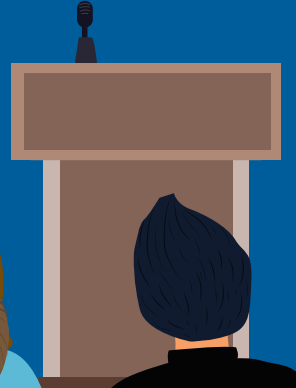


# Investments growing safely



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As Halk Invest, we prioritize digital transformation in all our activities and facilitate the lives of our customers with the practical solutions we offer. We grow sustainably with the strength we derive from technological developments and operational improvements.

We raise our business volume and profitability through strategic steps taken at the right time. With our ever-expanding customer portfolio, we are aware of the confidence placed in us and our consequent responsibility. We keep adding value to our country and our customers in accordance with the principle of "The right decision today is the gain for the future."

# Growing ventures

While breathing new life into venture investments through “Fonlabüyüsün,” a crowdfunding platform of Türkiye, we instill the culture of fair partnership in the equity-based crowdfunding sector and offer our customers the benefit of enjoying a share in the future from this day forth. While entrepreneurs boost their market visibility in Fonlabüyüsün by introducing their projects to an extensive group of investors, investors discover quality and innovative projects with high potential. We promote the growth targets of our country through startups focused on advanced technology.

**TL 361.4 million**

Daily average stock loans  
extended

**TL 423 million**

Net profit



# Growing profits

In order to increase the number of investors in capital markets, and assist the financial development of current investors, we launched the Smart Recommendation System (SRS). We consolidated all financial information, analyses and modules that may prove helpful in our customers' investment decisions. With SRS, which we regard as a personal financial assistant, we allow investors to track current developments and perform their trade transactions through the system.



# Growing data

Up-to-date information is essential in stock exchange... With Halk Invest's Quantitative Analysis and Score Card, we provide customers with information on the companies traded on Borsa Istanbul, with a different experience. Customers visiting our website can quickly analyze their company's balance sheet via the Quantitative Analysis and Score Card. Thus, consistently up-to-date information turns into a guide for an investment.



**106%**

Increase in total  
service revenue

**TL 719 million**

Shareholder's Equity

# Growing satisfaction

We work with specialized and experienced staff. We fulfil our customers' expectations in a professional manner, thus consistently boosting their satisfaction level. We continuously offer investment advisory recommendations within the day. We make our customers feel special, providing accurate recommendations as a distinguished service, and steadily raise our satisfaction scores by means of our efforts in assisting customers in achieving their objectives.

**TL 116.5 million**

Loan interest revenue



# Growing achievements

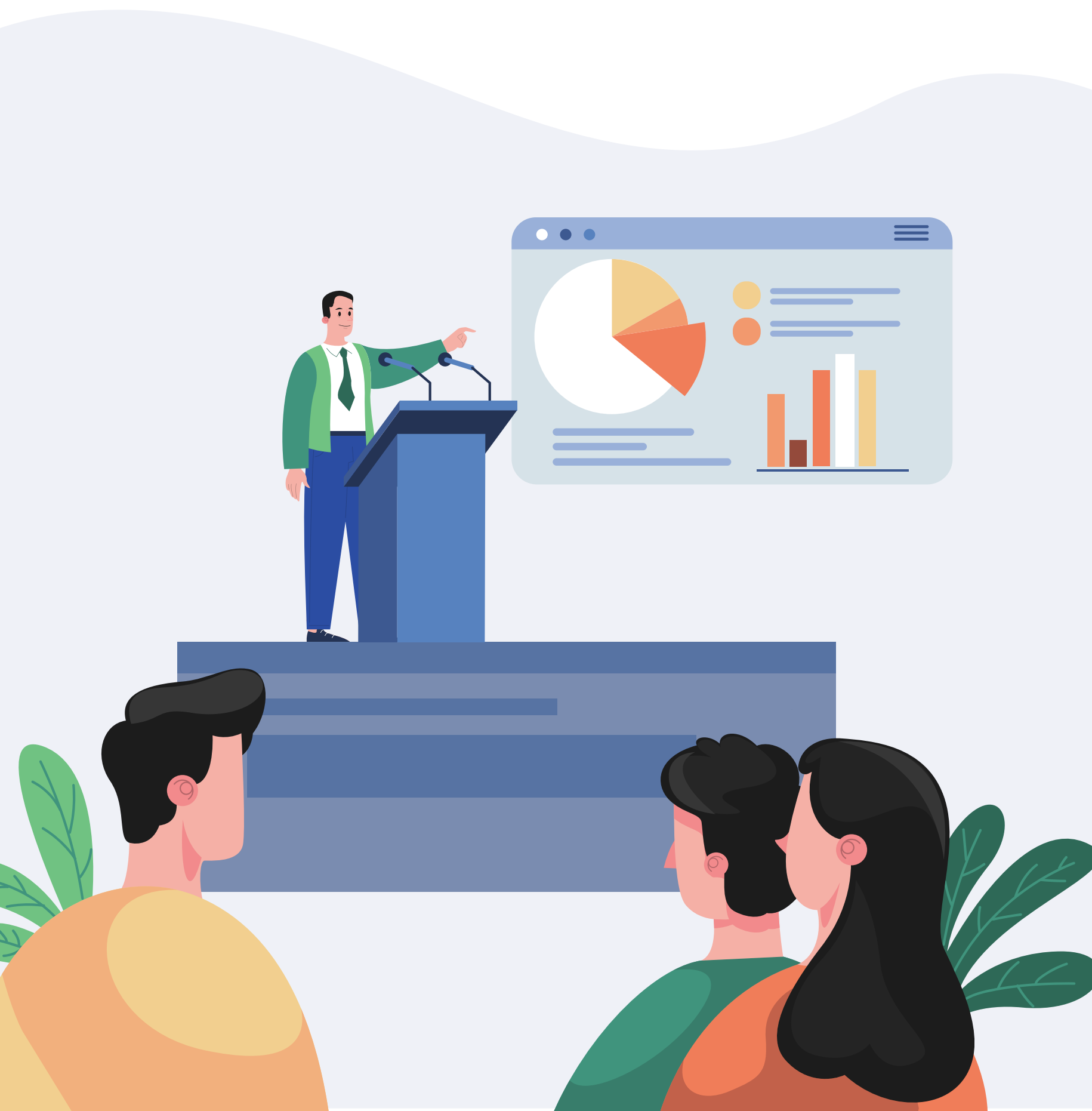
As Halk Invest, we are growing in a strong and consistent manner through projects, investments and our customer's trust in us, while standing by successful companies and bolstering their sustainable growth up. In 2022, we participated in the public offering processes of several companies, acting as the lead in some of these offerings. We will continue to pioneer projects that shape and contribute to the industry.

**88**

**Mediated debt instrument and sukuk issues**

**2**

**Number of companies whose public offering processes were led by Halk Invest**



# Growing services

We consistently carry out our digital transformation process through new projects and investments. We will maintain expanding the most convenient services by transmitting data to our customers firsthand via our mobile applications and digital services.





## HALK INVEST IN BRIEF

# Halk Invest has been offering innovative products and services for 25 years.

**Halk Invest's mission is to contribute to the distribution of capital to the societal base by offering capital markets services swiftly, safely and at high quality, in line with its next-generation investment banking approach.**

### 1997

Establishment

### 1998

Initial Operation

### 165

Number of Employees

### 36

Average Age of Employees

### 97%

Rate of University Graduates

### 42%

Rate of Female Employees

Halk Invest was founded on September 2, 1997 under the relevant provisions of the Capital Markets Law to perform investment services and activities, and sub-services. The Company ranks among the top investment firms in terms of the indicators such as equity capital, transaction volume and asset size.

As a subsidiary of Türkiye Halk Bankası, Halk Invest conducts brokerage activities with a total of 10 branches in İstanbul, Ankara, İzmir, Adana, Antalya, Bursa, Denizli and Samsun provinces, more than 1,000 Halkbank branches within order transmission contracts executed with Türkiye Halk Bankası A.Ş. and Türkiye Emlak Katılım Bankası A.Ş., and effective alternative distribution channels.

Halk Invest's mission is to contribute to the distribution of capital to the societal base by offering capital markets services swiftly, safely and at high quality, in line with its next-generation investment banking approach.

The Company's license was approved by a Capital Markets Board announcement dated October 15, 2015. As an intermediary with broad authority, Halk Invest provides the following services and solutions:

- Trading brokerage activities,
- Portfolio brokerage activities,
- Individual portfolio management activities,
- Public listing intermediary through underwriting,
- Investment advisory activities,
- Limited custody services.

Reaching a large mass with the advantage of the extensive distribution network of Halkbank, Halk Invest has been providing its customers with the opportunity to make investments easily all over the country, to take right investment decisions and to secure their future for 25 years.

Halk Invest is distinguished in the industry with its strong technological infrastructure. With the applications such as SRS, Halk Invest Exchange, Halk Invest Trader, Halk Invest Mobile and Halkbank Mobile, the Company offers investors a high-quality and easy investment experience and the convenience of managing investments whenever and wherever they want.

Halk Invest acts as the leader or co-leader of domestic consortiums involved in three of the five largest public offerings undertaken in Turkish capital markets. The Company is one of the most potent players in the corporate finance and brokerage market that covers public offerings, debt instruments, sukuk issues, and company M&A services.



## HALK INVEST INITIATIVES

# Trailblazer in the industry with the new generation investment banking approach

## 2007

### First public offering

This public offering, which is the first transaction in which Halk Invest took place as the co-leader of the consortium, was the fourth largest public offering in the history of the Turkish capital markets.

## 2011

### First debt instrument issue in corporate finance

Halk Invest's first restructured transaction and Halkbank's first domestic debt instrument issue.

## 2012

### First M&A in corporate finance

Kuwait-based NBK Capital Fund participated in the M&A transaction for Bavet, a distributor of animal pharmaceuticals.

## 2013

### Trading activities (FX)

Halk Invest began Forex trading activities in 2013

### First Outlook Report and Investor Conference

Halk Invest presented its Outlook Report, where it shared its evaluations and predictions about the economy, at the first "Investor Conference" it organized.

## 2014

### First sukuk issue

Halk Invest undertook the first sukuk issue for Kuwait Turkish Participation Bank for the first time in Türkiye and in the world.

## 2016

### First bond issue

Issuing its first commercial paper, Halk Invest borrowed from capital markets with the goal of resource diversification.

## 2017

### Türkiye's first agricultural commodity-based sukuk issue

In the transaction where the Turkish Grain Board (TMO) obtained funds and Halk Invest served as the restructuring and sales advisor, the Company undertook Türkiye's first issue of sukuk based on agricultural commodities.

In addition, Halk Invest both undertook the first agricultural commodity-based sukuk issue in Türkiye and in the world, with Turkish Grain Board as the fund user, and became the country's first intermediary for an issue transaction of a public institution other than the Treasury.

### Türkiye's first REIT sukuk issue

Halk REIT executed Türkiye's first real estate investment trust sukuk issue on December 18, 2017, with the brokerage of Halk Invest.

### Secondary capital issue

Halkbank's secondary capital bond issue transaction in which Halk Invest served as the restructuring and sales advisor was recognized as the Local Bond Deal of the Year at the Bonds & Loans Türkiye 2018 Awards competition.

## 2018

### Asset-backed security issue

The Development and Investment Bank of Türkiye undertook the largest asset-backed security (ABS) issuance in Türkiye through its Asset Finance Fund in return for the mortgage-backed securities of the leading banks in the country. Demand from a total of 118 investors was 2.43 times of the issue size. Halk Invest contributed to the ABS issue which had a nominal value of TL 3.15 billion.

## 2019

### 100<sup>th</sup> issue transaction

Halk Invest brokered Türkiye's first Real Estate Investment Trust and Agricultural Commodity-Based Lease Certificate (Sukuk) issues, and accomplished its 100<sup>th</sup> issue transaction in 2019 with Türkiye Halk Bankası A.Ş. Commercial Paper issue on December 2, 2019.

### TLREF products offering dynamic returns and simultaneous different bases

Halk Invest issued 12 different debt instruments indexed to the Turkish Lira Overnight Reference Interest Rate (TLREF). The TLREF was created by Borsa İstanbul in accordance with the international standards and based on the BIST TLREF Index return. Additionally, Halk Invest simultaneously introduced the market the TLREF and Inflation (CPI) Indexed Couponed Halkbank Bond – a first in Türkiye – and the TLREF Indexed and Dynamic Additional Return product, also a first in our country.

## 2020

### First issue featuring a committed line (irrevocable guarantee by issuer)

On March 25, 2020, Halk Invest issued a sukuk worth TL 85 million for Gübretaş, Türkiye's first producer of phosphate and compound fertilizers. Within the scope of the sukuk, the asset portfolio will be chemical fertilizer at the rate of 120% of the issued amount and will feature an underlying asset and a second undertaking mechanism. The transaction is based on a management contract and a sale/purchase agreement. Providing a secondary safety mechanism to investors, this transaction is the first sukuk issue featuring a second undertaking mechanism in the market.

## 2021

### One of the first equity-based crowdfunding platforms in Türkiye: fonlabuyusun.com

Fonlabuyusun was authorized by the Capital Markets Board on September 30, 2021 to engage in Equity-Based Crowdfunding activities as a service of Halk Yatırım Menkul Değerler A.Ş. Operating within Halk Invest, Fonlabuyusun is one of Türkiye's first equity-based crowdfunding platforms that render brokerage services.

### Yıldız Teknik Venture-Capital Investment Trust founded

With a capital of TL 10 million and a share ratio of 33.33%, Halkbank participated in Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş. which was founded with a capital of TL 30 million to support entrepreneurs.

## 2022

### Issue of real sector and non-bank financial leasing certificates with the highest amount

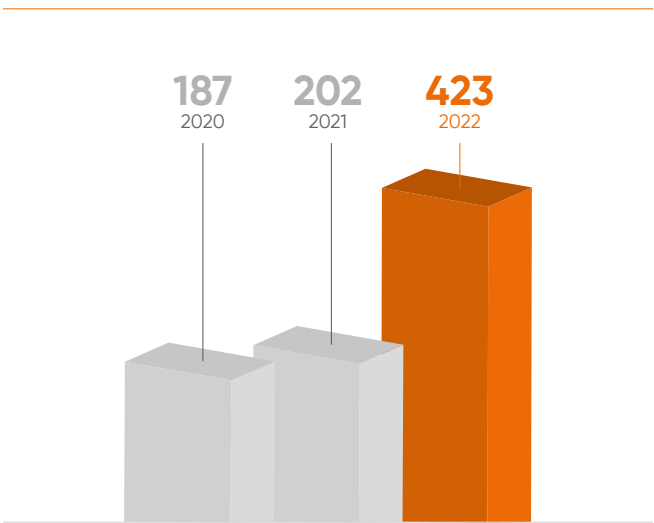
Halk Invest successfully completed the issue of lease certificates with a nominal value of TL 1 billion based on agricultural commodity portfolio and management contract, with Turkish Grain Board as the fund user. It intermediated the issue of real sector and non-bank financial leasing certificates with the highest amount until today, which touch the Turkish farmers.



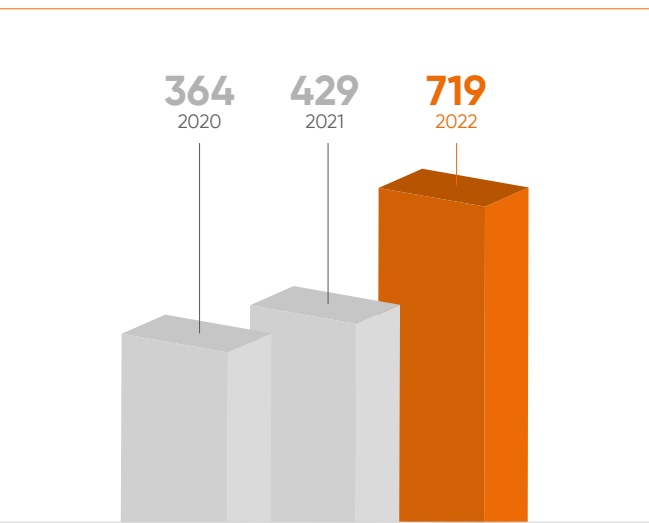
MAJOR INDICATORS

Halk Invest left a successful and profitable year behind.

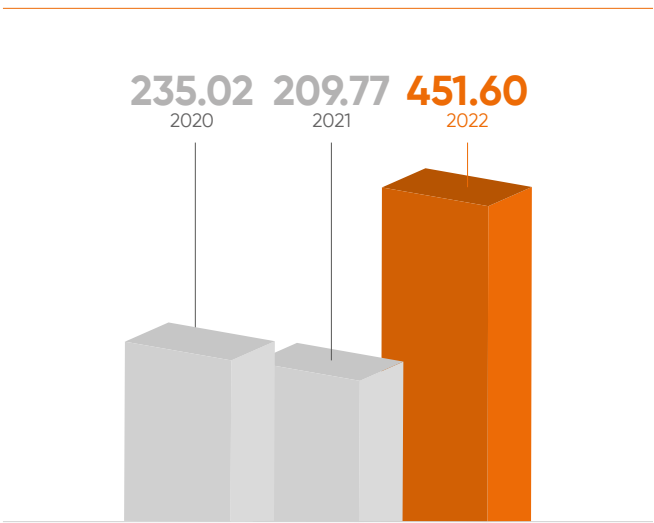
Net Profit (TL Million)



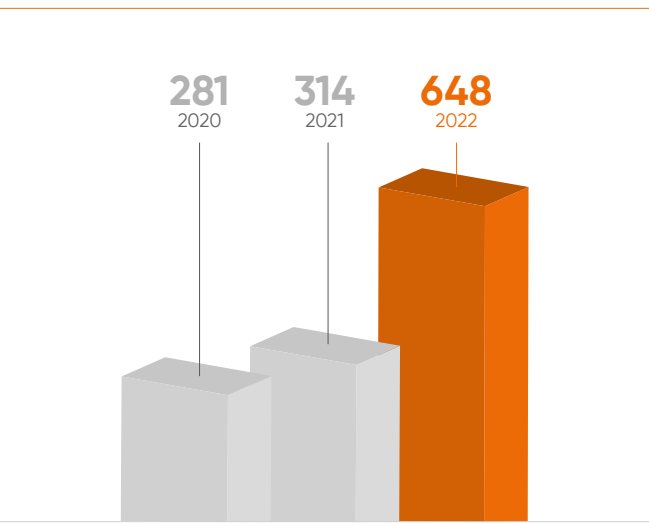
Shareholders' Equity (TL Million)



Stock and VIOP commission revenue (TL Million)



Total service revenue (TL Million)



Balance Sheet Items (TL)

	31.12.2022	31.12. 2021
<strong>Assets</strong>		
Cash and cash equivalents	2,223,411,130	318,368,157
Trade receivables	1,067,607,393	373,817,904
Total assets	3,746,968,399	798,312,810
<strong>Liabilities</strong>		
Payables	2,240,691,908	-
Trade payables	660,770,901	307,236,461
Shareholder's Equity	719,267,524	428,717,822
Net profit for the period	422,720,921	201,656,350
Total resources	3,746,968,399	798,312,810

Income Statement Items (TL)

	31.12.2022	31.12.2021
Profit/(Loss) before tax	567,485,895	268,529,470
Tax	144,764,974	66,873,120
Net Profit/(Loss) for the period	422,720,921	201,656,350

Financial Ratios

	31.12.2022	31.12.2021
<strong>Liquidity ratios</strong>		
Current ratio (Current Assets/Short-Term Liabilities)	123%	212%
Cash ratio (Liquid Assets/Short-Term Liabilities)	74%	88%
<strong>Financial structure ratios</strong>		
(Short-Term Liabilities + Long-Term Liabilities)/Total Assets	81%	46%
Average Shareholders' Equity/Total Assets	15%	50%
<strong>Profitability Ratios</strong>		
Net Profit/Assets	11%	25%
Net Profit/Average Shareholders' Equity	74%	51%



HALKBANK IN BRIEF

# Rising Türkiye's steadily growing, long-established, pioneering and respected brand: Halkbank

1,032

Total Number of Branches

4,075

Total Number of ATMs

19%

SME loans market share

Established in 1938 to stand behind tradesmen and artisans and to accelerate permanent economic development, Halkbank became one of the steadily growing, long-established, pioneering and respected brands of the rising Türkiye. The Bank, which has been leading the development of the Turkish banking industry for 84 years, maintains its mission of supporting the real sector.

Rendering an unparalleled banking experience to its customers with 1,032 domestic branch locations, 6 overseas branches, 1 country office, 2 overseas representative offices, 4,075 ATMs, Telephone and Internet Banking channels and Mobile Banking applications as of the end of 2022, Halkbank operates with innovative products and services as part of its global vision.

Halkbank, the bank of producing Türkiye, sees all tradesmen, farmers and small, medium, and large business owners, who produce and create employment, as a business partner. It also considers that supporting them in good times and in bad times with its all financing facilities is the reason for being. Increasing its SME lending market share to 19% and allocating 53.1% of its commercial loans to SMEs, Halkbank continues to be the biggest booster of the Turkish economy.

In addition to its financial successes, Halkbank leads the industry with its efforts for a greener, cleaner and healthier world. Having committed to align its activities and investments with net zero emission targets until 2050 as per Paris Climate Agreement and joined the Net Zero Banking Alliance established by the United Nations Environment Programme Finance Initiative, Halkbank became the first Turkish bank that made "Net Zero" commitment for both its direct activities and portfolio emissions as part of the Science Based Targets Initiative, of which the United Nations Global Compact is a party, and where companies declare their scientific targets for reducing carbon emission.

## Innovative and global vision

Halkbank has been spearheading the Turkish banking industry's development while successfully executing its mission of supporting the real economy for 84 years.





## CAPITAL AND SHAREHOLDING STRUCTURE

100% of Halk Invest shares is owned by Halkbank.  
Halk Invest's capital is TL 150 million.



## MILESTONES

# Halk Invest was the leader of 2022 with the prominent issues in the industry!

## 2011

- Establishment of Halk Portföy and 25% partnership

## 2012

- Halkbank's second public offering: USD 2.5 billion
- First merger & acquisition (M&A) advisory transaction

## 2013

- First Outlook Report and investor conference
- Halk REIT's IPO
- Emlak Konut REIT's second public offering: USD 1.6 billion
- Sponsorship of Aizanoi, home of the world's first known stock market
- Trading activities (FX)

## 2014

- First sukuk issue brokerage and leadership with 40% market share
- Corporate identity creation

## 2015

- Leadership in Sukuk issues with a market share of 68%
- Donation to Diyarbakır Yıllarca Halkbank Şehit Haşim Türkoğlu Primary School
- Establishment of Halk Invest Memorial Forest
- Türkiye's Best Brokerage Firm Award in Global Banking & Finance Review Sukuk Issues

## 2016

- JCR Rating AA (Trk)
- First Halk Invest bond issue
- Türkiye's Best Brokerage Firm Award in Sukuk Issues and Corporate Social Responsibility by Global Banking & Finance Review
- TCMA – Aizanoi Best Corporate Social Responsibility Project Award

## 2017

- JCR Rating AA+ (Trk)
- First sukuk issue based on agricultural commodities
- First REIT sukuk issue
- Halkbank secondary capital bond issue
- Main sponsorship of Aizanoi, home of the world's first known stock market

## 2018

- JCR Rating AAA (Trk)
- Support for the largest asset-backed security (ABS) issuance in Türkiye
- 103 debt instruments and sukuk issues intermediated during the year
- Introduction of individual portfolio management services
- Efforts related to Halk Intrader, the international trading platform
- + IFN Türkiye's Best Islamic Finance Transaction Award: Turkish Grain Board ("TMO") Agricultural Commodity-Based Sukuk Issue – Most Creative Capital Market Project Award (TMO-Agricultural Commodity-Based Sukuk Issue)
- Bonds & Loans-Local Bond Transaction (Halkbank-Subordinated Securities First Prize)

## 2019

- 110 Debt instruments and sukuk issues intermediated during the year
- TLREF Issues
- Bonds & Loans-Local Currency Bond/Sukuk Deal of the Year First Prize-Turkish Grain Board ("TMO") Agricultural Commodity-Based Sukuk Issue

- Bonds & Loans-Türkiye's Best Islamic Finance Transaction Award First Prize-Turkish Grain Board ("TMO") Agricultural Commodity-Based Sukuk Issue
- Bonds & Loans-Real Estate Finance Deal of the Year First Prize-Halk Gayrimenkul Yatırım Ortaklığı A.Ş. ("Halk REIT") Management Contract-Based Sukuk Issue
- Bonds & Loans-Structured Bond Deal of the Year Second Prize-Halk Gayrimenkul Yatırım Ortaklığı A.Ş. ("Halk REIT") Management Contract-Based Sukuk Issue
- TCMA-Private Sector Debt Instrument Issue and Sales Leader Award

## 2020

- 98 Debt instruments and sukuk issues intermediated during the year
- BIST TLREF issues
- Bonds & Loans: Türkiye's Best Islamic Finance Transaction Award First Prize: Turkcell Superonline-Management Contract-Based Sukuk Issue
- Bonds & Loans: Real Estate Finance Deal of the Year (Sukuk): Emlak Konut Gayrimenkul Yatırım Ortaklığı (EKGYO) Management Contract-Based Sukuk Issue First Prize and Halk REIT Management Contract-Based Sukuk Issue Second Prize
- Bonds & Loans: Real Estate Finance Deal of the Year (Bond): EKGYO-Conventional Bond Third Prize
- Bonds & Loans: Structured Bond Deal of the Year: Turkcell Superonline-Management Contract-Based Sukuk Issue Third Prize
- + IFN World's Best Islamic Finance Transaction Award: EKGYO-Management Contract-Based Sukuk Issue

## 2021

- JCR Rating AAA (Trk)
- 74 Debt instruments and sukuk issues intermediated during the year
- Establishment of Yıldız Tekno Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("Yıldız Tekno GSYO")
- Establishment of www.fonlabuyusun.com crowdfunding platform
- 3 Awards at the LAPC (American Communications Professionals) 2020 Vision Awards
- The Gold Award worldwide, the Bronze Award in the ranking of most improved annual reports, and the Technical Success Award with its 2020 annual report "Smart Recommendations Transform Lives" at the LAPC 2020 Vision Awards
- Horizon Interactive Awards The Gold Award with halkinzaferi.com and "Love Is The Biggest Investment" movie project, the Silver Award with the SRS
- The Silver Award in web sites (Banking & Finance Industry) category with ilkborsa.com which presents the stock market history beginning from Aizanoi, the world's first known stock market and to the future of investment at Horizon Interactive Awards

## 2022

- JCR Rating AAA (TR)
- 88 Debt instruments and sukuk issues
- Public offerings of Makim Makina Teknolojileri Sanayi Ticaret A.Ş. with a value of TL 158.4 million and Birikim Varlık Yönetim A.Ş. with a value of TL 174.4 million
- "Best Microsite" award at the Golden Spider, one of the most prestigious competitions of Türkiye, to ilkborsa.com that offers a digital experience from the history of exchange markets to the future of investments
- 3 bronze awards to SRS at "International Business Awards," the largest award program of Stevie Awards
- Silver award to Halk Invest for SRS in "Company of the Year in FinTech" at the Globee Awards
- Establishment of Fonlabüyüsün Venture Capital Investment Fund (Fonlabüyüsün VCIF) by Fonlabüyüsün and Ziraat Portföy A.Ş., and obtaining of issuance approval
- Start of Fonlabüyüsün VCIF book-building process for contributions



## DEVELOPMENTS IN 2022

As it has every year, in 2022, Halk Invest mediated the issues of numerous institutions that are pioneers in their fields.

**Halk Invest provides rational solutions and funding sources to both the financial industry and the real sector by issuing commercial papers, sukuk, asset-backed securities, and debt instruments that will be included in the calculation of secondary capital.**

**TL 30.8 billion issue**

In 2022, Halk Invest mediated 88 debt instrument and sukuk issues amounting to TL 30.802 million. The Company ended 2022 as the fourth-largest issuer with a market share of 8.52%.

