

**YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş.  
AND ITS SUBSIDIARY**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR'S REPORT**

**To the General Assembly of Yapı Kredi Yatırım Menkul Değerler A.Ş.**

**A. Audit of the Consolidated Financial Statements**

**1. Opinion**

We have audited the accompanying consolidated financial statements of Yapı Kredi Yatırım Menkul Değerler A.Ş. (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and their financial performance and their cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

**2. Basis for Opinion**

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Key Audit Matters**

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



<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p data-bbox="284 591 564 622"><b>Revenue recognition</b></p> <p data-bbox="284 654 871 902">The Group recognized a total of TRY 5,881,618,721 of income under “revenue” and “revenue from financial service activities” items on its income statement for the period 1 January - 31 December 2021. Disclosures and notes related to the revenue are discussed in notes 2.4.(b), 24 and 25 of the accompanying financial statements prepared as of 31 December 2021.</p> <p data-bbox="284 934 861 1211">This area is regarded as a key audit matter due to the magnitude of revenue in the financial statements; revenue being generated through as a result of multiple transactions such as sales of marketable securities, intermediary commissions, portfolio management income and corporate finance income; and calculated by using different methods and parameters due to the nature of the Group’s operations.</p>	<p data-bbox="920 654 1490 1272">Within the scope of the audit procedures we applied related to revenue recognition, we evaluated the compliance of accounting policies determined by Group management regarding revenue recognition with TFRS and the relevant legislation. Furthermore, we evaluated and tested the design and operational effectiveness of the internal controls applied by the management to ensure revenue is recognised in accordance with relevant accounting standards. We tested the transaction details using a selected sample from revenue transactions by checking the completeness of the securities sales revenues and service income transactions such as brokerage and portfolio management, which constitute the revenue amount subject to audit by comparing these transaction details to the relevant supporting documentation to verify that the amounts were recognised properly on a transaction basis.</p> <p data-bbox="920 1303 1490 1429">In addition, we controlled the consistency of the transaction volumes with the third parties, which were used to calculate the intermediary commissions based on a selected sample.</p>

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

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

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

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



## **5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

Our aim is 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 independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



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

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

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

#### **B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2021 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

A handwritten signature in blue ink, appearing to read "Didem Demer Kaya", is written over a light blue circular stamp or watermark.

Didem Demer Kaya, SMMM  
Partner

Istanbul, 1 February 2022

# YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

## CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

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**YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY**

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021  
ORIGINALLY ISSUED IN TURKISH**

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

<b>Assets</b>	<b>Notes</b>	<i>(Audited)</i> <b>31 December 2021</b>	<i>(Audited)</i> <b>31 December 2020</b>
<b>Current assets</b>			
Cash and cash equivalents	6	3,962,911,052	2,904,454,202
Financial investments	7	139,202,487	155,763,092
- <i>Fair value through profit or loss financial assets</i>		76,878,536	10,257,451
- <i>Financial assets measured at fair value through other comprehensive income</i>		51,505,722	107,874,679
- <i>Financial assets measured at amortised cost</i>		10,818,229	37,630,962
Trade receivables	10	1,046,784,986	858,054,117
- <i>Trade receivables due from related parties</i>	29	78,086,817	80,052,926
- <i>Trade receivables due from third parties</i>		968,698,169	778,001,191
Receivables from financial activities	11	40,636,404	23,165,172
- <i>Receivables from financial activities due from related parties</i>	29	40,360,092	23,027,448
- <i>Receivables from financial activities due from third parties</i>		276,312	137,724
Other receivables	12	293,252,643	321,933,584
- <i>Other receivables due from third parties</i>		293,252,643	321,933,584
Derivative instruments	17	2,545,966	132,958,946
- <i>Derivatives held for trading</i>		2,545,966	132,958,946
Prepaid expenses	20	8,842,485	7,111,784
- <i>Prepaid expenses due to related parties</i>	29	113,066	557,580
- <i>Prepaid expenses due to third parties</i>		8,729,419	6,554,204
Current tax assets	23	109,137	21,534,869
Other current assets		135,418	112,553
- <i>Other current assets due from third parties</i>		135,418	112,553
<b>Total current assets</b>		<b>5,494,420,578</b>	<b>4,425,088,319</b>
<b>Non-current assets</b>			
Financial investments	7	155,990,448	72,626,710
- <i>Financial assets measured at fair value through other comprehensive income</i>		142,451,233	72,626,710
- <i>Financial assets measured at amortised cost</i>		13,539,215	-
Property, plant and equipment	13	24,014,348	17,121,503
Right of use assets	14	3,705,907	3,281,671
Intangible assets	15	36,203,753	30,488,937
Deferred tax assets	23	91,778,497	403,549
<b>Total non-current assets</b>		<b>311,692,953</b>	<b>123,922,370</b>
<b>Total assets</b>		<b>5,806,113,531</b>	<b>4,549,010,689</b>

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

**YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY**

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021  
ORIGINALLY ISSUED IN TURKISH**

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

<b>Liabilities</b>	<b>Notes</b>	<i>(Audited)</i> <b>31 December 2021</b>	<i>(Audited)</i> <b>31 December 2020</b>
<b>Short-term liabilities</b>			
Short term liabilities	9	3,103,079,767	2,861,847,812
- Short term liabilities due to related parties	29	2,781,455	102,391,251
- Bank borrowings	29	-	100,057,778
- Lease liabilities		2,781,455	2,333,473
- Short term liabilities due to third parties		3,100,298,312	2,759,456,561
- Bank borrowings	9	-	239,130,361
- Lease liabilities		-	171,439
- Other short term borrowings		3,100,298,312	2,520,154,761
Trade payables	10	848,010,635	689,176,547
- Trade payables to related parties	29	34,563,941	152,163,747
- Trade payables to third parties		813,446,694	537,012,800
Payables related to employee benefits	19	9,079,367	5,200,805
Other payables	12	109,091,449	131,554,157
- Other payables due to related parties	29	-	1,368
- Other payables due to third parties		109,091,449	131,552,789
Derivative instruments	17	307,642,910	-
- Derivatives held for trading		307,642,910	-
Current tax liabilities	23	111,242,392	10,505,065
Short term provisions		43,628,769	28,394,094
- Short term provisions for employee benefits	18	37,379,109	26,242,787
- Other short term provisions	16	6,249,660	2,151,307
Other short term liabilities	21	86,856,690	51,505,820
- Other short term liabilities due to third parties		86,856,690	51,505,820
<b>Total short term liabilities</b>		<b>4,618,631,979</b>	<b>3,778,184,300</b>
<b>Long-term liabilities</b>			
Long term borrowings	9	1,094,430	1,022,795
- Long term liabilities due to related parties	29	1,094,430	1,022,795
- Lease liabilities		1,094,430	1,022,795
- Long term liabilities due to third parties		-	-
- Lease liabilities		-	-
Long term provisions	18	20,109,122	13,771,214
- Provisions for employee benefits		20,109,122	13,771,214
Deferred tax liabilities	23	-	18,155,235
<b>Total long term liabilities</b>		<b>21,203,552</b>	<b>32,949,244</b>
<b>Total liabilities</b>		<b>4,639,835,531</b>	<b>3,811,133,544</b>
<b>Shareholder's equity</b>			
Paid in capital	22	98,918,083	98,918,083
Adjustments to share capital	22	63,078,001	63,078,001
Accumulated other comprehensive income / (expenses)			
that will not be reclassified to profit or loss		15,752,745	18,683,521
- Profits from investments in equity instruments		22,180,709	22,180,709
- Defined benefit plans remeasurement gains / (losses)		(6,427,964)	(3,497,188)
Accumulated other comprehensive income			
that will be reclassified to profit or loss		1,754,524	1,106,006
- Revaluation and reclassification gains / (losses)		1,754,524	1,106,006
Restricted reserves	22	186,831,858	184,106,085
Retained earnings		318,640,742	84,609,777
Net profit for the period		453,069,411	268,960,378
<b>Equity attributable to owners of the parent</b>		<b>1,138,045,364</b>	<b>719,461,851</b>
<b>Non-controlling interests</b>	<b>22</b>	<b>28,232,636</b>	<b>18,415,294</b>
<b>Total shareholder's equity</b>		<b>1,166,278,000</b>	<b>737,877,145</b>
<b>Total liabilities and shareholder's equity</b>		<b>5,806,113,531</b>	<b>4,549,010,689</b>

