

**HALK YATIRIM MENKUL DEĞERLER  
ANONİM ŞİRKETİ**

**FINANCIAL STATEMENTS AS OF  
31 DECEMBER 2021 AND  
INDEPENDENT AUDITOR'S REPORT**

**(CONVENIENCE TRANSLATION OF  
FINANCIAL STATEMENTS ORIGINALLY  
ISSUED IN TURKISH)**

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

**INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of 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 2021, 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 2021, 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.

### **3) Emphasis of Matter**

As further disclosed in Note 25, we emphasize the following matters from which the Parent Bank may be affected:

On October 15, 2019, the US Department of Justice, United States Attorney Southern District of New York indicted the Parent Bank in the Southern District of New York Court ("District Court") for the alleged violations of Iranian sanctions. This criminal case is pending at the District Court. The proceedings are stayed as the Parent Bank requests an appeal on the "Foreign Sovereign Immunity Act" ("FSIA") decision. The Parent Bank is currently at the stage of appealing the decision in the US Supreme Court.

In addition, a civil case was filed against the Parent Bank on March 27, 2020 with a claim for damages by plaintiffs in the Southern District of New York Court "on the grounds that they (plaintiffs) could not collect their judgments from Iran due to the violations of sanctions." District Court dismissed the case. Plaintiffs have appealed the decision to the US Court of Appeals for the Second Circuit. The appeal is pending.

At this stage, the Parent Bank's Management stated that there is no penalty, compensation, sanction or other measure arising from the pending criminal and civil cases against the Parent Bank. There is an uncertainty if any decisions will be made by the US authorities that may adversely affect the financial position of the Parent Bank. No provision has been made in the financial statements of the Parent Bank related to these matters. However, the above mentioned matters do not affect the opinion provided by us.

#### 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 data-bbox="228 752 459 786"><b>Revenue recognition</b></p> <p data-bbox="228 824 762 1032">The Company has revenue amounting to total TL 4,444,278,620 recognized under “revenue” in its statement of profit or loss and other comprehensive income for the period 1 January – 31 December 2021. The related income is disclosed in Note 2 and 17.</p> <p data-bbox="228 1070 762 1350">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, real estate sales and consultancy income, the matter is considered as a key audit matter.</p>	<p data-bbox="786 752 1345 1317">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.</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.

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 2021 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 Mjde Aslan.

**DRT BAĐIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MŞAVİRLİK A.Ş.**  
**Member of DELOITTE TOUCHE TOHMATSU LIMITED**



Mjde Aslan  
Partner

İstanbul, 14 February 2022

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**HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ****Statement of Financial Position as at 31 December 2021**

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

	Notes	Audited 31 December 2021	Audited 31 December 2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	318,368,157	263,972,609
Financial investments	4	30,450,138	37,860,428
Trade receivables	5-6	373,817,904	295,216,440
- Trade receivables from related parties	5	388,490	-
- Trade receivables from third parties	6	373,429,414	295,216,440
Other receivables	8	35,974,233	36,597,214
Prepaid expenses	9	6,664,697	6,531,057
<b>TOTAL CURRENT ASSETS</b>		<b>765,275,129</b>	<b>640,177,748</b>
<b>Non-current assets</b>			
Financial investments	4	2,426,584	6,783,100
Property, plant and equipment	10	12,010,945	5,044,707
Intangible assets	11	1,136,349	1,443,133
Other non-current assets	7	4,566,493	3,450,502
Right-of-use assets	12	7,187,819	3,385,713
Deferred tax asset	15	5,709,491	1,467,793
<b>TOTAL NON-CURRENT ASSETS</b>		<b>33,037,681</b>	<b>21,574,948</b>
<b>TOTAL ASSETS</b>		<b>798,312,810</b>	<b>661,752,696</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	5-6	307,236,461	260,181,449
- Trade payables to related parties	5	2,471	2,185
- Trade payables to third parties	6	307,233,990	260,179,264
Other payables	8	18,704,588	12,043,570
Current tax liability	15	22,423,991	13,275,678
Short-term provisions		8,489,039	5,061,751
- Short-term provisions for employee benefits	14	6,384,647	4,493,644
- Other short-term provisions	13	2,104,392	568,107
Finance lease liabilities	12	4,938,062	1,871,734
<b>TOTAL CURRENT LIABILITIES</b>		<b>361,792,141</b>	<b>292,434,182</b>
<b>Non-current liabilities</b>			
Long-term provisions		4,776,557	3,198,577
- Long-term provisions for employee benefits	14	4,776,557	3,198,577
Finance lease liabilities	12	3,026,290	1,875,969
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,802,847</b>	<b>5,074,546</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	16	150,000,000	104,000,000
Restricted reserves appropriated from profit		73,246,202	33,087,795
Accumulated other comprehensive income (expenses) that will not be reclassified to profit or loss		1,509,509	4,692,005
- Gains (losses) on revaluation and remeasurement	4	2,315,362	5,497,858
- Other gains (losses)		(805,853)	(805,853)
Prior years' profit or losses		2,305,761	35,368,414
Net profit or loss for the period		201,656,350	187,095,754
<b>TOTAL EQUITY</b>		<b>428,717,822</b>	<b>364,243,968</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>798,312,810</b>	<b>661,752,696</b>

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 2021**

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

	Notes	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
<b>PROFIT OR LOSS</b>			
Revenue	17	4,444,278,620	6,129,744,982
Cost of sales	17	(4,112,333,435)	(5,809,554,172)
<b>GROSS PROFIT (LOSS) FROM BUSINESS OPERATIONS</b>		<b>331,945,185</b>	<b>320,190,810</b>
Receivables from Financial Activities	17	-	-
Payables from Financial Activities	17	(3,786,344)	(1,467,066)
<b>GROSS PROFIT (LOSS)</b>		<b>328,158,841</b>	<b>318,723,744</b>
General administrative expenses	18	(77,300,100)	(53,144,434)
Marketing expenses	18	(58,340,022)	(38,075,958)
Other income from operating activities	20	5,071,735	1,914,335
Other expenses from operating activities	20	(13,889,655)	(1,015,984)
<b>OPERATING PROFIT (LOSS)</b>		<b>183,700,799</b>	<b>228,401,703</b>
Finance income	21	187,187,693	106,965,356
Finance expenses	21	(102,359,022)	(95,134,113)
<b>PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>268,529,470</b>	<b>240,232,946</b>
Tax (expense) income from continuing operations			
- Current tax (expense) income	15	(71,114,818)	(55,123,687)
- Deferred tax (expense) income	15	4,241,698	1,986,495
<b>PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>201,656,350</b>	<b>187,095,754</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>201,656,350</b>	<b>187,095,754</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(3,182,496)</b>	<b>1,887,311</b>
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	(3,182,496)	1,887,311
<b>TOTAL COMPREHENSIVE INCOME (EXPENSE)</b>		<b>198,473,854</b>	<b>188,983,065</b>

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 2021**  
(Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

	Notes	Share capital	Gains on revaluation and reclassification	Accumulated other comprehensive income that will be reclassified subsequently to profit or loss	Accumulated other comprehensive income that will not be reclassified subsequently to profit or loss	Retained earnings			Equity
						Restricted reserves appropriated from profit	Prior years' profits / (losses)	Net profit/(loss) for the period	
<b>Balances as of 1 January 2020</b>		104,000,000	-	2,804,694	23,453,751	8,933,823	90,984,244	230,176,512	
Transfers		-	-	-	9,634,044	81,350,200	(90,984,244)	-	
Profit (loss) for the period		-	-	-	-	-	187,095,754	187,095,754	
Other comprehensive income (expense)		-	-	1,887,311	-	-	-	1,887,311	
<i>Revaluation and reclassification gains</i>		-	-	1,887,311	-	-	-	1,887,311	
<b>Total comprehensive income (expense)</b>		-	-	1,887,311	-	-	187,095,754	188,983,065	
Dividend payment	16	-	-	-	-	(54,915,609)	-	(54,915,609)	
<b>Balances as of 31 December 2020</b>		104,000,000	-	4,692,005	33,087,795	35,368,414	187,095,754	364,243,968	
<b>Balances as of 1 January 2021</b>		104,000,000	-	4,692,005	33,087,795	35,368,414	187,095,754	364,243,968	
Transfers		-	-	-	40,158,407	146,937,347	(187,095,754)	-	
Profit (loss) for the period		-	-	-	-	-	201,656,350	201,656,350	
Other comprehensive income (expense)		-	-	(278,151)	-	-	-	(278,151)	
<i>Revaluation and reclassification gains</i>		-	-	(278,151)	-	-	-	(278,151)	
Increase / (decrease) due to other changes		-	-	(2,904,345)	-	-	-	(2,904,345)	
<b>Total comprehensive income (expense)</b>		-	-	(278,151)	-	-	201,656,350	201,378,199	
Dividend payment	16	-	-	-	-	(134,000,000)	-	(134,000,000)	
Capital increase	16	46,000,000	-	-	-	(46,000,000)	-	-	
<b>Balances as of 31 December 2021</b>		150,000,000	-	1,509,509	73,246,202	2,305,761	201,656,350	428,717,822	