Halk Invest provides rational solutions and funding sources to both the financial industry and the real sector by issuing commercial papers, sukuk, asset-backed securities and debt instruments that will be included in the calculation of secondary capital. In 2022, the Company offered brokerage services to Halkbank, Turkcell Finansman, Halk Leasing, Halk REIT, Turkcell Superonline, Emlak Konut REIT, Turkish Grain Board, Kayseri Şeker, and Turkcell Ödeme ve Elektronik Para Hizmetleri.

In 2022, Halk Invest undertook four sukuk issues amounting to TL 800 million through its sukuk issue structure, based on a management contract featuring an asset portfolio that included the fiber internet infrastructure services of Turkcell Superonline, a subsidiary of Turkcell, which is one of the major digital operator companies in Türkiye.

In 2022, Halk Invest performed nine sukuk issues amounting to a total of TL 1.8 billion, based on a management contract for Halk Gayrimenkul Yatırım Ortaklığı, which realized the first sukuk transaction in the real estate investment trust industry and in which Halk Varlık Kiralama A.Ş. (Halk VKŞ) participated as the issuer.

A total of four sukuk issues corresponding to TL 730 million were carried out based on a management contract. Halk Varlık Kiralama A.Ş. (Halk VKŞ), which performed the first sukuk transaction on behalf of Halk Finansal Kiralama A.Ş., a player in the financial leasing industry, participated as the issuer.

Halk Invest undertook two sukuk issues for Kayseri Şeker, Türkiye's second-largest sugar producer, with a total amount of TL 160 million based on a management contract. In the issue, the asset portfolio was beet sugar (crystal sugar) included to quota A, at the rate of 120% of the issue amount.

In 2022, the Turkish Grain Board (TMO), which operates in Türkiye's agricultural product markets, performed two sukuk issues based on proxy and management contract. In the issue, in which Halk VKŞ is the issuer and Halk Invest is the broker, the total amount corresponded to TL 1.4 billion.

Paycell, a subsidiary of Turkcell, operates in the field of payment and electronic money. In 2022, four sukuk issues amounting to a total of TL 450 million were issued for Paycell based on a management contract. In the transaction, Halk Varlık Kiralama A.Ş. (Halk VKŞ) was the issuer.

Halk Invest, which started sukuk activities in 2014, mediated 36 sukuk transactions totaling TL 7.5 billion in 2022.

**8.52%**

Issue market share

**TL 7.5 billion**

Total amount of 36 sukuk transactions

**IPO leadership**

In 2022, Halk Invest completed two public offering transactions with a total transaction volume of TL 332.8 million. One of the offerings, corresponding to TL 158.4 million, was for Makim Makina Teknolojileri Sanayi Ticaret A.Ş. The other transaction was for Birikim Varlık Yönetim A.Ş. and had a value of TL 174.4 million.

## RATINGS RECEIVED FROM THE CREDIT RATING AGENCY

# Halk Invest's long-term national rating was confirmed as AAA (Trk), and outlook was confirmed as "Stable"

As a result of JCR Eurasia Rating's assessment on Halk Yatırım Menkul Değerler A.Ş., the rating agency assigned Halk Invest the highest-level investment grade and confirmed the Company's rating of AAA (Trk) on the Long-Term National Scale with a "Stable" outlook. Additionally, the Long-Term International Foreign and Local Currency Ratings were assigned as "BB" which is the country limit, with a "Stable" outlook.

Long-Term National Credit Rating	AAA (tr) / (Stable Outlook)
Short-Term National Credit Rating	J1+ (tr) / (Stable Outlook)
Long-Term International Foreign Currency Rating	BB / (Stable Outlook)
Short-Term International Foreign Currency Rating	J3 / (Stable Outlook)
Long-Term International Local Currency Rating	BB / (Stable Outlook)
Short-Term International Local Currency Rating	J3 / (Stable Outlook)





## CHAIRMAN'S MESSAGE



**We won three awards for the Smart Recommendation System at the Stevie Awards International Business Awards.**

Esteemed Stakeholders,

In 2022, we confronted the growth- and indebtedness-related adverse effects of the monetary normalization process, which was deployed due to inflationary pressures that reached record levels globally.

During this period, it was seen that critical balances were shaped worldwide following the pandemic, and the extraordinary liquidity that had emerged after the 2008 crisis started to be withdrawn within the framework of monetary normalization. Another observation was that "front-loading" monetary policy moves, normally seen in developing countries, were led by developed countries in 2022, due to rising inflationary pressures around the world.

**The effects of global developments on the domestic growth outlook came to the forefront**

In 2022, as the global economy confronted the dilemma of high inflation-low growth, especially in the first half of the year, the effects of strong and rapid credit expansion supported by interest discounts and buoyancy in industrial production activities, were seen on the production and investment side of the Turkish economy. However, the growth-impeding impact of inventories, due to rapid increases in global commodity prices and supply chain problems, led to a more modest outlook in the third quarter of the year, with growth of 3.9% on an annual basis.

# Halk Invest sustains its upward trend with visionary and influential strategies.

On the price pressure side, as the rise in inflation observed in 2021 continued to be incrementally effective in 2022, the annual increase rate peaked at 85.51% in November, regressing to 64.27% in December. Policy interest was reduced to a single-digit level (9%) within the framework of the new economy model and growth-supporting steps.

On the inflation side, the effects of the Russia-Ukraine war on commodity prices are expected to mitigate gradually in 2023. Domestically, it is expected that the effects of currency impact and cost inflation pressure will decline due to less volatility in foreign exchange rates, and that a downward trend will become apparent.

Having ended 2022 at the level of 5,509 points, the BIST 100 index came to the forefront as the highest rising exchange market in the world, with a value increase of 196.57% supported by the new model, in a conjuncture dominated by the front-loading interest rate increases led by developed countries owing to record high levels of global inflationary pressures.

If it is possible to restore disinflation permanently in 2023, the Turkish economy is anticipated to become one of the developing economies subject to positive discrimination, featuring strong growth and budget dynamics within the framework of the new growth model.

As a leading institution in the capital markets, Halk Invest maintains its growth trajectory through visionary and effective strategies and the broad distribution channel of Halkbank. Building on its success by upholding its strong position in the industry, the Company raised its net profit for the previous year by 7.8%, while the net profit for 2022 reached the level of TL 422.7 million with a rise of 110%. In the same period, Halk Invest raised its shareholders' equity from TL 428.7 million to TL 719.3 million, achieving an average return on equity of 74%.

As Halk Invest, we will continue to rapidly expand our market share. We maintain our distinctiveness in the industry by introducing innovative products and services while achieving growth in profitability.

**As Halk Invest, we will continue to rapidly expand our market share. We maintain our distinctiveness in the industry by introducing innovative products and services while achieving growth in profitability.**



**TL 719.3 million**  
Shareholder's Equity

**TL 451.6 million**  
Stock and VIOP  
commission revenue

## CHAIRMAN'S MESSAGE

# Substantial steps in advisory and financial services with capital increase

## In 2022, the focus was on debt instrument and sukuk issues in line with developments in economy.

In 2022, Halk Invest completed two public offering transactions with a total transaction volume of TL 332.8 million. One of the offerings, corresponding to TL 158.4 million, was for Makim Makina Teknolojileri Sanayi Ticaret A.Ş. The other transaction was for Birikim Varlık Yönetim A.Ş. and had a value of TL 174.4 million. The Company plans to continue these share offerings in 2023.

Debt instruments corresponding to a total of TL 30.8 billion were issued throughout the year. Of those transactions, 36 were sukuk issues (TL 7.5 billion) while 52 were issues of conventional debt instruments (TL 23.3 billion). Halk Invest is the market leader in terms of issues undertaken during the year.

Moreover, nine sukuk issues were performed with a total amount of TL 1.8 billion, based on a management contract for Halk Gayrimenkul Yatırım Ortaklığı, which performed the first sukuk transaction in the real estate investment trust industry and in which Halk Varlık Kiralama A.Ş. (Halk VKŞ) participated as the issuer. In addition, lease certificate customers include Halkbank, Turkcell Finansman, Halk Leasing, Halk REIT, Turkcell Superonline, Emlak Konut REIT, the Turkish Grain Board, Kayseri Şeker and Turkcell Ödeme ve Elektronik Para Hizmetleri.

Halk Invest successfully completed the issue of lease certificates with a nominal value of TL 1 billion based on an agricultural commodity portfolio and management contract, with the Turkish Grain Board as the fund user. Offering a positive impact on Turkish farmers, Halk Invest has intermediated issues of real sector and non-bank financial leasing certificates in the highest amount to date.

In 2022, four sukuk issues with a total value of TL 450 million were issued for Paycell, a Turkcell group company, based on a management contract. In the transaction, Halk Varlık Kiralama A.Ş. (Halk VKŞ) was the issuer.

With its new projects, Halk Invest continues to take substantial steps in the fields of capital increase and advisory and financial services.

In this regard, the Company started crowdfunding activities in 2022. The Fonlabüyüsün crowdfunding platform initiated its first campaign on November 28, 2022 and finalized it successfully. Non Nocere, the first equity-based crowdfunding project of Fonlabüyüsün, carries out its activities with a focus on promoting issue transactions with high added value in line with Türkiye's growth targets. Thanks to the great attention it received from investors, the project was finalized within a short time.

The Non Nocere campaign started to collect investment demands on November 28, 2022, with a funding target of TL 7,500,000, and concluded on December 9, 2022 with the collection of TL 10,418,400 from 540 investors. For the Non Nocere project, Fonlabüyüsün successfully finalized the campaign within a short time by raising investments from qualified corporate investors A1 Portföy-Pardus Teknoloji GSYF and Pardus GSYO A.Ş., as well as Yıldız Tekno GSYO A.Ş., which has invested the highest lump sum amounts to date as part of the crowdfunding campaigns carried out.

Encouraged by the successful results of the first campaign, Halk Invest offered the new crowdfunding campaign named Afara Agricultural Robot to investors on December 26, 2022.

I believe that we will retain our position among the leading companies in the capital markets, and that we will continue to take successful steps towards our goals in 2023 and conclude the year with the desired results. I would like to extend my gratitude to our main shareholder, Halkbank, and to our employees, our esteemed customers, and all our business partners on my behalf and on behalf of our Board of Directors.

Sincerely,

**Ali Şöner**  
Chairman of the Board of Directors

**Halk Invest began crowdfunding activities in 2022. The Fonlabüyüsün crowdfunding platform initiated its first campaign on November 28, 2022 and finalized it successfully.**

## BOARD OF DIRECTORS

# Management structure taking its strength from reliable and high quality service mentality

### Ali Şöner

#### Chairman of the Board of Directors

Ali Şöner was born in İstanbul in 1968. He graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of International Relations. He worked as an Assistant Specialist and Specialist at Pamukbank TAŞ. Having worked as a Director and Head of Department at Türkiye Halk Bankası A.Ş. since 2004, Şöner has been serving as the Deputy General Manager in charge of Treasury Management and International Banking at Türkiye Halk Bankası A.Ş. since July 28, 2021.

### Yusuf Duran Ocak

#### Vice Chairman of the Board of Directors

Yusuf Duran Ocak was born in Kadirli-Osmaniye in 1966. He graduated from Gazi University, Faculty of Economics and Administrative Sciences, Finance Department. After serving as an Assistant Inspector, Inspector, Deputy Head of the Board of Inspectors, and Department Head at Türkiye Halk Bankası A.Ş., Mr. Ocak has served as the Deputy General Manager in charge of Financial Management and Planning since July 18, 2017.

### Bülent Sezgin

#### Board Member-CEO

Bülent Sezgin was born in Bandırma in 1975. He graduated in 1997 from Middle East Technical University, Department of Political Sciences and Public Administration, and began his professional career in capital markets that same year. He went on to work in various positions in the industry until 2011. In 2011, Mr. Sezgin was appointed as the Manager of the Corporate Finance Department at Halk Invest. He served as the Deputy General Manager in charge of Corporate Finance and Treasury from December 2012. Acting as the CEO of the Company as of October 20, 2020, Mr. Sezgin is also a member of the Board of Directors.

### Gökhan Fidan

#### Board Member

Gökhan Fidan was born in Trabzon in 1975. He completed his Bachelor's degree in Business Administration at Atatürk University Faculty of Economics and Administrative Sciences in 1998. His banking career which started at Halkbank Araklı/Trabzon Branch in 1999 continued under the title of Specialist at Treasury Management between 2003 and 2008. He served as Line Manager at Trabzon Regional Coordination Office from 2008 to 2013, and then as Commercial Branch Manager at Gümüşhane, Ortahisar, Ordu and Samsun, respectively, between 2013 and 2021. He has been serving as the Head of Department of Artisans Banking at Türkiye Halk Bankası A.Ş. since July 2021.

### İdris Uçma

#### Board Member

İdris Uçma was born in Ordu in 1966. He obtained his bachelor's degree in 1991. He started teaching at the Ministry of National Education and the Ministry of Health in the same year. In 1995, he began to work as a consultant in the Turkish Grand National Assembly. He became the Head of the Strategy Department at the Ministry of Energy and Natural Resources in 2003. He served as a board member within various public institutions since 2004. In 2010, he was appointed to the Office of Ministerial Counsellor at the Ministry of Labor. In 2015, he worked as a Large Projects Coordinator at the Ministry of Transport.

### Seyit Mehmet Yaydemir

#### Board Member

He was born in Kayseri in 1978. He completed his undergraduate education at Dokuz Eylül University, Department of Business Administration in 2002. He received education at K.İ. Language College, New York. His professional life began when he started to serve as an assistant specialist at Anadolu Finans Kurumu in 2004. Between 2006 and 2012, Mr. Yaydemir worked as Deputy Inspector, Inspector, and Senior Inspector in the Department of the Inspection Board at Türkiye Halk Bankası A.Ş. He was appointed as the Branch Manager at Kurtuluş, Maltepe/İstanbul, Gayrettepe, and Mecidiyeköy Commercial Branches, respectively from 2012 to 2021. He has held office at the Department of Credit Risk Monitoring within Türkiye Halk Bankası A.Ş. since July 2021.

### Ahmet Hoşcan

#### Board Member

Ahmet Hoşcan was born in Kadirli in 1984. He graduated from Adana Atatürk High School in 2003. He received his undergraduate education at Ankara University, Faculty of Political Sciences, Department of International Relations in 2007. He obtained a Master's Degree in Business Administration from İstanbul Aydın University, Institute of Social Sciences. His banking career started when he began to serve as an Assistant Specialist at Türkiye Halk Bankası A.Ş. in 2008. Later, he worked as a Specialist, Senior Specialist, and Director in the same institution. Between October 2018 and August 2021, he held office as the Line Manager of Liquidity Management in the Department of Asset-Liability Management. He has served as the Head of the Treasury Management Department since August 2021.



## MESSAGE FROM THE CEO



**We achieved sustainable growth with successful results in 2022.**

Dear Stakeholders,

In 2022, Halk Invest maintained uninterrupted investments in its technological infrastructure, directed at providing the Company's wide customer group with high-quality, safe and quick services in consideration of the changing needs in capital markets.

In 2023, Halk Invest will speed up technological architectural structuring works to meet the workload produced by the increasing transaction volume, alternative investment instruments and new channels, and to ensure continuity.

Development activities continue for the first two phases of the Customer Management System (Admin Screens and Representative Information Screens), which is planned to be launched to follow up on the digitalized services and rising customer profitability. The data warehouse and dynamic reporting module aims to analyze customer data faster and to enhance efficiency and customer satisfaction.

The completion of the new website and Smart Recommendation System (SRS) Transaction are targeted integration works in 2023. Shares in the recommendations list of SRS web application can be purchased and sold on the new Halk Invest corporate website. Moreover, infrastructure preparations and server installations were brought to completion at the Borsa Istanbul co-location data center for algorithmic transactions and fast order transmission. It is planned to create a fund portfolio and kick off transactions in 2023.

## Our investments into technological infrastructure continued at a great pace.

The Fonlabüyüsün crowdfunding platform under Halk Invest started its activities by launching its first campaign on November 28, 2022. Non Nocere, the first equity-based crowdfunding project of Fonlabüyüsün, carries out its activities with a focus on promoting tissue transactions with high added value in line with Türkiye's growth targets. Thanks to the great attention it received from investors, the project was finalized within a short time. The Non Nocere campaign began collecting investment demands with a funding target of TL 7,500,000, and collected TL 10,418,400 from 540 investors, exceeding the additional funding limit of 20%.

Encouraged by the successful results of the first campaign, Halk Invest offered the new crowdfunding campaign named Afara Agricultural Robot. The Afara Agricultural Robot meets the automation need in the agricultural industry, picking more than 70% of the residual cotton ("afara" in Turkish) left on the field after the harvest and thus solving one of the most significant problems for cotton farmers.

With patent applications submitted in Türkiye and internationally, the Afara Agricultural Robot collects residual cotton by detecting its coordinates on the ground after the harvest. The system has the potential to provide an excellent data source to the agricultural industry due to its capability to calculate the soil surface and the ratio of residual cotton on the field.

As a part of Halkbank group with deep-rooted and large-scaled infrastructure opportunities, Halk Invest aims to play an effective role for the popularization of the Fonlabüyüsün crowdfunding system, which will meet sectoral needs in early stages as well as the need for deep technology investments.

In 2022, debt instrument and sukuk issues were predominantly performed as part of Halk Invest's corporate finance activities. In 2022, Halk Invest undertook a total of 88 transactions with a total value of TL 30.8 billion. Of those transactions, 36 were sukuk issues (TL 7.5 billion) while 52 were issues of conventional debt instruments (TL 23.3 billion).

**Halk Invest offered the new crowdfunding campaign named Afara Agricultural Robot to investors. The Afara Agricultural Robot can pick more than 70% of the residual cotton on the field after the harvest.**



**TL 423 million**  
Net profit

**TL 30.8 billion**  
Total transaction volume

## MESSAGE FROM THE CEO

# Qualified human resources behind Halk Invest's success

Halk Invest maintained its market leadership through the issues it undertook in 2022.

In 2022, Halk Invest successfully completed two public offering transactions with a total transaction volume of TL 332.8 million. One of the offerings, corresponding to TL 158.4 million, was for Makim Makina Teknolojileri Sanayi Ticaret A.Ş. The other transaction was for Birikim Varlık Yönetim A.Ş. and amounted to TL 174.4 million.

In 2023, Halk Invest aims to contribute to the growth of the market by developing debt instruments and structuring new products in the sukuk market. In addition, the Company seeks to sustainably capture a higher market share, and to bolster its market position through qualified services in the areas of mergers and acquisitions and advisory.

Halk Invest continued to win awards and accolades in 2022. Offering a digital experience that spans the history of exchange markets to the future of investments, as well as increasing the number of conscious investors, ilkborsa.com won the "Best Microsite" award at the Golden Spider, one of Türkiye's most reputable competitions.

The Smart Recommendation System (SRS) garnered Halk Invest the "Company of the Year" award in the FinTech category at the Globee Awards, one of the most prestigious award programs in the world. As the personal financial assistant of investors at all levels, SRS provided convenience to investors through daily and weekly reports, in-depth analyses, smart recommendations, current news, calculation tools and newly added modules. Halk Invest will continue to put numerous different projects into practice and reach new successes in 2023.

The Halk Invest organization has a dynamic structure well-suited for correctly managing the investor's expectations. The Company continues to render services to customers by way of products in mobile and web application formats comprised by models such as the Smart Recommendation System (SRS) that provide customers with daily investment advisory recommendations and information on investment decisions; quantitative analysis, stock and fund reports created with artificial intelligence; and investment advisory recommendations and up-to-date model portfolio recommendations, etc.

The Smart Recommendation System and various other projects are among the driving factors in achieving the Company's objectives. In addition, following the commissioning of these automated products, the subsequent increase in the diversity and depth of research unit products and services contributed to investor satisfaction.

At this point, it should be emphasized that the effective combination of Halk Invest's qualified human resources and strong infrastructure played an important role in the achievement of these successful results.

2023 is expected to be a year with new accomplishments driving momentum towards reaching the objectives.

I would like to extend my gratitude to our colleagues and stakeholders, who are our most powerful asset in achieving these goals and projects.

Sincerely,

**Bülent Sezgin**  
CEO

## EXECUTIVE MANAGEMENT

**Bülent Sezgin**  
Board Member-CEO

Bülent Sezgin was born in Bandırma in 1975. He graduated in 1997 from Middle East Technical University, Department of Political Sciences and Public Administration, and began his professional career in capital markets that same year. He went on to work in various positions in the industry until 2011. In 2011, Mr. Sezgin was appointed as the Manager of the Corporate Finance Department at Halk Invest. He served as the Deputy General Manager in charge of Corporate Finance and Treasury from December 2012. Acting as the CEO of the Company as of October 20, 2020, Mr. Sezgin is also a member of the Board of Directors.

**Ali Mutlu**  
Deputy General Manager

Ali Mutlu was born in Osmaniye in 1968. He received his undergraduate education at Marmara University, Faculty of Economics and Administrative Sciences, Department of Economics, and his graduate education at Oklahoma State University, Department of Economics. Since 1998, he worked in various positions in the field of information technologies in the capital market industry. He was appointed as the Information Technologies Director at Halk Yatırım Menkul Değerler A.Ş. in 2015 and has served as Deputy General Manager of Financial and Operational Management since November 2020.

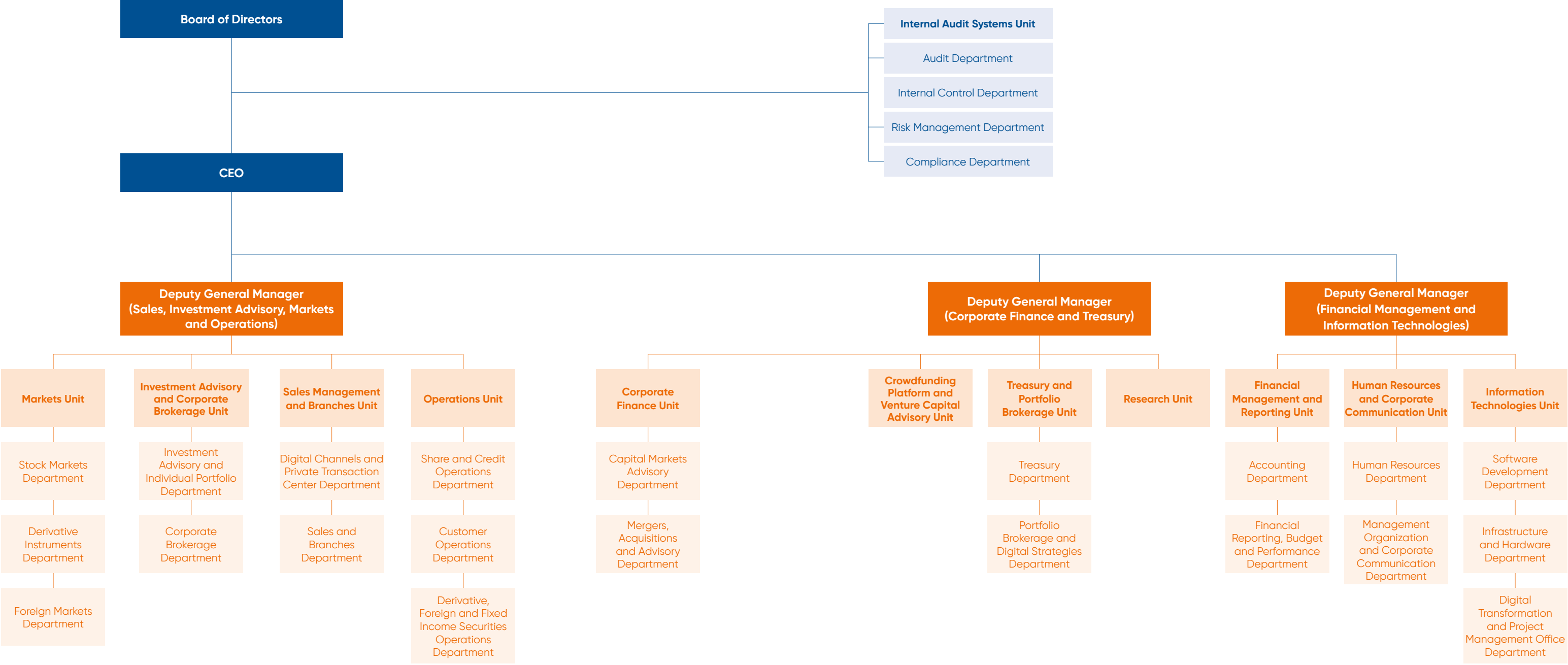
**Şafak Akdaş**  
Deputy General Manager

Şafak Akdaş was born in Sivas in 1985. He completed his undergraduate education at Erciyes University, Department of Chemistry, and his graduate education at Cumhuriyet University, Department of Financial Econometrics. He started his career in capital markets in 2010 and held office in various positions. In 2019, Akdaş began to serve as Manager at the Department of Domestic Sales within Halk Yatırım Menkul Değerler A.Ş. He is currently working as the Deputy General Manager in charge of Sales, Investment Advisory, and Operations.

**Zafer Mustafaoğlu**  
Deputy General Manager

Zafer Mustafaoğlu was born in Sivas in 1972. He earned his Bachelor's degree in Management Engineering at Istanbul Technical University and his Master's degree in Business Administration at the same university. After serving at various levels in the field of Corporate Finance and Financial Management since 1995, Mr. Mustafaoğlu began to work as Corporate Finance Director at Halk Yatırım Menkul Değerler A.Ş. in 2020. He currently holds office as the Deputy General Manager in charge of Corporate Finance and Treasury.

ORGANIZATIONAL CHART





## MACROECONOMIC OUTLOOK

# 2022 was a year that witness the shaping of critical balances.

In 2022, we confronted the growth- and indebtedness-related adverse effects of the monetary normalization process, which was deployed due to the inflationary pressure that reached record high levels globally. In this period, it was seen that critical balances were shaped after the pandemic in the world, and the extraordinary liquidity that emerged after the 2008 crisis started to be withdrawn within the framework of monetary normalization. It was also observed that the “front-loading” monetary policy moves, which are normally seen in developing countries, were led by developed countries in 2022 due to the rising inflationary pressures around the world.

In the USA, FED accepted its mistake to define the inflationary pressures as “temporary” at the first stage, and introduced the front-loading interest increase process in a determined manner. Although its first move was very weak with an increase of 25 basis points, it started the “front-loading” period in real terms with strong interest rate increases in the next steps. This tightening process is also consolidated by balance sheet reductions, albeit temperately. On the other hand, regarding the reflections of monetary tightening on growth, the USA economy is expected to end 2022 with a growth of 1.6% and augment by 1% in 2023.

In the Euro Zone economy, where inflationary pressures became stronger with the energy crisis, it can be said that the European Central Bank (ECB) passed from a negative interest environment to a positive environment as boldly as FED – although it seems lower in terms of the political level – considering the ECB's interest increase of 250 basis points throughout the year after the tightening process it started in July. The loss of momentum is expected to extend into 2023 due to the reflection of this step on the side of growth, evident effects of energy crisis, and climb in the cost of living. On the side of public debt, social supports for mitigating the effects of the energy crisis, and increase in Italy's share in the EU recovery fund create a pressure, while the ECB balances the situation by lessening the burden on problematic regions with bond purchases from these countries. Therefore, public debt is expected to show a modest decline to 93% at the end of the year, and then to continue its fall with the effect of financial discipline.

The economy of Japan started 2022 with a low growth rate of 0.2% in the first quarter, expanded by 3.5% in the second quarter with the increase in the contribution of services. It is expected that public expenditures will slow down against the escalation in consumptions and investments, and that 2022 will be closed with a growth of 1.7%. However, it is anticipated that the loss

of acceleration in consumption and public expenditures will be balanced with investments, resulting in a growth of 1.6% in 2023. Besides, one of the main guiding factors in 2023 will be whether or not the Central Bank of Japan pursues ultra-loose monetary policy.