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



**YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2021  
ORIGINALLY ISSUED IN TURKISH**

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

	Notes	<i>(Audited)</i> 1 January- 31 December 2021	<i>(Audited)</i> 1 January- 31 December 2020
<b>PROFIT OR LOSS</b>			
Revenue	24	5,632,310,932	5,531,804,094
Cost of sales (-)	24	(5,066,839,517)	(5,119,146,542)
<b>Gross profit from business operations</b>	<b>24</b>	<b>565,471,415</b>	<b>412,657,552</b>
Revenue from financial activities	25	249,307,789	165,032,862
Cost of financial activities (-)	25	(4,506,965)	(3,606,005)
<b>Gross profit from financial activities</b>	<b>25</b>	<b>244,800,824</b>	<b>161,426,857</b>
<b>Gross profit</b>		<b>810,272,239</b>	<b>574,084,409</b>
General administrative expenses (-)	26	(248,003,576)	(184,973,852)
Marketing, selling and distribution expenses (-)	26	(161,033,636)	(107,602,171)
Other income from operating activities	27	1,235,329,729	553,846,606
Other expense from operating activities (-)	28	(999,659,557)	(476,844,672)
<b>Profit before tax from continuing operations</b>		<b>636,905,199</b>	<b>358,510,320</b>
<b>Tax expense from continuing operations (-)</b>	<b>23</b>	<b>(163,243,448)</b>	<b>(76,466,519)</b>
- Tax expense for the period (-)	23	(272,253,752)	(40,048,671)
- Deferred tax expense (-)/income	23	109,010,304	(36,417,848)
<b>Total profit from continuing operations</b>		<b>473,661,751</b>	<b>282,043,801</b>
<b>Total profit attributable to:</b>			
Profit, attributable to non-controlling interests	22	20,592,340	13,083,423
Profit, attributable to owners of parent		453,069,411	268,960,378
Earnings per share from continuing operations (Kr)	30	4.79	2.85

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

**YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2021  
ORIGINALLY ISSUED IN TURKISH**

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

	Notes	(Audited) 1 January- 31 December 2021	(Audited) 1 January- 31 December 2020
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Total profit for the period</b>		<b>473,661,751</b>	<b>282,043,801</b>
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>		<b>(2,930,776)</b>	<b>(775,181)</b>
Defined benefits plans remeasurement gains / (losses)		(3,663,470)	(959,725)
Taxes related other comprehensive income that will not be reclassified to profit or loss		732,694	184,544
- <i>Defined benefit plans remeasurement gains / (losses), tax effect</i>		732,694	184,544
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>		<b>648,518</b>	<b>1,003,405</b>
Revaluation and reclassification gains / (losses) from financial assets at fair value through other comprehensive income		861,333	1,252,990
Taxes related other comprehensive income that will be reclassified to profit or loss		(212,815)	(249,585)
- <i>Revaluation and reclassification gains / (losses) from financial assets at fair value through other comprehensive income, tax effect</i>		(212,815)	(249,585)
<b>Other comprehensive income</b>		<b>(2,282,258)</b>	<b>228,224</b>
<b>Total comprehensive income</b>		<b>471,379,493</b>	<b>282,272,025</b>
<b>Total comprehensive income attributable to:</b>		<b>471,379,493</b>	<b>282,272,025</b>
Comprehensive income, attributable to non-controlling interests	22	20,592,340	13,083,423
Comprehensive income, attributable to owners of parent		450,787,153	269,188,602
Total comprehensive income per share from continuing operations (Kr)	30	4.76	2.85

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

**YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021  
ORIGINALLY ISSUED IN TURKISH**

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

	Notes	Paid capital	Adjustments to share capital	Accumulated other comprehensive income or expenses will be reclassified to profit or loss	Accumulated other comprehensive income or expenses will not be reclassified to profit or loss	Restricted reserves	Accumulated profits		Equity attributable to owners of the parent	Non controlling interests	Total equity	
				Revaluation and reclassification gains	Profits from investments in equity instruments		Defined benefit plans remeasurement losses	Retained earnings				Net profit for the period
<b>1 January 2020</b>		<b>98,918,083</b>	<b>63,078,001</b>	<b>102,601</b>	<b>22,180,709</b>	<b>(2,722,007)</b>	<b>173,078,307</b>	<b>84,609,777</b>	<b>126,251,462</b>	<b>565,496,933</b>	<b>10,402,458</b>	<b>575,899,391</b>
Transfers		-	-	-	-	-	-	126,251,462	(126,251,462)	-	-	-
Total comprehensive income		-	-	1,003,405	-	(775,181)	-	-	268,960,378	269,188,602	13,083,423	282,272,025
- Net profit for the period		-	-	-	-	-	-	-	268,960,378	268,960,378	13,083,423	282,043,801
- Other comprehensive income		-	-	1,003,405	-	(775,181)	-	-	-	228,224	-	228,224
Dividends	22	-	-	-	-	-	11,027,778	(126,251,462)	-	(115,223,684)	(5,070,587)	(120,294,271)
<b>31 December 2020</b>	<b>22</b>	<b>98,918,083</b>	<b>63,078,001</b>	<b>1,106,006</b>	<b>22,180,709</b>	<b>(3,497,188)</b>	<b>184,106,085</b>	<b>84,609,777</b>	<b>268,960,378</b>	<b>719,461,851</b>	<b>18,415,294</b>	<b>737,877,145</b>
<b>1 January 2021</b>		<b>98,918,083</b>	<b>63,078,001</b>	<b>1,106,006</b>	<b>22,180,709</b>	<b>(3,497,188)</b>	<b>184,106,085</b>	<b>84,609,777</b>	<b>268,960,378</b>	<b>719,461,851</b>	<b>18,415,294</b>	<b>737,877,145</b>
Transfers		-	-	-	-	-	-	268,960,378	(268,960,378)	-	-	-
Total comprehensive income		-	-	648,518	-	(2,930,776)	-	-	453,069,411	450,787,153	20,592,340	471,379,493
- Net profit for the period		-	-	-	-	-	-	-	453,069,411	453,069,411	20,592,340	473,661,751
- Other comprehensive income		-	-	648,518	-	(2,930,776)	-	-	-	(2,282,258)	-	(2,282,258)
Dividends	22	-	-	-	-	-	2,725,773	(34,929,413)	-	(32,203,640)	(10,774,998)	(42,978,638)
<b>31 December 2021</b>	<b>22</b>	<b>98,918,083</b>	<b>63,078,001</b>	<b>1,754,524</b>	<b>22,180,709</b>	<b>(6,427,964)</b>	<b>186,831,858</b>	<b>318,640,742</b>	<b>453,069,411</b>	<b>1,138,045,364</b>	<b>28,232,636</b>	<b>1,166,278,000</b>