(\* ) 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 A.Ş., 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 2021**  
(Amounts are expressed in full Turkish Lira ("TL") unless otherwise stated)

	Notes	Audited 1 January- 31 December 2021	Audited 1 January- 31 December 2020
<b>A. Cash flows from operating activities</b>		<b>277,914,840</b>	<b>244,105,393</b>
Profit (Loss) for the Period		201,656,350	187,095,754
<u>Adjustments to reconcile net profit (loss) for the period:</u>			
Adjustments related to depreciation and amortization expenses	10-11-12	7,277,414	3,366,749
Adjustments related to provisions		21,973,563	4,789,323
-Adjustments related to provision for doubtful receivable expense	6	13,059,334	262,898
-Adjustments related to provision for retirement pay expense	14	2,338,566	1,142,241
-Adjustments related to provision for unused vacation expense	14	1,114,371	538,445
-Adjustments related to provision for personnel dividend premium	14	3,925,007	3,069,648
-Adjustments related to provision for payables expense	13	1,536,285	(223,909)
Adjustments related to tax (income) expense		66,873,120	53,137,192
-Adjustments related to current tax expense	15	71,114,818	55,123,687
-Adjustments related to deferred tax (income) expense	15	(4,241,698)	(1,986,495)
Adjustments related to interest income and expenses		(76,226,029)	(36,833,730)
-Adjustments related to interest income	21	(160,774,649)	(90,091,565)
-Adjustments related to interest expenses	21	84,548,620	53,257,835
Other adjustments related to profit (loss) reconciliation		(11,887)	(765,910)
-Dividend income from associates		(11,887)	(765,910)
Adjustments related to Losses (Gains) Due to Disposals of Associates, Joint Ventures and Financial Investments or Changes in Shares		(2,904,346)	-
Changes in working capital			
Adjustments related to increase/decrease in trade receivables		(88,382,346)	(170,533,748)
Adjustments related to increase/decrease in trade payables		47,055,012	136,044,396
Increase/decrease in financial investments		7,410,290	17,648,233
Adjustments related to other increase/decrease in working capital		2,015,997	6,761,624
Adjustments related to increase/decrease in lease payables		414,543	115,427
<b>Cash flows from operating activities</b>			
Interests received		156,626,738	90,111,372
Dividends received		11,887	765,910
Tax (payments) returns	15	(61,966,505)	(44,640,413)
Payments related to provision for employee benefits	14	(3,908,961)	(2,956,786)
<b>B. Cash flows from investing activities:</b>		<b>(6,292,700)</b>	<b>9,978,507</b>
Cash inflows from sale of other long-term assets		-	1,887,311
Cash inflows from sale of financial assets		-	12,334,846
Cash Inflows Due to Share Sale or Capital Decrease or Associates and/or Joint Ventures		4,078,385	-
Cash inflows from the sale of property, plant and equipment	10	214,750	-
Cash outflows from the purchase of property, plant and equipment	10	(10,110,251)	(3,165,774)
Cash outflows from the purchase of intangible assets	11	(475,584)	(1,085,876)
<b>C. Cash flows from financing activities</b>		<b>(218,541,343)</b>	<b>(107,789,467)</b>
Interest paid		(84,541,343)	(52,873,858)
Dividends paid	16	(134,000,000)	(54,915,609)
<b>Net increase (decrease) in cash and cash equivalents before the effect of foreign currency translation differences (A+B+C)</b>		<b>53,088,797</b>	<b>146,286,433</b>
<b>D. Effects of forcing currency translation differences on cash and cash equivalents</b>		<b>18,487,589</b>	<b>1,659,192</b>
<b>Net increase (decrease) in cash and cash equivalents (A+B+C+D)</b>		<b>63,568,386</b>	<b>147,945,625</b>
<b>E. Cash and cash equivalents at the beginning of the period</b>	3	<b>179,500,374</b>	<b>112,707,892</b>
<b>Cash and cash equivalents at the end of the period (A+B+C+D+E)</b>	3	<b>243,068,760</b>	<b>260,653,517</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 2021

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

1

#### Organisation 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 7 branches (31 December 2020: 7). Each branches 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 2021, the Company has 157 employees (31 December 2020: 138).

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

	31 December 2021	31 December 2020
Türkiye Halk Bankası A.Ş.	100.00%	99.96%
Other	-	0.04%
<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 14 February 2022.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

(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

With the decision no 11/367 taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with TAS. Accordingly, the Company did not apply TAS 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") in its financial statements for the accounting periods starting 1 January 2005.

In the statement made by the Public Oversight Accounting and Auditing Standards Authority on 20 January 2022, since the cumulative change in the general purchasing power of the last three years is 74.41% according to the Consumer Price Index (CPI), it is stated that there is no need to make any adjustments in the financial statements for 2021 within the scope of TAS 29 Financial Reporting Standard in Hyperinflationary Economies. In this respect, while preparing the financial statements as of 31 December 2021, no inflation adjustment was made according to 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.

Derivative transaction income and expenses, which were shown in financial income and financial expenses in previous periods, are classified under financial sector activities revenue and finance sector activities cost in the current period.

##### *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 2021

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

2

#### Basis of presentation of the financial statements

##### *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 2021

##### **Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 *Interest Rate Benchmark Reform — Phase 2***

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

The Company management assessed that the adoption of this amendment does not have any effect on the Company's financial statements.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

(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

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 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 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>
Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

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

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

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

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

Amendment defers the effective date by one year. 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 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.

## **HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

(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 16 Property, Plant and Equipment - Proceeds before Intended Use***

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

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

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

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

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

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

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

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

###### ***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.



## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

(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 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 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

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

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

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

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

The Company did not elect early application of the amendments.

#### **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.

## **HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

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

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#### **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 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.

The possible effect of the standarts, amendments and improvements on the financial position and performance of the Company are being evaluated.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

(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 17), interests from time deposits are presented in "Finance income" (Note 21).

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

**-Funds lent under reverse repo agreements:** The terms of funds lent 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 recognised 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 recognises the dividend and similar revenues when the right to receive payment have been established.

Interest expenses are recognised according to accrual basis in profit or loss.

Other income and expenses are recognised 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.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

(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.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

(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)*

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 recognises 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 recognises 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 2021

(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 recognised 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 2021

(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 recognised 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 recognised 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 2021

(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 amortised 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 amortised 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 recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified 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 recognised in other comprehensive income in financial statements. Interest calculated using the effective interest method is recognised 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 2021

(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 amortised cost**

A financial asset is measured at amortised 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 amortised 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 amortised 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 recognises 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 2021

(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 recognises 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 recognised 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 recognises 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 2021

(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 amortised 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 recognised 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 recognised by an acquirer in a business combination to which TFRS 3 applies. Such contingent consideration is subsequently be measured at fair value with changes recognised 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 2021

(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. Further details of derivative financial instruments are disclosed in note 23.

Derivatives are recognised 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 recognised 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 recognised as a financial asset whereas a derivative with a negative fair value is recognised 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 realised 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 2021

(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 2021 and 31 December 2020, exchange rates used by the Company are as follows:

	31 December 2021	31 December 2020
US Dollar ("US Dollar")	13.3290	7.3405
Euro	15.0867	9.0079

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

(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 2021

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

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#### 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.