In the normalizing world of 2022, the Chinese economy also experienced a loss of momentum due to the supply-related price pressures and shift of demand from durable consumer goods to services, in addition to the effect of tightening financial conditions on exports. Based on its tendency to return from the new growth model, which supports domestic consumption in production-service composition, to the conventional model, which focuses on export-based production sector, Chinese economy is expected to switch to the new model by easing the restrictions and accelerating domestic consumption. However, the USA's practices which target Chinese technology industry and the weakening of Chinese yuan pose downward risks for growth.

This monetary tightening process, which developed economies have deployed in a synchronized and determined manner against the inflation risks raised by post-pandemic supports, puts an evident pressure on growth. The process will determine the direction of separation among both developed economies and developing economies in 2023.

Transition to a disinflationist path following proper management of inflationary pressures with monetary instruments will influence the strength of growth.

In summary, a challenging environment persists at the global level. However, at this point, it is thought that the difficulty of predictability will be lower this year than 2022. After a period of hardly predictable policy in 2022, it is estimated that difficulty of predictability for 2023 has come to a point to determine how challenging the transformation policies will be for rebalancing the economies.

In the first quarter of 2022, when the world economy moved to a new stage shaped by high inflation and low growth, the Turkish economy achieved strong growth of 7.5% on an annual basis, and maintained the strong outlook with 7.6% in the second quarter. The policy interest rate discounts which began in September 2021, reached 500 basis points until the end of the year and were followed by the reflections of buoyant outlook in industrial production activities on the side of production and investment with a strong and rapid credit expansion, played an effective role in the strong growth trend in this period. Turkish economy had a more modest growth outlook at the level of 3.9% in the third quarter of the year. Inventories had a growth-retarding effect, especially due to rapid increases in global commodity prices and supply chain problems.

In addition to the high inflation process experienced in the whole world after the pandemic, our foreign-dependent country saw surges in commodity prices due to the Russia-Ukraine war that broke out in the beginning of 2022. With high inflation levels observed in 2021 whose effects went on increasingly in 2022, the annual increase rate peaked with 85.51% in October and then declined to 64.27% in December.

Policy interest was lowered from 19.0% to 18.0% with a discount of 100 basis points at the CBRT Monetary Policy Committee (MPC) meeting in September 2021, switching from a tight monetary policy to a more supportive monetary policy. Following the interest discounts up to a total of 500 basis points which lasted until the end of the year, the CBRT suspended the interest discount cycle due to a delay in the projected disinflation process because of the dramatic movements in commodity prices with the effect of the Russia-Ukraine war that broke out in the early 2022. In this process, various macro- and micro-economic measures were taken for restricting credit expansion. The CBRT brought interest rate to 13.0% surprisingly with a discount of 100 basis points in August, and reduced the policy interest to 9% with a further discount of 400 basis points in the following months.

In summary, we left 2022 behind with significant global changes both in economic balances and policies. The inflation increase has gone far beyond the targets in the world due to commodity crises and climbing oil prices arising from worsening geopolitical risks, as well as commercial and financial problems amplified by disruptions in supply chains. Against this risk, Turkish economy started 2023 with the struggle for “achieving the balanced and strong growth target permanently” under challenging global conditions after a period when the presence of tight monetary policies applied in a determined and coordinated manner were felt. If the process of restoring disinflation becomes successful within the new growth model, Turkish economy is believed to become one of the developing economies subject to positive discrimination with strong growth and budget dynamics.



## MARKETS

# Halk Invest provides services in 81 provinces of Türkiye with the extensive distribution network of Halkbank.



**TL 901.8 million**  
Transaction volume

**TL 431 million**  
Stock trade brokerage  
commission revenue

The Halk Invest Markets Unit is structured on the Futures and Options Market, in which derivative instruments within Borsa Istanbul are traded, and Stock Market and Foreign Markets activities.

While the Markets Unit uses Halkbank's broad distribution network effectively, seven investment branches, Stock Market, Derivative Instruments, Foreign Markets, and Corporate Brokerage departments provide services to investors through Halkbank branches in 81 cities across Türkiye. The Unit offers traditional brokerage services to private, corporate, and/or collective investment institutions willing to transfer the trade transactions to stock markets.

Dominance of Halkbank in the retail channel, climb in the number of mass customers and customers preferring Halk Invest as well as innovations and developments put into practice in terms of service quality contributed to a rise in commission income.

The increase in interest and volume in the Borsa Istanbul equity market is expected to go on in 2023. Halk Invest will play an active part in this process and achieve more fruitful outcomes. In addition, it is thought that the product range of the Company will increase, thereby raising profitability when mediation of the international stocks begins in foreign markets.

### Equity market

Halk Invest reached a transaction volume of TL 901.774 million in 2022. The Company ranked 15<sup>th</sup> among 55 intermediary institutions and had a market share of 2.55%. By the end of 2022, share trading brokerage commission revenues corresponded to TL 431.022 million with an increase of 125.8%, compared to the same period of the previous year.

### Loan transactions

Stock loans extended to the customers against securities collateral rose by 244.9% year-over-year as of the end of 2022, and reached TL 361.38 million on average on a daily basis.

Loan interest revenue generated from margin trading rose by 357.65% compared to the same period of the previous year, and reached TL 116.460 million. In addition, an interest revenue of TL 132.84 million comprised of loan and default interests was generated.

In 2022, 331 Credit Committee decisions were made for 2248 limit allocations/increases.

For loan limit demands, the customer must provide collateral to cover the 50% equity ratio of the portfolio value. The customer's current portfolio value must be higher than the loan limit.

Loan limit demands up to TL 10,000,000 are submitted to the Credit Committee while demands over TL 10,000,000 are approved by the Board of Directors following the approval of the Credit Committee.

### Foreign markets

Brokerage activities in foreign markets are the brokerage operations that are regulated with the permission of the CMB, and allow individual and institutional investors residing in the country to invest in the products (such as stocks, mutual funds, derivatives and fixed income products) of foreign capital markets.

Reporting to the Halk Invest's Markets Unit, the Foreign Markets Department was established to enable domestic individual and institutional investors to have access to stocks and ETFs (Exchange Traded Funds) traded in the world's leading exchanges such as Frankfurt, London and New York, via desktop and mobile platforms.

Within this scope, an agreement was signed with the relevant foreign intermediary institution in 2021, and the mediation activities were initiated as of August 2022 with the addition of Paris, Milan and Madrid exchange markets.

### Derivative instruments

As the first public-owned institution that conducted business in trading activities, Halk Invest has been sharing its technical infrastructure as well as its experience in pricing and liquidity management for Forex products with its investors since 2013.

Customers are able to transmit their orders from the electronic platforms provided to them with no charge via personal computers, smartphones, or tablets and enjoy the advantages provided by the derivative markets.

Following the CMB communiqué issued in 2017, the leverage ratios of 1:100 have been reduced to 1:10 and an initial start limit of TL 50,000 was introduced for new accounts. After this development, the transaction volume and revenues in leveraged trading contracted across the industry. Furthermore, in special circumstances, the CMB is entitled to limit the 1:10 leverage ratio down to 1:1 based on the product pair. Following the excessive volatility in product prices due to the pandemic, measures were taken to protect the customers and it was decided that only professional investors, whose criteria are determined by the CMB, will trade in this market.

The number of open accounts was 1,635 by the end of 2022. The total transaction volume achieved amounts to USD 1.947 million.

Together with the LP transactions carried out in 2022, the trading volume amounted to USD 5,306,378,184.

The Bank reached a market share of 0.81% with VIOP transaction volume of TL 128,116 million by the end of 2022. With this market share, it ranked 24<sup>th</sup> among 67 intermediary institutions and banks with an increase of 9% year-over-year.



## INVESTMENT ADVISORY AND CORPORATE BROKERAGE

# Qualified capital market products, customized analyses and financial literacy projects

## Investment Advisory and Individual Portfolio Management

The Investment Advisory Department provides services related to all capital market instruments. Department provides financial solutions that satisfy the expectations of investors, along with guidance and recommendations, ensure that it is easier for investors to make final decisions.

This service is provided to customers under an Investment Advisory Agreement and in accordance with the results of an appropriateness test. The Investment Advisory aims to expand an investor's knowledge and financial literacy. Suitability Test and Investment Advisory Framework Agreement can be accessed electronically to make access to services easier for investors.

In addition to conducting necessary informational activities offered to customers and sales teams regarding qualified capital market products and preparing customized analyses, the department continued its activities with projects aiming to contribute to the development of financial literacy.

The Smart Recommendation System (SRS) was established for Halk Invest customers. The SRS collects all financial market data and analyses, as well as the modules that assist in making investment decisions, on one platform.

With this system, it is aimed to raise the number of investors in the capital markets, as well as helping our current investors to build a knowledge base in the area of financial services and ensure their success in investment decisions.

In 2022, the activities for expanding the use of the Smart Recommendation System and enriching its content continued. Stockeys Pro Module was included in the application as a new module. Efforts were also made to enhance the Research, Treasury and Portfolio Brokerage, and Corporate Finance units as well as the Corporate Brokerage, Stock Market, and Derivative Instruments departments and to facilitate the access of our customers to these units and departments.

In 2023, Halk Invest will carry on the works for mainstreaming the use of Smart Recommendation System (SRS), enriching its contents and updating the existing modules, as well as expanding the activities of Research, Treasury and Portfolio Brokerage, and Corporate Finance units and Corporate Brokerage, Stock Market, and Derivative Instruments departments, and facilitating the access of customers to these units and departments.

By 2020, the use of a flexible portfolio optimization robot (Robo-Advisor) which covers all financial assets and develops effective recommendation models for institutional and individual investors started with the aim of advancing the investment recommendation systems offered to customers.

Established in 2021, Istanbul Portfolio Participation Index Equity Fund (IVF) is managed by the Individual Portfolio Management department through the use of portfolio optimization robots called Robo Advisor without any organic intervention in the short, medium, and long-term recommendations completely generated by Halk Yatırım Menkul Değerler A.Ş. Research and Investment Advisory units.

In addition to services against payment, special analyses within the framework of Investment Advisory activities are provided to financial and non-financial institutions such as pension, banks and, asset management companies.

Individual Portfolio Management (IPM) is a portfolio management service designed for individuals and institutions that are offered by expert portfolio managers to manage their savings in line with the management criteria to be determined by themselves.

The Individual Portfolio Management service is provided under an "Individual Portfolio Management Framework Agreement" between Halk Invest and investors.

With this service, investors able to benefit their savings from opportunities occurring in the markets without analyzing the news and data flow, without having to constantly and closely follow the markets, without dealing with complex financial accounts, and most importantly, by having more time for themselves and their business.

Individual Portfolio Management service process takes place with the steps below:

- After determining the customer's investment objectives, the risks that can be taken, and the financial assets that will or will not be included in the portfolio, all criteria such as the benchmarking criteria used to compare portfolio performance, and fees and commissions are specified in the agreement in detail.
- Portfolio managers start the portfolio management process in accordance with the criteria set out in the agreement. Assets are distributed in the relevant portfolio, based on research and quantitative analysis.
- Portfolio performance is monitored in real-time, and portfolio managers implement the position changes and revisions as soon as possible, as required by market conditions.
- A management fee (based on the total portfolio size) and a performance commission (based on the benchmark) are charged for the individual Portfolio Management service.

The Individual Portfolio Management service which started actively in 2019 is rendered to qualified individuals and institutions. In 2022, 59 individuals and institutions received the service. The managed portfolio size exceeded TL 412 million during the year.



In 2022, efforts to improve the software infrastructure continued. Productivity increased with the changes made in the staff and the organization. For the Smart Recommendation System, studies for new modules suitable for the Department services are carried out, and these activities are accelerated with new recruits for active marketing services. The service tree was expanded with more collaborations with third-party financial institutions.

The Department will continue to leverage the deep-rooted history of Halk Invest's main shareholder Türkiye Halk Bankası A.Ş., and the expertise of portfolio managers with capital markets experience, to provide steady and consistent returns and offer the right products for different needs in portfolio management, as well as to deliver a steady performance that will satisfy investors in the long term, and to develop new financial instruments and alternative investment solutions by closely following the evolving market and industry dynamics.

**Individual Portfolio Management is offered under an "Individual Portfolio Management Agreement" between Halk Invest and investors.**

## INVESTMENT ADVISORY AND CORPORATE BROKERAGE

# Services were provided to 59 individuals and institutions, and portfolios with a value of over TL 412 million were managed.

**Corporate Brokerage**

Lately, the companies in Türkiye have shifted from money markets to capital markets. The private sector companies who wish to enhance their asset quality focus on capital markets. Following the new CMB communiqués, the market has become a platform where companies can borrow more efficiently.

Corporate sales and brokerage activities cover the corporate investment advisory services about capital markets, trade brokerage activities, participation in public offerings and private placements, transactions for listed corporations to purchase their own shares within the scope of the buyback communiqué, E-Warehouse Receipt (ELÜS) transactions and other investment services and activities which are provided to asset management companies, collective investment institutions, insurance companies, private pension companies, retirement funds, foundations and qualified investors.

The sales of all kinds of securities issued by public or private companies to "qualified investors" and the realization of securities market orders transmitted by "professional customers" for stocks, fixed income securities, derivatives, FX, etc., are carried out in compliance with the relevant legislation.

2022 was a pretty successful year with respect to intermediation of debt instrument and sukuk issues. Transactions which amount to TL 30.8 billion were mediated with a total of 88 issues. This figure accounts for a market share of 8.52%.

The goals of the domestic sales function for 2023 are to expand the corporate customer base as well as develop the customer portfolio with a focus on individual customers through domestic sales and marketing activities and to expand the institutional investor portfolio which contains portfolio management companies, collective investment institutions, insurance companies, retirement funds, foundations, other investment institutions, and qualified individual customers, further. Furthermore, the Company carries on its operations to consolidate and maintain its leading position in the debt instruments market in 2023 and produce the most appropriate solutions for the periodically changing trends and product needs of investors.

**The Individual Portfolio Management service which started actively in 2019 is rendered to qualified individuals and institutions.**

**TL 412+ million**

Portfolio size



**HALKYATIRIM**

## SALES MANAGEMENT AND BRANCHES

# It adds more value to financial assets of qualified investors.

Sales Management and Branches Unit offers services to add more value to financial assets of qualified investors. It provides services to customers with alternative investment products such as fixed-income investment instruments, stocks, derivatives and mutual funds, taking their risk and return expectations into account.

In coordination with Halkbank and Halk Invest branches, the unit introduces and provides information on products and services to branch managers and personnel in line with the Company's profitability and objectives.

Sales Management and Branches Unit assumed a significant role in raising profitability and sales volume in mutual funds and Eurobond markets based on the targets in accordance with the relevant legislation while supporting Halk Invest's activities for equities and futures.

As of 2022, Sales Management and Branches Unit obtained a total revenue of TL 19.1 million from 312 Eurobond transactions, and TL 4.9 million from TEFAS funds with an increase of 233.2% on an annual basis.

In 2022, deposits were sent to approximately 700 different Halkbank branches by Sales Management and Branches Unit, considering non-interest expenses, sales activities, and demands of Halk Invest branches.

The Unit launched the Incentive Premium Campaign in coordination with Halkbank in order to raise sales activities and acquire new customers.

In 2023, it is aimed to boost the number of corporate and individual customers reached as part of sales activities, and to achieve a higher level of income.

In 2023, it is aimed to develop new projects to provide special services for qualified investors in line with the needs of corporate and individual customers. In addition to these services, the organizations which will serve the sales network based on the demands of Halkbank and Halk Invest branches will be established.

**A total revenue of TL 19.1 million were obtained from 312 Eurobond transactions. From TEFAS funds, TL 4.9 million was generated with an increase of 233.2% on an annual basis.**



### Digital Channels and Private Transaction Center

Halk Invest's Digital Channels and Private Transaction Center Department was built upon the activities of Branches, Private Transaction Center, and Digital Channels & Customer Satisfaction Center to offer services from all around Türkiye.

Utilizing the extensive distribution network of Halkbank, the Department enables a wide range of customers to access the markets. Additionally, services are rendered to investors with the branches located in 10 cities of Türkiye, and a Private Transaction Center in the Head Office.

Halk Invest also continues to make strong and sustainable investments with its ever-changing and -developing technological infrastructure in parallel with the developments and deepening of Turkish capital markets, and their expanding product range.

### Digital channels

Halk Invest makes the use of technology effectively to facilitate the access of investors to the markets. Thanks to the strong infrastructure of the internet branch, the Company can send orders to markets quickly and securely. Through the internet branch, customers are provided analyses and allowed to make transactions with orders such as Profit-Take, Loss-Cut, Conditional Order, and Time Order.

Halk Invest brings investors together with the following mobile applications: Halk Trader Mobile, Halk Invest Mobile, and Halk Invest Trader.

Investors can easily perform their transactions, follow instant data flows, and have access to research reports and many investment advisory analyses through such applications. Halk Invest focuses on financial literacy with mobile solutions as well.

In 2022, 90% of the Equities Market transactions were performed by means of electronic platforms. 95% of investors carry out their transactions through electronic platforms. More than 100 thousand investors performed transactions on a singular basis whereas a daily average of over 200 thousand entries were made to the applications.

Investors can easily use electronic platforms anytime to make use of their savings in an effective way. With next-generation platforms and the internet branch, Halk Invest continues to be the smart financial assistant of investors and carries on all kinds of activities to offer them a satisfactory investment experience.

Moreover, the Customer Satisfaction Center plays an active role in ensuring customer satisfaction by promptly resolving customer complaints and the complaints received through the CMB, Cimer, BRSA and social media.

Digital Channels uninterruptedly continue their activities that renew themselves and manage investors' expectations. More comprehensive order types will be made available via the internet branch in the upcoming period. A new mobile application will also be put into service within 2023.



## RESEARCH

# Accurate market data, and follow-up of the trends for global and domestic macroeconomic dynamics

Halk Invest Research Unit provides the Bank and the Internal units, branches, and its customers with timely and accurate market data. The Unit is also responsible for following and analyzing trends regarding global and domestic macroeconomic dynamics, making projections regarding the outlook of the economy and financial markets, and providing information support including analysis and forecasts.

The Unit prepares the Daily Bulletin, which includes expectations and predictions regarding financial markets, changes in financial indicators, and company news and developments every morning, and the Smart Charts report, which includes short-term analysis and recommendations, while closely tracking the market dynamics, trends, and foreign asset positions.

As data is published, Macro-Economic Strategy Notes that include analyses on domestic macro-economic developments and, if required, medium-term predictions and assessments are prepared, as well as Strategy Notes regarding financial markets in periods of significant developments that affect market dynamics and taking global dynamics into consideration.

Moreover, Company Reports, which include investment opinions in line with financial statements announced by companies, and Sectoral Assessment Reports, which evaluate sector data and their effects on companies in BIST, are also prepared.

Consisting of the stocks selected by Halk Invest based on basic analysis, the Model Portfolio is dynamically managed within the framework of the market strategy set.

Regarding the predictability of the global and domestic macroeconomic environment, the Outlook Report, which includes comprehensive and medium-term forecasts is prepared annually.

Additionally, Special Analysis Notes are formed for substantial subjects regarding economic and financial dynamics.

Models that include predictions and recommendations in consequence of medium-term analyses on reviewed companies are created within the framework of Chief Economist's macro-economic projections and analysts' predictions on sectoral dynamics.

**The Smart Charts report with short-term analyses and recommendations, market trends and daily advice are used effectively by investors.**



The Smart Charts report with short-term analyses and recommendations, market trends and daily advice are used effectively by investors, and has an ever-increasing follow-up rate.

With Smart Recommendation System, Smart Charts and up-to-date news about the reviewed stocks are interpreted and communicated to customers quickly, together with their effects on the stocks. In this way, investors can easily follow up the most recent news and developments.

Development studies continue to efficiently operate the SRS (Smart Recommendation System), a digital platform that enables branches and customers to actively track the Model Portfolio in which opinions about stocks turn into concrete investment proposals, and obtain maximum benefit.

The primary targets of the Unit are to strengthen the Investment Advisory Department and consolidate the support provided to customers by increasing the number of products with a higher market perception, expand and deepen the research scope with new company analysis reports, increase the number of special analysis reports, and broaden the report analysis scope with the inclusion of further sectors and companies. Moreover, research reports and evaluations are shared on social media, especially Twitter and LinkedIn, and visibility on social platforms is increased with short information videos on research reports. The number of strategy briefings on economic and market developments, which are organized for internal units and external areas (banks, investors etc.) at appointed times, was also increased.

**The Model Portfolio comprised by the stocks selected by Halk Invest based on basic analysis, is dynamically managed as part of the market strategy.**



## TREASURY AND PORTFOLIO BROKERAGE

# Technological infrastructure makes Halk Invest reach more individual and corporate customers

Halk Invest reached more individual and corporate customers thanks to its advanced technological infrastructure, and increased transaction volumes with its competitive prices, while facilitating investors' access to markets.

### Treasury Department

The Treasury Department mediates the transactions of corporate and individual customers on Borsa Istanbul Debt Instruments Market and Takasbank Money Market on one hand, and manages the Company's equity and cash flow on the other hand.

In 2022, new corporate customers were included in the portfolio on the side of brokerage services and trading volume and commission revenues of the Borsa Istanbul Debt Instruments Market were boosted with the trading platforms offered.

Infrastructural developments made for enabling customers to carry out cash transfers in the fastest and safest way possible were completed within the year.

T+0 application, which offers customers the opportunity to collect the clearing receivables arising from the sale of stocks on the same day, was completely moved online for a significant saving of time.

Systematic developments for mediating corporate customers' Borsa Istanbul Share Repo Market transactions were also completed in 2022. Thanks to these works, Halk Invest became one of the limited number of companies that can carry out transactions in this market.

On the side of shareholders' equity and cash flow management, the Company's trading transactions of debt instruments issued to the domestic and foreign markets by the public and the private sector within the scope of short-term and long-term expectations, and the projections made have continued with an increasing volume.

As the Debt Instruments Market operating within Borsa Istanbul is generally preferred for transactions, the over-the-counter market is also used frequently, especially in foreign currency debt instruments.

In 2022, issues of Private Financial Bonds went up with the effect of increasing transaction volumes and financing needs in domestic markets. In the last quarter, seven issues with a total amount of TL 923 million were realized, using borrowing sources effectively and contributing to the Company's profitability.

Treasury Department aims to obtain a higher market share by increasing the number of individual and institutional customers and the transaction volume reached within the framework of its brokerage activities in 2023.

### Portfolio Brokerage and Digital Strategies Department

Portfolio brokerage relates to the activity whereby investment institutions undertake their customer's capital market buy and sell orders as the counterparty.

The Portfolio Brokerage Department determines the security prices to be applied to customers during the realization of customers' purchase and sales orders related to securities.



The Portfolio Brokerage also offers derivative products, known as structured financial instruments, in addition to the major traditional products in the industry. The department adds these instruments to traditional investment portfolios. On the other hand, the Department followed different prices in different markets and increased inter-market arbitrage transaction volumes to contribute to the Company's profitability.

In 2022, activities were carried out for developing domestic products based on the derivative transactions in organized and OTC markets, and the needs and demands of the individual/institutional investors, pricing such products and ensuring liquidity. Besides, the diversity of Eurobonds offered to customers and the quality of their prices were enhanced in 2022 by raising the number of Eurobond liquidity provider institutions.

The Department will carry on the activities for developing the products of the Derivatives Market and OTC derivatives and carrying out OTC foreign currency bond transactions in line with the needs of individual/institutional customers.

**Portfolio Brokerage and Digital Strategies Department followed different prices in different markets and increased inter-market arbitrage transaction volumes to contribute to the Company's profitability.**

## CORPORATE FINANCE

# Debt instrument and sukuk issues mainly undertaken in 2022

Corporate Finance Unit is responsible for debt instrument issues, public offerings, and sukuk issues, as well as merger and acquisition brokerage and advisory activities.

The Unit provides brokerage and advisory services to companies seeking to expand their range of operations, enter new markets and increase their competitive edge, meet capitalization needs or go public in capital markets to bolster their corporate reputation, issue debt instruments or Sukuk, and conduct domestic/foreign partnership or share sales transactions.

As part of Halk Invest's corporate finance activities in 2022, the Unit predominantly performed debt instrument and sukuk issues in line with developments in financial markets.

In 2022, Halk Invest undertook a total of 88 transactions with a total value of TL 30.8 billion. Of those transactions, 36 were sukuk issues (TL 7.5 billion) while 52 were the issues of conventional debt instruments (TL 23.3 billion). The Company is the market leader with the issues it undertook in 2022.

### IPO leadership

In 2022, Halk Invest completed two public offering transactions with a total transaction volume of TL 332.8 million. One of the offerings corresponding to TL 158.4 million was for Makim Makina Teknolojileri Sanayi Ticaret A.Ş. The other transaction was for Birikim Varlık Yönetim A.Ş. and had a value of TL 174.4 million.

### Sukuk issues

In 2022, Emlak Konut REIT, Türkiye's largest real estate investment trust, undertook 11 sukuk issues with a total value of TL 2.1 billion in which Halk VKŞ participated as the issuer and Halk Invest participated as the intermediary.

In 2022, Halk Invest undertook 4 sukuk issues amounting to TL 800 million with its sukuk issue structure based on a management contract featuring an asset portfolio that included the fiber internet infrastructure services of Turkcell Superonline, a subsidiary of Turkcell, which is one of the major digital operator companies in Türkiye.

In 2022, Halk Invest performed 9 sukuk issues amounting to a total of TL 1.8 billion, based on a management contract for Halk Gayrimenkul Yatırım Ortaklığı, which realized the first sukuk transaction in the real estate investment trust industry and in which Halk Varlık Kiralama A.Ş. (Halk VKŞ) participated as the issuer.

A total of 4 sukuk issues corresponding to TL 730 million were carried out based on a management contract. Halk Varlık Kiralama A.Ş. (Halk VKŞ), which performed the first sukuk transaction on behalf of the player of financial leasing industry, Halk Finansal Kiralama A.Ş., participated as the issuer.

Halk Invest undertook 2 sukuk issues for Kayseri Şeker, Türkiye's second-largest sugar producer, with a total amount of TL 160 million based on a management contract. In the issue, the asset portfolio was beet sugar (crystal sugar) included to quota A, at the rate of 120% of the issue amount.

In 2022, Turkish Grain Board ("TMO"), which operates in Türkiye's agricultural product markets, performed 2 sukuk issues based on proxy and management contract. In the issue where Halk VKŞ is the issuer and Halk Invest is the broker, the total amount corresponded to TL 1.4 billion.

Paycell, a subsidiary of Turkcell, operates in the field of payment and electronic money. In 2022, 4 sukuks amounting to a total of TL 450 million were issued for Paycell based on a management contract. In the transaction, Halk Varlık Kiralama A.Ş. (Halk VKŞ) was the issuer.



Halk Invest, which started sukuk activities in 2014, mediated 36 sukuk transactions with a total amount of TL 7.5 billion in 2022.

### Issuance of debt instruments

In 2022, 52 conventional debt instruments (TL 23.3 billion) were issued by Halk Invest, which ended 2022 as the fifth largest issuer with a market share of 8.10% in consequence of debt instrument issues corresponding to TL 23,354 million.

Halk Invest, 100% subsidiary of Halkbank which keeps providing services with a countrywide extensive branch network and overseas offices, mediated Halkbank's 37 debt instrument issues amounting to TL 20,850 million in 2022.

Halk Invest started to offer brokerage services to Turkcell Finansman A.Ş., one of Turkcell's group companies, for debt instrument issues in 2022. 1 debt instrument with a total amount of TL 250 million was issued for Turkcell Finansman A.Ş. in 2022.

In addition to issuing sukuks on behalf of Halk Finansal Kiralama A.Ş. ("Halk Leasing") in financial leasing industry, Halk Invest issues debt instruments. In 2022, 7 debt instruments with a total amount of TL 1,330 million were issued for Halk Leasing.

7 debt instruments, which amount to TL 923 million were issued in 2022, and Halk Invest acted as the issuer.