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

YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

CONVENIENCE TRANSLATION INTO ENGLISH OF  
REVIEWED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2021  
ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

Notes	(Audited) 1 January- 31 December 2021	(Audited) 1 January- 31 December 2020
<b>A. Cash flows from operating activities</b>	<b>1,048,846,962</b>	<b>101,941,617</b>
Net profit for the period	473,661,751	282,043,801
<b>Adjustments to reconcile net profit for the period</b>	<b>505,636,204</b>	<b>71,636,529</b>
Adjustments for depreciation and amortization	14,750,649	11,139,880
Adjustments for provisions	55,824,126	32,001,707
- Adjustments for provision for employee benefits	45,381,400	28,373,231
- Adjustments for lawsuit provisions	98,353	860,778
- Adjustments for other provisions	10,344,373	2,767,698
Adjustments for interest income and expenses	278,518,286	28,707,821
- Adjustments for interest income	(233,600,339)	(210,004,496)
- Adjustments for interest expenses	512,118,625	238,712,317
Adjustments for unrealized foreign currency translation differences	(6,811,974)	(76,770,477)
Adjustments for fair value losses / (gains)	115,800	91,079
- Adjustments for financial assets fair value losses / (gains)	115,800	91,079
Adjustments for tax expense	22 163,239,317	76,466,519
<b>Changes in working capital</b>	<b>21,153,237</b>	<b>(386,870,354)</b>
(Increase) in financial investments	(65,725,938)	(101,382,867)
Adjustments for increase in trade receivables	(188,730,869)	(240,913,651)
- (Increase) in trade receivables due from related parties	1,966,109	(2,699,808)
- (Increase) in trade receivables due from third parties	(190,696,978)	(238,213,843)
Increase in receivables from financial activities	(17,471,232)	(8,353,843)
Adjustments for increase in other receivables	28,680,941	(150,057,200)
- (Increase) in other receivables due from third parties	28,680,941	(150,057,200)
Decrease / (increase) in derivatives (-)	130,412,980	(132,958,946)
(Increase) in prepaid expenses	(1,730,701)	(1,325,503)
Adjustments for increase in trade payables	(184,295,931)	190,140,977
- Increase in trade payables due to related parties	(117,599,806)	87,140,134
- Increase in trade payables due to other parties	(66,696,125)	103,000,843
Increase in payables due to employee benefits	3,878,562	648,859
Adjustments for increase in other payables	12,888,162	121,871,021
- Increase in other payables due to related parties	(1,368)	(38,182)
- Increase in other payables due to other parties	12,889,530	121,909,203
Decrease / (increase) in derivative liabilities	307,642,910	(61,074,324)
Adjustments for other decrease / (increase) in working capital	(4,395,647)	(3,464,877)
- (Decrease) / increase in other operating activities	(4,395,647)	(3,464,877)
<b>Cash flows from operating activities</b>	<b>1,000,451,192</b>	<b>(33,190,024)</b>
Dividends received	16,595,524	15,333,397
Interests received	212,106,759	194,671,099
Payments for provision for employee benefits	(27,907,169)	(21,867,315)
Taxes paid	(152,399,344)	(53,005,540)
<b>B. Cash flows from investing activities</b>	<b>(23,974,898)</b>	<b>(16,721,330)</b>
Cash inflows from sale of property, plant, equipment and intangible assets	15,535	-
- Cash inflows from sale of property, plant and equipment	13 15,535	-
- Cash inflows from sale of intangible assets	15 -	-
Cash outflows from purchase of property, equipment and intangible assets	(23,990,433)	(16,721,330)
- Cash outflows from purchase of property, plant and equipment	13 (11,316,035)	(11,014,792)
- Cash outflows from purchase of intangible assets	15 (12,674,398)	(5,706,538)
<b>C. Cash flows from financing activities</b>	<b>(306,365,951)</b>	<b>(906,151,639)</b>
Cash inflows from borrowings	3,752,124,443	55,310,374,321
- Cash inflows from loans	1,320,124,267	53,867,172,112
- Cash inflows from issued bonds	2,432,000,176	1,443,202,209
Cash outflows from debt payments	(3,499,926,333)	(55,853,334,387)
- Cash outflows from loan repayments	(1,514,077,500)	(53,907,245,511)
- Cash outflows from issued bonds repayments	(1,985,848,833)	(1,946,088,876)
Cash outflows from repayments of lease liabilities	9 (3,999,753)	(4,843,796)
Dividends paid	22 (42,978,638)	(120,294,271)
Interests paid	(511,585,670)	(238,053,506)
<b>Net increase / (decrease) in cash and cash equivalents before exchange currency effect (A+B+C)</b>	<b>718,506,113</b>	<b>(820,931,352)</b>
<b>D. Exchange currency effect on cash and cash equivalents</b>	<b>6,811,974</b>	<b>76,770,477</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C+D)</b>	<b>725,318,087</b>	<b>(744,160,875)</b>
<b>E. Cash and cash equivalents at the beginning of the period</b>	<b>6 2,727,753,526</b>	<b>3,471,914,401</b>
<b>Cash and cash equivalents at the end of the period (A+B+C+D+E)</b>	<b>6 3,453,071,613</b>	<b>2,727,753,526</b>

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

# YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

### ORIGINALLY ISSUED IN TURKISH

(Tutarlar aksi belirtilmedikçe Türk Lirası ("TL") olarak ifade edilmiştir.)

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#### 1. ORGANIZATION AND NATURE OF OPERATIONS

Yapı Kredi Yatırım Menkul Değerler A.Ş., (referred to as the "Company" or "Group" along with its subsidiary in these consolidated financial statements) was founded on 08 September 1989, under the name Finanscorp Finansman Yatırım Anonim Şirketi, in line with the provisions of Capital Market Law No. 2499 and relevant provisions of legislation, for the purpose of performing capital market operations related to all types of capital market instruments, carrying out all types of transactions and entering into contracts in connection with these operations, as well as performing intermediary operations. The founding was promulgated in Turkish Trade Registry Gazette No. 2358 dated 15 September 1989. In 1996, 99.6% of the shares of the Company were transferred to Yapı ve Kredi Bankası Anonim Şirketi ("Bank"). The name of the Company was changed to Yapı Kredi Yatırım Anonim Şirketi on 9 September 1996 and Yapı Kredi Yatırım Menkul Değerler Anonim Şirketi on 5 October 1998.

As of 28 September 2005, 57.4% of the shares of Yapı ve Kredi Bankası A.Ş., the main shareholder of the Company, were sold in accordance with the share purchase agreement between Çukurova Holding A.Ş., several Çukurova Group Companies, Mehmet Emin Karamehmet and Koç Finansal Hizmetler A.Ş. ("KFH"), Koçbank N.V. and Koçbank A.Ş. In the framework of the agreement, KFH became the ultimate parent company of Yapı ve Kredi Bankası A.Ş. with 57.4% shares.