##### Segment Reporting

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 2021

(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 2021

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

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#### Cash and cash equivalents

Cash and cash equivalents as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Banks	317,193,447	221,612,741
- Time deposit	227,051,694	129,492,235
- Demand deposit	90,141,753	92,120,506
Receivables from reverse repo transactions	1,217,667	42,395,548
Provision for expected credit loss (-)	(42,957)	(35,680)
<b>Total cash and cash equivalents on statement of financial position</b>	<b>318,368,157</b>	<b>263,972,609</b>
Interest income discount on cash and cash equivalents	(1,451,694)	(582,235)
Provision for expected credit loss on cash and cash equivalents	42,957	35,680
Customer deposits <sup>(1)</sup>	(73,890,660)	(83,925,680)
<b>Total cash and cash equivalents on statement of cash flows</b>	<b>243,068,760</b>	<b>179,500,374</b>

<sup>(1)</sup> The portion of the bank deposits amounting to TL 73,890,660 (31 December 2020: TL 83,925,680) consists of the customers' assets held as demand deposits in the Company's deposit accounts as of 31 December 2021, which have not yet been invested.

As of 31 December 2021, TL 227,051,694 of time deposit (31 December 2020: TL 129,492,235) and TL 82,140,057 of demand deposit (31 December 2020: TL 87,793,915) is at T. Halk Bankası A.Ş., the main shareholder of the Company.

As of 31 December 2021, the maturity of the receivables from reverse repo transactions is 28 days and the interest rate is 15.75% (31 December 2020: 4 days maturity, 16.82%).

As of 31 December 2021 and 31 December 2020, the details of time deposits of the Company are as follows:

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>
31 December 2020				
Time deposit	Interest rate (%)	Maturity	Currency	Amount
Türkiye Halk Bankası A.Ş.	16.25%-17.50%	4 January 2021-19 February 2021	TL	129,492,235
<b>Total</b>				<b>129,492,235</b>

As of 31 December 2021 and 31 December 2020, 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 2021

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

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#### Financial investments

##### Short-term financial investments

As of 31 December 2021 and 31 December 2020, short-term financial investments are as follows:

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

	31 December 2021		31 December 2020	
	Nominal value	Carrying value	Nominal value	Carrying value
Shares (Note 5)	2,720,552	21,546,679	5,882	155,955
Private sector bonds	-	-	29,600,000	29,494,073
Government bonds	21,184	8,903,459	7,496,404	8,210,400
<b>Total</b>		<b>30,450,138</b>		<b>37,860,428</b>

##### Long-term financial investments

As of 31 December 2021 and 31 December 2020, long-term financial investments are as follows:

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

	31 December 2021		31 December 2020	
	Carrying value	Ownership (%)	Carrying value	Ownership (%)
Borsa İstanbul A.Ş. <sup>(1)</sup>	1,517,254	0.038	1,517,254	0.038
Halk Faktoring A.Ş. <sup>(3)</sup>	-	-	4,078,360	1.240
Halk Gayrimenkul Yatırım Ortaklığı A.Ş.	896,830	0.038	1,174,981	0.038
Ziraat Portföy Yönetimi A.Ş. <sup>(2)</sup>	12,500	0.001	12,500	0.001
Halk Finansal Kiralama A.Ş. <sup>(3)</sup>	-	-	5	0.000
<b>Total</b>	<b>2,426,584</b>		<b>6,783,100</b>	

<sup>(1)</sup> 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.

<sup>(2)</sup> Stated at cost value in financial statements.

<sup>(3)</sup> The shares of Halk Faktoring A.Ş. and Halk Finansal Kiralama A.Ş., which are among the share investments of the Company, transferred to the main shareholder of the Company, Türkiye Halk Bankası A.Ş., on 6 September 2021.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

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#### Related party disclosures

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

As of 31 December 2021 and 31 December 2020, the receivables and payables from related parties are as follows:

	31 December 2021	31 December 2020
<b>Cash and cash equivalents</b>		
T. Halk Bankası A.Ş.	309.191.751	217.276.149
-Time deposits	227.051.694	129.492.235
-Demand deposits	82.140.057	87.783.915
<b>Financial investments</b>		
Halk Varlık Kiralama A.Ş.	-	4.028.512
-Lease Certificate	-	4.028.512
Halk Faktoring A.Ş.	-	2.938.800
-Stock shares	-	2.938.800
T.Halk Bankası A.Ş.	-	1.000.000
-Commercial Paper	-	1.000.000
Halk Gayrimenkul Yatırım Ortaklığı A.Ş.	896.830	1.174.981
-Stock shares	896.830	1.174.981
Halk Finansal Kiralama A.Ş.	-	24.465.566
-Commercial Paper	-	24.465.561
-Stock shares	-	5
<b>Total</b>	<b>310,088,581</b>	<b>250,884,008</b>
	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Trade receivables from related parties</b>		
Türkiye Halk Bankası A.Ş.	388.490	-
<b>Total</b>	<b>388,490</b>	<b>-</b>
	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Payables to related parties</b>		
Türkiye Halk Bankası A.Ş.	-	312
Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	2.471	1.873
<b>Total</b>	<b>2,471</b>	<b>2,185</b>

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

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#### Related party disclosures (cont'd)

##### Transactions with related parties

Transactions with related parties for the periods ended 31 December 2021 and 31 December 2020 are as follows:

##### Income from related parties

	1 January – 31 December 2021	1 January – 31 December 2020
<b><u>Türkiye Halk Bankası A.S.</u></b>		
Commission income on public offerings brokerage	17,489,000	16,218,771
Interest income on deposits	38,299,297	14,180,057
Commission income from brokerage	388	360,779
Consultancy service income	2,400,000	1,204,000
Other income	1,235,649	-
<b><u>Halk Emeklilik Fonları</u></b>		
Commission income from brokerage	-	743,682
<b><u>Halk Finansal Kiralama A.S.</u></b>		
Commission income on public offerings brokerage	950,000	525,000
Amortization income on bonds	934,800	6,109
<b><u>Halk Sigorta A.S.</u></b>		
Consultancy service income	-	15,000
<b><u>Halk Hayat ve Emeklilik A.S.</u></b>		
Consultancy service income	-	60,000
<b><u>Halk Varlık Kiralama A.S.</u></b>		
Sukuk issuance brokerage commission income	5,105,800	3,905,000
Amortization income from lease certificate	26	24,632
<b>Total</b>	<b>66,414,961</b>	<b>37,243,030</b>

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

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#### Related party disclosures (cont'd)

#### Transactions with related parties (cont'd)

#### Payables to related parties

	1 January – 31 December 2021	1 January – 31 December 2020
<b><u>Türkiye Halk Bankası A.Ş.</u></b>		
Rent expenses	3,117,401	1,769,078
Bonus expense	2,142,590	-
Common expense contribution expense	528,568	550,012
Commissions of guarantee letter	99,710	75,827
Bank charges	59,497	84,255
Loan interest expense	-	10,742
<b><u>Halkbank Spor Kulübü</u></b>		
Sponsorship expenses	4,350,000	900,000
<b><u>Halk Sigorta A.Ş.</u></b>		
Personnel expenses (Health/insurance expenses)	-	334,540
<b><u>Halk Hayat ve Emeklilik A.Ş.</u></b>		
Personnel expenses (Death insurance expenses)	-	12,350
Common expense contribution expense	-	14,773
<b><u>Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.</u></b>		
Service expense	31,147	24,102
<b><u>Halk Varlık Kiralama A.Ş.</u></b>		
Sukuk bonus expenses	354,000	413,000
<b>Total</b>	<b>10,682,913</b>	<b>4,188,679</b>

With the share transfer agreement signed on 22 April 2020, the Company's related party with Halk Sigorta A.Ş. and Halk Hayat ve Emeklilik A.Ş. was terminated.

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 08 March 2021 and numbered 2021/16.

#### Benefits provided to key management

The key personnel received remuneration and fees amounting in total TL 5,079,808 for the period ended 31 December 2021 (31 December 2020: TL 1,952,118).