In 2023, the Unit aims to contribute to the growth of the market by developing debt instruments and structuring new products in the sukuk market; sustainably capturing more market share; and bolstering its market position through qualified transactions in the areas of merger and acquisition advisory.

### Amount of private sector debt instrument and sukuk issues

Total issuance volume in 2022 went up by 43%, compared to 2021.

**52 conventional debt instruments (TL 23.3 billion) were issued by Halk Invest.**

Year	(TL Billion)
2020	19.1
2021	21.6
2022	30.8

## CROWDFUNDING PLATFORM AND VENTURE CAPITAL ADVISORY

# With Fonlabüyüsün, investors can access high-quality and innovative projects.

Fonlabüyüsün was authorized by the Capital Markets Board on September 30, 2021 to engage in Equity-Based Crowdfunding activities as a service of Halk Yatırım Menkul Değerler A.Ş. Operating within Halk Invest, Fonlabüyüsün is one of the Türkiye's first platforms which is serving in the area of equity-based crowdfunding.

Fonlabüyüsün provides entrepreneurs the opportunity to introduce their projects to a large number of people and investors and to find the financing source they need as well as potential customers with the equity-based investment model. With Fonlabüyüsün, investors can access innovative projects with high potential.

Fonlabüyüsün set out with the objective of making a difference in the area of venture capital investments with an emphasis on the culture of fair partnership in the equity-based crowdfunding industry.

Fonlabüyüsün basically focuses on deep technology start-ups in the early stages of their life cycle. Within this scope, the platform primarily operates towards growth capital for high tech start-ups that are:

- Targeting the global markets,
- Focusing on business-to-business (B2B) customers,
- Offering innovative engineering solutions and industrial products and/or services,

- Taking sustainability and the concept of circular economy as the basis,
- Closing or within the commercialization scale up stage of their life cycles.

These start-ups can be related to technoparks, acceleration programs, incubation centers and other cooperating investors (Yıldız Tekno GSYO A.Ş. etc.), and projects that directly apply through the platform can be evaluated.

As part of this, cooperation agreements were signed with leading technoparks of our country, namely YTU Yıldız Technopark, Özyeğin University, Bilkent Cyberpark, Gaziantep Technopark, Boğaziçi University Technology Transfer Office and Teknopark İstanbul A.Ş. in 2022.

In addition to cooperations, Fonlabüyüsün Venture Capital Investment Fund (Fonlabüyüsün GSYF) was established by Ziraat Portföy A.Ş. with the support of Fonlabüyüsün crowdfunding platform and, its issue document was approved by the Capital Markets Board (CMB) and published on CMB Bulletin no. 2022/70 dated 15.12.2022. Fonlabüyüsün GSYF started demand collection for contributions as of December 26, 2022 under the mentioned issue document.

Initiatives that have growth potential in global market, produces and makes correct use of technology, and aims at B2B customers will be useful for all

ecosystem stakeholders by contributing to our country's growth targets and exports with high added value. Focusing on sustainability and circular economy, it is aimed to put forward initiatives that will attract the attention of global investors in successive investment rounds.

## Non Nocere

Fonlabüyüsün crowdfunding platform initiated its first campaign on November 28, 2022, and finalized it successfully.

Non Nocere, the first equity-based crowdfunding project of Fonlabüyüsün, which carries out its activities with a focus on promoting exports with high added value in line with Türkiye's growth targets, was finalized within a short time, thanks to the great attention it received from investors.

As an incubator initiative of YTU Yıldız Technopark, Non Nocere is a virtual platform developed to meet the surgical training needs of the modern age by offering solutions to the numerous problems encountered by junior and specialist doctors and surgeons during the training they receive and studies they conduct to acquire the required skills in medical training. This training platform ensures that doctors receiving surgical training can enhance their knowledge, skills and experience in virtual reality environment independently of time and space, and repeat what they have learned whenever they need.

Non Nocere campaign started to collect investment demands on November 28, 2022 with a funding target of TL 7,500,000, and ended on December 9, 2022 by collecting TL 10,418,400 from 540 investors and exceeding the additional funding limit of 20%. Pursuant to the "Communiqué on Crowdfunding," the amount exceeding the additional funding limit of 20% was refunded to the investors. The remaining amount of TL 9,000,000 together with the additional funding limit was transferred to the funded start-up after the shares were dematerialized at Central Securities Depository of Türkiye and distributed to the investors of the campaign.

For Non Nocere project, Fonlabüyüsün successfully finalized the campaign within the short time by raising investments from accredited investors A1 Portföy-Pardus Teknoloji GSYF, Pardus GSYO A.Ş. and Yıldız Tekno GSYO A.Ş., which has invested the highest amounts at one time in crowdfunding campaigns carried out so far.

## Afara

Encouraged by the successful results of the first campaign, Halk Invest offered a new crowdfunding campaign named Afara Agricultural Robot to investors on December 26, 2022. Afara Agricultural Robot meets the automation need in the agricultural industry, and picks more than 70% of the residual cotton ("afara" in Turkish) on the field after the harvest, which is one of the greatest problems of cotton farmers.

Afara Agricultural Robot, for which patent applications were made in Türkiye and internationally, collects residual cotton by detecting their coordinates on the ground after the harvest, and has the potential of providing a great data source to the agricultural sector by calculating the soil surface and the ratio of residual cotton on the field.

As an YTU Yıldız Technopark incubator initiative that was developed completely with domestic and national resources and received R&D support from KOSGEB (Small and Medium Enterprises Development Organization of Türkiye), Afara Agricultural Robot defines its primary target markets as North and South American countries with the world's largest cotton producers, as well as Türkiye, China, India and Uzbekistan.

An equity-based crowdfunding campaign is carried out to raise the funding target of TL 5,600,000 for Afara Residual Cotton Collection Project.

In 2023, consistent with its goals, Fonlabüyüsün crowdfunding platform plans to continue carrying out crowdfunding campaigns of start-ups in the early stages of their life cycle, which focus on deep technology and will contribute to our country's growth targets and exports with high added value.

It is aimed to organize meetings and events and/or participate in the organizations we are invited to for the purposes of increasing the recognition of crowdfunding activities and Fonlabüyüsün Platform in 2023.



**Encouraged by the successful results of the first campaign, Halk Invest offered a new crowdfunding campaign named Afara Agricultural Robot to investors on December 26, 2022.**

## INFORMATION TECHNOLOGIES

# Technological infrastructure investments for higher-quality, safe and quick services

**Technological architectural structuring works were accelerated to meet the workload brought by increasing transaction volume, alternative investment instruments and new channels, and to ensure continuity.**

Halk Invest continues investments in its technological infrastructure to provide its wide customer group with higher-quality, safer and quicker services in consideration of changing needs in capital markets.

In 2022, infrastructure and hardware investments were initiated due to transaction volume brought by increasing number of customers, and plans were made for 2023. Technological architectural structuring works were accelerated to meet the workload brought by increasing transaction volume, alternative investment instruments and new channels, and to ensure continuity. New generation servers, faster network devices and firewall will be put into service accordingly.

New generation mobile application: Works for the development of a new generation mobile application started in 2022 in order to keep up with the advancing technology and changing investor profile. It will be possible to run the application in two different modes, "basic" and "pro". The "basic mode" addresses general users, while the "pro mode" aims for the investor group with financial literacy. It is aimed to launch the application in the third quarter of 2023.

Some modules of the Smart Recommendation System that offers financial reports and investment recommendations will also be gradually integrated in the new generation mobile application.

Customer Management System: Development works have been continuing for the first two phases of Customer Management System (Admin Screens and Representative Information Screens), which is planned to be launched for following up digitalizing services and increasing customer profitability.

With the data warehouse project included in the business plan for 2023, an infrastructure will be created to ensure that business units can make dynamic reporting without receiving support from Information Technologies.

Digital footprints from customer transactions in all channels will be collected in the data warehouse and analyzed.

The data warehouse and dynamic reporting module will make it possible to analyze customer data in a faster and more meaningful manner, and to increase efficiency and customer satisfaction. Customers will be segmented according to their portfolio size and usage habits.

It is planned to make sales activities more systematic in 2024 upon completion of works for CRM module, which will run on data from the data warehouse to be created.

Soft OTP Integration: Soft OTP integration of two mobile applications, to which users log in with SMS, were completed in 2022. Risks of delays originating from SMS sent by operators at login stage were eliminated.

New Website and Smart Recommendation System (SRS) Transaction Integration: The new corporate website, whose developments were completed and tests were initiated, will go live soon. Shares in the recommendations list of SRS web application can be purchased and sold through the new corporate website.

Moving of the Head Office Building: Preparations started to move the Head Office units to Istanbul Finance Center.

Co-location: Infrastructure preparations and server installations were completed at Borsa Istanbul co-location data center for algorithmic transactions and fast order transmission. The establishment of the investment fund that will carry out transactions by using this platform was completed and test transactions started as of November 2022.

A fund portfolio will be created and transactions will start in 2023. Projects for information security, compliance with regulations, business continuity, quality management and infrastructure development will also continue in 2023.

TSS Integration: Text to Speech (TTS) technology was integrated into the IVR system to ensure that margin call notifications are made automatically. Dynamic notification system was developed and put into use in order to inform customers in extraordinary situations.

**Preparations for moving the Head Office units to Istanbul Finance Center started.**





## INTERNAL AUDIT SYSTEMS

# Internal Audit Systems were reorganized to increase the effectiveness and efficiency of activities.

Halk Invest's Internal Audit Systems Unit consists of the Audit Department, Internal Control Department, Risk Management Department and Compliance Department.

Independence within the Organization was ensured by taking the internal audit activities in the trust of the Board of Directors. Audits are conducted to ensure that activities of all Halk Invest business units, including the head office and external affiliates are carried out in line with the management strategy, efficiently, orderly, and in accordance with applicable laws, rules, regulations, and institutional policies. Periodic reports are submitted to the Board of Directors via the Audit Committee and the Early Detection of Risk Committee.

## Audit Department

Independent from the Company's daily activities, the Audit Unit makes audits of compliance with legislation and Company policies based on the needs of the management and structure of the Company. Audits of the Unit cover all activities and units of the Company, especially the functioning of the Company's internal control system, and provide an assessment related to these fields. As part of the annual audit program, process audits, branch and department audits, and other examinations are performed.

## Internal Control Department

Internal Control Department supervises and controls the Company's organization plan and all principles and procedures regarding it to ensure that all works and transactions of the Company, including external affiliates, are performed regularly, efficiently, and effectively in accordance with the management strategy and policies within the framework of the current legislation and rules, and achieving integrity and reliability of the account and record order and acquisition of the information in data system in a timely and proper manner, and preventing and detecting mistakes, frauds, and irregularities.

Internal control activities are organized and maintained as an integral part of the daily activities in a way that allows monitoring of the identified risks.

## Risk Management Department

The Risk Management Department forms the necessary methods, tools, and application procedures for identifying, measuring, monitoring, and controlling the risks carried by the institution. For this purpose, periodic assessments, measurement, reporting, and control activities are performed on a daily, weekly, and monthly basis.

The department monitors conformance of the activities to management strategies, risk preferences, and portfolio limitations, regularly tracks the risk limits approved by the management, and the risks to which the portfolios tracked are exposed, and generates and implements the risk management system which will measure and control risks, makes the relevant reports to eliminate the activities posing risk and ensures that necessary measures are taken.

## Compliance Department

The Department ensures the implementation of the compliance program set to achieve compliance with national and international regulations and Group policies and procedures within the strategy to combat the laundering of crime revenues and financing of terrorism.

Periodic inspections are carried out for the detection of possible suspicious transactions within the scope of MASAK regulation.

## FINANCIAL MANAGEMENT AND REPORTING

# Thanks to financial reporting, Halk Invest's future is planned and qualified information is offered.

Financial Management and Reporting Unit takes into consideration the expectations of all stakeholders in planning the future of accounting and financial reporting as well as in determining competencies and goals. The Unit provides qualified information regarding the financial status, financial performance, and changes in the financial situation of the Company to the decision-makers in order to be used in their decisions. In this regard, the quality of the reports is increased with the training provided to the employees.

The Unit reflects sustainable operating profitability, strong capital structure, and high liquidity in the financial reports. The Unit creates permanent value for all stakeholders by transparently providing accurate financial data.

Based on the accounting policies, it is ensured that the senior management is informed regularly regarding the realization of budget targets during the year.

The company achieved its budget targets in 2022.

Financial Management and Reporting Unit conducts activities under four main axes:

- Financial Reporting, Budget, and Performance
- Accounting
- Company Cash Flow Transactions (TL and FX)
- Activities carried out within the scope of Compliance with Corporate Governance Principles

Interaction and coordination with all Units/Departments of the Company within the framework of Corporate Governance Principles are carried out by the Financial Management and Reporting Unit manager.

The Unit is responsible for supervising and monitoring the fulfillment of obligations arising from the Capital Market Legislation, including all kinds of issues related to Corporate Governance Principles, compliance activities, and public disclosure. Within this framework, the interaction and coordination provided with all units of the Company are ensured again by the Unit.

As the Unit that prepares the balance sheet, it is responsible for issuing the legal reports stipulated by the legislation, ensuring communication with regulatory and supervisory authorities in these processes, and managing relations. In this context, the Unit prepares the documents related to the General Assembly and the Board of Directors meeting that must be submitted for examination.

It is responsible for electronically and systematically retaining and managing all kinds of records, documents, forms, invoices, etc. used by different users via the Electronic Document Management program. The Unit systematically combines business activity results and figures obtained from different business lines.

Financial Affairs also presents the relation of these figures to each other in projections published in accordance with financial reporting techniques. Thanks to the improvements made in business intelligence applications and automation solutions, access to financial reports, in which the Company's budget realizations and sector comparisons are calculated, are provided via the system.

An annual Affiliation Report is issued regarding the Company's relations with parent and affiliate companies as per the provisions of Articles 195 and 209 of the Turkish Commercial Code no. 6102.

In the operating year of 2022, the Company did not carry out any legal transactions with our parent company Türkiye Halk Bankası A.Ş., and/or the affiliate companies of the parent company. Also, the Company did not carry out any legal transactions to the benefit of our parent company Türkiye Halk Bankası A.Ş., and/or the affiliate companies of the parent company, following a request by the parent company. There have not been any actions taken or refrained from being taken, to the benefit of Türkiye Halk Bankası A.Ş. or its affiliate companies.

In 2022, all of the commercial activities that occurred between the Company and the parent company or with the affiliates of the parent company were realized under the prevailing market conditions.

## OPERATIONS

# The Unit plays a major role in all projects carried out within the Company.

The Operations Unit consists of Share and Credit Operations; Derivative, Foreign and Fixed Income Securities Operations; and Customer Operations. The Unit plays a major role in all projects carried out within the Company. Activity-based operational processes are conducted in all departments under the unit and customer satisfaction is prioritized along with the corporate risk in workflows.

The following activities are within the scope of the Operation Unit:

- Stock Operations
- Debt Instrument Operations
- E-Warehouse Receipt Operations
- Derivative Instruments Operations
- Issuer Company Operations
- Fund Operations
- Cash Operations
- Credit Operations
- Customer Operations.

The unit aims to reduce operational risk by moving its workflows to electronic platforms. The additional workflows to the document tracking system established within the Company have provided follow-up and control convenience in processes.

A joint workgroup is formed with the research and business units for Corporate and market risk detections in the loan methodology. By this means, the customer and corporate risks are assessed at the same rate during the risk assessments performed.

Halk Invest is the only broker that provides trading services in E-Warehouse Receipt (ELÜS) transactions carried out at TURİB. ELÜS transactions are managed by the Operations Unit. In this way, the Company allows its customers to trade under TURİB.

Customers' transactions or bids under the Securities Lending Market are carried out by the Share and Credit Operations Department. As customers' demands are met under the Securities Lending Market, the long-term investors are provided with the opportunity to make bids at the Securities Lending Market.

The Share and Credit Operations Department supports the issuer companies in their transactions before the Central Registry System. The transactions of the issuers under the Central Securities Depository are carried out in line with our authority.

In light of the amendments made within the legislation, Halkbank customers were provided with the opportunity to open an investment account electronically. Customer Operations Department actively involved in all stages of the project. In the coming period, it will also be possible to open investment accounts through the Company's electronic platforms as part of the legislation. Business development processes regarding the subject are ongoing.

Process tests regarding the structuring of the products of business units and providing their automation infrastructure are also carried out by the Operations Unit.

The Unit fulfills all other demands of the customers other than market transactions and makes a significant contribution to customer satisfaction. The Operations Unit complies with all relevant legislation and fulfills its responsibilities to regulatory bodies.



## HUMAN RESOURCES AND CORPORATE COMMUNICATION

# Continuous improvement and development works for human resources management

Recognizing that qualified manpower carries strategic importance in the financial services sector, Halk Invest consistently works towards continuous improvement and development of its human resources management. Designed to ensure the most efficient and productive use of its employees' talents and skills, the Company's Human Resource Policy is intended to constantly improve individual and team performance through quality enhancement processes and systems, while also offering a professional environment and career development opportunities to its employees.

Halk Invest Human Resources designs and conducts training programs for employees' personal and professional development; conducts recruitment, career planning and performance management processes in line with the principle of efficiency. The Company has 165 employees as of year-end 2022. 42% of the employees are female and 58% are male. 97% of the employees received university education.

Career plans are established in consideration of employees' performance and personal competencies, professional knowledge and skills, and the managerial capacity of the employee during the period and within the framework of Human Resources regulations.

Salary management at Halk Invest is carried out for each position individually and relies on a salary scale prepared objectively, first on the basis of business values, as well as on current conditions. The salary scale is revised annually, in January, and applied to employees' salaries in accordance with each employee's periodic performance indicators.

The opportunities to attend training and workshop programs held in and/or out of Türkiye are offered to employees of all levels. As well, the Policy endeavors to ensure personal and professional development, taking into consideration each employee's career goals and the required qualifications.

According to the staff planning made in line with the Company's objectives, it is targeted to recruit qualified personnel for the positions to be filled.

**42% of the employees are female and 58% are male. 97% of the employees received university education.**



Developments in Human Resources for 2022 are described below:

- The Performance Assessment System comprised by two parts (Numerical Performance Assessment and Competence Performance Assessment System) will be commissioned in 2023. The system was designed by the software team of Halk Invest within the framework of the department's coordination office. In addition, Halk Invest Numerical Performance, Competence Performance and Premium System Legislations were prepared and put in place in line with Halkbank's practices.
- In order to celebrate Halk Invest's 25<sup>th</sup> anniversary and unite around shared objectives, a vision meeting was held in October with the participation of all employees.
- "Assessment studies" were carried out for the employees with Director title. "Assessment studies" are also planned for employees with Manager title.
- "Personality Inventory" which offers comprehensive reports to ensure that qualified human resources are accurately selected based on the needs of Halk Invest was applied.
- "Digitization Process" was initiated to lower the workload on Human Resources in workflow processes.
- The Remote Working Procedure will be updated as part of the current conditions, developments in the world, and needs.

**According to the staff planning made in line with the Company's objectives, it is targeted to recruit qualified personnel for the positions to be filled.**

## HUMAN RESOURCES AND CORPORATE COMMUNICATION

# Corporate social responsibility projects were developed in line with the Company's vision.

## Corporate Communications

Corporate Communications works to ensure coordination in Halk Invest's communications, information flow, and integration. At the same time, the Department manages communication processes under specified rules and guidelines to promote interaction with the Company's target audience.

Corporate Communications also works on the development of corporate social responsibility projects in compliance with the Company's vision. In addition, the Department conducts activities to ensure that services and corporate representation are carried out in line with the predetermined rules and standards, and to keep all communication channels open for the Company's stakeholders and customers.

Developments about Corporate Communications in 2022 are as follows:

- In order to promote the Smart Recommendation System (SRS) and boost the number of mobile downloads, a series of digital contents was created with the slogan "The Smart Way: SRS" and shared as sponsored posts through social media channels. Smart Recommendation System (SRS), which provides new transaction recommendations, strategies, Index 30 Company performances and more every day, has been utilized by more than 200,000 users.

With SRS, Halk Invest won silver award in the "Company of the Year in FinTech" category of the Globee Awards, one of the world's leading award programs, as well as three bronze awards at "International Business Awards," the greatest award program of Stevie Awards, which is known as the Oscars of the business world. In this regard, the awards were communicated through Halk Invest social media and digital channels.

- Digital contents were created and shared on Halk Invest social media and digital channels for the promotion of Halk Intrader, the online transaction platform that allows individual and corporate investors to carry out transactions in global exchange markets easily and quickly.
- It was aimed to use the YouTube platform more actively for the purposes of expanding Halk Invest communication strategy, strengthening its digital presence, and increasing the number of followers on social media accounts. In parallel with this, videos were shot together with employees in the studio, edited and posted on the YouTube platform in order to realize audio narrations of products and services. Moreover, videos on Halk Invest units and departments were shot in the studio, edited and posted on the internal platform for the purposes of contributing to internal communications and helping the orientation process of new employees.

## Corporate Communications manages communication processes to ensure coordination, flow of information and integration in the communication of Halk Invest.



- Trademark registration procedures were completed for Fonlabüyüsün, Türkiye's equity-based crowdfunding platform that recently started to operate as Halk Invest service. Social media accounts of Fonlabüyüsün were opened, and the platform was launched on November 11, 2022. Within this scope, promotion activities were performed for the fonlabuyusun.com website and the first campaign of the platform. More people were reached by using social media and digital channels effectively with the support of sponsored contents. Contents specific to Fonlabüyüsün were also shared on Halk Invest social media accounts. All digital and social media channels were used effectively and Halkbank's support was received in launch-related communications and promotional works for Non Nocere, the first campaign of Fonlabüyüsün. Moreover, the campaign was promoted in printed media, contributing to successful completion of the campaign with a high funding rate in a short time.
- Communication activities for public offerings undertaken within the year were carried out through all digital and social media channels with Halkbank's support.
- Efforts for Annual Report 2021 were made and the report was completed and published in coordination with the relevant units and agency.

- Activities for renewing the existing corporate website were performed in coordination with the relevant units and agency, based on the objective of creating a more modern website that reflect and bolster up the Company's vision, technological investments and corporate identity. Moreover, the design of Halk Invest reports and social media covers were renewed and put into use. An advertisement area was formed in research reports, featuring advertisements of the products and services we want to highlight.
- On the 6<sup>th</sup> World Investor Week organized by the Turkish Capital Markets Association, we participated in the panels "Ask the Experts: Crowdfunding Investments" and "Ask the Experts: IPO Valuation Reports" with two speakers and sponsored the panelists. Communication activities for promoting the panels were carried out through our social media channels.
- In order to celebrate Halk Invest's 25<sup>th</sup> anniversary and unite around shared objectives, "Halk Invest Vision Meeting" was held with the participation of all employees of the Company. Any process for organizing the meeting was managed with the coordination of all internal and external stakeholders.

- Decoration works for newly opened Halk Yatırım branches were performed with the concept based on corporate identity. Furthermore, communication works for branch opening ceremonies were managed. Efforts for applying the common concept determined for all Halk Invest branches go on.
- In order to shed light on the history of exchange markets by providing information on milestones such as Macellum (the world's first marketplace), European Stock Exchange and New York Stock Exchange through "ilkborsa.com" microsite, a comprehensive exchange market experience website under our sponsorship that offers the opportunity to witness significant moments of exchange market history from Aizanoi until today for the purpose of contributing to the promotion of Aizanoi Ancient City, the world's first known exchange market. Visitors of ilkborsa.com have the opportunity to experience the history of the stock market and to expand their financial repertoire. Offering a digital experience from the history of exchange markets to the future of investments as well as increasing the number of conscious investors, ilkborsa.com was deemed worthy of "Best Microsite" award at the Golden Spider, one of the most prestigious competitions of Türkiye.
- Halkbank Sports Club was established on July 21, 1983 to raise successful athletes and contribute to the development of sports in Türkiye. Halk Invest sponsors Halkbank Sports Club, covering the expenses for all official and private matches, national and international championships and tournaments in the 2022-2023 season.



## CORPORATE SOCIAL RESPONSIBILITY PROJECTS

# We bear the responsibility for protecting Türkiye's cultural heritage.

Halk Invest is committed to fulfilling its social responsibility to the public by implementing projects that overlap with its areas of business activity and that are well-planned around targeted strategies. Having supported excavation efforts at the 1,700-year-old Aizanoi city located in the Çavdarhisar district of Kütahya province, home to the world's first known stock market, since 2013, Halk Invest increasingly continues its support.

Protecting our country's invaluable cultural heritage is one of the most important responsibilities we will hand down to the next generations. This boundless land has hosted numerous civilizations throughout history, fostered their prosperity, and served as a peaceful home. Our lands will continue to serve in this way and be home for many generations to come, if, with our efforts, we unearth and exhibit Türkiye's unrivaled cultural assets.

Ancient Aizanoi is one of the most exceptional treasures of this rich cultural heritage. The birthplace of global traditions that have

extended into today's modern era, this geography has served as home to well-rooted civilizations. The site also proudly hosted the Aizanoi Macellum; presumably the world's first known stock market. The site of Ancient Aizanoi first discovered in 1824 spreads across a wide area that also encompasses the Macellum structure.

The ancient city is dated around 200 A.D. and in different layers reveals rural architectural samples of the Turkish-Islamic Period. Current Çavdarhisar residents of Aizanoi experience their history in sync with their present.

Halk Invest has sponsored Aizanoi Ancient City excavations since 2013. This support included the publication of the Aizanoi Introductory Booklet in English and Turkish in 2015 and the reference book titled "Aizanoi-2," which was edited by the Site Director, and published in 2016.



**Halk Invest sponsors Halkbank Sports Club, which was established on July 21, 1983, covering the expenses for all official and private matches, national and international championships and tournaments in the 2022-2023 season.**

Offering the opportunity to witness significant moments of exchange market history from Aizanoi to the future of investments, "ilkborsa.com" microsite was designed under Halk Invest sponsorship in order to contribute to the promotion of Aizanoi Ancient City, the world's first known exchange market, encourage financial literacy, and raise the number of conscious investors.

Using the microsite, the milestones such as the world's first known marketplace Macellum, European Stock Exchange, and New York Stock Exchange were described and the history of the stock market was highlighted. Visitors of ilkborsa.com have the opportunity to experience the history of the stock market and to expand their financial repertoire.

Making an appearance at our country's prestigious advertising festivals, Cristal Apple and Golden Spider, and winning the favor of participants, ilkborsa.com project was deemed worthy of "Best Microsite" award at the Golden Spider.

## We stand behind the champions

Halkbank Sports Club was established on July 21, 1983 to raise successful athletes and contribute to the development of sports in Türkiye. Halk Invest sponsors Halkbank Sports Club, covering the expenses for all official and private matches, national and international championships and tournaments in the 2022-2023 season.

## Halkbank Sports Club is 40 years old

In 40 years, Halkbank Sports Club became the National Champion 9 times, received the Turkish Cup 8 times and the Super Cup 4 times. Representing Türkiye in the CEV Cup and CEV Champions League, Halkbank Spor Kulübü competed in the Turkish Men's Volleyball League (AXA Sigorta Efeler Ligi), CEV Challenge Cup and the Turkish Women's Volleyball Cup (AXA Sigorta Kupa Voley) in the 2021-2022 season.



COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

PART I – SHAREHOLDERS

SHAREHOLDER RELATIONS UNIT

Financial Management and Reporting Unit conducts relations with shareholders.

EXERCISE OF SHAREHOLDERS’ RIGHT TO OBTAIN INFORMATION

Shareholders are provided with information regarding the Company’s accounts and financial structure at Shareholders’ General Assembly meetings. The company’s Financial Reports are periodically audited by an Independent Auditor who is appointed by the Board of Directors, and approved by the General Assembly. Independent audit for 2022 has been carried out under the responsibility of DRT Bağımsız Denetim ve SMMM A.Ş. (Deloitte).

Other than General Assembly meetings, information is also provided by the Company’s Financial Management and Reporting Unit in interim periods in the 3<sup>rd</sup>, 6<sup>th</sup>, and 9<sup>th</sup> months of the year, either in written form or by e-mail, whenever requested. The request for the appointment of an independent auditor is not regulated in the Company’s Articles of Association.