At the Extraordinary General Assembly of the Company at 29 December 2006 the decision to legally merge with Koç Yatırım Menkul Değerler A.Ş. ("Koç Yatırım") in accordance with the related articles of Turkish Commercial Code, Corporate Tax Law, and Capital Market Law and permission of Capital Markets Board No. B.02.1.SP.K.0.16-1955 dated 15 December 2006 and to approve the merger agreement has been taken. Accordingly, all rights, receivables, liabilities and obligations were transferred to the Company due to consequential dissolution without liquidation of Koç Yatırım Menkul Değerler A.Ş.

Commercial Registration Office of Istanbul has registered the Extraordinary General Assembly decision dated 29 December 2006 and the merger agreement as of 12 January 2007 and announced the registration at Trade Registry Gazette No. 6724 and dated 16 January 2007.

With the share transfer agreement on 5 February 2020, KFH's capital share in the parent company bank was determined to be 40.95%, and UniCredit S.P.A.'s was determined to be 20%. The Company's parent company is Yapı ve Kredi Bankası A.Ş. ("YKB"), and the ultimate parent company is KFH.

The main operations of the Company can be summarized as follows without lending money, except where legislation allows:

- a) Buying and selling of capital market instruments within the scope of Capital Market Legislation in the name and account of the customer, in their own name and account or in their own name and in the account of the customer,

# YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

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### 1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

- b) According to the Capital Market Law and Capital Market Board’s Regulations (“CMB” or “Board”) and “Intermediary Firm with Board Authority” the Company have the following activities:
- Intermediation Activities (Domestic and Foreign),
    - Shares,
    - Other Securities,
    - Derivatives Based on Shares,
    - Derivatives Based on Share Indices,
    - Other Derivatives,
  - Portfolio Management Activities (Domestic),
    - Shares,
    - Other Securities,
    - Leverage Trading
    - Derivatives Based on Shares,
    - Derivatives Based on Share Indices
    - Other Derivatives,
  - Investment Consulting Activities,
  - Intermediation for Public Offering,
  - Underwriting,
  - Best Effort Underwriting,
  - Limited Custodian Service.
- c) Performing transactions in exchange markets by being a member of exchanges,
- d) Buying and selling of securities with repurchase and sale commitment,
- e) Using the right to receive the bonus shares, the payment of capital, interest, dividends and similar incomes of the capital market instruments on its customers behalf and accounts in accordance with the authorization given by the customers,
- f) Margin trading, short selling and borrowing and lending the financial instruments.

The Company has 46 investment funds (31 December 2020: 35). As of 31 December 2021, the Group has 295 employees (31 December 2020: 269).

The head office of the Company is located at Levent Mah., Cömert Sok., No.: 1A A Blok, D.: 21-22-23-24-25-27 Levent - Beşiktaş / İstanbul.

In the first half of 2020, various social and economic measures have been taken in order to reduce this negative situation in our country, as in other countries where the COVID-19 epidemic, which has spread globally, has been effective, and measures continue to be implemented with partial changes. The company management continues to take measures to eliminate the possible effects of the epidemic on the Company’s activities, as the situation is still developing.

However, the outbreak is not expected to have a significant impact on financial statements and business continuity.

# YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

(Tutarlar aksi belirtilmedikçe Türk Lirası (“TL”) olarak ifade edilmiştir.)

### 1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

#### *Subsidiary;*

As of 31 December 2021 and 31 December 2020 details of the subsidiary of the Group are as follows:

Name of the shareholder	31 December 2021 Share in capital	31 December 2020 Share in capital	Main activity
Yapı Kredi Portföy Yönetimi A.Ş. (Subsidiary)	87.32%	87.32%	Portfolio management

Yapı Kredi Portföy Yönetimi A.Ş. (“Yapı Kredi Portföy” or “subsidiary”) is subject to full scope consolidation as the Company is the main shareholder and has control rights over subsidiary.

The Company’s subsidiary Koç Portföy Yönetimi A.Ş. has legally merged with Yapı Kredi Portföy Yönetimi A.Ş. on December 29, 2006. Accordingly, all rights, receivables, liabilities and obligations of Yapı Kredi Portföy were transferred to Koç Portföy. After merger, the Subsidiary has changed its title as Yapı Kredi Portföy Yönetimi A.Ş. and accordingly the Company has an interest of 87.32% (31 December 2020: 87.32%) of the voting rights.

Within the context of the Capital Markets Board regulations, the Subsidiary’s principal activities are managing mutual and private funds and performing discretionary portfolio management (“DPM”) for institutions, endowments and individuals.

#### **Approval of consolidated financial statements:**

Consolidated financial statements prepared as of 31 December 2021 have been approved by the Board of Directors of the Company at 1 February 2022. General Assembly and regulatory bodies have the right to amend the approved financial statements.

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.1 Basis of Presentation

##### 2.1.1 Accounting standards and the compliance to TAS

The accompanying financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Financial Reporting Standards (“TFRS”) and its addendum and interpretations issued by Public Oversight Accounting and Auditing Standards Authority (“POAASA”).

The consolidated financial statements were based on the legal records of the Group and expressed in Turkish Lira; and they have been subject to certain adjustments and classifications in order to fairly present the financial position of the Group in accordance with the Turkish accounting standards issued by POA.

# YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

(Tutarlar aksi belirtilmedikçe Türk Lirası ("TL") olarak ifade edilmiştir.)

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.1 Basis of Presentation (Continued)

##### Preparation of the financial statements

The consolidated financial statements of the Group are prepared in accordance with 2020 TFRS Taxonomy published by POA.

##### 2.1.2 Financial statement amendments in hyperinflation economies

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for listed companies in Turkey. The Group's consolidated financial statements have been prepared in accordance with this decision.

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies.

##### 2.1.3 Offsetting

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

##### 2.1.4 Going concern

The Group prepared its consolidated financial statements based on going concern principle.

##### 2.1.5 Comparative figures and the reclassification to the financial statements of the prior period

The Group complies with the principles and articles of valid commercial laws and regulations and Communiqués announced by CMB in the accounting records and the preparation of the consolidated financial statements.

Financial statements of the Company are prepared in comparison with prior financial period in order to enable determination of the financial situation and performance trends. The Company has prepared its balance sheet as of 31 December 2021 in comparison with the balance sheet as of 31 December 2020, and its statement of comprehensive income, cash flow and changes in equity in 1 January - 31 December 2021 financial period in comparison with 1 January - 31 December 2020 financial period. If necessary, comparative information is rearranged to conform to the presentation of the current period consolidated financial statements.

##### 2.1.6 New standards, amendments and interpretations

The Group adopted the standards, amendments and interpretations published by TAS and TFRS and which are mandatory for the accounting periods beginning on or after 31 December 2021.



## YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

### CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

(Tutarlar aksi belirtilmedikçe Türk Lirası ("TL") olarak ifade edilmiştir.)

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#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.1 Basis of Presentation (Continued)

###### *Standards, amendments and interpretations applicable as at 31 December 2021:*

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2023. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

###### *Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:*

- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the Practical expedient;** as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

## YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

### CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

(Tutarlar aksi belirtilmedikçe Türk Lirası ("TL") olarak ifade edilmiştir.)