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

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#### Trade receivables and payables

##### Trade receivables

As of 31 December 2021 and 31 December 2020, trade receivables of the Company are as follows:

	31 December 2021	31 December 2020
Receivables from loan customers <sup>(1)</sup>	160,264,767	74,794,386
Futures and options market collaterals	197,770,155	138,247,542
Corporate receivables from Takasbank money market	-	63,254,482
Leveraged trade collaterals	9,598,453	9,315,998
Receivables from customers	5,325,146	8,459,469
Collaterals of borrowed securities	470,893	1,144,563
Due from related parties (Note 5)	388,490	-
Doubtful trade receivables	13,614,630	555,296
Provision for doubtful trade receivables	(13,614,630)	(555,296)
<b>Total</b>	<b>373,817,904</b>	<b>295,216,440</b>

(1) As of 31 December 2021, the average interest rate applied to the loan customers is 21.27% (31 December 2020: 24.67%).

The movement of the provision of doubtful receivables of the Company as of 31 December 2021 and 31 December 2020 is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Beginning of the period	555,296	292,398
Provisions during the period	13,059,334	262,898
<b>End of the period</b>	<b>13,614,630</b>	<b>555,296</b>

##### Trade payables

As of 31 December 2021 and 31 December 2020, trade payables of the Company is as follows:

	31 December 2021	31 December 2020
Leveraged trade collaterals	8,278,109	7,958,392
Futures and options market collaterals	192,496,398	135,381,789
Payables to customers	99,982,233	109,642,007
Sellers	6,006,357	6,052,513
Payables to related parties (Note 5)	2,471	2,185
Guarantees received for securities lent	470,893	1,144,563
<b>Total</b>	<b>307,236,461</b>	<b>260,181,449</b>

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

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#### Other non-current assets

In 2021, the Gamification Project and Robodanışmanlık (Smart Suggestion System), developed by the Technopark 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 Technopark management, and they were taken to the review and approval stage by the Technopark management.

Within the scope of the Robodanışmanlık (AÖS) Project, a web-based platform has been designed with the suggestions to be given by the Investment Advisory and Research Units in order to direct the Company's sales personnel. Upon the approval of the project, R&D activities have started as of April 2019 within the office rented at Yıldız Technical University/Davutpaşa Technopark. The total duration of the project is 11 months. Expenditures incurred in this context have been capitalized in other assets.

Our Robodanışmanlık 2 project, which is under development, will continue in 2022 as well.

Within the scope of Gamification Project, which is another project that our software team is working on, we have started to prepare a mobile investment application in game format in order to contribute to increasing the financial literacy of young people in our country. In addition to the social responsibility dimension, increasing our corporate awareness in digital platforms stands out as the other achievement of the project. A completion report has been submitted to the Technopark management for our application that has been put into service. Our Gamification project has been taken to the review stage by the Technopark Management. Expenditures incurred in this context have been capitalized in other current assets.

	1 January - 31 December 2021	1 January - 31 December 2020
Beginning of the period	3,450,502	2,743,393
Increase during the period	1,115,991	707,109
<b>End of the period</b>	<b>4,566,493</b>	<b>3,450,502</b>

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#### Other receivables and payables

##### Other receivables

As of 31 December 2021 and 31 December 2020, other receivables are as follows:

	31 December 2021	31 December 2020
Leveraged transaction foreign collaterals	12,053,887	9,958,045
BISTECH Share MKT transaction collateral <sup>(2)</sup>	11,027,885	17,597,961
TEFAS transaction collateral <sup>(4)</sup>	4,929,097	2,527,224
VIOP, Share, Lending and Debt Instruments guarantees <sup>(1)</sup>	2,860,634	2,229,065
BAP MTK transaction collaterals <sup>(3)</sup>	4,333,327	3,831,991
Rental and other security deposits	29,250	7,750
Receivabşes from personnel	-	86,903
Other	774,661	373,196
Expected loss provision(-)	(34,508)	(14,921)
<b>Total</b>	<b>35,974,233</b>	<b>36,597,214</b>

(1) Consists of cash guarantees given by the Company to İstanbul Takas ve Saklama Bankası A.Ş. to transact in VIOP and other markets.

(2) It consists of cash guarantees given by the Company to İstanbul Takas ve Saklama Bankası A.Ş. for trading in the Equity market.

(3) Consists of cash guarantees given by the Company to İstanbul Takas ve Saklama Bankası A.Ş. for trading in the debt securities market.

(4) Consists of cash guarantees given by the Company to İstanbul Takas ve Saklama Bankası A.Ş. for TEFAS transactions.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

#### 8 Other receivables and payables (*cont'd*)

##### Other payables

As of 31 December 2021 and 31 December 2020, other payables are as follows:

	31 December 2021	31 December 2020
Taxes, duties and fees payable	13,261,862	9,992,103
Other	5,442,726	2,051,467
<b>Total</b>	<b>18,704,588</b>	<b>12,043,570</b>

#### 9 Prepaid expenses

As of 31 December 2021 and 31 December 2020 prepaid expenses are as follows:

	31 December 2021	31 December 2020
Prepaid expenses <sup>(1)</sup>	6,566,681	6,445,489
Prepaid leases	98,016	85,568
<b>Total</b>	<b>6,664,697</b>	<b>6,531,057</b>

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



## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

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#### Property, plant and equipment

For the years ended 31 December 2021 and 31 December 2020, 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 2020	5,365,128	2,020,775	2,816,183	10,202,086
Additions	2,686,802	144,870	334,102	3,165,774
<b>Closing balance, 31 December 2020</b>	<b>8,051,930</b>	<b>2,165,645</b>	<b>3,150,285</b>	<b>13,367,860</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>
<b>Accumulated depreciation</b>				
Opening balance, 1 January 2020	2,592,951	1,796,572	2,469,422	6,858,945
Charge for the period	1,166,073	97,844	200,291	1,464,208
<b>Closing balance, 31 December 2020</b>	<b>3,759,024</b>	<b>1,894,416</b>	<b>2,669,713</b>	<b>8,323,153</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>
<b>Net carrying value</b>				
31 December 2020	4,292,906	271,229	480,572	5,044,707
31 December 2021	6,178,664	550,089	5,282,192	12,010,945

In the accounting period for the period ending on 31 December 2021, TL 10,110,251 of property, plant and equipment was purchased (31 December 2020: TL 3,165,774).

In the accounting period ending on 31 December 2021, the total insurance amount on tangible fixed assets is TL 11,451,760 (31 December 2020: TL 10,987,615).

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

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#### Intangible assets

For the years ended 31 December 2021 and 31 December 2020, movement of the intangible assets is as follows:

	<b>Software programs</b>
<b>Cost value</b>	
Opening balance, 1 January 2020	4.065.629
Additions	1.085.876
<b>Closing balance, 31 December 2020</b>	<b>5,151,505</b>
Opening balance, 1 January 2021	5.151.505
Additions	475.584
<b>Closing balance, 31 December 2021</b>	<b>5,627,089</b>
<b>Accumulated amortization</b>	
Opening balance, 1 January 2020	2.989.203
Charge for the period	719.169
<b>Closing balance, 31 December 2020</b>	<b>3,708,372</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>
<b>Net carrying value</b>	
31 December 2020	1,443.133
31 December 2021	1,136,349

In the accounting period ended 31 December 2021, intangible assets amounting to TL 475,584 have been purchased (31 December 2020: TL 1,085,876).