INFORMATION ON GENERAL ASSEMBLY MEETINGS

The Company’s 2021 General Assembly Meeting was held on March 30, 2022, without announcement or invitation ceremony in accordance with Article 416 of the Turkish Commercial Code no. 6102. In the meeting, it was decided to pay a total of TL 135,000,000.00 to shareholders in cash, including TL 7,500,000.00 as 1<sup>st</sup> dividend and TL 127,500,000.00 as 2<sup>nd</sup> dividend.

The minutes of the General Assembly Meeting was made available to all investors on the Company’s website. The relevant documents were also uploaded on the Information Society Services web page of the Central Registry Agency (“MKK”), as required by the Turkish Commercial Code.

VOTING RIGHTS AND MINORITY RIGHTS

The Company’s activities and management are undertaken by the Board of Directors which comprises of at least 5 (five) members that are appointed by the General Assembly in accordance with the provisions of the Turkish Commercial Code. The Board of Directors appoints a chairman and vice chairman in its first meeting.

DIVIDEND POLICY AND DIVIDEND PAYMENT TIME

This is mentioned in Article 21 “Calculating and Distributing Profit” of the Company’s Articles of Association.

<https://www.halkyatirim.com.tr/esas-sozlesme>

As per the resolution taken at the Ordinary General Assembly Meeting on March 30, 2022, TL 135,000,000.00 was paid to the only shareholder Halkbank as dividend on April 04, 2022.

TRANSFER OF SHARES

The Company’s Articles of Association do not contain any restrictions regarding the transfer of shares.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION DURING THE PERIOD

None.

PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

COMPANY DISCLOSURE POLICY

[www.halkyatirim.com.tr](http://www.halkyatirim.com.tr) is the Company’s website in Turkish and English. Information concerning the Company is published through the CSD e-company platform and the Member Management System and Public Disclosure Form on the TCMA website.

The Company uses Registered Electronic Mail (KEP), a safe electronic mail service, where the sender and recipients are identified, the message time and content may not be changed, and which is legally valid in the event of a dispute.

The Company’s periodic Financial Reports and announcements are published on <https://www.kap.org.tr/en/> and the Company’s website.

DISCLOSURE OF MATERIAL EVENTS

Material Disclosures made by the Company as of the end of 2022 were published on [www.kap.gov.tr](http://www.kap.gov.tr).

COMPANY WEBSITE AND ELECTRONIC PLATFORMS

The Company’s website and electronic platforms provide investors with market data and commercial services.

In parallel with market conditions and technological advances, the Company made investments in technological infrastructure to enable the security, sustainability, and performance of services offered.

Halk Trader/Halk Trader Mobile

	<a href="http://halkyatirim.com.tr">halkyatirim.com.tr</a>	<a href="http://halkbank.com.tr">halkbank.com.tr</a>	Halk Invest Trader/Halk Invest Exchange/ Halk Invest Mobile iOS/Android	<a href="http://halkfx.com">halkfx.com</a>	Smart Recommendation System (SRS)	FX Platform Meta Trader Mobile
Market Data	√	√	√	√		√
Research Reports	√	√	√	√	√	
Our Financial Statements	√			√		
About Us	√			√		
Emergency Plan	√	√		√		
Portfolio Status	√	√	√			√
Common Stock Trend	√	√	√			
VIOP (Derivatives) Transaction	√	√	√			
I. Fund Transaction	√	√	√			
FX Transaction						√
Foreign Market Transactions						

Investors are also able to monitor the developments in the market through the Company’s Facebook and Twitter pages.

DISCLOSURE OF THE ULTIMATE CONTROLLING SHAREHOLDER(S)

The Company’s shareholder is a legal entity.

PUBLIC DISCLOSURE OF INSIDERS

No such list is disclosed; since the Company is not a publicly listed company.

## COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

### PART III - STAKEHOLDERS

#### INFORMING THE STAKEHOLDERS

Stakeholders may access information concerning the Company at any time by KAP, e-mail, and/or in a written form through the Company's website.

#### STAKEHOLDERS' PARTICIPATION IN MANAGEMENT

Stakeholders receive a written invitation for participation in General Meeting of Shareholders.

Several models or mechanisms were established for the participation of stakeholders in management.

Besides, opinions of employees on some issues of general interest are directly received. In this way, direct involvement of employees in several resolutions to be taken is ensured.

Also, opinions of the stakeholders are taken via the "Contact Us" tab on the website, social media, and similar alternative means.

Customer satisfaction surveys are conducted during the period as well.

#### HUMAN RESOURCES POLICY

Recognizing that qualified manpower carries strategic importance in the financial services sector, Halk Invest consistently works towards continuous improvement and development of its human resources management. Designed to ensure the most efficient and productive use of its employees' talents and skills, the Company's Human Resource Policy is intended to constantly improve individual and team performance through quality enhancement processes and systems, while also offering a professional environment and career development opportunities to its employees.

Halk Invest Human Resources designs and conducts training programs for employees' personal and professional development; conducts recruitment, career planning and performance management processes in line with the principle of efficiency. The Company has 165 employees as of year-end 2022. 42% of the employees are female and 58% are male. 97% of the employees had university education.

Career plans are established in consideration of employees' performance and personal competencies, professional knowledge and skills, and the managerial capacity of the employee during the period and within the framework of Human Resources regulations.

Salary management at Halk Invest is carried out for each position individually and relies on a salary scale prepared objectively, first on the basis of business values, as well as on current conditions. The salary scale is revised annually, in January, and applied to employees' salaries in accordance with each employee's periodic performance indicators.

The opportunities to attend training and workshop programs held in and/or out of Türkiye are offered to employees of all levels. As well, the Policy endeavors to ensure personal and professional development, taking into consideration each employee's career goals and the required qualifications.

According to the staff planning made in line with the Company's objectives, it is targeted to recruit qualified personnel for the positions to be filled.

Developments in Human Resources for 2022 are described below:

- Performance Assessment System: The Performance Assessment System consists of two parts, Numerical Performance Assessment and Competence Performance Assessment System. The relevant works were completed for commissioning the system in 2023. The system was designed by the software team of Halk Invest within the framework of the department's coordination office. In addition, Halk Invest Numerical Performance, Competence Performance and Premium System Legislations were prepared and put in place in line with Halkbank's practices.

- To celebrate Halk Invest's 25<sup>th</sup> anniversary and unite around shared objectives, a vision meeting was held in October with the participation of all our employees.

- "Assessment studies" were carried out for the employees with Director title. "Assessment studies" are also planned for the employees with Manager title.

- "Personality Inventory" which offers comprehensive reports to ensure that qualified human resources are accurately selected based on the needs of Halk Invest was applied.

- "Digitization Process" was initiated to lower the workload on Human Resources in workflow processes.

- The Remote Working Procedure will be updated as part of the current conditions, developments in the world, and needs.

#### ORGANIZATIONAL CHART

The organization chart of the Company is available at [https://www.halkyatirim.com.tr/img/OrganizasyonSemasi\\_2022.pdf](https://www.halkyatirim.com.tr/img/OrganizasyonSemasi_2022.pdf).

#### INFORMATION ABOUT RELATIONS WITH CUSTOMERS AND SUPPLIERS

Customer Satisfaction Center Department was established as per the resolution of the Company's Board of Directors dated July 07, 2021, no. 2021/57. The Department strives to provide services to its customers quickly and accurately with electronic communication tools in addition to the organizational structure it has formed with specialized employees to ensure that the customer demands are met in the best way possible. Within this framework, the Company continues to make new technology investments to increase customer satisfaction.

To promote the Company's products and services and increase the synergy between Halkbank and Halk Invest, product, sales, and marketing training activities are offered to Retail Banking Customer Representatives determined by Halkbank.

#### SOCIAL RESPONSIBILITY

The Company develops and conducts social responsibility policies to contribute to society while aiming to become a pioneer in all fields. A tangible example of these efforts is the support provided for the excavations at the ancient city of Aizanoi, which was home to the world's first known stock market. In line with its commitment to fulfilling its social responsibilities by implementing projects that overlap with its areas of business activity and within the framework of well-planned strategies, the Company started providing financial support for the excavations at the Ancient City of Aizanoi, which is accepted to be the world's first stock market 1,700 years ago and is located on the borders of Çavdarhisar district of Kütahya province today. With the permission of the Ministry of Culture and Tourism, General Directorate of Cultural Assets and Museums, cash support has been provided since 2013. The Company carries on its support incrementally.

#### CODE OF ETHICS

In accordance with the regulations of our main shareholder Türkiye Halk Bankası A.Ş. and the Turkish Capital Markets Association, the Code of Ethics is established and presented to employees in written form.

COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

PART IV – BOARD OF DIRECTORS

STRUCTURE AND COMPOSITION OF THE BOARD OF DIRECTORS AND INDEPENDENT MEMBERS

Name-Surname	Position
1- Ali ŞÖNER	Chairman of the Board of Directors
2- Yusuf Duran OCAK	Vice Chairman of the Board of Directors
3- Bülent SEZGİN	General Manager/Member of the Board of Directors
4- İdris UÇMA	Board Member
5- Gökhan FIDAN	Board Member
6- Seyit Mehmet YAYDEMİR	Board Member
7- Ahmet HOŞCAN	Board Member

There is no Independent Member in the Board of Directors.

QUALIFICATIONS OF BOARD MEMBERS

The 2<sup>nd</sup> paragraph of Article 9 titled “Board of Directors and Term of Duty” of the Company’s Articles of Association state that “One more than half the Board Members must be university graduates and meet the qualifications set out in the capital markets law.”

VISION, MISSION, CORPORATE VALUES AND STRATEGIC OBJECTIVES OF THE COMPANY

Pioneering the structuring of new products in the capital markets, the Company manages projects of strategic importance to adapt quickly to the impact of developing technologies on financial markets by effectively using Halkbank’s well-qualified distribution channels.

Our Vision

To become a leading and reputable intermediary institution that fulfills all requirements of financial markets and pays the utmost respect to human values with a strong infrastructure and a wide product range.

Our Mission

To be a reference point in capital markets and to become one of Türkiye's leading intermediary institutions that establishes trustworthy and sustainable customer relations, adheres to ethical values, shares up-to-date and objective information with investors, pioneers in technological innovation, effectively utilizes its distribution channels and opens up to the world through an efficiency-based business model.

Our Corporate Values

Our corporate values are available on <https://www.halkyatirim.com.tr/kurumsal-degerler>

STRATEGIC OBJECTIVES OF THE COMPANY – ASSESSMENT OF ACTIVITIES

Strategic objectives set for the activities of Halk Invest and its budget targets are submitted to the Board of Directors. The company reached its pre-tax profit target by the end of 2022.

As of the end of 2022, there were no significant legislative changes that could affect the Company’s strategic objectives.

DUTIES AND RESPONSIBILITIES OF BOARD MEMBERS AND MANAGERS

In Article 10 titled Duties and Responsibilities of Board of Directors in the Company’s Article of Association:

“Representation and management of the Company belong to the Board of Directors. The Board of Directors reserves the right to reach decisions concerning all activities regarding the Company’s purposes and scopes of activity, with the exception of authorizations which were granted solely to the General Assembly of Shareholders.

The Board of Directors regulates, fulfils and may transfer duties regarding the management and representation as per Articles 367 and 370 of the Turkish Commercial Code.

The Board of Directors is authorized to transfer management completely or partially with an internal circular it prepares. The Board of Directors is required to hold the representation power of at least one board member when it transfers the representation power to one, or more than one, executive member or third party as managers.”

ACTIVITY PRINCIPLES OF THE BOARD OF DIRECTORS

The Board of Directors meets monthly or in interim periods when necessary, and evaluates the extent that the Company has reached its objectives, while evaluating its activities and past performance. The agenda of the Board of Directors is created within the context of the proposal offered by the Company management. The Board of Directors took 160 decisions in 01.01.2022–31.12.2022 activity period without any counter vote. None of these decisions received any dissenting views since Board Members were informed in advanced.

Rate of members' participation in meetings was 99.9%.

Duties and Responsibilities of the Board of Directors	Appointed Board Members		
	Name-Surname	Date of Appointment	Method of Appointment
Chairman of the Board of Directors	Ali ŞÖNER	30.03.2022 – 2022/44	General Assembly
Vice Chairman of the Board of Directors	Yusuf Duran OCAK	30.03.2022 – 2022/44	General Assembly
Board Member in Charge of Internal Control Board Member in charge of Internal Control as per CMB Communiqué on “Principles Regarding the Internal Auditing Systems of Brokerage Houses” (Serial: V, No: 68)	Seyit Mehmet YAYDEMİR	01.04.2022 – 2022/48	Resolution of Board of Directors
Board Member In Charge of Misuse of Information Board Member in charge of ensuring that employees fulfill their responsibility to notify as per CMB Communiqué on “Obligation of Notification Regarding Insider Trading or Manipulation Crimes” (Serial V, No: 102.1)	Seyit Mehmet YAYDEMİR	01.04.2022 – 2022/48	Resolution of Board of Directors
Board Member In Charge of Financial Reporting Board Member in charge of Financial Reporting as per article 9.2 of CMB Communiqué on “Principles of Financial Reporting in Capital Markets”	Yusuf Duran OCAK	01.04.2022 – 2022/48	Resolution of Board of Directors
Board Member In Charge of MASAK Compliance Unit Board Member in charge of compliance with MASAK Regulation on “Measures Regarding Prevention of Laundering Crime Revenues and Financing of Terrorism”	Gökhan FIDAN	01.04.2022 – 2022/48	Resolution of Board of Directors
Kamuyu Aydınlatma Formundan (KAF) Sorumlu Üye Board Member in charge of signing Public Disclosure Forms as per the CMB Communiqué on “Principles Regarding Public Disclosure by Intermediary Institutions” (Serial V, No: 77)	Seyit Mehmet YAYDEMİR	01.04.2022 – 2022/48	Resolution of Board of Directors
Credit Committee Chairman and Members of the Credit Committee as per CMB Communiqué on “Margin Trading, Short Sales and Lending and Borrowing of Securities” (Serial: V, No: 65)	Ali ŞÖNER Bülent SEZGİN	30.07.2021 – 2021/64 26.07.2017 – 2017/61	Resolution of Board of Directors Directors Resolution of Board of Directors
Investment Committee As per article 9 of CMB Communiqué on Equity-Based Crowdfunding (Serial: III, No: 35/A.1)	Bülent SEZGİN	07.07.2021 – 2021/60	Resolution of Board of Directors
Corporate Governance Committee Members of the Committee as per CMB II.17.I. Corporate Governance Principles 4.5 “Committees Formed within the Board of Directors”	Yusuf Duran OCAK Gökhan FIDAN	18.03.2021 – 2021/24 30.07.2021 – 2021/64	Resolution of Board of Directors Directors Resolution of Board of Directors
Audit Committee Members of the Committee as per CMB II.17.I. Corporate Governance Principles 4.5 “Committees Formed within the Board of Directors”	Yusuf Duran OCAK Gökhan FIDAN	18.03.2021 – 2021/24 30.07.2021 – 2021/64	Resolution of Board of Directors Directors Resolution of Board of Directors
Early Risk Detection Committee Members of the Committee as per CMB II.17.I. Corporate Governance Principles 4.5 “Committees Formed within the Board of Directors”	Ahmet HOŞCAN Gökhan FIDAN	01.04.2022 – 2022/48 30.07.2021 – 2021/64	Resolution of Board of Directors Directors Resolution of Board of Directors



COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

PROHIBITION OF MAKING TRANSACTIONS WITH THE COMPANY AND COMPETITORS

In the activity period from 01.01.2022 to 31.12.2022, the prohibition of making transactions with the Company and competitors became effective for the Board Members.

NUMBER, STRUCTURE, AND INDEPENDENCE OF COMMITTEES ESTABLISHED BY THE BOARD OF DIRECTORS

To ensure that the Board of Directors fulfills its duties and responsibilities properly, it was decided in the Articles of Association that regulations of the Capital Markets Board on corporate governance will be followed for the transactions deemed significant for the implementation of Corporate Governance Principles, the transactions of the Company with the related parties and the transactions about giving guarantees, pledges and mortgages on behalf of the third parties, and that number and qualifications of the independent members who will serve on the Board of Directors will be determined based on the regulations of the Capital Markets Board on corporate governance.

Audit Committee, Corporate Governance Committee, and Early Detection of Risk Committee serve at the Company as part of the Corporate Governance Principles.

AUDIT COMMITTEE

Name-Surname	Position	Term of office
1- Yusuf Duran OCAK	Chairman - Vice Chairman of the Board of Directors	18.03.2021 - on Duty
2- Güvenç USTA	Member - Board Member	18.03.2021 – 30.03.2022
3- Gökay YILMAZ	Member	18.03.2021 – 03.12.2021
4- Erkin ÇAKMAK	Member	03.12.2021 – 01.04.2022
5- Gökhan FIDAN	Member	30.07.2021 - on Duty

The Audit Committee meets at least four times a year, at least every three months. Results of the Committee are enclosed in the minutes and presented to the Board of Directors. The Committee met 15 times as of the end of 2022.

CORPORATE GOVERNANCE COMMITTEE

Name-Surname	Position	Term of office
1- Yusuf Duran OCAK	Chairman - Vice Chairman of the Board of Directors	18.03.2021 - on Duty
2- Filiz AVUKAT	Member - Board Member	18.03.2021 – 30.03.2021
3- Ahmet ERDOĞAN	Member - Board Member	30.03.2021 – 30.07.2021
4- Gökhan FIDAN	Member - Board Member	30.07.2021 - on Duty
5- Ahmet Kutluhan KALYONCU	Member	18.03.2021 - on Duty

The Corporate Governance Committee assumed the responsibilities of the Nomination and Remuneration Committees as well. The Committee met twice as of the end of 2022.

EARLY DETECTION OF RISK COMMITTEE

Name-Surname	Position	Term of office
1- Güvenç USTA	Chairman - Board Member	18.03.2021 – 30.03.2022
2- Ahmet ERDOĞAN	Member - Board Member	18.03.2021 – 30.07.2021
3- Gökhan FIDAN	Member - Board Member	30.07.2021 - on Duty
4- Gökay YILMAZ	Member	18.03.2021 – 03.12.2021
5- Erkin ÇAKMAK	Member	03.12.2021 – 01.04.2022
6- Ahmet HOŞCAN	Member	30.03.2022 - on Duty

Early Detection of Risk Committee meets at the Company's Head Office at least six times a year, every two months. Results of the Committee are enclosed in the minutes and presented to the Board of Directors. The Committee met 6 times as of the end of 2022.

The Reporter of the Board of Directors also conducts the work of the committees. The other committees which are structured under the chairmanship of a responsible Board Member determined by the decision of the Board of Directors meet whenever necessary.

FINANCIAL RIGHTS, CASH, AND IN-KIND BENEFITS PROVIDED TO BOARD MEMBERS AND EXECUTIVE MANAGERS

The monthly attendance fee is paid to the Board Members with the approval of the General Assembly. The total amount of the financial rights, cash, and in-kind benefits, insurances, and similar guarantees provided to Board Members and executive managers correspond to TL 6,515,453.

FINANCIAL RIGHTS, CASH, AND IN-KIND BENEFITS PROVIDED TO EMPLOYEES

Within the scope of the Human Resources Regulation;

Financial rights, cash, and in-kind benefits, insurances, and similar guarantees are provided to the employees of the Company.

By the end of 2022, 165 employees worked at the Company.

INFORMATION ON THE DONATIONS MADE DURING THE YEAR

As of the end of 2022, donations amounting to TL 13,550 in total were made to Turkish Education Foundation, Darüßsafaka Society and Turkish Red Crescent Society.

INFORMATION ON THE COMPANY’S AFFILIATES AND OWNERSHIP STRUCTURE

None.

INFORMATION ON THE LAWSUITS FILED AGAINST THE COMPANY AND LAWSUITS THAT MAY AFFECT THE COMPANY’S FINANCIAL STATUS

The Company sets aside a provision of 100% for lawsuits filed against the Company by the customers or former employees. There are no lawsuits that may affect the Company's financial status.

There have not been any administrative or legal sanctions imposed on the members of the Company and its Board of Directors for practices in breach of applicable legal or regulatory provisions.

EXPLANATIONS ON SPECIAL AUDITS AND PUBLIC AUDITS HELD DURING THE ACCOUNTING PERIOD

The Company is within the scope of Independent Audit in accordance with CMB Legislation and is subject to governmental audits of the Turkish Court of Accounts.

## COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

## INFORMATION ON THE RELATED PARTY TRANSACTIONS

As of the end of 2022, the Company did not carry out any legal transactions with our parent company Türkiye Halk Bankası A.Ş., and/or the affiliate companies of the parent company. Also, the Company did not carry out any legal transactions to the benefit of our parent company Türkiye Halk Bankası A.Ş., and/or the affiliate companies of the parent company, following a request by the parent company. There have not been any actions taken or refrained from being taken, to the benefit of Türkiye Halk Bankası A.Ş. or its affiliate companies.

As of the end of 2022, all of the commercial activities that took place between our Company and our parent company or with the affiliates of the parent company were realized under the prevailing market conditions.

## Related Party Transactions

	31.12.2022
<b>Cash and cash equivalents</b>	
Türkiye Halk Bankası A.Ş.	2,130,172,425
-Term deposits	1,968,864,622
-Demand deposits	161,307,803
<b>Stock investments</b>	
Halk Gayrimenkul Yatırım Ortaklığı A.Ş.	3,880,564
-Stocks	3,880,564
<b>Total</b>	<b>2,134,052,988</b>
<b>Trade receivables from related parties</b>	<b>31.12.2022</b>
Türkiye Halk Bankası A.Ş.	138,414
<b>Total</b>	<b>138,414</b>
<b>Trade payables to related parties</b>	<b>31.12.2022</b>
Halkbank Sports Club	2,060,000
Türkiye Halk Bankası A.Ş.	277,482
Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	8,421
<b>Total</b>	<b>2,345,903</b>

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

# Financial Statements as of 31 December 2022 and Independent Auditor's Report

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH)



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

INDEPENDENT AUDITOR’S REPORT

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

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Halk Yatırım Menkul Değerler 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 the 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 auditing issued by Capital Markets Board and 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.

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3) Emphasis of Matter

As further disclosed in Note 26, we emphasize the following matters from which the Parent Bank may be affected:

On 15 October 2019, the New York Southern District Attorney General of the United States (“US”) Department of Justice prepared an indictment and filed a lawsuit against the Parent Bank in the New York Southern District Court (“District Court”) for alleged violations of Iranian sanctions. The criminal case in District Court is pending due to appeal filed by the Parent Bank under the “Foreign State Immunity Act (FSIA)”. The appeal process of the Parent Bank before the US Supreme Court continues.

In addition, a civil lawsuit was filed against the Parent Bank on 27 March 2020, before the US Southern District Court of New York, on the grounds that “they could not collect their receivables from Iran due to sanction violations”. The District Court dismissed the case. The complainants appealed the court decision before the Second Appeal. The appeal process continues.

At this stage, the Parent Bank's Management state that there is no penalty, compensation, sanction or other measure arising from the ongoing criminal and civil lawsuits against the Parent Bank. There is an uncertainty with respect to any decisions by the US authorities that may adversely affect the financial position of the Parent Bank. Our opinion is not modified in respect of these matters.



4) Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
<p>Revenue recognition</p> <p>The Company has revenue amounting to total TL 6,629,766,373 recognized under “revenue” in its statement of profit or loss and other comprehensive income for the period 1 January – 31 December 2022. The related income is disclosed in Note 2 and 18.</p> <p>Due to the excessive amount of the line item of revenue under the statement of profit or loss and other comprehensive income, and since the revenue amount arises from different transactions such as sales commissions, commission income from public offerings, loan interest income, marketable securities sales and consultancy income, the matter is considered as a key audit matter.</p>	<p>Within the scope of the audit procedures applied by us related to the revenue recognition as a part of our audit procedures, the revenue process of the Company is understood, and the design and application of internal controls applied by the management for recognition of revenue according to the relevant accounting accounting policies were tested. The total calculated trading volume of commissionary income was confirmed by independent sources. A detail test was applied on brokerage commissions. In addition, through the sample selected from the transactions realized in the accounting period, these transaction details were tested in comparison with the relevant supporting documents in order to confirm that the income amount is recognized properly. In addition, the sufficiency of the explanations in the disclosures are evaluated by us.</p>

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

The Company management is responsible for the preparation and fair presentation of these financial statements in accordance with TFRSs, 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.



6) Auditor’s Responsibilities for the Audit of the Financial Statements

In an independent audit, our responsibilities as independent auditors 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 Independent Auditing Standards published by the Capital Markets Board 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 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 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.