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#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.1 Basis of Presentation (Continued)

- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
- **Amendments to IFRS 3,** ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16,** ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37,** ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

##### 2.2 Changes in Accounting Policies and Errors

Significant changes in accounting policies and significant accounting errors identified are to be applied retrospectively and the prior period financial statements are to be restated. There has been no change in accounting policies in 2020.

##### 2.3 Changes in Accounting Estimates

If the changes in the accounting estimates are related to only one period; changes are made only in the related period, if the changes in the accounting estimates related to future periods; changes are made both for the current and future periods, oriented to future periods. There has been no significant change in the Group’s accounting estimates in the current period.

## YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

### CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

(Tutarlar aksi belirtilmedikçe Türk Lirası (“TL”) olarak ifade edilmiştir.)

#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies

###### (a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its Subsidiary. Control is exercised when a company has power over financial and operational policies of a business with the purpose of benefiting from the business’ operations.

As of 31 December 2021 and 31 December 2020, details of the subsidiary and associate of the Group are as follows:

<b>Legal entity</b>	<b>31 December 2021 Ratio of shares in capital</b>	<b>31 December 2020 Ratio of shares in capital</b>	<b>Service Line</b>
Yapı Kredi Portföy Yönetimi A.Ş. (Subsidiary)	87.32%	87.32%	Portfolio Management

###### *Subsidiary*

Yapı Kredi Portföy Yönetimi A.Ş. (“Yapı Kredi Portföy” or “subsidiary”) is subject to full consolidation as the Company is the main shareholder and has control rights over subsidiary.

The Company’s subsidiary Koç Portföy Yönetimi A.Ş. has legally merged with Yapı Kredi Portföy Yönetimi A.Ş. on 29 December 2006. Accordingly, all rights, receivables, liabilities and obligations of Yapı Kredi Portföy were transferred to Koç Portföy. After merger, the Subsidiary has changed its title as Yapı Kredi Portföy Yönetimi A.Ş. and accordingly the Company has an interest of %87.32 (31 December 2020: 87.32%) of the voting rights.

Within the context of the Capital Markets Board regulations, the Subsidiary’s principal activities are managing mutual and private funds and performing discretionary portfolio management (“DPM”) for institutions, endowments and individuals.

The balance sheets and statements of income of the subsidiary are consolidated on a line-by-line basis and the carrying value of the investment held by the Company is eliminated against the related equity.

The minority shares in net assets and operating results are classified as “minority interest”. Intercompany transactions and balances between the Company and the subsidiary are eliminated during consolidation. Subsidiary is consolidated from the date on which control is transferred to the Company and will no longer be consolidated from the date that control ceases.

Where necessary, accounting policies of the subsidiary have been changed to ensure consistency with the policies adopted by the Company.

## YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

### CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

(Tutarlar aksi belirtilmedikçe Türk Lirası ("TL") olarak ifade edilmiştir.)

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#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

###### (b) Revenue recognition

###### (i) Fee and commission income and expenses

Fees and commissions are recognized in the income statement when they are collected or paid. However, fund management, investment consulting fees, intermediary commissions and portfolio management commissions are recognized on an accrual basis. Common stock transaction commissions are netted off with commission rebates.

###### (ii) Interest income, expenses, and dividend income

Interest income and expenses are recognized in the income statement in the period to which they relate on an accrual basis. Interest income consists of income derived from coupons of fixed-rate and variable-rate instruments, income arising from the valuation of discounted government securities on an internal rate of return basis, and interest rates arising from the Takasbank Money Market and reverse repurchase transactions.

Dividend income from common stock investments are recognized when the shareholders have the right to take the dividend.

###### (c) Trade receivables

Trading receivables that arise as a result of providing services to the receiver by the Group are disclosed by offsetting unearned financing income. After the unearned financing income, trading receivables are calculated with the discounted amounts of receivables that are recorded with their original invoice value and realized in next periods with the effective interest rate method. Short-term receivables that do not have any specified interest rate are disclosed with their cost values when there is no major effect of using original effective interest rate.

###### (d) Financial assets

The Group classifies and accounts its financial assets as "Fair value through profit or loss financial assets", "Financial assets measured at fair value through other comprehensive income", "Financial assets measured at amortised cost" and "Loans and receivables".

Sales and purchases of the financial assets mentioned above are recognized at the "settlement dates".

The appropriate classification of financial assets of the Group is determined at the time of purchase and according to the "market risk policies" by the Group management, taking into consideration the purpose of holding the investment.

All financial assets initially are recognized at fair value with purchase expenses of investment, except fair value through profit or loss financial assets.

# YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

(Tutarlar aksi belirtilmedikçe Türk Lirası ("TL") olarak ifade edilmiştir.)

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

##### (i) Fair value through profit or loss financial assets

In the Group, financial assets which are classified as "Fair value through profit or loss financial assets" are financial assets either acquired for generating profit from short-term fluctuations in the price or dealer's margin, or are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

Fair value through profit or loss financial assets are initially recognized at fair value and are subsequently re-measured at their fair value. It is accepted that the fair value is recognized as the best buy order as of the balance sheet date. However, if fair values cannot be obtained from the market transactions, it is accepted that the fair value cannot be measured reliably and that the financial assets are carried at "amortised cost" using the effective interest rate method. All gains and losses arising from these evaluations are recognized in the income statement.

All gains and losses arising from these evaluations, coupon and interest income are recognized in "Financial income" account in the income statement.

##### (ii) Financial assets measured at fair value through other comprehensive income:

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI).

Financial assets measured at fair value through other comprehensive income are subsequently re-measured at fair value. When fair values based on market prices cannot be obtained reliably, the financial assets at fair value through other comprehensive income are carried at "amortised cost" using the effective interest rate method..

"Unrealized gains and losses" arising from changes in the fair value of financial assets classified as financial assets measured at fair value through other comprehensive income are recognized in the shareholders' equity as "Other accumulated comprehensive income that will be reclassified in profit or loss ", until the related assets are sold, impaired or disposed. When these financial assets are sold, disposed or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

When these financial assets are disposed of or impaired, the related fair value differences accumulated in the equity are transferred to the statement of profit or loss. Interest and dividends received from financial assets measured at fair value through other comprehensive income are recorded in interest income and dividend income as appropriate.

When these financial assets are disposed of or impaired, the related fair value differences accumulated in the equity are transferred to the income statement.

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#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

###### (iii) Assets recognized at amortised cost

Financial assets recognized at amortised cost if the retention is in the context of a business model which aimed at collecting contractual cash flows and the contractual terms lead to cash flows contain only principal and interest payments on the principal balance and at specific dates. These assets are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at "amortised cost" by using the effective interest rate method.

###### (iv) Loans and other receivables

Loans and receivables of the Group which are given with the purpose of providing cash to the debtor are carried at amortised cost. All loans are recognized in financial statements after transferring the cash amounts to debtors.

The Group provides loans to its customers for stock purchases.

###### (v) Reverse repurchase agreements

Funds given against securities purchased under agreements ("Reverse Repo") to resell are accounted under "Cash and cash equivalents" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the effective interest rate method and is recorded as receivables from reverse repo transactions.

###### (e) Property, plant and equipment

Property and equipment are carried at cost less accumulated depreciation.

Depreciation on the tangible assets is provided on straight-line method according to their useful lives from the date of recognition or assembly of the related asset. The estimated useful lives of assets are as follows:

Buildings	50 years
Furnitures and fixtures	4-5 years
Leasehold improvements	4-5 years

Estimated useful life and depreciation method are reviewed at each balance sheet date in order to detect the effects of changes in the estimates and if appropriate, the changes in estimates are accounted.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the provision for the impairment in value is charged to the income statement.