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### Notes to the Financial Statements for the Year Ended 31 December 2021

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#### Right-of-use assets and lease payables

As of 31 December 2021 and 31 December 2020, 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 2020	3.947.499	2.059.416	6.006.915
Additions	-	1.511.904	1.511.904
Disposals	(1.008.493)	-	(1.008.493)
<b>Closing balance, 31 December 2020</b>	<b>2,939,006</b>	<b>3,571,320</b>	<b>6,510,326</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>
<b>Accumulated depreciation</b>			
Opening balance, 1 January 2020	1.846.676	205.134	2.051,810
Charge for the period	478,326	705,046	1,183,372
Disposals	(110,569)	-	(110,569)
<b>Closing balance, 31 December 2020</b>	<b>2,214,433</b>	<b>910,180</b>	<b>3,124,613</b>
Opening balance, 1 January 2021	2,214,433	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>2,814,659</b>	<b>2,132,927</b>	<b>4,947,586</b>
<b>Net carrying value</b>			
31 December 2020	724.572	2,661.140	3,385,713
31 December 2021	5,759,932	1,427,887	7,187,819
		<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Distribution of lease liabilities</b>			
Current		4,938,062	1,871,734
Non-current		3,026,290	1,875,969
<b>Closing balance</b>		<b>7,964,352</b>	<b>3,747,703</b>

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#### Provisions, contingent assets and liabilities

##### Other short-term provisions

As of 31 December 2021 and 31 December 2020, short-term provisions for liabilities are as follows:

	31 December 2021	31 December 2020
Provision for litigation	577,669	453,504
Expenses payable	482,048	11,163
Common expense contribution share	44,675	103,141
Provision for sales commission payable	1,000,000	-
Other expense provisions	-	299
<b>Total</b>	<b>2,104,392</b>	<b>568,107</b>

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### Notes to the Financial Statements for the Year Ended 31 December 2021

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

##### Off-balance sheet liabilities

As of 31 December 2021 and 31 December 2020 off-balance sheet liabilities are as follows:

##### Letters of guarantee

	31 December 2021	31 December 2020
Borsa İstanbul AŞ (BİST)	80,000	80,000
SPK	1,776	1,776
Other	45,000	231,504
<b>Total</b>	<b>126,776</b>	<b>313,280</b>

As of 31 December 2021, 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 2020: USD 2,000,000).

##### Other off-balance sheet liabilities

Items held in custody (nominal)	31 December 2021	31 December 2020
Stock share	7,621,555,434	3,966,663,461
Warrants	52,522,948	70,299,970
Other securities	4,425,335,041	3,882,874,758
Futures and options market contracts (number)	142,280	497,217

As of 31 December 2021, there are futures and option markets guarantees amounting to TL 192,496,398 at İstanbul Takas ve Saklama Bankası A.Ş. (31 December 2020: TL 135,381,789).

As of 31 December 2021 and 31 December 2020, the open transaction amounts of customers in the Futures and Options Market are as follows:

	31 December 2021	31 December 2020
Open transaction amount	285,849,031	553,153,856

##### Legal cases

As of 31 December 2021, total risk of lawsuits sued against the Company are amounting to approximately TL 577,669 (31 December 2020: TL 453,504) and TL 577,669 of provision is provided for these lawsuits on the financial statements (31 December 2020: TL 453,504).

	1 January – 31 December 2021	1 January – 31 December 2020
Beginning of the period	453,504	709,950
Increase in the period	144,950	58,554
Provision released	(20,785)	-
Compensations paid	-	(315,000)
<b>End of the period</b>	<b>577,669</b>	<b>453,504</b>

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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#### Provisions related to employee benefits

As of 31 December 2021 and 31 December 2020, the details of employee benefits are as follows:

	31 December 2021	31 December 2020
<i>Short-term</i>		
- Provision for unused vacation	2,201,317	1,423,996
- Personnel bonus provision	4,183,330	3,069,648
<i>Long-term</i>		
- Provision for employment termination benefit	4,776,557	3,198,577

#### 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 2021 and 31 December 2020 are as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Beginning of the period	1,423,996	1,018,187
Increase in the period	1,114,371	538,445
Paid within	(337,050)	(132,636)
<b>End of the period</b>	<b>2,201,317</b>	<b>1,423,996</b>

#### Provision for personnel premium

The provision for personnel premium provision consists of the TL 4,183,330 premium that the Company foresees to distribute to the personnel from the provisions allocated in the statement of financial position for 2021 (31 December 2020: TL 3,069,648). The Company has recognized the related amount as expense in accordance with TAS 19 in the current period.

	1 January – 31 December 2021	1 January – 31 December 2020
Beginning of the period	3,069,648	2,350,000
Increase in the period	4,183,330	3,069,648
Paid within	(2,811,325)	(2,350,000)
Provisions released	(258,323)	-
<b>End of period</b>	<b>4,183,330</b>	<b>3,069,648</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 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Discount rate	19.10%	12.80%
Estimated salary increase rate	15.80%	9.50%
Net discount rate	2.85%	3.01%

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

#### 14 Provisions related to employee benefits (*cont'd*)

The movements of provision for termination and retirement benefits within the accounting periods ended 31 December 2021 and 31 December 2020 are as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
Beginning of the period	3,198,577	2,530,486
Interest cost	96,277	91,097
Service cost	2,242,289	1,051,144
Payments within the period	(760,586)	(474,150)
<b>End of the period</b>	<b>4,776,557</b>	<b>3,198,577</b>

#### 15 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 2021 taxation period, and 23% for the corporate earnings for the 2022 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.

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.

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.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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#### Tax assets and liabilities (cont'd)

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. Companies file their tax returns between 1 - 25 April following the close of the accounting year to which they relate. 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.

The Law numbered 7601 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated 5 December 2017 and numbered 30261.

The 20% corporate tax rate, will be applied as 22% for entities' corporate income belonging to the taxation periods of 2018, 2019 and 2020 as amended in the provisional clause of article 10 of the Law Article No 91 (To financial years, which start within the related year for entities appointed a special accounting period). The rate was initially applied in the first temporary tax period in 2018.

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 2021 and 31 December 2020.

	1 January – 31 December 2021	1 January – 31 December 2020
Profit before tax	268,529,470	240,232,946
Corporate tax calculated with statutory tax rate (25%) (30 December 2020 tax rate 22%)	67,132,368	52,851,248
Non-deductable expenses	1,252,818	487,090
Non-taxable income	(1,512,066)	(201,146)
<b>Tax expense</b>	<b>66,873,120</b>	<b>53,137,192</b>
	1 January – 31 December 2021	1 January – 31 December 2020
Current tax expense	(71,114,818)	(55,123,687)
Deferred tax (expense)/income	4,241,698	1,986,495
<b>Tax expense</b>	<b>(66,873,120)</b>	<b>(53,137,192)</b>

As of 31 December 2021 and 31 December 2020, the corporation tax payable after deduction of prepaid taxes is accounted under "corporate tax payable" in "current tax liabilities" or in "current tax assets" account.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

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#### Tax assets and liabilities (cont'd)

	31 December 2021	31 December 2020
Prepaid provisional tax	48,690,827	41,848,009
Current corporate tax expense	(71,114,818)	(55,123,687)
<b>Current tax (liabilities) / assets</b>	<b>(22,423,991)</b>	<b>(13,275,678)</b>

#### Deferred tax

As at 31 December 2021 and 31 December 2020, details of net deferred tax assets and liabilities are as follows:

	Total Provisional Difference		Deferred Tax Asset / (Liability)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b>Deferred tax assets</b>				
Provision for employment termination benefits	4,776,557	3,198,577	955,311	639,715
Provision for unused vacation	2,201,317	1,423,996	506,303	284,799
Provision for personnel premium	4,183,330	3,069,648	962,166	613,930
Provision for doubtful receivables	13,042,288	38,035	2,999,726	7,607
Lawsuit provision	577,669	453,504	132,864	90,701
Effect of depreciation and amortisation method difference between tax regulations on property, plant and equipment and intangible assets	120,245	-	24,049	-
Provision for expected loss	77,539	50,599	17,834	10,120
Other	1,000,000	-	230,000	-
<b>Total deferred tax assets</b>	<b>25,978,945</b>	<b>8,234,359</b>	<b>5,828,253</b>	<b>1,646,872</b>
<b>Deferred tax liabilities</b>				
Financial investments	(1,561,085)	(1,377,537)	(118,762)	(343,384)
Effect of depreciation and amortisation method difference between tax regulations on property, plant and equipment and intangible assets	-	(536,013)	-	(107,203)
<b>Total deferred tax liability</b>	<b>(1,561,085)</b>	<b>(1,913,550)</b>	<b>(118,762)</b>	<b>(450,587)</b>
<b>Net deferred tax asset / (liability)</b>	<b>24,417,860</b>	<b>6,320,809</b>	<b>5,709,491</b>	<b>1,196,285</b>