6) Auditor’s Responsibilities for the Audit of the Financial Statements (cont’d)

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 the Turkish Commercial Code No. 6102 (“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 consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.*

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

Mehmet Erol  
Partner

İstanbul, 17 February 2023

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HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Statement of Financial Position  
as at 31 December 2022

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

	Notes	Audited 31 December 2022	Audited 31 December 2021
ASSETS			
Current assets			
Cash and cash equivalents	3	2.223.411.130	318.368.157
Financial investments	4	270.244.170	30.450.138
Trade receivables	5-6	1.067.607.393	373.817.904
- Trade receivables from related parties	5	138.414	388.490
- Trade receivables from third parties	6	1.067.468.979	373.429.414
Other receivables	9	134.458.324	35.974.233
Prepaid expenses	10	13.160.850	6.664.697
TOTAL CURRENT ASSETS		3.708.881.867	765.275.129
Non-current assets			
Financial investments	4	5.447.818	2.426.584
Property, plant and equipment	11	14.225.622	12.010.945
Intangible assets	12	4.909.300	1.136.349
Other non-current assets	8	-	4.566.493
Right-of-use assets	13	5.971.132	7.187.819
Deferred tax asset	16	7.532.660	5.709.491
TOTAL NON-CURRENT ASSETS		38.086.532	33.037.681
TOTAL ASSETS		3.746.968.399	798.312.810
LIABILITIES			
Current liabilities			
Short-Term Borrowings	7	2.240.691.908	-
- Short-term borrowings from third parties	7	2.240.691.908	-
Trade payables	5-6	660.770.901	307.236.461
- Trade payables to related parties	5	2.345.903	2.471
- Trade payables to third parties	6	658.424.998	307.233.990
Other payables	9	25.772.757	18.704.588
Current tax liability	16	62.467.943	22.423.991
Short-term provisions		21.452.462	8.489.039
- Short-term provisions for employee benefits	15	18.215.398	6.384.647
- Other short-term provisions	14	3.237.064	2.104.392
Lease liabilities	13	5.604.123	4.938.062
TOTAL CURRENT LIABILITIES		3.016.760.094	361.792.141
Non-current liabilities			
Long-term provisions		9.731.984	4.776.557
- Long-term provisions for employee benefits	15	9.731.984	4.776.557
Lease liabilities	13	1.208.797	3.026.290
TOTAL NON-CURRENT LIABILITIES		10.940.781	7.802.847
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	150.000.000	150.000.000
Restricted reserves appropriated from profit		97.792.814	73.246.202
Accumulated other comprehensive income (expenses) that will not be reclassified to profit or loss		4.338.290	1.509.509
-Gains (losses) on revaluation and remeasurement	4	5.144.143	2.315.362
-Other gains (losses)		(805.853)	(805.853)
Prior years' profit or losses		44.415.499	2.305.761
Net profit or loss for the period		422.720.921	201.656.350
TOTAL EQUITY		719.267.524	428.717.822
TOTAL LIABILITIES AND EQUITY		3.746.968.399	798.312.810

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Statement of Profit or Loss and Other Comprehensive  
Income for the Year Ended 31 December 2022

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

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
PROFIT OR LOSS			
Revenue	18	6.629.766.373	4.444.278.620
Cost of sales	18	(5.925.848.832)	(4.112.333.435)
GROSS PROFIT (LOSS) FROM BUSINESS OPERATIONS		703.917.541	331.945.185
Expenses from Financial Activities	18	(11.315.150)	(3.786.344)
GROSS PROFIT (LOSS)		692.602.391	328.158.841
General administrative expenses	19	(140.715.780)	(77.300.100)
Marketing expenses	19	(85.004.814)	(58.340.022)
Other income from operating activities	21	4.799.312	5.071.735
Other expenses from operating activities	21	(3.065.436)	(13.889.655)
OPERATING PROFIT (LOSS)		468.615.673	183.700.799
Finance income	22	282.056.652	187.187.693
Finance expenses	22	(183.186.430)	(102.359.022)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		567.485.895	268.529.470
Tax (Expense) Income from Continuing Operations			
- Current tax (expense) income	16	(146.588.144)	(71.114.818)
- Deferred tax (expense) income	16	1.823.170	4.241.698
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		422.720.921	201.656.350
PROFIT (LOSS) FOR THE PERIOD		422.720.921	201.656.350
OTHER COMPREHENSIVE INCOME		3.021.234	(3.182.496)
Items that will not be reclassified to profit or loss			
Other comprehensive income items that will not be reclassified as other profit or loss	4	3.021.234	(3.182.496)
TOTAL COMPREHENSIVE INCOME (EXPENSE)		425.742.155	198.473.854

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Statement of Changes in Equity  
for the Year Ended 31 December 2022

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

	Notes	Paid-in capital	Gains on revaluation and reclassification(*)	Retained earnings		Equity
				Restricted reserves appropriated from profit	Prior years' profits / (losses)	
<b>Balances as of 1 January 2021</b>		<b>104.000.000</b>	<b>4.692.005</b>	<b>33.087.795</b>	<b>35.368.414</b>	<b>364.243.968</b>
Transfers		-	-	40.158.407	146.937.347	-
Profit (loss) for the period		-	-	-	(187.095.754)	201.656.350
Other comprehensive income(expense)		-	(278.151)	-	-	(278.151)
Revaluation and reclassification gains		-	(278.151)	-	-	(278.151)
Increase / (decrease) due to other changes		-	(2.904.345)	-	-	(2.904.345)
<b>Total comprehensive income (expense)</b>		<b>-</b>	<b>(278.151)</b>	<b>-</b>	<b>201.656.350</b>	<b>201.378.199</b>
Dividend payment	17	-	-	-	(134.000.000)	-
Capital increase	17	46.000.000	-	-	(46.000.000)	-
<b>Balances as of 31 December 2021</b>		<b>150.000.000</b>	<b>1.509.509</b>	<b>73.246.202</b>	<b>2.305.761</b>	<b>428.717.822</b>
<b>Balances as of 1 January 2022</b>		<b>150.000.000</b>	<b>1.509.509</b>	<b>73.246.202</b>	<b>2.305.761</b>	<b>428.717.822</b>
Transfers		-	-	24.546.612	177.109.738	-
Profit (loss) for the period		-	-	-	-	422.720.921
Other comprehensive income (expense)		-	3.021.234	-	-	3.021.234
Revaluation and reclassification gains		-	3.021.234	-	-	3.021.234
Increase / (decrease) due to other changes		-	(192.453)	-	-	(192.453)
<b>Total comprehensive income (expense)</b>		<b>-</b>	<b>3.021.234</b>	<b>-</b>	<b>422.720.921</b>	<b>425.742.155</b>
Dividend payment	17	-	-	-	(135.000.000)	-
<b>Balances as of 31 December 2022</b>		<b>150.000.000</b>	<b>4.338.290</b>	<b>97.792.814</b>	<b>44.415.499</b>	<b>719.267.524</b>

(\*) The shares of Halk Faktoring A.Ş. and Halk Financial Leasing A.Ş., which are among the share investments of the Company, have been transferred to the main shareholder of the Company, Türkiye Halk Bankası AŞ, on 6 September 2021.

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Statement of Cash Flows  
for the Year Ended 31 December 2022

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

	Notes	Audited 1 January- 31 December 2022	Audited 1 January- 31 December 2021
<b>A. Cash flows from operating activities</b>		<b>(100.604.646)</b>	<b>277.914.840</b>
<b>Profit (Loss) for the Period</b>		<b>422.720.921</b>	<b>201.656.350</b>
<b>Adjustments to reconcile net profit (loss) for the period:</b>			
Adjustments related to depreciation and amortization expenses	11-12-13	10.881.615	7.277.414
Adjustments related to provisions		23.684.501	21.973.563
-Adjustments related to provision for doubtful receivable expense	6	99.362	13.059.334
-Adjustments related to provision for retirement pay expense	15	5.953.277	2.338.566
-Adjustments related to provision for unused vacation expense	15	3.349.315	1.114.371
-Adjustments related to provision for personnel dividend premium	15	13.149.875	3.925.007
-Adjustments related to provision for payables expense	14	1.132.672	1.536.285
Adjustments related to tax (income) expense		144.764.974	66.873.120
-Adjustments related to current tax expense	16	146.588.144	71.114.818
-Adjustments related to deferred tax (income) expenses	16	(1.823.170)	(4.241.698)
Adjustments related to interest income and expenses		(88.858.825)	(76.226.029)
-Adjustments related to interest income	22	(259.060.642)	(160.774.649)
-Adjustments related to interest expenses	22	170.201.817	84.548.620
Adjustments Related to Fair Value Losses (Gains)	21	1.471.582	-
-Adjustments Related to Fair Value Loss (Gains) of Financial Assets	21	1.471.582	-
Other adjustments related to profit (loss) reconciliation		(280.241)	(11.887)
-Dividend income from associates		(280.241)	(11.887)
Adjustments Related to Losses (Gains) Due to Disposals of Associates, Joint Ventures and Financial Investments or Changes in Shares		-	(2.904.346)
<b>Changes in working capital</b>			
Adjustments related to increase/decrease in trade receivables		(700.790.799)	(88.382.346)
Adjustments related to increase/decrease in trade payables		353.534.440	47.055.012
Increase/decrease in financial investments		(238.811.753)	7.410.290
Adjustments related to other increase/decrease in working capital		(136.667.630)	2.015.997
Adjustments related to increase/decrease in lease payables		65.255	414.543
<b>Cash flows from operating activities</b>			
Interests received		221.083.136	156.626.738
Dividends received		(1.191.341)	11.887
Tax (payments) returns	16	(106.544.192)	(61.966.505)
Payments related to provision for employee benefits	15	(5.666.289)	(3.908.961)
<b>B. Cash flows from investing activities</b>		<b>(11.619.094)</b>	<b>(6.292.700)</b>
Cash Inflows Due to Share Sale or Capital Decrease or Associates and/or Joint Ventures		(192.453)	4.078.385
Cash inflows from the sale of property, plant and equipment	11	8.221	214.750
Cash outflows from the purchase of property, plant and equipment	11	(6.226.061)	(10.110.251)
Cash outflows from the purchase of intangible assets	12	(5.208.801)	(475.584)
<b>C. Cash flows from financing activities</b>		<b>1.901.555.701</b>	<b>(218.541.343)</b>
Cash inflows from borrowing	7	2.216.458.201	-
-Cash Inflows from Issued Debt Instruments	7	737.673.201	-
-Cash Inflows from Other Financial Borrowings	7	1.478.785.000	-
Interest paid		(179.902.500)	(84.541.343)
Dividends paid	17	(135.000.000)	(134.000.000)
<b>Net increase (decrease) in cash and cash equivalents before the effect of foreign currency translation differences (A+B+C)</b>		<b>1.789.331.961</b>	<b>53.080.797</b>
<b>D. Effects of foreing currency translation differences on cash and cash equivalents</b>		<b>13.381.280</b>	<b>10.487.589</b>
<b>Net increase (decrease) in cash and cash equivalents (A+B+C+D)</b>		<b>1.802.713.241</b>	<b>63.568.386</b>
<b>E. Cash and cash equivalents at the beginning of the period</b>	<b>3</b>	<b>243.068.760</b>	<b>179.500.374</b>
<b>Cash and cash equivalents at the end of the period (A+B+C+D+E)</b>	<b>3</b>	<b>2.045.782.001</b>	<b>243.068.760</b>

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

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

# Notes to the Financial Statements for the Year Ended 31 December 2022

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

## 1. Organization and operations of the Company

Halk Yatırım Menkul Değerler AŞ ("the Company") was established on 2 September 1997. The purpose of the Company is to perform capital market activities in accordance with its Article of Association and Capital Markets Law and the related legislation provisions.

According to Capital Market Law's serial III-37.1 numbered "Disclosure of Investment Services and Operations with Ancillary Services Principles" that was published in official gazette on 11 July 2013 and come into force on 1 July 2014, the Company operates as "Broad Authorized Intermediary Firm".

The Company was classified as "Broad Authorized Intermediary Firm" in the bulletin published in Capital Market Law's 15 October 2015 dated 2015/27 numbered, and it is authorized to operate in investment service and activities.

The Company operates with 10 branches (31 December 2021: 7). Each branch of T. Halk Bankası A.Ş., act as an intermediary for the transmission of orders on behalf of the Company in capital market transactions.

The address of the Company is Barbaros Mah. Mor Sümbül Sk. WBC İş Merkezi Blok No:9 İç Kapı No:21 Ataşehir / İstanbul.

As of 31 December 2022, the Company has 165 employees (31 December 2021: 157).

The shareholders of the Company and their ownership percentages are as follows:

	31 December 2022	31 December 2021
Türkiye Halk Bankası A.Ş.	100.00%	100.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### Approval of the Financial Statements:

Board of Directors approved the financial statements and delegated authority for publishing it on 17 February 2023.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

# Notes to the Financial Statements for the Year Ended 31 December 2022

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

## 2. Basis of presentation of the financial statements

### *The preparation of financial statements*

#### Statement of Compliance to TFRS

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets" ("the Communiqué"), which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards ("TFRS") and interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

In addition, the financial statements and footnotes have been presented in accordance with the formats announced by the POA on 15 April 2019 with the "Announcement on TFRS Taxonomy" and with the CMB's announcement on 7 June 2013. The financial statements are prepared on the basis of historical cost, with the exception of financial assets, derivative financial instruments at FVTPL and financial assets at FVTOCI. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as the basis.

#### Currency Used

The accompanying financial statements are presented in the Company's functional and presentation currency, which is Turkish Lira ("TL"), unless otherwise stated.

#### Preparation of financial statements in hyperinflationary periods

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.

#### Comparative Information, Adjustment and Reclassification 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, to conform to the changes in the presentation in the current period financial statements, and material differences are disclosed.

#### *Changes in Accounting Policies*

Significant changes in accounting policies have been applied retrospectively and prior period financial statements are restated. The Company has not made any changes in its accounting policies in the current year due to the effects of the changes in the standards.



HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

## Notes to the Financial Statements for the Year Ended 31 December 2022

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

### 2. Basis of presentation of the financial statements (*cont'd*)

#### *Changes in Accounting Estimates and Errors*

If changes in accounting estimates and errors are for only one period, changes are applied in the current year but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively. There has been no significant change in the accounting estimates of the Company in the current year.

Significant changes in accounting policies have been applied retrospectively and prior period financial statements are restated. There is no accounting error that may cause to restate the Company's financial statements.

#### **New and Amended Turkish Financial 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 *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.

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

## Notes to the Financial Statements for the Year Ended 31 December 2022

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

### 2. Basis of presentation of the financial statements (*cont'd*)

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

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

#### **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 International Financial Reporting Standards*

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

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

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

##### Amendments to TAS 41 *Agriculture*

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

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

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

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

2. Basis of presentation of the financial statements (cont'd)

New and Amended Turkish Financial Reporting Standards (cont'd)

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

**Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021 (cont'd)**

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 did not elect early application of the amendments.

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.

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

2. Basis of presentation of the financial statements (cont'd)

New and Amended Turkish Financial Reporting Standards (cont'd)

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

**Amendments to TAS 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.

**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.

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

2. Basis of presentation of the financial statements (*cont'd*)

New and Amended Turkish Financial Reporting Standards (*cont'd*)

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

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

2. Basis of presentation of the financial statements (*cont'd*)

Summary of significant accounting policies

*Accounting of income and expenses*

Sales income and financial income

Sales Income

**-Interest income:** Interests received from customers are presented in "Sales income" (Note 18), interests from time deposits are presented in "Finance income" (Note 22).

**-Trading income on securities:** Trading income/expenses on securities are recognized in the profit or loss on the same date of sale/purchase order given.

**-Funds lendel under reverse repo agreements:** The terms of funds lendel under repo agreements are short term and are comprised of government bonds and treasury bills obtained with resale commitments at an agreed term. The difference between purchase and resale price is accrued as finance income and accrued.

Service Income

**-Commission income:** Commission income is comprised of the commissions received from the financial services provided and recognized as income when the service is rendered.

**-Capital markets brokerage services:** The brokerage service fees for trading in capital markets are recognized in profit/loss at the date of purchase/sale. Revenues arising from transactions are recognized daily in profit/loss on an accrual basis until the date when the collection becomes doubtful in accordance with the management's estimation and interpretation.

**-Consultancy service income:** The Company provides investment consultancy services to corporate firms in public offerings based on contracts. Since the results of projects cannot be estimated reliably and costs incurred are unlikely to be recovered, the Company revenue is recognized only when it is finalized and when the money is collected.

Other

The Company recognizes the dividend and similar revenues when the right to receive payment have been established. Interest expenses are recognized according to accrual basis in profit or loss. Other income and expenses are recognized on accrual basis.

**Related Parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements (reporting entity).

a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

2. Basis of presentation of the financial statements (cont'd)

Summary of significant accounting policies (cont'd)

Related Parties (cont'd)

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity itself has such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment. Cost refers to expenses directly related to the acquisition of the asset.

Properties in the course of construction for administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes legal fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

2. Basis of presentation of the financial statements (cont'd)

Summary of significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Useful lives of property, plant and equipment are as follows:

Non-current asset type	Estimated useful life (year)
Machine and equipment	8
Furniture and fixtures	3-15
Leasehold improvements	5

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Leases

The Company as Lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.



## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

# Notes to the Financial Statements for the Year Ended 31 December 2022

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

## 2. Basis of presentation of the financial statements (*cont'd*)

### Summary of significant accounting policies (*cont'd*)

#### *Leases (cont'd)*

#### *The Company as Lessee (cont'd)*

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under TAS 37. The costs are included in the related right-of-use asset unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

# Notes to the Financial Statements for the Year Ended 31 December 2022

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

## 2. Basis of presentation of the financial statements (*cont'd*)

### Summary of significant accounting policies (*cont'd*)

#### *Leases (cont'd)*

#### *The Company as Lessee (cont'd)*

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

#### *Investments accounted for by using equity method*

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Investment in associates is accounted for using the equity method and is recognized initially at cost. According to the equity method, in the statement of financial position, affiliates are shown over the amount obtained as a result of the correction of the cost value by the Company's share in the change in the net assets of the affiliate in the post-purchase period, less any impairment in the affiliate. The affiliate's losses exceeding the Company's share in the affiliate (which essentially includes any long-term investment that forms part of the Company's net investment in the affiliate) are not recorded.

#### *Financial instruments*

##### Financial assets

At initial recognition, the Company measures a financial asset at its fair value, except for trade receivables that do not contain significant financing component. The Company measures trade receivables at their transaction price if the trade receivables do not contain a significant financing component (or if the Company chooses the facilitative application) in accordance with TFRS 15 (or when the Company applies the practical expedient) at initial recognition.

At initial recognition, Company measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset. Financial assets that are traded in an ordinary way are recognized initially at their fair value on the trade date [delivery date].

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

2. Basis of presentation of the financial statements (cont'd)

Summary of significant accounting policies (cont'd)

*Financial instruments (cont'd)*

Financial assets (cont'd)

The Company classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL.

Financial assets that constitute derivative products that have not been designated as a hedging instrument are also classified as financial assets at fair value through profit or loss. The related financial assets are presented with their fair values, the resulting gains and losses are recorded in profit and loss statement.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. If the financial asset is reclassified out of the fair value through other comprehensive income measurement category, the Company accounts for the cumulative gain or loss that was previously recognized in other comprehensive income in financial statements. Interest calculated using the effective interest method is recognized in profit or loss.

At initial recognition, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

2. Basis of presentation of the financial statements (cont'd)

Summary of significant accounting policies (cont'd)

*Financial instruments (cont'd)*

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest revenue of financial assets measured at amortized cost is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

# Notes to the Financial Statements for the Year Ended 31 December 2022

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

## 2. Basis of presentation of the financial statements (cont'd)

### Summary of significant accounting policies (cont'd)

#### Financial instruments (cont'd)

##### Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost or fair value through other comprehensive income.

The Company applies the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. However, the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

At each reporting date, the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses except for purchased or originated credit impaired financial assets. For purchased or originated credit-impaired financial assets, the Company only recognizes the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance at the reporting date.

The Company measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables that do not contain a significant financing component, which is referred as simplified approach.

Impairment that is measured in the scope TFRS 9 does not have a significant impact on the Company's financial statements.

##### Recognition and derecognition of financial assets

The Company recognizes a financial asset or a financial liability in its statement of financial position when, and only, the entity becomes a party to the contractual provisions of the instrument. The Company derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

# Notes to the Financial Statements for the Year Ended 31 December 2022

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

## 2. Basis of presentation of the financial statements (cont'd)

### Summary of significant accounting policies (cont'd)

#### Financial instruments (cont'd)

##### Recognition and derecognition of financial assets (cont'd)

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received. The Company shall remove a financial liability from its statement of financial position when, and only, the obligation specified in the contract is discharged or cancelled or expire.

##### Financial liabilities

At initial recognition, the Company measures a financial liability at its fair value, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for:

(a) Financial liabilities at fair value through profit or loss: Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognized in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

(c) Contingent consideration recognized by an acquirer in a business combination to which TFRS 3 applies. Such contingent consideration is subsequently be measured at fair value with changes recognized in profit or loss.

The Company does not reclassify any financial liability.

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

2. Basis of presentation of the financial statements (*cont'd*)

Summary of significant accounting policies (*cont'd*)

*Financial instruments (cont'd)*

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Company has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

2. Basis of presentation of the financial statements (*cont'd*)

Summary of significant accounting policies (*cont'd*)

Effects of Exchange Differences

Foreign Currency Transactions and Balances

The financial statements of the Company are presented in the currency which is the currency of the primary economic environment in which the Company operates (its functional currency). The results and financial position of the Company are expressed in TL, which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements of the individual entities, transactions in foreign currency (currencies other than TL) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated to TL at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Transactions in foreign currency are translated into TL at the foreign currency rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the end of the reporting period. Exchange differences arising from such transactions are recognized in profit/loss for the period.

As of 31 December 2022 and 31 December 2021, exchange rates used by the Company are as follows:

	31 December 2022	31 December 2021
US Dollar ("US Dollar")	18,6983	13,3290
Euro	19,9349	15,0867



HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

2. Basis of presentation of the financial statements (*cont'd*)

Summary of significant accounting policies (*cont'd*)

Earnings per Share

Earnings per share disclosed in the statement of profit or loss are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. Therefore, the weighted average stock share, which is used in the calculation of earnings per share, is determined by retrospective application of bonus share issue.

Events after the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Company adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as a provision. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Restructuring

A restructuring provision is recognized when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

2. Basis of presentation of the financial statements (*cont'd*)

Summary of significant accounting policies (*cont'd*)

Provisions, Contingent Assets and Liabilities (*cont'd*)

Warranties

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at management's best estimate of the expenditure required to settle the Company's obligation.

Reporting of Financial Information by Segments

There are no different fields of activity and different geographic regions that require segment reporting.

Income Tax

Tax provisions have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

2. Basis of presentation of the financial statements (*cont'd*)

Summary of significant accounting policies (*cont'd*)

Income Tax (*cont'd*)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized directly in equity, in which case, the current and deferred tax are also recognized in equity.

Employee Benefits

*Termination and retirement benefits:*

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 *Employee Benefits* ("TAS 19").

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

*Profit-sharing and bonus plans*

The Company recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Statement of Cash Flows

In the statement of cash flows, cash flows for the period are reported by classification based on operating, investing and financing activities.

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.

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

3 Cash and cash equivalents

Cash and cash equivalents as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Banks	2.191.979.212	317.193.447
- <i>Time deposit</i>	2.020.004.348	227.051.694
- <i>Demand deposit</i>	171.974.864	90.141.753
Receivables from reverse repo transactions	31.731.215	1.217.667
Provision for expected credit loss (-)	(299.297)	(42.957)
<b>Total cash and cash equivalents on statement of financial position</b>	<b>2.223.411.130</b>	<b>318.368.157</b>
Interest income discount on cash and cash equivalents	(46.331.148)	(1.451.694)
Provision for expected credit loss on cash and cash equivalents	299.297	42.957
Customer deposits <sup>(1)</sup>	(131.597.278)	(73.890.660)
<b>Total cash and cash equivalents on statement of cash flows</b>	<b>2.045.782.001</b>	<b>243.068.760</b>

<sup>(1)</sup> The portion of the bank deposits amounting to TL 131,597,278 (31 December 2021: TL 73,890,660) consists of the customers' assets held as demand deposits in the Company's deposit accounts as of 31 December 2022, which have not yet been invested.

As of 31 December 2022, TL 1,968,864,622 of time deposit (31 December 2021: TL 227,051,694) and TL 161,307,803 of demand deposit (31 December 2021: TL 82,140,057) is at T. Halk Bankası A.Ş., the main shareholder of the Company.

As of 31 December 2022, the maturity of the receivables from reverse repo transactions is 32 days and the interest rate is 13.39% (31 December 2021: 28 days maturity, 15.75%).

As of 31 December 2022 and 31 December 2021, the details of time deposits of the Company are as follows:

31 December 2022				
Time deposit	Interest rate (%)	Maturity	Currency	Amount
Türkiye Halk Bankası A.Ş.	20%-26%	2 January 2023-16 March 2023	TL	1.968.864.622
Diğer	26%	25 January 2023	TL	51.139.726
<b>Total</b>				<b>2.020.004.348</b>
31 December 2021				
Time deposit	Interest rate (%)	Maturity	Currency	Amount
Türkiye Halk Bankası A.Ş.	15.25%-21%	3 January 2022-9 February 2022	TL	227.051.694
<b>Total</b>				<b>227.051.694</b>

As of 31 December 2022 and 31 December 2021, there is no blockage on cash and cash equivalents of the Company.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

# Notes to the Financial Statements for the Year Ended 31 December 2022

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

#### 4. Financial investments

##### Short-term financial investments

As of 31 December 2022 and 31 December 2021, short-term financial investments are as follows:

##### Financial assets at fair value through profit/loss

	31 December 2022			31 December 2021		
	Nominal value	Cost value	Carrying value	Nominal value	Cost value	Carrying value
Shares	-	-	-	2.720.552	22.528.958	21.546.679
Government bonds	118.690.002	116.405.287	118.502.314	8.335.933	8.870.784	8.903.459
Investment Funds	136.303.563	150.000.254	151.741.856	-	-	-
<b>Total</b>		<b>270.244.170</b>				<b>30.450.138</b>

##### Long-term financial investments

As of 31 December 2022 and 31 December 2021, long-term financial investments are as follows:

##### Financial assets at fair value through other comprehensive income

	31 December 2022		31 December 2021	
Share investments	Carrying value	Ownership (%)	Carrying value	Ownership (%)
Borsa İstanbul A.Ş.(1)	1.517.254	0,038	1.517.254	0,038
Halk Gayrimenkul Yatırım Ortaklığı A.Ş.	3.880.564	0,038	896.830	0,038
Ziraat Portföy Yönetimi A.Ş.(2)	50.000	0,001	12.500	0,001
<b>Total</b>	<b>5.447.818</b>		<b>2.426.584</b>	

(1) In the current period, the related shares are valued with the price per share determined by Borsa İstanbul A.Ş. at the meeting dated 15 January 2018 and numbered 2018/6 and the valuation effect is recognized under gains on revaluation and reclassification in equity.

(2) Stated at cost value in financial statements.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

# Notes to the Financial Statements for the Year Ended 31 December 2022

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

#### 5 Related party disclosures

##### Receivables from related parties and payables to related parties

As of 31 December 2022 and 31 December 2021, the receivables and payables from related parties are as follows:

	31 December 2022	31 December 2021
<b>Cash and cash equivalents</b>		
Türkiye Halk Bankası A.Ş.	2.130.172.425	309.191.751
-Time deposits	1.968.864.622	227.051.694
-Demand deposits	161.307.803	82.140.057
<b>Total</b>	<b>2.130.172.425</b>	<b>309.191.751</b>

	31 December 2022	31 December 2021
<b>Stock shares investments</b>		
Halk Gayrimenkul Yatırım Ortaklığı A.Ş.	3.880.564	896.830
-Stock shares	3.880.564	896.830
<b>Total</b>	<b>3.880.564</b>	<b>896.830</b>

	31 December 2022	31 December 2021
<b>Trade receivables from related parties</b>		
Türkiye Halk Bankası A.Ş.	138.414	388.490
<b>Total</b>	<b>138.414</b>	<b>388.490</b>

	31 December 2022	31 December 2021
<b>Payables to related parties</b>		
Halkbank Spor Kulübü	2.060.000	-
Türkiye Halk Bankası A.Ş.	277.482	-
Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	8.421	2.471
<b>Total</b>	<b>2.345.903</b>	<b>2.471</b>

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

5 Related party disclosures (cont'd)

Transactions with related parties

Transactions with related parties for the periods ended 31 December 2022 and 31 December 2021 are as follows:

Income from related parties

	1 January – 31 December 2022	1 January – 31 December 2021
<b><u>Türkiye Halk Bankası A.Ş.</u></b>		
Commission income on public offerings brokerage	17.780.300	17.489.000
Interest income on deposits	110.841.053	38.299.297
Commission income from brokerage	796.147	388
Investment consultancy service income	2.710.000	2.400.000
Other income	1.244.757	1.235.649
<b><u>Halk Gayrimenkul Yatırım Ortaklığı A.Ş.</u></b>		
Consultancy service income	375.000	-
Commission income from brokerage	4.177	-
<b><u>Halk Finansal Kiralama A.Ş.</u></b>		
Commission income on public offerings brokerage	1.412.750	950.000
Amortization income on bonds	-	934.800
<b><u>Halk Varlık Kiralama A.Ş.</u></b>		
Sukuk issuance brokerage commission income	6.901.250	5.105.800
Amortization income from lease certificate	187.559	26
<b>Total</b>	<b>142.252.993</b>	<b>66.414.961</b>

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

5 Related party disclosures (cont'd)

Transactions with related parties (cont'd)

Payables to related parties

	1 January – 31 December 2022	1 January – 31 December 2021
<b><u>Türkiye Halk Bankası A.Ş.</u></b>		
Rent expenses	4.493.646	3.117.401
Common expense contribution expense	3.216.551	528.568
Campaign bonus expense	606.313	2.142.590
Commissions of guarantee letter	162.140	99.710
Bank charges	95.233	59.497
Used loan interest expense	187.160	-
<b><u>Halkbank Spor Kulübü</u></b>		
Sponsorship expenses	8.550.000	4.350.000
<b><u>Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.</u></b>		
Service expense	98.710	31.147
<b><u>Halk Varlık Kiralama A.Ş.</u></b>		
Sukuk bonus expenses	-	354.000
<b><u>Halk Gayrimenkul Yatırım Ortaklığı A.Ş.</u></b>		
Repo interest expense	139	-
<b>Total</b>	<b>17.409.892</b>	<b>10.682.913</b>

The shares of Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş. were transferred to the main shareholder of the Company, Türkiye Halk Bankası A.Ş., with the decision of the Board of Directors dated 8 March 2021 and numbered 2021/16.

Benefits provided to key management

The key personnel received remuneration and fees amounting in total TL 6,515,453 for the period ended 31 December 2022 (31 December 2021: TL 5,079,808).



## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

# Notes to the Financial Statements for the Year Ended 31 December 2022

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

## 6 Trade receivables and payables

### Trade receivables

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

	31 December 2022	31 December 2021
Receivables from loan customers	712.340.476	160.264.767
Futures and options market collaterals	244.514.819	197.770.155
Leveraged trade collaterals	5.041.890	9.598.453
Receivables from customers	102.360.869	5.325.146
Collaterals of borrowed securities	3.210.925	470.893
Due from related parties (Note 5)	138.414	388.490
Doubtful trade receivables	13.322.401	13.614.630
Provision for doubtful trade receivables	(13.322.401)	(13.614.630)
<b>Total</b>	<b>1.067.607.393</b>	<b>373.817.904</b>

The movement of the provision of doubtful receivables of the Company as of 31 December 2022 and 31 December 2021 is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Beginning of the period	13.614.630	555.296
Provisions during the period	99.362	13.059.334
Collected during the period	(391.591)	-
<b>End of the period</b>	<b>13.322.401</b>	<b>13.614.630</b>

### Trade payables

As of 31 December 2022 and 31 December 2021, trade payables of the Company is as follows:

	31 December 2022	31 December 2021
Leveraged trade collaterals	4.506.581	8.278.109
Futures and options market collaterals	244.449.525	192.496.398
Payables to customers	275.925.223	99.982.233
Public offering demands	118.732.576	-
Sellers	11.600.167	6.006.357
Payables to related parties (Note 5)	2.345.903	2.471
Guarantees received for securities lent	3.210.926	470.893
<b>Total</b>	<b>660.770.901</b>	<b>307.236.461</b>

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

# Notes to the Financial Statements for the Year Ended 31 December 2022

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

## 7 Short-term borrowings

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

	31 December 2022	31 December 2021
Issued financial bonds	747.630.223	-
Payables to Takasbank money market	1.493.061.685	-
<b>Total</b>	<b>2.240.691.908</b>	<b>-</b>

As of 31 December 2022, the Company's issued bonds, notes and bills are as follows:

31 December 2022					
ISIN	Issue date	Maturity	Interest rate (%)	Nominal	Amount
TRFHALK12317	17 November 2022	25 January 2023	22.00%	100.000.000	98.611.130
TRFHALK12325	30 November 2022	25 January 2023	22.00%	225.000.000	221.851.607
TRFHALK22316	9 December 2022	7 February 2023	22.25%	100.000.000	97.824.400
TRFHALK32315	15 December 2022	2 March 2023	22.00%	118.000.000	113.922.104
TRFHALK32323	27 December 2022	16 March 2023	22.00%	225.000.000	215.420.982
<b>Total</b>					<b>747.630.223</b>

As of 31 December 2022, the Company's financial borrowings are as follows.

31 December 2022			
	Interest rate (%)	Maturity	Amount
Takasbank Money Market	10.9%-17.5%	2 January 2023-15 February 2023	1.493.061.685
<b>Total</b>			<b>1.493.061.685</b>

## 8 Other non-current assets

In 2021, the Gamification Project and Robodanışmanlık (Smart Suggestion System), developed by the Teknopark Software and Project Development team based on the infrastructures of the Macellum I and II projects, were completed. Completion reports of the projects were given to the Teknopark management, and they were taken to the review and approval stage by the Teknopark management.

Our project, which is the continuation of the Robodanışmanlık (Smart Suggestion System) project and which we call Robodanışmanlık 2, started in 2020. The studies carried out at Teknopark in order to develop additional modules for the Smart Suggestion System and to increase the service steps were completed in June 2022.

With the completion of our project, which received a completion letter from the Teknopark Management in June 2022 and was approved by the relevant Ministry, the Teknopark project team studies were terminated and our office was closed.

Successful results have been achieved in all three projects developed in Teknopark over a long period of time, and the applications are still actively used by our investors.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

# Notes to the Financial Statements for the Year Ended 31 December 2022

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

**8 Other non-current assets (cont'd)**

	1 January - 31 December 2022	1 January - 31 December 2021
Beginning of the period	4.566.493	3.450.502
Increase during the period	-	1.115.991
Decrease during the period	(4.566.493)	-
<b>End of the period</b>	<b>-</b>	<b>4.566.493</b>

**9 Other receivables and payables****Other receivables**

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

	31 December 2022	31 December 2021
Leveraged transaction foreign collaterals	22.444.459	12.053.887
BISTECH Share MKT transaction collateral <sup>(2)</sup>	32.709.238	11.027.885
TEFAS transaction collateral <sup>(4)</sup>	8.166.277	4.929.097
VIOP, Share, Lending and Debt Instruments guarantees <sup>(1)</sup>	11.972.122	2.860.634
BAP MTK transaction collaterals <sup>(3)</sup>	57.999.940	4.333.327
Rental and other security deposits	49.651	29.250
Other	1.243.662	774.661
Expected loss provision(-)	(127.025)	(34.508)
<b>Total</b>	<b>134.458.324</b>	<b>35.974.233</b>

- (1) Consists of cash guarantees given by the Company to Istanbul Takas ve Saklama Bankası A.Ş. to transact in VIOP and other markets.
- (2) It consists of cash guarantees given by the Company to Istanbul Takas ve Saklama Bankası A.Ş. for trading in the Equity market.
- (3) Consists of cash guarantees given by the Company to Istanbul Takas ve Saklama Bankası A.Ş. for trading in the debt securities market.
- (4) Consists of cash guarantees given by the Company to Istanbul Takas ve Saklama Bankası A.Ş. for TEFAS transactions.

**Other payables**

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

	31 December 2022	31 December 2021
Taxes, duties and fees payable	21.854.453	13.261.862
Other	3.918.304	5.442.726
<b>Total</b>	<b>25.772.757</b>	<b>18.704.588</b>

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

# Notes to the Financial Statements for the Year Ended 31 December 2022

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

**10 Prepaid expenses**

As of 31 December 2022 and 31 December 2021 prepaid expenses are as follows:

	31 December 2022	31 December 2021
Prepaid expenses <sup>(1)</sup>	13.160.850	6.566.681
Prepaid leases	-	98.016
<b>Total</b>	<b>13.160.850</b>	<b>6.664.697</b>

(1) Prepaid expenses consist of health insurance expenses, prepaid letter of guarantee expenses and data screen expenses.

**11 Property, plant and equipment**

For the years ended 31 December 2022 and 31 December 2021, movement of the property, plant and equipment is as follows:

	Machinery and equipment	Furniture and fixtures	Leasehold improvements	Total
<b>Cost</b>				
Opening balance, 1 January 2021	8.051.930	2.165.645	3.150.285	13.367.860
Additions	3.736.241	432.573	5.941.437	10.110.251
Disposals	(200.433)	(413.309)	(2.758.064)	(3.371.806)
<b>Closing balance, 31 December 2021</b>	<b>11.587.738</b>	<b>2.184.909</b>	<b>6.333.658</b>	<b>20.106.305</b>
Opening balance, 1 January 2022	11.587.738	2.184.909	6.333.658	20.106.305
Additions	3.603.040	485.778	2.137.243	6.226.061
Disposals	(127.217)	-	-	(127.217)
<b>Closing balance, 31 December 2022</b>	<b>15.063.561</b>	<b>2.670.687</b>	<b>8.470.901</b>	<b>26.205.149</b>
<b>Accumulated depreciation</b>				
Opening balance, 1 January 2021	3.759.024	1.894.416	2.669.713	8.323.153
Charge for the period	1.816.218	143.444	741.889	2.701.551
Disposals	(166.168)	(403.040)	(2.360.136)	(2.929.344)
<b>Closing balance, 31 December 2021</b>	<b>5.409.074</b>	<b>1.634.820</b>	<b>1.051.466</b>	<b>8.095.360</b>
Opening balance, 1 January 2022	5.409.074	1.634.820	1.051.466	8.095.360
Charge for the period	2.265.626	204.515	1.533.022	4.003.163
Disposals	(118.996)	-	-	(118.996)
<b>Closing balance, 31 December 2022</b>	<b>7.555.704</b>	<b>1.839.335</b>	<b>2.584.488</b>	<b>11.979.527</b>

**Net carrying value**

31 December 2021	6.178.664	550.089	5.282.192	12.010.945
31 December 2022	7.507.857	831.352	5.886.413	14.225.622

In the accounting period for the period ending on 31 December 2022, TL 6,226,061 of property, plant and equipment was purchased (31 December 2021: TL 10,110,251).

In the accounting period ending on 31 December 2022, the total insurance amount on tangible fixed assets is TL 22,129,120 (31 December 2021: TL 11,451,760).

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

12 Intangible assets

For the years ended 31 December 2022 and 31 December 2021, movement of the intangible assets is as follows:

	Software programs
<b>Cost value</b>	
Opening balance, 1 January 2021	5.151.505
Additions	475.584
<b>Closing balance, 31 December 2021</b>	<b>5.627.089</b>
Opening balance, 1 January 2022	5.627.089
Additions	5.208.801
<b>Closing balance, 31 December 2022</b>	<b>10.835.890</b>
<b>Accumulated amortization</b>	
Opening balance, 1 January 2021	3.708.372
Charge for the period	782.368
<b>Closing balance, 31 December 2021</b>	<b>4.490.740</b>
Opening balance, 1 January 2022	4.490.740
Charge for the period	1.435.850
<b>Closing balance, 31 December 2022</b>	<b>5.926.590</b>
<b>Net carrying value</b>	
31 December 2021	1.136.349
31 December 2022	4.909.300

In the accounting period ended 31 December 2022, intangible assets amounting to TL 5,208,801 have been purchased (31 December 2021: TL 475,584).

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
for the Year Ended 31 December 2022

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

13 Right-of-use assets and lease payables

As of 31 December 2022 and 31 December 2021, movement of right-of-use assets and lease payables are as follows:

	Building lease rights	Vehicle lease rights	Total
<b>Cost</b>			
Opening balance, 1 January 2021	2.939.006	3.571.320	6.510.326
Additions	7.993.594	-	7.993.594
Disposals	(2.358.009)	(10.506)	(2.368.515)
<b>Closing balance, 31 December 2021</b>	<b>8.574.591</b>	<b>3.560.814</b>	<b>12.135.405</b>
Opening balance, 1 January 2022	8.574.591	3.560.814	12.135.405
Additions	3.597.080	627.874	4.224.954
Disposals	-	(1.638.297)	(1.638.297)
<b>Closing balance, 31 December 2022</b>	<b>12.171.671</b>	<b>2.550.391</b>	<b>14.722.062</b>
<b>Accumulated depreciation</b>			
Opening balance, 1 January 2021	2.214.434	910.180	3.124.613
Charge for the period	2.570.748	1.222.747	3.793.495
Disposals	(1.970.522)	-	(1.970.522)
<b>Closing balance, 31 December 2021</b>	<b>2.814.660</b>	<b>2.132.927</b>	<b>4.947.586</b>
Opening balance, 1 January 2022	2.814.660	2.132.927	4.947.586
Charge for the period	4.226.013	1.216.589	5.442.602
Disposals	-	(1.639.258)	(1.639.258)
<b>Closing balance, 31 December 2022</b>	<b>7.040.673</b>	<b>1.710.258</b>	<b>8.750.930</b>
<b>Net carrying value</b>			
31 December 2021	5.759.932	1.427.887	7.187.819
31 December 2022	5.130.998	840.133	5.971.132
	<b>31 December 2022</b>	<b>31 December 2021</b>	
Distribution of lease liabilities			
Current		5.604.123	4.938.062
Non-current		1.208.797	3.026.290
<b>Closing balance</b>		<b>6.812.920</b>	<b>7.964.352</b>

14 Provisions, contingent assets and liabilities

Other short-term provisions

As of 31 December 2022 and 31 December 2021, short-term provisions for liabilities are as follows:

	31 December 2022	31 December 2021
Provision for litigation	3.189.200	577.669
Expenses payable	35.042	482.048
Common expense contribution share	12.284	44.675
Provision for sales commission payable	-	1.000.000
Other expense provisions	538	-
<b>Total</b>	<b>3.237.064</b>	<b>2.104.392</b>

Notes to the Financial Statements  
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(Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

14 Provisions, contingent assets and liabilities (cont'd)

Off-balance sheet liabilities

As of 31 December 2022 and 31 December 2021 off-balance sheet liabilities are as follows:

Guarantee letters

	31 December 2022	31 December 2021
TMM Transaction Collaterals (Takasbank)	1.500.000.000	-
Borsa İstanbul AŞ (BİST)	80.000	80.000
SPK	1.776	1.776
Other	1.384.550	45.000
<b>Total</b>	<b>1.501.466.326</b>	<b>126.776</b>

As of 31 December 2022, the Company has a guarantee given to liquidity providers amounting to USD 2,000,000 in order to be able to perform KAS transactions (31 December 2021: USD 2,000,000).

Other off-balance sheet liabilities

Items held in custoday (nominal)	31 December 2022	31 December 2021
Stock share	7.446.567.336	7.621.555.434
Warrants	93.773.944	52.522.948
Other securities	8.079.922.161	4.425.335.041
Futures and options market contracts (number)	98.451	142.280

As of 31 December 2022, there are futures and option markets guarantees amounting to TL 244,449,525 at Istanbul Takas ve Saklama Bankası A.Ş. (31 December 2021: TL 192,496,398).

As of 31 December 2022 and 31 December 2021, the open transaction amounts of customers in the Futures and Options Market are as follows:

	31 December 2022	31 December 2021
Open transaction amount	701.534.127	285.849.031

Lawsuits

As of 31 December 2022, total risk of lawsuits sued against the Company are amounting to approximately TL 3,189,200 (31 December 2021: TL 577,669) and TL 3,189,200 of provision is provided for these lawsuits on the financial statements (31 December 2021: TL 577,669).

	1 January – 31 December 2022	1 January – 31 December 2021
Beginning of the period	577.669	453.504
Increase during the period	2.611.531	144.950
Provision released	-	(20.785)
<b>End of the period</b>	<b>3.189.200</b>	<b>577.669</b>

Notes to the Financial Statements  
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15 Provisions related to employee benefits

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

	31 December 2022	31 December 2021
<i>Short-term</i>		
- Provision for unused vacation	5.065.523	2.201.317
- Personnel bonus provision	13.149.875	4.183.330
<i>Long-term</i>		
- Provision for employment termination benefit	9.731.984	4.776.557

Provision for unused vacation

Provision for unused vacations is the total undiscounted liability amount corresponding to the days of leave entitled but not yet used by all employees. The movements of provision for the unused vacation in the accounting periods ended 31 December 2022 and 31 December 2021 are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Beginning of the period	2.201.317	1.423.996
Increase in the period	3.349.315	1.114.371
Paid within the period	(485.109)	(337.050)
<b>End of the period</b>	<b>5.065.523</b>	<b>2.201.317</b>

Provision for personnel premium

The provision for personnel premium provision consists of the TL 13,149,875 premium that the Company foresees to distribute to the personnel from the provisions allocated in the statement of financial position for 2022 (31 December 2021: TL 4,183,330). The Company has recognized the related amount as expense in accordance with TAS 19 in the current period.

	1 January – 31 December 2022	1 January – 31 December 2021
Beginning of the period	4.183.330	3.069.648
Increase in the period	13.149.875	4.183.330
Paid within	(4.183.330)	(2.811.325)
Provisions released	-	(258.323)
<b>End of period</b>	<b>13.149.875</b>	<b>4.183.330</b>

Termination and retirement benefits

Provision for termination and retirement benefits has been calculated according to the net present value of future liabilities due to retirement of all employees and reflected in the accompanying financial statements.

Under TFRS, actuarial calculation is required to calculate the Company's liabilities. The Company calculated the provision for termination and retirement benefits based on the Company's experience in completing employee service term and entitlement to severance pay using the "Projection Method" in prior periods and recognized it in the accompanying financial statements. Provision for termination and retirement benefits has been calculated according to the net present value of future liabilities due to retirement of all employees. Accordingly, the actuarial assumptions used to calculate the liability as of 31 December 2022 and 31 December 2021 are as follows:



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15 Provisions related to employee benefits (cont'd)

	31 December 2022	31 December 2021
Discount rate	13.09%	19,10%
Estimated salary increase rate	10,10%	15,80%
Net discount rate	2,80%	2,85%
The movements of provision for termination and retirement benefits within the accounting periods ended 31 December 2022 and 31 December 2021 are as follows:		
	1 January – 31 December 2022	1 January – 31 December 2021
Beginning of the period	4.776.557	3.198.577
Interest cost	138.023	96.277
Service cost	5.815.254	2.242.289
Paid within	(997.850)	(760.586)
End of the period	9.731.984	4.776.557

16 Tax assets and liabilities

In Turkey, the general corporate tax rate is 20%. However, within the scope of the Law No. 7316 on the "Law on the Collection of Public Claims and Amendments to Certain Laws" published in the Official Gazette dated 22 April 2021, this rate will be applied as 25% for the corporate earnings of the institutions for the 2022 taxation period, and 23% for the corporate earnings for the 2021 taxation period, starting from the declarations that must be submitted as of 1 July 2021. This change will be valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021. The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as a deduction in accordance with the tax laws to the commercial income of the corporations, deducting the exceptions and discounts in the tax laws. If there is no dividend distribution, no further tax charges are made.

Evaluation of Immovable Property Owned by the Treasury No. 7394, which was published in the Official Gazette dated 15 April 2022 and numbered 31810 and the Law on Amending the Value Added Tax Law and the Law on Amending Certain Laws and Decrees with the Force of Law and with the paragraph added to the provisional article 13 of the Corporate Tax Law No. 5520, it has been decided to apply the corporate tax rate for financial institutions as 25% of the corporate earnings for the 2022 taxation period.

Transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law numbered 5520, published at Official Gazette dated 21 June 2006 and with number 26205 and these new regulations have become valid as of 1 January 2007. New arrangements for transfer pricing are in line with basis and principles in guidelines of OECD about transfer pricing.

The article 13 of Corporate Tax Law and announcements related with this article make clear how to apply arm’s length principle between related parties.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Purchase, sale, manufacturing and construction transactions, leasing and renting transactions, borrowing and lending money, premium, fees and similar payment transactions are always accepted as good or service purchase or sale.

Companies are obliged to fill out transfer pricing form attached to yearly corporate tax return. This form should include amounts of all transactions made with related parties and methods of transfer pricing used for these transactions.

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16 Tax assets and liabilities (cont'd)

According to “the General Communiqué on Disguised Profit Distribution via Transfer Pricing” numbered 1, dated 18 November 2007 and published on Official Gazette, taxpayers registered in “Large Taxpayers Office” have to prepare Transfer Pricing Report for domestic or foreign transactions made with related parties in an accounting period. Other corporate taxpayers have to prepare Transfer Pricing Report for foreign transactions made with related parties in an accounting period.

As per the decision no. 2006/10731 of the Council of Ministers published in the Official Gazette no. 26237 dated 23 July 2006, certain duty rates included in the articles no. 15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions, increased to 15% from 10%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Corporate tax returns are submitted to the relevant tax office until the evening of the 25th day of the fourth month following the month in which the accounting period is closed. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

In accordance with the tax legislation, tax losses can be carried forward up to 5 years.

A reconciliation illustrates the differences between the total tax provision and the amount calculated by applying the legal tax rate to the profit before tax of the periods ended 31 December 2022 and 31 December 2021.

	1 January – 31 December 2022	1 January – 31 December 2021
Profit before tax	567.485.895	268.529.470
Corporate tax calculated with statutory tax rate (25%)	141.871.474	67.132.368
Non-deductable expenses	5.880.083	1.252.818
Non-taxable income	(2.803.874)	(1.512.066)
The effect of temporary change in prepaid corporate tax rate	(182.709)	-
Tax expense	144.764.974	66.873.120
	1 January – 31 December 2022	1 January – 31 December 2021
Current tax expense	(146.588.144)	(71.114.818)
Deferred tax (expense)/income	1.823.170	4.241.698
Tax expense	(144.764.974)	(66.873.120)

As of 31 December 2022 and 31 December 2021, the corporation tax payable after deduction of prepaid taxes is accounted under “current tax liabilities” in “corporate tax payable” or in “current tax assets” account.

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements  
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16 Tax assets and liabilities (cont'd)

	31 December 2022	31 December 2021
Prepaid provisional tax	84.120.201	48.690.827
Current corporate tax expense	(146.588.144)	(71.114.818)
<b>Current tax (liabilities) / assets</b>	<b>(62.467.943)</b>	<b>(22.423.991)</b>

Deferred tax

As at 31 December 2022 and 31 December 2021, details of net deferred tax assets and liabilities are as follows:

	Total Provisional Difference		Deferred Tax Asset / (Liability)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<b>Deferred tax assets</b>				
Provision for employment termination benefits	9.731.984	4.776.557	2.432.996	955.311
Provision for unused vacation	5.065.523	2.201.317	1.266.381	506.303
Provision for personnel dividend premium	13.149.875	4.183.330	3.287.469	962.166
Provision for doubtful receivables	-	13.042.288	-	2.999.726
Lawsuit provision	3.189.200	577.669	797.300	132.864
Tax laws and method differences of property, plant and equipment and intangible asset depreciation	-	120.245	-	24.049
Financial investments valuation differences	590.002	-	124.008	-
Provision for expected loss	426.340	77.539	106.585	17.834
Other	-	1.000.000	-	230.000
<b>Total deferred tax assets</b>	<b>32.152.924</b>	<b>25.978.945</b>	<b>8.014.739</b>	<b>5.828.253</b>
<b>Deferred tax liabilities</b>				
Financial investments valuation differences	-	(1.561.085)	-	(118.762)
Tax laws and method differences of property, plant and equipment and intangible asset depreciation	(636.088)	-	(159.022)	-
Provision for doubtful receivables	(292.230)	-	(73.057)	-
Other	(1.000.000)	-	(250.000)	-
<b>Total deferred tax liability</b>	<b>(1.928.318)</b>	<b>(1.561.085)</b>	<b>(482.079)</b>	<b>(118.762)</b>
<b>Net deferred tax asset / (liability)</b>	<b>30.224.606</b>	<b>24.417.860</b>	<b>7.532.660</b>	<b>5.709.491</b>

17 Shareholders' equity

At the General Assembly held on 30 March 2022, it is decided that first order general legal reserve amounting to TL 9,200,000 will be set aside from the net profit for the year 2021, in accordance with Article 21/b of the Articles of Association, the Company's shareholders will be paid a 1st dividend of TL 7,500,000 at the rate of 5% of the paid-in capital, in accordance with Article 21/d of the Articles of Association, TL 127,500,000 will be allocated to the shareholders of the company as II. dividend, TL 13,168,333.01 will be set aside as II. legal reserve, total of TL 135,000,000 will be paid to the shareholders in cash, including of a 1st dividend of TL 7,500,000 and a 2nd dividend of TL 127,500,000, TL 2,178,278.65 will be allocated as Special Reserves, (it is 75% of the participation earnings in accordance with the 1/e clause of the 5th article of the Corporate Tax Law No. 5520) and TL 42,109,738.34 will be set aside as extraordinary reserve. Trade registry approval was registered on 4 April 2022 and announced in the Trade Registry Gazette dated 8 April 2022 and numbered 10555.

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17 Shareholders' equity (cont'd)

**Restricted reserves appropriated from profit**

Under the Turkish Commercial Code legal reserves consist of first and second legal reserves. The first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the paid-in share capital. The second legal reserve is calculated as the 10% of dividend distributions, in excess of 5% of paid-in capital. The legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

As of 31 December 2022, the Company has restricted reserves amounting to TL 97,792,814 appropriated from profit (31 December 2021: TL 73,246,202).

**Revaluation and reclassification gains (securities increment value fund)**

Securities increment value fund consists of the accumulated net change in the fair value of financial assets held for sale until they are derecognized or impaired.

**Other earnings**

All actuarial gains and losses arising from the recognition of defined benefit liabilities resulting from the new amendment to TAS 19, are recognized as "other earnings" under other comprehensive income.

**Retained earnings**

As of 31 December 2022, the Company has retained earnings profit amounting to TL 44,415,499 (31 December 2021: TL 2,305,761).

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18 Revenue and cost of sales

Income from operating activities for the years ended 31 December 2022 and 31 December 2021 is as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
<b>Revenue</b>		
Government bond sales	1.127.167.678	351.229.211
Government bonds and treasury bills repo sales	2.694.210.000	2.520.560.000
Share sales	590.596.583	192.562.730
Private sector bond sales	167.030.027	7.713.240
Finance bond sales	-	96.783
Eurobond sales	1.402.599.775	1.057.906.255
Investment Fund Sales	100.060	-
Brokerage warrant sales	1.200	-
<b>Total revenue</b>	<b>5.981.705.323</b>	<b>4.130.068.219</b>
<b>Services</b>		
Share transactions brokerage commissions	431.022.169	190.869.852
Interest income from customers	132.846.009	28.290.347
Public offering, issuance commissions and consultancy income	44.114.679	61.109.276
Commission on common stock trading	349.315	189.418
Repo-reverse repo brokerage commissions	860.099	1.875.035
Takasbank Money Market brokerage commissions	781.320	921.490
Futures and options market transaction brokerage commissions	20.574.322	18.900.061
Securities Lending Market and other commission income	1.683.374	915.901
Leveraged income	3.233.695	4.881.141
Fund sales and distribution commissions	6.137.504	2.306.849
Portfolio management and consultancy service income	5.371.619	3.143.677
Bank transfer instrument income on condition of electronic product note	1.079.445	807.354
Crowdfunding platform and venture capital advisory income	7.500	-
<b>Total service income</b>	<b>648.061.050</b>	<b>314.210.401</b>
<b>Total sales income</b>	<b>6.629.766.373</b>	<b>4.444.278.620</b>
<b>Cost of sales</b>		
Government bond purchases	(1.118.857.583)	(350.487.087)
Government bond repo purchases	(2.694.210.000)	(2.520.560.000)
Share purchases	(562.855.318)	(183.613.112)
Private sector bond purchases	(166.340.155)	(7.607.807)
Financing bills purchases	-	(96.735)
Eurobond purchases	(1.383.483.732)	(1.049.968.694)
Brokerage warrant purchases	(2.300)	-
Investment fund purchases	(99.744)	-
<b>Total cost of sales</b>	<b>(5.925.848.832)</b>	<b>(4.112.333.435)</b>
<b>Gross profit from trade activity</b>	<b>703.917.541</b>	<b>331.945.185</b>
<b>Finance Sector Operating Revenue</b>		
Loss from Financial Derivative Transactions	(11.315.150)	(3.786.344)
<b>Total finance sector operations costs</b>	<b>(11.315.150)</b>	<b>(3.786.344)</b>
<b>Gross profit</b>	<b>692.602.391</b>	<b>328.158.841</b>

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Notes to the Financial Statements  
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19 General administrative and marketing expenses

General administrative expenses for the years ended 31 December 2022 and 31 December 2021 are as follows:

<b>General administrative income</b>	<b>1 January – 31 December 2022</b>	<b>1 January – 31 December 2021</b>
Personnel expenses	82.082.531	43.745.712
-Personnel salaries and bonuses	42.032.414	24.962.572
-Personnel insurance and premium expenses	10.926.993	6.763.296
-Personnel dividend premium provision	13.149.875	4.183.330
-Personnel employment termination expenses	6.115.359	2.578.295
-Personnel food expenses	2.888.908	1.122.985
-Other persomnel expenses	6.968.982	4.135.234
Data display and distribution expenses	7.672.306	4.365.712
Rent expenses	1.287.170	1.453.958
Depreciation expenses and amortization	10.881.615	7.277.414
Outsourced benefits and services	14.125.532	7.450.298
Communication expenses	4.268.055	3.074.478
Taxes and fees	4.882.664	2.685.977
Service and travel expenses	2.559.384	823.896
Common expense share	2.613.474	1.191.439
Audit and consultancy expenses	1.655.373	1.089.574
Vehicle rent and fuel expenses	1.269.861	689.232
Maintenance expenses	3.129.684	2.018.933
Representation and entertainment expenses	451.437	164.595
Other	3.836.694	1.268.882
<b>Total</b>	<b>140.715.780</b>	<b>77.300.100</b>

Marketing expenses for the years ended 31 December 2022 and 31 December 2021 are as follows:

<b>Marketing expenses</b>	<b>1 January– 31 December 2022</b>	<b>1 January– 31 December 2021</b>
Stock exchange expenses	33.610.866	18.270.309
Data display and distribution expenses	19.392.330	16.959.487
Financing bill issuance expenses	918.670	-
Exchange and custody expenses	10.471.071	5.625.865
Commission, premium and service expenses	773.548	2.583.461
Advertisement, publication and rent expenses	7.964.306	7.674.999
Stock exchange and union fees	832.420	498.152
Stock exchange remote access expense	1.610.521	1.028.629
Sponsorship expenses	8.724.000	4.787.920
Other	707.082	911.200
<b>Total</b>	<b>85.004.814</b>	<b>58.340.022</b>

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# Notes to the Financial Statements for the Year Ended 31 December 2022

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### 20 Expenses by nature

The Company has classified the expenses in the accompanying financial statements on the basis of function. Depreciation expenses and amortization amounts incurred during the period amount to TL 10,881,615 in the year ended 31 December 2022 (31 December 2021: TL 7,277,414). In the year ended 31 December 2022, the provision for severance pay expense is TL 4,955,427, the provision for unused vacation expense is TL 2,864,206 TL (31 December 2021: TL 1,577,980 provision for severance pay expense, TL 777,321 provision for unused vacation expense).