Gains and losses on the disposal of assets are determined by deducting the net book value of the assets from its sales proceeds and charged to the income statement in the current period.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

###### (f) Intangible assets

Intangible assets consist of acquired rights, information systems and software. These assets are recorded at original costs and amortised over their estimated useful lives, approximately 3-5 years, using the straight-line method. Estimated useful lives and amortization method are reviewed annually and the changes in estimates are recognized to determine the possible effects of the changes in estimates.

The book value of intangible assets are reduced to recoverable value, if impairment exists.

The Group makes project investments on the basis of information operations in order to improve its existing systems, within this scope, projects that are determined to provide economic benefits to the Group in the future are capitalized. The Group reviews its capitalized but not yet completed projects and expense the amount of assets that it concludes that it will not provide economic benefits to the Group in the future. No amortization is calculated on projects that are classified as intangible fixed assets but are not yet ready for use.

###### (g) Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss are subject to impairment testing at each balance sheet date to determine whether there is any indication of impairment of financial asset or financial asset group. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment because of one or more events that occurred after the initial recognition of the assets. That loss event or events must also have an impact on the estimated future cash flows of the financial asset or group of financial assets. The amount of impairment for loans and receivables is the difference between present value of the estimated future cash flows discounted using the effective interest rate and its book value. The Group books a provision for the doubtful receivables when there is an objective evidence that trade receivables are not fully collectible. The correspondent provision amount is the difference between the book value and collectible receivable amount. The collectible amount is the discounted value of trade receivables by effective interest rate including the collectible guarantees and securities. In the event of the collections of the doubtful receivables whether the whole amount or some part of it, after booking the provision for the doubtful receivables, the collected amount is deducted from the doubtful receivables provision and recorded as income.

The carrying amount of the financial asset is reduced by impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced with an allowance account.

In all financial assets with the exception of trade receivables where the net book value is reduced through the use of an allowance account, the impairment is deducted directly from the carrying amount of the related financial asset. In the event that the case of the trade receivable cannot be collected, become certain, the related amount is deducted from the provision account. Changes in the provision account are recognized in the income statement.

If the impairment loss decreases in the subsequent period, and this decrease can be associated with an event occurring after recognition of the impairment loss-except for equity instruments whose fair value difference is recognised under comprehensive income-the previously recognised impairment loss is written off on the income statement in such a way that it does not exceed the amortised cost occurring when the impairment of the investment is not recognised on the date the impairment is written off.

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#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

###### *Expected credit losses measurement*

The measurement of the allowance for expected credit loss for financial assets measured at amortised cost and at fair value through other comprehensive income is an area that requires the use of the financial position and future relevant economic assumptions and advanced models.

A group of important decisions is required to apply the accounting requirements for measuring expected credit losses. These are:

- Determination of criteria for significant increase in credit risk,
- Selection of appropriate models and assumptions for measuring expected credit losses,
- Identify the related expected credit loss and the number and likelihood of prospective scenarios for each type of product / market,
- Identification of a similar group of financial assets for the purposes of measuring expected credit losses.

###### (h) **Financial liabilities**

###### (i) *Repurchase agreements*

Securities subject to repurchase agreements ("Repo") are classified as "Fair value through profit or loss financial assets", "Financial assets measured at fair value through other comprehensive income" and "Financial assets measured at amortised cost" according to the investment purposes of the Group and measured according to the portfolio to which they belong.

Funds obtained from repurchase agreements are accounted under "Financial liabilities" in liabilities and the difference between the sale and repurchase price is accrued over the life of the repurchase agreements using the "effective interest rate method" and is added to the cost of the financial assets which are subject to repurchase agreements.

The Group has no securities lending transactions.

###### (ii) *Other financial liabilities*

Other financial liabilities are initially recognized at fair value and are subsequently measured at amortised cost using the effective interest rate method.

###### (i) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.



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#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

###### (i) Foreign exchange transactions

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions; monetary assets and liabilities are accounted for at the period-end bid rate of Central Bank of the Republic of Turkey (“CBRT”). Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. The group has been managing its on-balance and off-balance sheet assets and liabilities in the same currency over the net balance sheet position.

###### (j) Provisions and contingent assets and liabilities

Provisions are recognized when there is a present legal or constructive obligation because of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. When the amount of the obligation cannot be estimated and an outflow of resources is not probable, it is considered that a “contingent” liability exists and it is disclosed in the related notes to the financial statements.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in consolidated financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements in the period in which the change occurs.

###### (k) Subsequent events

Subsequent events cover any events which arise between the date of approval of the financial statements and the balance sheet date, even if they occurred after declaration of the net profit for the period or specific financial information is publicly disclosed. The Group adjusts its financial statements if such subsequent events require an adjustment to the financial statements.

###### (l) Related parties

For the purpose of these consolidated financial statements, shareholders, subsidiaries of Yapı ve Kredi Bankası A.Ş. with direct and / or indirect capital relation, Koç Holding A.Ş. and Unicredito Italiano S.p.A group companies, key management personnel and board members, their families and companies are considered as “related parties”.

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#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

###### (m) Taxes calculated over Group’s profit

###### *Corporate tax*

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognized in operating expenses.

Turkish tax regulations do not enable the parent company to give tax statement over the consolidated financial statements of its subsidiaries and affiliates. Due to this reason, tax provisions reflected to these consolidated financial statements are calculated for each company the full consolidation scope.

Corporate tax is subjected to offsetting when a legal right about netting off the current tax assets and liabilities or when they are related to the corporate tax collected by the same tax regulatory.

###### *Deferred tax*

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The deferred tax assets and the deferred tax liabilities can be netted off only if there is a legal right in this respect according to the tax legislation of the country they are dependent on.

Material temporary differences arise from miscellaneous expense provisions and valuation differences related to financial assets whose fair value differences are recognised under: other comprehensive income, premises owned by the Group, personnel premium, severance pay and leave, expected credit losses, and litigation provisions.

Deferred tax liabilities and assets are recognized when it is probable that the future economic benefit resulting from the reversal of temporary differences will flow to or from the Company. Deferred tax assets resulting from temporary differences in the recognition of expense for income tax and financial reporting purposes are recognized to the extent that it is probable that future taxable profit will be available, against which the deferred tax asset can be utilized.

Current tax except for the related items accounted under “Value increase fund” account in equity and deferred tax of the regarding period is accounted as income or expense in the statement of income.

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of Significant Accounting Policies (Continued)

##### (n) Employee benefits

*Defined benefit plans:*

The Group accounts for employee termination benefits, vacation rights and other benefits to employees in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and they are classified under "Provisions for employee benefits" in the balance sheet.

Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Company arising from this liability regarding the actuarial projections and reflected to consolidated financial statements.

*Defined contribution plans:*

The Group has to pay contribution to Social Security Institution (Institution) for its employees within the contribution margin decided by the law. The Group does not have other liabilities to its employees or to Institution other than the contribution for its employees. Those contributions are expensed on the date of accrual.

##### (o) Capital and dividends

Ordinary shares are classified in equity. Dividends over ordinary shares are classified as dividend payable by deducting from accumulated profits, when the decision of dividend distribution is taken.