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#### Shareholders' equity

In the General Assembly dated 30 March 2021, it is decided to allocate TL 5,285,821 of first order general legal reserves from the net profit for the year 2020, to pay the Company's shareholders a 1st dividend of TL 5,200,000 at the rate of 5% of the paid-in capital in accordance with Article 21/b of the Articles of Association, to allocate 139,750,851.07 TL as a II. dividend to the shareholders of the Company pursuant to Article 21/d of the Articles of Association, TL 14,282,049,91 will be allocated as II. legal reserve, with the addition of TL 10,950,851.07 from the II. dividend allocated to the shareholders, TL 24,301,937 from the extraordinary reserves account and TL 10,747,212 from the previous years' profits, to a total of TL 46,000,000 be distributed to the shareholders as bonus shares and added to the capital and to increase the capital of the company from TL 104,000,000 to TL 150,000,000, to the shareholders to be paid a total of TL 134,000,000 in cash, with a I. dividend of TL 5,200,000 and a II. dividend of TL 128,800,000, to set aside TL 20,590,537 as Special Reserves, (it is 75% of the profits of participation in accordance with the 1/e clause of the 5th article of the Corporate Tax Law No. 5520) to set aside TL 1,986,495 as extraordinary reserves Trade registry approval was registered on 8 April 2021 and announced in the Trade Registry Gazette dated 13 April 2021 and numbered 10308.



## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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#### **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 2021, the Company has restricted reserves amounting to TL 73,246,202 appropriated from profit (31 December 2020: TL 33,087,795).

##### **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 derecognised or impaired.

##### **Other earnings**

All actuarial gains and losses arising from the recognition of defined benefit liabilities under TAS 19 are recognized as "other earnings" under other comprehensive income.

##### **Prior years' profit**

As of 31 December 2021, the Company has prior years' profit amounting to TL 2,305,761 (31 December 2020: TL 35,368,414).

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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#### Revenue and cost of sales

Income from operating activities for the years ended 31 December 2021 and 31 December 2020 is as follows:

	1 January – 31 December 2021	1 January – 31 December 2020
<b>Revenue</b>		
Government bond sales	351,229,211	534,396,877
Government bond repo sales	2,520,560,000	4,508,228,000
Share sales	192,562,730	44,563,581
Private sector bond sales	7,713,240	27,646,581
Commercial bills sales	96,783	6,544,900
Eurobond sales	1,057,906,255	727,567,304
<b>Total revenue</b>	<b>4,130,068,219</b>	<b>5,848,947,243</b>
<b>Services</b>		
Share transactions brokerage commissions	190,869,852	219,075,588
Interest income from customers	28,290,347	12,636,236
Public, issued commissions and consultancy income	61,109,276	21,660,110
Commissions on common stock trading	189,418	142,811
Repo-reverse repo brokerage commissions	1,875,035	1,729,377
Takasbank Money Market brokerage commissions	921,490	695,164
Futures and options market transaction brokerage commissions	18,900,061	15,944,851
Securities Lending Market and other commission income	915,901	468,112
Leveraged income	4,881,141	5,164,793
Funds sales and distribution commission	2,306,849	1,872,772
Portfolio management and consultancy service income	3,143,677	1,407,925
Bank transfer instrument income on condition of electronic product note	807,354	-
<b>Total service income</b>	<b>314,210,401</b>	<b>280,797,739</b>
<b>Total sales income</b>	<b>4,444,278,620</b>	<b>6,129,744,982</b>
<b>Cost of sales</b>		
Government bond purchases	(350,487,087)	(530,020,630)
Government bond repo purchases	(2,520,560,000)	(4,508,228,000)
Share purchases	(183,613,112)	(17,103,132)
Private sector bond purchases	(7,607,807)	(27,501,112)
Commercial bills purchases	(96,735)	(6,528,289)
Eurobond purchases	(1,049,968,694)	(720,173,009)
<b>Total cost of sales</b>	<b>(4,112,333,435)</b>	<b>(5,809,554,172)</b>
<b>Gross profit from commercial activity</b>	<b>331,945,185</b>	<b>320,190,810</b>
<b>Finance Sector Operating Revenue</b>		
Profit from Financial Derivative Transactions	-	-
<b>Total finance sector operating revenue</b>	<b>-</b>	<b>-</b>
<b>Finance Sector Operating Cost</b>		
Loss from Financial Derivative Transactions	(3,786,344)	(1,467,066)
<b>Total finance sector operations costs</b>	<b>(3,786,344)</b>	<b>(1,467,066)</b>
<b>Gross profit</b>	<b>328,158,841</b>	<b>318,723,744</b>

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#### General administrative and marketing expenses

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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General administrative expenses for the years ended 31 December 2021 and 31 December 2020 are as follows:

<i>General administrative income</i>	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Personnel expenses	43,745,712	32,314,321
-Salaries	29,145,902	22,503,734
-Personnel insurance and premium expenses	6,763,296	5,317,929
-Personnel employment termination expenses	1,577,980	854,294
-Personnel employment termination payments	1,000,315	512,863
-Personnel food expenses	1,122,985	886,445
-Other personnel expenses	4,135,234	2,239,056
Data display and distribution expenses	4,365,712	2,917,207
Rent expenses	1,453,958	1,603,369
Depreciation expenses and amortization	7,277,414	3,366,749
Outsourced benefits and services	7,450,298	4,401,017
Communication expenses	3,074,478	2,181,192
Taxes and fees	2,685,977	1,297,990
Service and travel expenses	823,896	949,241
Common expense share	1,191,439	913,437
Audit and consultancy expenses	1,089,574	701,636
Vehicle rent and fuel expenses	689,232	614,655
Maintenance expenses	2,018,933	1,165,442
Representation and entertainment expenses	164,595	76,853
Other	1,268,882	641,325
<b>Total</b>	<b>77,300,100</b>	<b>53,144,434</b>

Marketing expenses for the years ended 31 December 2021 and 31 December 2020 are as follows:

<i>Marketing expenses</i>	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Stock exchange expenses	18,270,309	17,714,438
Data display and distribution expenses	16,959,487	10,684,172
Commission and service expenses	8,209,326	4,847,357
Advertisement, publication and rent expenses	7,674,999	2,647,879
Stock exchange and union fees	498,152	356,433
Stock exchange remote access expense	1,028,629	612,495
Sponsorship expenses	4,787,920	1,096,667
Internet and website expenses	791,666	17,194
Other	119,534	99,323
<b>Total</b>	<b>58,340,022</b>	<b>38,075,958</b>

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

#### 19 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 7,277,414 in the year ended 31 December 2021 (31 December 2020: TL 3,366,749). In the year ended 31 December 2021, the provision for severance pay expense is TL 1,577,980, the provision for unused vacation expense is TL 777,321 TL (31 December 2020: TL 668,091 provision for severance pay expense, TL 538,445 provision for unused vacation expense).

#### 20 Other income and expenses from operating activities

Other income and expenses from operation activities for the years ended 31 December 2021 and 31 December 2020 are as follows:

<i>Other operating income</i>	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Other service income <sup>(1)</sup>	1,676,130	743,840
Dividend income <sup>(2)</sup>	211,526	855,270
Reversal of personnel premium	258,323	-
SSI refund premiums and other income <sup>(3)</sup>	600	225
Provisions released <sup>(4)</sup>	20,784	315,000
<b>Total</b>	<b>5,071,735</b>	<b>1,914,335</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 600 is received as grant from treasury for SSI payments. (31 December 2020: TL 225).

<sup>(4)</sup> It comprises reversal income for provisions for lawsuits in prior periods.