### 21 Other income and expenses from operating activities

Other income and expenses from operation activities for the years ended 31 December 2022 and 31 December 2021 are as follows:

<i>Other operating income</i>	1 January – 31 December 2022	1 January – 31 December 2021
Associate Earnings	-	2.904.372
Other service income <sup>(1)</sup>	2.159.468	1.676.130
Dividend income <sup>(2)</sup>	1.471.582	211.526
Reversal of personnel premium	-	258.323
SSI refund premiums and other income <sup>(3)</sup>	168.262	600
Provisions released <sup>(4)</sup>	1.000.000	20.784
<b>Total</b>	<b>4.799.312</b>	<b>5.071.735</b>

<sup>(1)</sup> It comprises remittance commissions received from customers, support services provided, collections from lawsuits and other income.

<sup>(2)</sup> It comprises dividend income on corporate portfolio.

<sup>(3)</sup> The amount of TL 168,262 is received as grant from treasury for SSI payments. (31 December 2021: TL 600).

<sup>(4)</sup> It comprises reversal income for provisions for lawsuits in prior periods.

<i>Other operating expenses</i>	1 January – 31 December 2022	1 January – 31 December 2021
Provision for legal cases expense	2.611.531	144.951
Other expenses and losses <sup>(1)</sup>	453.905	13.744.704
<b>Total</b>	<b>3.065.436</b>	<b>13.889.655</b>

<sup>(1)</sup> Provision expense for unsecured debt balances of customers, refunds to customers due to faulty transactions, administrative fines and other expenses.

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# Notes to the Financial Statements for the Year Ended 31 December 2022

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

### 22 Finance income and finance expenses

As of 31 December 2022 and 31 December 2021, the details of finance income and expenses are as follows:

<i>Finance income</i>	1 January – 31 December 2022	1 January – 31 December 2021
Deposit interest income	118.188.245	39.131.763
Reverse repo interest income	113.261.906	104.993.362
Fixed income securities depreciation, coupon rate and discount income	17.366.930	8.331.931
Futures and options market and other collateral interest income	7.920.753	6.379.229
Takasbank money market interest income	2.322.808	1.938.364
Exchange differences income	18.445.933	25.892.512
Stock valuation differences	982.279	-
Investment fund valuation differences	1.741.603	-
Other	1.826.195	520.532
<b>Total</b>	<b>282.056.652</b>	<b>187.187.693</b>

<i>Finance expenses</i>	1 January – 31 December 2022	1 January – 31 December 2021
TPP borrowing and loan interest expenses	63.960.979	-
Financial bond interest expenses	14.800.323	-
Repo interest expenses	91.440.515	84.548.620
Exchange differences expenses	9.352.446	16.654.890
Stock valuation differences	-	1.038.240
Letter of guarantee commissions	3.630.339	116.912
Other	1.828	360
<b>Total</b>	<b>183.186.430</b>	<b>102.359.022</b>

### 23 Fees for services received from an independent audit firm

The fees for the services received by the Company from the Independent Audit Firm (BDK) in the periods of 1 January - 31 December 2022 and 1 January - 31 December 2021 are as follows:

	1 January-31 December 2022			1 January-31 December 2021		
	IAF	Other IAF	Total	IAF	Other IAF	Total
Independent audit fee for the reporting period	467.000	-	467.000	321.000	-	321.000
Fees for services other than independent audit	-	-	-	74.500	-	74.500
	467.000	-	467.000	395.500	-	395.500



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Notes to the Financial Statements  
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(Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

24 Nature and level of risks arising from financial instruments

The Company manages its financial risk in accordance with the Communiqué Serial: V, No: 34 “Communiqué on Capital and Capital Adequacy of Brokerage Companies” (“Communiqué 34”) promulgated by CMB. The Company is obliged to prepare risk provision, capital adequacy basis and liquidity requirement calculation tables in accordance with Communiqué 34 and report these to CMB periodically.

24.1 Credit risk

The Company conducts brokerage services on behalf of corporate and individual investors and provides advisory services. The Company also makes trading of various marketable securities. The Company may be exposed to the risk that counterparty may default on its contractual obligations resulting in financial loss to the Company. In order to control or mitigate such risks, the Company wants its customers to hold cash or cash equivalents in their accounts. Credit risk monitoring is carried out by monitoring the liquidity and value of collaterals (such as stocks) over daily loan balances, by limiting daily the risks of counterparty and monitoring the adequacy of collateral received for the credit. The Company sells trust collaterals if counterparty fails to keep its credit margin which has determined before.

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

24 Nature and level of risks arising from financial instruments (*cont'd*)

24.1 Credit risk(*cont'd*)

*Credit risks exposed by types of financial instruments:*

31 December 2022	Receivables		Deposits at bank <sup>(1)</sup>	Financial investments <sup>(2)</sup>	
	Trade receivables	Other receivables			
	Related party	Other			
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)	138.414	1.080.791.380	134.458.324	2.223.411.130	270.244.170
- Secured portion of the maximum credit risk by guarantees, etc.	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	138.414	1.067.468.979	134.458.324	2.223.411.130	270.244.170
B. Net book value of financial assets with renegotiated terms that will be considered as past due or not impaired otherwise	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	-	-	-	-	-
- Secured portion by guarantees, etc.	-	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-
- Past due (gross amount)	-	13.322.401	-	-	-
- Impairment (-)	-	(13.322.401)	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
E. Off-balance sheet items that include credit risk	-	-	-	-	-

<sup>(1)</sup> Receivables from reverse repo transactions amounting to TL 31,731,215 stated under cash and cash equivalents are included.

<sup>(2)</sup> Long-term financial investments are not included. Equity shares are not included in financial investments since they do not carry credit risk.

31 December 2021	Receivables		Deposits at bank <sup>(1)</sup>	Financial investments <sup>(2)</sup>	
	Trade receivables	Other receivables			
	Related party	Other			
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)	388.490	387.044.044	35.974.233	318.368.157	8.903.459
- Secured portion of the maximum credit risk by guarantees, etc.	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	388.490	373.429.414	35.974.233	318.368.157	8.903.459
B. Net book value of financial assets with renegotiated terms that will be considered as past due or not impaired otherwise	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	-	-	-	-	-
- Secured portion by guarantees, etc.	-	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-
- Past due (gross amount)	-	13.614.630	-	-	-
- Impairment (-)	-	(13.614.630)	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-	-	-
E. Off-balance sheet items that include credit risk	-	-	-	-	-

<sup>(1)</sup> Receivables from reverse repo transactions amounting to TL 1,217,667 stated under cash and cash equivalents are included.

<sup>(2)</sup> Long-term financial investments are not included. Equity shares are not included in financial investments since they do not carry credit risk.

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## Notes to the Financial Statements for the Year Ended 31 December 2022

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**24 Nature and level of risks arising from financial instruments (cont'd)****24.2 Liquidity risk**

As of 31 December 2022, the profile of financial liabilities according to their remaining maturities is as follows:

Contractual maturities	Carrying value	Total contractual cash outflows	Less than 3 months	3 to 12 months	1 to 5 years
<b>Non-derivative financial liabilities</b>	<b>2.934.048.486</b>	<b>2.969.158.481</b>	<b>2.963.285.683</b>	<b>4.243.260</b>	<b>1.629.538</b>
Trade payables	660.770.901	660.770.901	660.770.901	-	-
Financial borrowings	2.240.691.908	2.264.925.616	2.264.925.616	-	-
Other payables	25.772.757	35.729.780	35.729.780	-	-
Payables from lease transactions	6.812.920	7.732.184	1.859.386	4.243.260	1.629.538

As of 31 December 2021, the profile of financial liabilities according to their remaining maturities is as follows:

Contractual maturities	Carrying value	Total contractual cash outflows	Less than 3 months	3 to 12 months	1 to 5 years
<b>Non-derivative financial liabilities</b>	<b>333.905.401</b>	<b>335.482.119</b>	<b>327.479.103</b>	<b>3.891.825</b>	<b>4.111.191</b>
Trade payables	307.236.461	307.236.461	307.236.461	-	-
Other payables	18.704.588	18.704.588	18.704.588	-	-
Payables from lease transactions	7.964.352	9.541.070	1.538.054	3.891.825	4.111.191

As at 31 December 2022 and 31 December 2021, the liquidity requirement of the Company in accordance with Communiqué 34 is as follows:

	31 December 2022	31 December 2021
Current assets (A)	3.694.604.380	757.870.277
Short-term payables (B)	3.016.760.096	361.792.141
<b>Current assets/Short-term payables (A/B)</b>	<b>1,22</b>	<b>2,09</b>

The Company is not exposed to liquidity risk since its current assets exceed its current liabilities.

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## Notes to the Financial Statements for the Year Ended 31 December 2022

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**24 Nature and level of risks arising from financial instruments (cont'd)****24.3 Market risk***Foreign currency risk*

The assets denominated in foreign currency of the Company expose to foreign currency risk, due to changes between currency rate at transaction date and at end of the reporting date, while translating the assets denominated in foreign currency. As of 31 December 2022 and 31 December 2021, the Company's foreign currency position is as follows:

	31 December 2022			
	TL equivalent (Functional currency)	US Dollar	Euro	Other
1. Trade receivables	22.953.911	1.131.979	68.039	19.186
2a. Monetary financial assets (including cash, bank deposit accounts)	24.796.284	1.291.223	8.824	21.197
3. Other	-	-	-	-
<b>4. Current assets (1+2+3)</b>	<b>47.750.195</b>	<b>2.423.202</b>	<b>76.863</b>	<b>40.383</b>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total assets (4+8)</b>	<b>47.750.195</b>	<b>2.423.202</b>	<b>76.863</b>	<b>40.383</b>
10. Trade payables	109.092	422	-	4.500
11. Financial liabilities	-	-	-	-
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>109.092</b>	<b>422</b>	<b>-</b>	<b>4.500</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total liabilities (13+17)</b>	<b>109.092</b>	<b>422</b>	<b>-</b>	<b>4.500</b>
<b>19. Net asset/(liability) position of off balance sheet derivative financial instruments (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a. Amount of active foreign derivative currency off-balance sheet	-	-	-	-
19b. Amount of passive foreign derivative currency off-balance	-	-	-	-
<b>20. Net foreign currency assets/(liabilities) position (9-18+19)</b>	<b>47.641.103</b>	<b>2.422.780</b>	<b>76.863</b>	<b>35.883</b>
<b>21. Monetary items net foreign currency asset/(liability) position (tfrs 7.b23) (=1+2a+5+6a-10-11-12a-14-15-16a))</b>	<b>47.641.103</b>	<b>2.422.780</b>	<b>76.863</b>	<b>35.883</b>
<b>22. Fair value of financial instruments used for currency hedge</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Hedged foreign currency assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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24 Nature and level of risks arising from financial instruments (cont'd)

24.3 Market risk (cont'd)

Foreign currency risk (cont'd)

31 December 2021				
	TL equivalent (Functional currency)	US Dollar	Euro	Other
1. Trade receivables	13.149.578	986.539	-	-
2a. Monetary financial assets (including cash, bank deposit accounts)	9.589.949	719.480	-	-
3. Other	-	-	-	-
<b>4. Current assets (1+2+3)</b>	<b>22.739.527</b>	<b>1.706.019</b>	-	-
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	-	-	-	-
<b>9. Total assets (4+8)</b>	<b>22.739.527</b>	<b>1.706.019</b>	-	-
10. Trade payables	5.398	405	-	-
11. Financial liabilities	-	-	-	-
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>5.398</b>	<b>405</b>	-	-
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	-	-	-	-
<b>18. Total liabilities (13+17)</b>	<b>5.398</b>	<b>405</b>	-	-
<b>19. Net asset/(liability) position of off balance sheet derivative financial instruments (19a-19b)</b>	-	-	-	-
19a. Amount of active foreign derivative currency off-balance sheet	-	-	-	-
19b. Amount of passive foreign derivative currency off-balance	-	-	-	-
<b>20. Net foreign currency assets/(liabilities) position (9-18+19)</b>	<b>22.734.129</b>	<b>1.705.614</b>	-	-
<b>21. Monetary items net foreign currency asset/(liability) position (tfirs 7.b23) (=1+2a+5+6a-10-11-12a-14-15-16a))</b>	<b>22.734.129</b>	<b>1.705.614</b>	-	-
<b>22. Fair value of financial instruments used for currency hedge</b>	-	-	-	-
<b>23. Hedged foreign currency assets</b>	-	-	-	-
<b>24. Hedged foreign currency liabilities</b>	-	-	-	-

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24 Nature and level of risks arising from financial instruments (cont'd)

24.3 Market risk (cont'd)

Sensitivity to foreign currency

The Company is exposed to foreign currency risk denominated mainly in Euro, US Dollar and other currencies.

The sensitivity of the Company to 20% increase and decrease of Euro, US Dollar and other currencies presented below. This rate of 20% is the rate that is used in reporting of the Company's currency risk to key management and represents possible change in foreign currency rates that is expected by the management. Sensitivity analysis includes only foreign currency monetary items and represents the effect of change of 20% currency rate at the end of period. Positive value represents increase in profit/loss and other equity items.

31 December 2022		
	Foreign currency appreciation	Foreign currency depreciation
<u>Change in US Dollar by 20% against TL:</u>		
1- US Dollar net asset/liability	9.060.373	(9.060.373)
2- Hedged risk (US Dollar) (-)	-	-
<b>3- US Dollar net effect (1+2)</b>	<b>9.060.373</b>	<b>(9.060.373)</b>
<u>Change in Euro by 20% against TL:</u>		
4- Euro net asset / liability	306.451	(306.451)
5- Hedged risk (Euro) (-)	-	-
<b>6- Euro net effect (4+5)</b>	<b>306.451</b>	<b>(306.451)</b>
<u>Change in other currencies by 20% against TL:</u>		
7- Other net asset / liability	161.397	(161.397)
8- Hedged risk (Other) (-)	-	-
<b>9- Other net effect (7+8)</b>	<b>161.397</b>	<b>(161.397)</b>
<b>Total (3+6+9)</b>	<b>9.528.221</b>	<b>(9.528.221)</b>
31 December 2021		
	Foreign currency appreciation	Foreign currency depreciation
<u>Change in US Dollar by 20% against TL:</u>		
1- US Dollar net asset/liability	4.546.826	(4.546.826)
2- Hedged risk (US Dollar) (-)	-	-
<b>3- US Dollar net effect (1+2)</b>	<b>4.546.826</b>	<b>(4.546.826)</b>
<u>Change in Euro by 20% against TL:</u>		
4- Euro net asset / liability	-	-
5- Hedged risk (Euro) (-)	-	-
<b>6- Euro net effect (4+5)</b>	-	-
<u>Change in other currencies by 20% against TL:</u>		
7- Other net asset / liability	-	-
8- Hedged risk (Other) (-)	-	-
<b>9- Other net effect (7+8)</b>	-	-
<b>Total (3+6+9)</b>	<b>4.546.826</b>	<b>(4.546.826)</b>

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24 Nature and level of risks arising from financial instruments (cont'd)

24.3 Market risk (cont'd)

Price risk

Share price risk is the market value decrease risk of shares due to the change in the share index levels and relevant equity shares.

As at 31 December 2022 and 31 December 2021, in case of having a 20% decrease/increase in Borsa İstanbul stock market index while having all other variables constant, the effects on profit or loss and comprehensive income would be as follows:

31 December 2022	Profit / (loss)		Equity <sup>(*)</sup>	
	Increase by 20%	Decrease by 20%	Increase by 20%	Decrease by 20%
<b>Financial assets at fair value through profit or loss</b>				
- Stock shares	-	-	-	-
<b>Financial assets at fair value through other comprehensive income</b>				
- Stock shares	-	-	776.113	(776.113)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>776.113</b>	<b>(776.113)</b>

(\*) Profit / (loss) change is included.

31 December 2021	Profit / (loss)		Equity <sup>(*)</sup>	
	Increase by 20%	Decrease by 20%	Increase by 20%	Decrease by 20%
<b>Financial assets at fair value through profit or loss</b>				
- Stock shares	4.309.336	(4.309.336)	4.309.336	(4.309.336)
<b>Financial assets at fair value through other comprehensive income</b>				
- Stock shares	-	-	179.366	(179.366)
<b>Total</b>	<b>4.309.336</b>	<b>(4.309.336)</b>	<b>4.488.702</b>	<b>(4.488.702)</b>

(\*) Profit / (loss) change is included.

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24 Nature and level of risks arising from financial instruments (cont'd)

24.3 Market risk (cont'd)

Interest rate risk

The Company allocates cash and cash equivalents it possesses in marketable securities or bank deposits, depending on the market conditions.

		31 December 2022	31 December 2021
<b>Financial instruments with fixed interest</b>			
Financial assets	Financial assets at fair value through profit or loss	1.851.866	920.761
	Time deposits at banks	2.020.004.348	227.051.694
Trade receivables	Receivables from reverse repo agreements	31.731.215	1.217.667
	Receivables from credit customers	712.340.476	160.264.767
<b>Financial instruments with floating interest</b>			
Financial assets	Financial assets at fair value through profit or loss	116.650.448	7.982.698

Interest risk position table

Stocks are not included in financial investments.

The Company's debt securities classified as financial assets at fair value through profit/loss, are exposed to price risk depending upon interest rate changes in the market. As of 31 December 2022, according to the Company's analysis, in case of 1% interest rate increase or decrease in TL interest rates, on the assumption that all other variables remain constant, the effect of debt securities on the fair value, net profit/loss before tax and shareholders' equity is presented in the table below. Sensitivity analysis was applied for 2021 on the same basis.

	Profit / (loss)		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 December 2022</b>				
Financial investments	(1.641.579)	1.698.751	(1.641.579)	1.698.751
<b>31 December 2021</b>				
Financial investments	(2.112.427)	2.214.583	(2.112.427)	2.214.583



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24 Nature and level of risks arising from financial instruments (cont'd)

24.4 Capital management

As of 31 December 2022 and 31 December 2021, the minimum liability for shareholders' equity that the Company should possess shall be TL 31,331,603 since the Company is defined as "Entity with Broad Authority" in the scope of the Communiqué 34.

In addition, the capital adequacy basis that has to be attained by the Company in accordance with the valuation regulations in Communiqué 34, is the amount calculated by deducting following asset items from share capital compensated by shareholders.

- a) Non-current assets;
- 1) Property, plant and equipment (net),
- 2) Intangible assets (net),
- 3) Non-current financial assets (not publicly traded) less any impairment and capital commitments,
- 4) Other non-current assets,
- b) Unsecured receivables from personnel, shareholders, associates, subsidiaries and direct or indirect related parties, even if these are customers, and capital market instruments issued by above mentioned entities which are not publicly traded.
- The Company's capital base is TL 681,042,556 as of 31 December 2022 (31 December 2021: TL 395,291,651). The base of adequacy cannot be less than the items stated below.
- a) Minimum capital corresponding the license obtained,
- b) Risk provision,
- c) Operational expenses occurred last three months before valuation date.

As of 31 December 2022, the capital adequacy base of the Company is higher than the abovementioned items.

*Risk provision*

The Company calculates risk provision both on and off-balance sheet items in accordance with the Communiqué Serial V, No: 34. Risk provision is the sum of position risk, counter-party risk, concentration risk and foreign exchange risk calculated as per Communiqué Serial V, No: 34.

As of 31 December 2022 and 31 December 2021, the risk provision amounts calculated in accordance with the Communiqué: V, No: 34 are as follows:

	31 December 2022	31 December 2021
Position risk	176.628.544	30.599.115
Counter party risk	142.990.662	44.151.205
Currency risk	2.749.120	-
<b>Total risk provision</b>	<b>322.368.326</b>	<b>74.750.320</b>

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25 Financial instruments

*Fair value disclosures*

The Company determined the estimated current price of the financial instruments by using the appropriate valuation methods and available market information.

It is estimated that the fair values and carrying amounts of the financial assets and financial liabilities are close to each other, since they have short term maturities.

*Classification of fair value measurement*

"TFRS 7 – Financial Instruments: Disclosures" standard necessitates the demonstration of a classified data sorted according to its importance and relevancy while determining the fair value of financial instruments. This classification depends on quality of related data observability. Observable data means the usage of market data received from independent sources and non-observable data means the usage of the Company's estimates and assumptions about the market. This distinction reveals the following classifications.

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.

Classification requires the utilization of observable market data, if available.

In this context, fair value classification of assets and liabilities which are measured over their fair values is as follows:

31 December 2022	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial investments (short-term)	270.244.170	-	-	270.244.170
Financial investments (long-term) (*)	3.880.564	1.517.254	-	5.397.818

(\*) Stock investments amounting to TL 50,000 that are recognized at cost value are not included

31 December 2021	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial investments (short-term)	30.450.138	-	-	30.450.138
Financial investments (long-term) (*)	896.830	1.517.254	-	2.414.084

(\*) Stock investments amounting to TL 12,500 that are recognized at cost value are not included.

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## 25 Financial instruments (cont'd)

*Fair value disclosures (cont'd)**Classification of fair value measurement (cont'd)*

Since Halk Gayrimenkul Yatırım Ortaklığı A.Ş. is publicly traded company, the fair value is determined over the market price and represented as Level 1 in the table above.

As of 31 December 2022 and 31 December 2021, the Company's Borsa İstanbul associate rate is 0.377%. The Company holds 159,711 shares with nominal value of TL 15,971,094. In the current period, the relevant shares are valued with price per share that is determined in the 15 January 2018 dated and 2018/6 numbered meeting of Borsa İstanbul, and the valuation effect is recognized under equity in financial statements.

## 26 Other matters

On 15 October 2019, U.S. Department of Justice, United States Attorney Southern District of New York indicted the Parent Bank by repeating the allegations set forth in the case filed against the former executive of the Parent Bank due to Iranian sanction violations.

First, the Parent Bank applied to the District Court on 4 November 2019 and requested a special appearance to discuss the issues of personal jurisdiction and recusal. On 5 December 2019, the District Court denied the request of special appearance. The Parent Bank objected to the District Court's decision and appealed the decision at the Court of Appeals Second Circuit on 17 December 2019. On 21 February 2020, the Second Circuit denied the Parent Bank's objection.

In the meeting held by the Parent Bank's Board of Directors on 27 March 2021, it was decided to attend the District Court hearing on 31 March 2021, to accept the arraignment and to appoint Williams & Connolly law firm with a proxy to represent the Parent Bank.

At the hearing on 31 March 2020, the District Court decided to postpone the hearing initially to 9 June 2020 and subsequently to 30 June 2020 due to the global scale COVID-19 outbreak.

At the hearing held in the District Court on 30 June 2020; the schedule regarding the motion to recuse, discovery motions, and filings of other motions were identified. It was decided that the jury hearing would begin on 1 March 2022 for which the schedule was revised on 26 October 2020. Accordingly, the jury hearings are scheduled to be held on 3 May 2021. In this regard, the Parent Bank filed its recusal motion on 14 July 2020 and its other motions to dismiss the indictment on 10 August 2020 at the District Court.

The Parent Bank's recusal motion was denied by the District Court on 24 August 2020 and by the Court of Appeals Second Circuit on 23 December 2020.

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## 26 Other matters (cont'd)

The Parent Bank's request to drop the indictment was rejected by the District Court on 1 October 2020. The Parent Bank appealed to the Court of Appeals for Foreign State Immunity (to be exempt from the jurisdiction of the US courts) within the scope of the request for the dismissal of the indictment. The Second Court of Appeal accepted the Parent Bank's appeal on 23 December 2020 to discuss the merits, and at the same time, decided to stop the District Court process. An oral hearing was held before the Second Court of Appeal on 12 April 2021, and the Court rejected the Parent Bank's appeal on 22 October 2021. The Parent Bank requested a revaluation of the decision of the Second Court of Appeals on 5 November 2021. The court rejected this request on 15 December 2021.

Since the Parent Bank will bring its objection regarding Foreign State Immunity to the Supreme Court of the United States, it has requested the Second Appellate Court to stop the case from being sent back to the District Court in this process. This request was accepted by the Second Court of Appeal on 14 January 2022. Legal proceedings in the District Court are suspended pending the end of the US Supreme Court process.

Legal proceedings in the District Court are suspended pending the end of the U.S. Supreme Court process. The Parent Bank submitted its petition of appeal within the scope of Foreign State Immunity to the US Court of Appeals on 13 May 2022. Halkbank's appeal petition was responded to by the Solicitor General, the Office of the Attorney General of the US Department of Justice, on 18 July 2022, and the Parent Bank will submit a petition for a reply on 2 August 2022.

On 28 September 2022, the US Court of Appeals handled the Parent Bank's appeal and published its decision on 3 October 2022 that it accepted the application. Following the acceptance of the appeal, the Parent Bank submitted its appeal on 14 November 2022 to the Court. Following the Parent Bank's appeal, a response petition was submitted by the Attorney General of the US Department of Justice on 14 December 2022. On 6 January 2023, the petition process was completed with the Parent Bank's submission of a reply petition to the Court.

On 17 January 2023, an oral defense hearing took place before the US Supreme Court. In the next period, the Court is expected to give its reasoned decision within the scope of the Parent Bank's FSIA appeal. In the end, if the matter is positive before the US Supreme Court, the case will be dismissed without going to trial. In the event of a negative result, the Court will return the case to the Southern District Court of New York, in which case the District Court will need to establish a new litigation schedule for the proceedings.

In addition, a civil lawsuit was filed against the Parent Bank on 27 March 2020, before the US Southern District Court of New York, on the grounds that "they could not collect their receivables from Iran due to alleged violations of sanctions" by some of the complainants. The related lawsuit was notified to the Parent Bank's lawyers on 1 July 2020. The Parent Bank submitted its petition to the court on 25 September 2020, stating that the case should be dismissed due to the rejection of the complaints of the complainants. The petition process in this context was completed on 16 December 2020. On 16 February 2021, the District Court accepted the objection of the Parent Bank for the incompatibility of the jurisdiction within the scope of the request for dismissal of the case, and rejected the case conditionally, and the case file at the District Court was closed on 3 March 2021.

The complainants submitted their appeal on 30 June 2021, taking the District Court decision to the Second Court of Appeal and on 13 October 2022, an oral defense hearing was held before the Second Appeal. The mutual petition stage has been completed and the appeal process continues before the Second Court of Appeal.

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26 Other matters (*cont'd*)

The Parent Bank closely monitors the proceedings of both criminal and civil lawsuits through specialized US law firms.

27 Events after the reporting period

On 6 February 2023, due to the negativities caused by the earthquakes centered in Kahramanmaraş province, Pazarcık and Elbistan districts, affecting many of our provinces and devastating our whole country, a state of emergency was declared including 11 provinces in the region. The developments regarding the natural disaster are being closely monitored and studies are continuing to determine the situation.







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