##### (ö) Statement of cash flows

For the purposes of statement of cash flows, cash and cash equivalents include due from banks with maturity less than three months, receivables from reverse repo transactions and investment funds.

##### (p) Share certificates and issuance

At capital increases, the Group accounts the difference between the issued value and nominal value as share issue premium under equity, in the case where the issued value is higher than the nominal value. The Group has no decision for profit distribution after the balance sheet date.

##### (r) Assets held for sale and discontinued operations

Discontinued operation is defined as a part of the Group with distinguished operations and cash flows that is disposed of or classified as held for sale. Results of discontinued operations are disclosed separately in the income statement.

A tangible asset (or a disposal group) classified as "Asset held for sale" is measured at lower of carrying value or fair value less costs to sell. An asset (or a disposal group) is regarded as "Asset held for sale" only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

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#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of Significant Accounting Policies (Continued)

###### (s) Derivative instruments

The Group's derivative transactions are composed of foreign currency / interest rates swaps, forward contracts and future transactions. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting periods.

##### 2.5 Significant accounting judgements, estimates and assumptions

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities or amounts of contingent assets and liabilities, and income and expense reported in the related period. Even though these assumptions and estimates are based on the best estimates of the Group's management, the actual results might differ from them.

Judgements that have the most significant effect on the amounts recognized in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

###### **Financial assets measured at amortised cost**

Classification of financial assets as measured at amortised cost is at management discretion within the scope of management's objective and capability. If the Group cannot manage to retain these assets until the maturity date, they will have to reclassify them as financial assets measured at fair value through other comprehensive income, except specific cases as for example, selling of immaterial amount close to maturity date. In this case, investments are measured at their fair value instead of amortised cost.

###### **Establishment of fair value of stock investments classified as financial assets measured at fair value through other comprehensive income**

The Group calculates the fair values of financial instruments that do not have an active market by making use of market-based similar transactions without reference, or by taking the fair values of similar instruments as a reference.

###### **Deferred income tax asset recognition**

Deferred income tax assets are recorded to the extent that realization of the related tax benefit is probable. The future taxable profits and the amount of tax benefits that are probable in the future are based on medium term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

#### 3. BUSINESS COMBINATIONS

None (31 December 2020: None).

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#### 4. JOINT VENTURES

The Group has no joint ventures (31 December 2020: None).

#### 5. SEGMENT REPORTING

Since the Group is not publicly held, there is no segment reporting in the consolidated financial statements as of 31 December 2021 and 2020.

#### 6. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Banks		
- Time deposits	3,387,350,531	2,723,384,337
- Demand deposits	614,878,039	209,841,298
Allowances for expected credit losses (-)	(39,317,518)	(28,771,433)
	<b>3,962,911,052</b>	<b>2,904,454,202</b>

As of 31 December 2021, TRY 1,066,699,170 of bank deposits (31 December 2020: TRY 705,884,661) are held by related parties and institutions (Note 29). The expected loan loss provision of the related banks and corporations is calculated to be TRY8,714,225 (31 December 2020: TRY 7,825,318) (Note 29).

TRY 544,258,901 of demand deposits (31 December 2020: TRY 201,128,882) are held by the Group's bank accounts in the collateral status of the Group's customers (Note 16).

As of 31 December 2021, the average maturity for TRY, EUR and USD time deposits is 8, 36 and 131 days (31 December 2020: 15,48 and 46 for TRY and EUR) respectively, while the average interest rates are 23.36%, 0.40% and 1.10% (31 December 2020: 18.19%, 2.32% and 3.62% for TRY and EUR) respectively.

For the purpose of statement of cash flows, details of cash and cash equivalents are as follows:

	31 December 2021	31 December 2020
Cash and cash equivalents	3,962,911,052	2,904,454,202
Cash and cash equivalents of customers	(544,258,901)	(201,128,882)
Provision for expected credit losses (-)	39,317,518	28,771,433
Interest accruals	(4,898,056)	(4,343,227)
	<b>3,453,071,613</b>	<b>2,727,753,526</b>

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7. FINANCIAL INVESTMENTS

Short term financial investments:

	31 December 2021		
	Cost	Fair value	Carrying value
Fair value through profit or loss financial assets	82,614,359	76,878,536	76,878,536
- <i>Shares certificate listed on the stock market</i>	82,614,359	76,878,536	76,878,536
Financial assets measured at amortised cost	10,491,786	10,818,660	10,818,229
- <i>Government bonds and treasury bills</i>	10,491,786	10,818,660	10,837,995
- <i>Allowances for expected credit losses (-)</i>	-	-	(19,766)
Financial assets measured at fair value through other comprehensive income	50,718,447	51,505,722	51,505,722
- <i>Private sector bonds and bills</i>	37,253,209	38,520,703	38,520,703
- <i>Government bonds and treasury bills</i>	13,465,238	13,551,192	13,551,192
- <i>Provision for impairment (-)</i>	-	(566,173)	(566,173)
	<b>143,824,592</b>	<b>139,202,918</b>	<b>139,202,487</b>

	31 December 2020		
	Cost	Fair value	Carrying value
Fair value through profit or loss financial assets	10,162,346	10,257,451	10,257,451
- <i>Shares certificate listed on the stock market</i>	10,162,346	10,257,451	10,257,451
Financial assets measured at amortised cost	36,234,592	37,592,995	37,630,962
- <i>Government bonds and treasury bills</i>	36,234,592	37,592,995	37,682,540
- <i>Allowances for expected credit losses (-)</i>	-	-	(51,578)
Financial assets measured at fair value through other comprehensive income	103,413,246	107,874,679	107,874,679
- <i>Private sector bonds and bills</i>	103,413,246	107,874,679	107,874,679
	<b>149,810,184</b>	<b>155,725,125</b>	<b>155,763,092</b>

Long term financial investments:

	31 December 2021		
	Cost	Fair value	Carrying value
Financial assets measured at fair value through other comprehensive income	112,511,047	142,451,233	142,451,233
- <i>Shares certificate</i>	32,192,533	60,647,555	60,647,555
- <i>Private sector bonds and bills</i>	39,800,866	41,815,570	41,815,570
- <i>Government bonds and treasury bills</i>	40,517,648	40,585,967	40,585,967
- <i>Provision for impairment (-)</i>	-	(597,859)	(597,859)
Financial assets measured at amortised cost	13,397,430	13,527,082	13,539,215
- <i>Government bonds and treasury bills</i>	13,397,430	13,551,820	13,563,953
- <i>Allowances for expected credit losses (-)</i>	-	(24,738)	(24,738)
	<b>125,908,477</b>	<b>155,978,315</b>	<b>155,990,448</b>

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**7. FINANCIAL INVESTMENTS (Continued)**

	<b>31 December 2020</b>		
	<b>Cost</b>	<b>Fair value</b>	<b>Carrying value</b>
Financial assets measured at fair value through other comprehensive income			
- <i>Share certificates</i>	43,982,533	72,626,710	72,626,710
- <i>Private sector bonds and bills</i>	32,192,533	60,647,555	60,647,555
	11,790,000	11,979,155	11,979,155
	<b>43,982,533</b>	<b>72,626,710</b>	<b>72,626,710</b>

As of 31 December 2021, financial assets measured at amortised cost whose the total amount of net book value is TRY24,357,444 (31 December 2020: TRY37,630,962) are held as collaterals in CBRT, BIST and Istanbul Settlement and Custody Bank Inc. (‘Takasbank’) (Note: 16).