<i>Other operating expenses</i>	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Provision for legal cases expense	144,951	58,554
Other expenses and losses <sup>(1)</sup>	13,744,704	957,430
<b>Total</b>	<b>13,889,655</b>	<b>1,015,984</b>

<sup>(1)</sup> Provision expense for unsecured debt balances of customers, refunds to customers due to faulty transactions, administrative fines and other expenses.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

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#### Finance income and finance expenses

As of 31 December 2021 and 31 December 2020, the details of finance income and expenses are as follows:

<i>Finance income</i>	1 January –	1 January –
	31 December 2021	31 December 2020
Deposit interest income	39,131,763	14,180,057
Reverse repo interest income	104,993,362	45,711,362
Fixed income securities depreciation, coupon rate and discount income	8,331,931	25,937,119
Futures and options market and other collateral interest income	6,379,229	2,538,282
Takasbank money market interest income	1,938,364	1,724,745
Exchange differences income	25,892,512	16,055,326
Stock valuation differences	-	55,961
Other	520,532	762,504
<b>Total</b>	<b>187,187,693</b>	<b>106,965,356</b>

<i>Finance expenses</i>	1 January –	1 January –
	31 December 2021	31 December 2020
<b>Inrterest expenses</b>		
TPP borrowing and loan interest expenses	-	10,742
Repo interest expenses	84,548,620	53,247,093
Exchange differences expenses	16,654,890	11,879,857
Stock valuation differences	1,038,240	29,918,767
Letter of guarantee commissions	116,912	76,352
Other	360	1,302
<b>Total</b>	<b>102,359,022</b>	<b>95,134,113</b>

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#### Fees for services received from an independent audit firm

The fees for the services received by the Company from the Independent Audit Firm (IAF) in the periods of 1 January - 31 December 2021 and 1 January - 31 December 2020 are as follows:

	1 January-31 December 2021			1 January-31 December 2020		
	BDK	Other IAF	Total	BDK	Other IAF	Total
Independent audit fee for the reporting period	321,000	-	321,000	268,000	-	268,000
Fees for services other than independent audit	74,500	-	74,500	2,700	-	2,700
	<b>395,500</b>	<b>-</b>	<b>395,500</b>	<b>270,700</b>	<b>-</b>	<b>270,700</b>

## **HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

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

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#### **23 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.

#### **23.1 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.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

23

#### Nature and level of risks arising from financial instruments (cont'd)

23.1

#### Credit risk (cont'd)

##### Credit risks exposed by types of financial instruments:

31 December 2021	Receivables		Deposits at bank <sup>(1)</sup>	Derivative Instruments	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	-	13,614,630	-	-	-
- 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	-	-	-	-	-

(1) Receivables from reverse repo transactions amounting to TL 1,000,000 stated under cash and cash equivalents are included.

(2) Long-term financial investments are not included. Equity shares are not included in financial investments since they do not carry credit risk.

31 December 2020	Receivables		Deposits at bank <sup>(1)</sup>	Derivative Instruments	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)	-	295,771,736	36,597,214	263,972,609	37,704,473
Secured portion of the maximum credit risk by guarant	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	-	295,216,440	36,597,214	263,972,609	37,704,473
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	-	555,296	-	-	-
- Past due (gross amount)	-	555,296	-	-	-
- Impairment (-)	-	555,296	-	-	-
- 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	-	-	-	-	-

(1) Receivables from reverse repo transactions amounting to TL 42,395,548 stated under cash and cash equivalents are included.

(2) Long-term financial investments are not included. Equity shares are not included in financial investments since they do not carry credit risk.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

#### 23 Nature and level of risks arising from financial instruments (cont'd)

##### 23.2 Liquidity risk

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

31 Aralık 2020 tarihi itibarıyla, finansal yükümlülüklerin kalan vadelerine göre profili aşağıdaki tablodaki gibidir:

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>275,972,722</b>	<b>276,369,556</b>	<b>272,707,995</b>	<b>1,460,654</b>	<b>2,200,907</b>
Trade payables	260,181,449	260,181,449	260,181,449	-	-
Other payables	12,043,570	12,043,570	12,043,570	-	-
Payables from lease transactions	3,747,703	4,144,537	482,976	1,460,654	2,200,907

31 Aralık 2021 ve 31 Aralık 2020 tarihleri itibarıyla, Şirket'in Tebliğ 34 kapsamında likidite yükümlülüğü aşağıdaki gibidir:

	31 December 2021	31 December 2020
Current assets (A)	757,870,277	633,201,514
Short-term payables (B)	361,792,141	292,434,182
<b>Current assets/Short-term payables (A/B)</b>	<b>2.09</b>	<b>2.17</b>

The Company is not exposed to liquidity risk since its current assets are more than current liabilities.



## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

#### 23 Nature and level of risks arising from financial instruments (cont'd)

##### 23.3 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 2021 and 31 December 2020, the Company's foreign currency position is as follows:

	31 December 2021		
	TL equivalent (Functional currency)	US Dollar	Euro
1. Trade receivables	-	-	-
2a. Monetary financial assets (including cash, bank deposit)	11,694,015	865,575	10,391
3. Other	-	-	-
<b>4. Current assets (1+2+3)</b>	<b>11,694,015</b>	<b>865,575</b>	<b>10,391</b>
5. Trade receivables	23,751,180	1,762,437	17,211
6a. Monetary financial assets	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>23,751,180</b>	<b>1,762,437</b>	<b>17,211</b>
<b>9. Total assets (4+8)</b>	<b>35,445,195</b>	<b>2,628,012</b>	<b>27,602</b>
10. Trade payables	12,059,306	904,742	-
11. Financial liabilities	-	-	-
12a. Other monetary liabilities	-	-	-
12b. Other non-monetary liabilities	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>12,059,306</b>	<b>904,742</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>12,059,306</b>	<b>904,742</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>23,385,889</b>	<b>1,723,270</b>	<b>27,602</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>23,385,889</b>	<b>1,723,270</b>	<b>27,602</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>	-	-	-

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

#### 23 Nature and level of risks arising from financial instruments (cont'd)

##### 23.3 Market risk (cont'd)

##### Foreign currency risk (cont'd)

	31 December 2020			
	TL equivalent (Functional currency)	US Dollar	Euro	Other
1. Trade receivables	-	-	-	-
2a. Monetary financial assets (Including cash, bank deposit accounts)	4,465,955	606,658	1,419	-
3. Other	-	-	-	-
<b>4. Current assets (1+2+3)</b>	<b>4,465,955</b>	<b>606,658</b>	<b>1,419</b>	-
5. Trade receivables	14,424,011	1,963,249	1,429	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>14,424,011</b>	<b>1,963,249</b>	<b>1,429</b>	-
<b>9. Total assets (4+8)</b>	<b>18,889,966</b>	<b>2,569,907</b>	<b>2,838</b>	-
10. Trade payables	10,012,016	1,357,846	-	4,500
11. Financial liabilities	-	-	-	-
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>10,012,016</b>	<b>1,357,846</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>18. Total liabilities (13+17)</b>	<b>10,012,016</b>	<b>1,357,846</b>	-	<b>4,500</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>8,877,950</b>	<b>1,212,061</b>	<b>2,838</b>	<b>(4,500)</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>8,877,950</b>	<b>1,212,061</b>	<b>2,838</b>	<b>(4,500)</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>	-	-	-	-

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

#### 23 Nature and level of risks arising from financial instruments (cont'd)

##### 23.3 Market risk (cont'd)

###### Foreign currency sensitivity

The Company is exposed to foreign exchange risk primarily with respect to Euro, US Dollar and other currencies.

The following table details the Company's sensitivity to a 20% increase and decrease in Euro, US Dollar and other currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. A positive number below indicates an increase in profit/loss or other equity items.

