate risk. The Company's sensitivity to interest rate risk is related to the mismatch in the maturities of asset and liability accounts. This risk is managed by covering assets affected by interest rate changes with liabilities of the same type.

#### Interest Rate Sensitivity

The financial assets of the Company are fixed interest instruments.

#### Market Risk

Market Risk Any change that may occur in Borsa İstanbul ("BIST") Equity Market indices does not constitute a net for the Company as there are no stocks in the Company portfolio as of 31 December 2022 and 31 December 2021.

#### Liquidity Risk

Liquidity risk is the risk that a company cannot meet its funding needs. The occurrence of events that result in a decrease in fund resources, such as deterioration in the markets or a decrease in the credit score, causes the formation of liquidity risk. The Company management manages the liquidity risk by allocating funds and keeping sufficient cash and similar resources to fulfill its current and potential liabilities.

As of 31 December 2022 and 31 December 2021, the Company does not have any derivative financial assets and liabilities.

### 21. Financial Instruments

	31 December 2022		31 December 2021	
	Fair value	Carrying value	Fair value	Carrying value
<b>Financial assets</b>				
Cash and cash equivalents	10,309,594	10,309,594	8,917,319	8,917,319
Trade receivables	921,247	921,247	483,406	483,406
Trade payables	331,809	331,809	179,619	179,619

The Company management believes that the recorded values of financial instruments reflect their fair values due to their short-term nature.

# ICBC TURKEY PORTFÖY YÖNETİMİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

### 21. Financial Instruments (cont'd)

#### Fair Values of Financial Instruments

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

- Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- Level 2: The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.
- Level 3: The fair value of the financial assets and financial liabilities are determined where there is no observable market data.

As of 31 December 2022 and 31 December 2021, the Company has no financial assets recorded at fair value.

### 22. Events after the balance sheet date

At the Company's Board of Directors meeting dated 5.12.2022, it was decided to increase its capital from TL 8,500,000 to TL 10,000,000. Registration procedures have not been completed as of the report date.

A state of emergency was declared to include 10 provinces in the region due to the negativities caused by the earthquakes that occurred on 6 February 2023, centered in Kahramanmaraş province, Pazarcık and Elbistan districts, affecting many of our provinces and deeply shaking our entire country. Developments regarding the natural disaster in question are closely monitored by the Company management and relevant units, and studies and evaluations regarding the situation are continuing.