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	4,593,893	(4,593,893)
2- Hedged risk (US Dollar) (-)	-	-
<b>3- US Dollar net effect (1+2)</b>	<b>4,593,893</b>	<b>(4,593,893)</b>
<u>Change in Euro by 20% against TL</u>		
4- Euro net asset / liability	83,285	(83,285)
5- Hedged risk (Euro) (-)	-	-
<b>6- Euro net effect (4+5)</b>	<b>83,285</b>	<b>(83,285)</b>
<b>Total (3+6)</b>	<b>4,677,178</b>	<b>(4,677,178)</b>
31 December 2020		
	Foreign currency increase against TL	Foreign currency decrease against TL
<u>20% change in US Dollar against TL</u>		
1- US Dollar net asset/liability	1,779,427	(1,779,427)
2- Hedged risk (USD Dollar) (-)	-	-
<b>3- US Dollar net effect (1+2)</b>	<b>1,779,427</b>	<b>(1,779,427)</b>
<u>20% change in Euro against TL</u>		
4- Euro net asset/liability	5,113	(5,113)
5- Hedged risk (Euro) (-)	-	-
<b>6- Euro net effect (4+5)</b>	<b>5,113</b>	<b>(5,113)</b>
<b>Total (3+6+9)</b>	<b>1,775,590</b>	<b>(1,775,590)</b>

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

#### 23 Nature and level of risks arising from financial instruments (cont'd)

##### 23.3 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 2021 and 31 December 2020, in case of having a 20% decrease/increase in İstanbul Stock Exchange stock market index while having all other variables constant, the effects on profit or loss and comprehensive income would be as follows:

31 December 2021	Profit / (loss)		Equity <sup>(*)</sup>	
	Increase by 20%	Decrease by 20%	Increase by 20%	Decrease by 20%
<i>Financial assets at fair value through profit or loss</i>				
- Stock shares	4,309,336	(4,309,336)	4,309,336	(4,309,336)
<i>Financial assets at fair value through other comprehensive income</i>				
- 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>

(\*) Kar / (zarar) değişimi de içermektedir.

31 December 2020	Profit / (loss)		Equity <sup>(*)</sup>	
	Increase by 20%	Decrease by 20%	Increase by 20%	Decrease by 20%
<i>Financial assets at fair value through profit or loss</i>				
- Stock shares	31,191	(31,191)	31,191	(31,191)
<i>Financial assets at fair value through other comprehensive income</i>				
- Stock shares	-	-	234,996	(234,996)
<b>Total</b>	<b>31,191</b>	<b>(31,191)</b>	<b>266,187</b>	<b>(266,187)</b>

(\*) Profit / (loss) change is included.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

#### 23 Nature and level of risks arising from financial instruments (cont'd)

##### 23.3 Market risk (cont'd)

###### Interest rate risk

The Company allocates cash and cash equivalents it possesses in securities or bank deposits, depending on the market conditions.

		31 December 2021	31 December 2020
<b>Financial instruments with fixed interest</b>			
	Financial assets at fair value through profit or loss	920,761	566,629
Financial assets	Time deposits at banks	227,051,694	129,492,235
	Receivables from reverse repo agreements	1,217,667	42,395,548
Trade receivables	Receivables from credit customers	160,264,767	74,794,386
<b>Financial instruments with floating interest</b>			
Financial assets	Financial assets at fair value through profit or loss	7,982,698	37,137,844

###### Interest 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. Based on the analysis calculated by the Company, if the interest rate for TL were increased or decreased by 1% holding all other factors constant, the effect on the fair value of fixed income financial assets and net profit/loss and the effect on equity for the period ended as at 31 December 2021 is detailed in the table below. The sensitivity analysis is applied on the same basis also in 2020.

	Profit / (loss)		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 December 2021</b>				
Financial investments	(2.112,427)	2.214,583	(2,112,427)	2,214,583
<b>31 December 2020</b>				
Financial investments	(1.185,518)	1,249,414	(1,185,518)	1,249,414

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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

#### 23 Nature and level of risks arising from financial instruments (cont'd)

##### 23.4 Capital management

As of 31 December 2021 and 31 December 2020, the minimum liability for shareholders' equity that the Company should possess shall be TL 29,216,340 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 395,291,651 as of 31 December 2021 (31 December 2020: TL 342,669,019). 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 2021, 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 2021 and 31 December 2020, the risk provision amounts calculated in accordance with the Communiqué: V, No: 34 are as follows:

	31 December 2021	31 December 2020
Position risk	30,599,115	21,146,668
Counter party risk	44,151,205	25,375,287
<b>Total risk provision</b>	<b>76,562,593</b>	<b>46,521,955</b>

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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#### 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*

"IFRS 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 utilisation 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:

<b>31 December 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<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				
<b>31 December 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Financial investments (short-term)	37,860,428	-	-	37,860,428
Financial investments (long-term) (*)	1,174,981	1,517,254	4,078,360	6,770,595

(\*) Stock investments amounting to TL 12,500 that are recognized at cost value are not included

(\*) Stock investments amounting to TL 5 that are recognized at cost value are not included.

## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

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#### Financial instruments (cont'd)

##### *Fair value disclosures (cont'd)*

##### *Classification of fair value measurement (cont'd)*

Fair value of Halk Faktoring A.Ş. which is classified as Level 3 is measured by an independent valuation company by using comparable company value method which counts averages the weighted average of the amount and net asset value amounts calculated over the market value/book value factor and net asset value.

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 2021 and 31 December 2020, 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.

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#### 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 2020, it was decided to attend the District Court hearing at which the case starts to be heard on the merits on 31 March 2020, 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 was determined regarding the motion to recuse, discovery motions, and filings of other motions. It was decided that the jury hearing would begin on 1 March 2021 for which the schedule was revised on 26 October 2020. Accordingly, the jury trials 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.



## HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

### Notes to the Financial Statements for the Year Ended 31 December 2021

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#### Other matters (*cont'd*)

District Court denied Parent Bank's motion to dismiss the indictment on 1 October 2020. The Parent Bank appealed the Court of Appeals for the Second Circuit through the motion to dismiss the indictment based on the Foreign Sovereign Immunity Act (exemption from the jurisdiction of the US courts). On 23 December 2020, the Court of Appeals for the Second Circuit accepted to hear the appeal on the merits and granted Parent Bank's motion to stay the case pending sovereign immunity appeal. Before the Court of Appeals for the Second Circuit, the oral argument was presented on 12 April 2021. The Court of Appeals for the Second Circuit denied Parent Bank's appeal on 22 October 2021. The Parent Bank filed its petition with the Second Circuit for an en banc rehearing. Second Circuit denied Parent Bank's petition on 15 December 2021.

As the Parent Bank will file its petition for a writ of certiorari with the US Supreme Court in regard to the Foreign Sovereign Immunity Act decision, it requested the US Court of Appeals for the Second Circuit to stay the mandate so that the stay on the proceedings in the District Court continues. The petition was granted by the Second Circuit on 14 January 2022. The proceedings in the district court are stayed till the process is completed in the US Supreme Court. The Parent Bank will file its petition for a writ of certiorari with the US Supreme Court no later than 13 May 2022. Should the US Supreme Court grants the writ of certiorari, the case will be dismissed before it is heard on the merits. In case the writ of certiorari is denied by the US Supreme Court, the case will be returned to the District Court and the District Court will need to create a new schedule for the trials.

In addition, a civil case was filed against the Parent Bank on 27 March 2020 with a claim for damages by plaintiffs in the District Court "on the grounds that they (the plaintiffs) could not collect their judgments from Iran due to violations of sanctions" and it was served to the Parent Bank's attorneys on 1 July 2020. The Parent Bank filed a motion at the District Court to dismiss the complaint of plaintiffs on 25 September 2020. The case was fully briefed on 16 December 2020. District Court conditionally granted Parent Bank's motion to dismiss, filed on 16 December 2020, on the grounds of forum non conveniens. The case was closed at the District Court on March 3, 2021.

The Plaintiffs filed their appeal brief at the Court of Appeals for the Second Circuit as to the District Court's Decision on 30 June 2021. The case is fully briefed. The appeal is still ongoing at the Court of Appeals for the Second Circuit.

The proceedings of both the criminal case and civil case are closely monitored by the Parent Bank through the law firms representing the bank.

#### *Effects of COVID 19*

The new type of coronavirus, COVID-19, which emerged in Wuhan, China in December 2019, caused fatal respiratory diseases in the world and was described as a global epidemic by the World Health Organization on 11 March 2020. Various measures have been taken all over the world to protect against the negative effects of the disease that has become a pandemic, and economies have shrunk due to the measures that are taken.

Related departments and the Company Management regularly monitors the possible effects of the pandemic on the Company's financial statements. The Company management concludes that the economic impacts of the pandemic has no material impact on the financial statements and going concern of the Company.

**HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ**

**Notes to the Financial Statements  
for the Year Ended 31 December 2021**

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**Events after the reporting period**

On 31 January 2022, the Company's Assistant General Manager of Sales, Investment Consultancy and Operations, Evren Karabulut, resigned from his position.