Breakdown of the financial assets measured at amortised cost are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
0 - 1 month	10,818,229	-
1 month - 3 months	-	-
3 months - 1 year	-	37,630,962
1 year – 5 year	13,539,215	-
	<b>24,357,444</b>	<b>37,630,962</b>

The movement table of financial assets measured at amortised cost is as follows:

	<b>2021</b>	<b>2020</b>
<b>Beginning of the period, 1 January</b>	<b>37,630,962</b>	<b>46,921,324</b>
Purchases during the period	46,349,202	100,500,000
Value decreases (-) (including interest re-discounts)	512,733	761,216
Disposals in the period (-)	(60,090,950)	(110,500,000)
Allowances for expected credit losses (-)	(44,503)	(51,578)
<b>Ending of the period, 31 December</b>	<b>24,357,444</b>	<b>37,630,962</b>

# YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

(Tutarlar aksi belirtilmedikçe Türk Lirası ("TL") olarak ifade edilmiştir.)

### 7. FINANCIAL INVESTMENTS (Continued)

The details of long-term financial assets measured at fair value through other comprehensive income are as follows:

Type	31 December 2021		31 December 2020	
	Participation amount (TRY)	Share (%)	Participation Amount (TRY)	Share (%)
<b>Share certificates not listed on the stock market</b>				
İstanbul Takas ve Saklama Bankası A.Ş.	57,816,000	4.38	57,816,000	4.38
Borsa İstanbul A.Ş.	2,683,145	0.08	2,683,145	0.08
Yapı Kredi Azerbaycan Ltd.	110,279	0.10	110,279	0.10
Allianz Yaşam ve Emeklilik A.Ş.	26,432	0.04	26,432	0.04
Koç Kültür Sanat ve Tanıtım Hiz. Tic. A.Ş.	11,699	4.90	11,699	4.90
	<b>60,647,555</b>		<b>60,647,555</b>	

As of 31 December 2021, the Group valued its Takasbank shares (26,280,000 Nominal) with bid price of TRY2.20 announced by Takasbank notice with no 2019 / 5692. (31 December 2020: 26,280,000 units, TRY2.20)

As of 31 December 2021, the Group valued its Borsa İstanbul A.Ş. shares (319,422 Nominal) with bid price of TRY8.4 announced by Borsa İstanbul A.Ş. notice with no 2016 / 110. (31 December 2020: 319,422 units, TRY8.40)

### 8. NON-CURRENT ASSETS HELD FOR SALE

None (31 December 2020: None).

### 9. SHORT AND LONG TERM LIABILITIES

#### Short term liabilities

	31 December 2021	31 December 2020
Funds from Takasbank Money Market (*)	2,520,562,552	2,322,937,445
Bank loans (**)	-	339,188,139
Issued bonds and bills	561,668,956	109,503,579
Funds from repo transactions	17,384,702	87,624,150
Lease liabilities (***)	2,781,455	2,504,912
Payables from short selling	682,102	89,587
	<b>3,103,079,767</b>	<b>2,861,847,812</b>

(\*) Payables to Takasbank Money Market have an average maturity of 8 days and the average interest rate is 16.76 % (31 December 2020: 32 days, 17.16%).

(\*\*) The Group has no bank loans (31 December 2020: 4 days, 19.71%). (Note 29).

(\*\*\*) The Group's debts from short-term lease transactions have an average term of 12 months, and the effective interest rate is 14-24% (31 December 2020: 12 months, 14-24%). TRY 2.781.455 of the debts from short-term leasing is debt to related parties.



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### 9. SHORT AND LONG TERM LIABILITIES (Continued)

Details of bonds / bills issued as 31 December 2021 are as follows:

Marketable Security	Nominal Amount	Currency	Issue Date	Maturity Date	Simple Interest (%)	Compound Interest (%)	Type
Bond	200,000,000	TRY	10 November 2021	11 May 2022	16.41%	17.29%	Fixed
Bond	400,000,000	TRY	17 November 2021	18 May 2022	16.24%	17.07%	Fixed

Details of bonds / bills issued as 31 December 2020 are as follows:

Marketable Security	Nominal Amount	Currency	Issue Date	Maturity Date	Simple Interest (%)	Compound Interest (%)	Type
Bond	112,995,000	TRY	9 December 2020	10 March 2021	17.21%	18.46	Fixed

#### Long term liabilities:

	31 December 2021	31 December 2020
Lease liabilities (*)	1,094,430	1,022,795
	<b>1,094,430</b>	<b>1,022,795</b>

(\*) The Group's debts from long-term lease transactions have a term of 1-5 years and the effective interest rate is 14-24% (31 December 2020: 1-4 years, 14-24%). Debts from long-term leasings is debt to related parties (31 December 2020: TRY 1,022,795).

The movement table of borrowings from leasing transactions is as follows:

	2021	2020
Beginning of the period, 1 January	3,527,707	3,476,291
Additions during the period (Note 14)	3,863,047	4,236,401
Payments during the period	(3,992,396)	(4,842,866)
Interest expenses (Note 28)	532,925	658,811
Other	(55,398)	(930)
<b>Beginning of the period, 31 December</b>	<b>3,875,885</b>	<b>3,527,707</b>

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#### 10. TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	31 December 2021	31 December 2020
Receivables from customers	433,185,560	505,957,252
Receivables from loan customers	567,931,598	229,944,612
Receivables from settlement and custody bank	-	103,703,335
Commission receivables	45,658,192	18,448,918
Doubtful trade receivables	1,021,677	1,021,677
Provisions for doubtful trade receivables (-)	(1,021,677)	(1,021,677)
Receivables to be collected	9,636	-
	<b>1,046,784,986</b>	<b>858,054,117</b>

The Group allocates credit to its customers for use in stock trading. As of 31 December 2021, the amount of loans allocated to customers by the Group is TRY567,931,598 (31 December 2020: TRY229,944,612) and the Group holds the total market value of the share certificates which are listed on the stock market is TRY719,146,271 as collateral. (31 December 2020: TRY448,376,064) (Note 16).

Short term trade payables	31 December 2021	31 December 2020
Payables to customers	631,183,629	655,020,930
Payables to settlement and custody bank	181,580,118	-
Agency commission payable	24,094,175	19,652,593
Payables to vendors	6,505,380	5,942,733
Customer short selling debts	1,983,410	7,370,290
Expense accruals	1,506,105	845,952
Other trade payables	1,157,818	344,049
	<b>848,010,635</b>	<b>689,176,547</b>

#### 11. RECEIVABLES FROM FINANCIAL ACTIVITIES

Receivables from financial activities	31 December 2021	31 December 2020
Investment fund management fee receivables (Note 29) (*)	29,305,160	13,959,059
Individual pension fund management fee receivables (**)	7,576,620	6,399,544
Individual pension fund management fee receivables	2,632,101	1,662,651
Investment advisory receivables (Note 29)	763,500	1,006,194
Individual portfolio management fee	356,132	132,994
Other	2,891	4,730
	<b>40,636,404</b>	<b>23,165,172</b>

(\*) Investment fund management commission receivables are obtained management fee receivables from 46 (31 December 2020: 35) investment funds established in accordance with the Capital Markets Law and related legislations.

(\*\*) Pension fund commission and performance fee receivables are derived from 20 (31 December 2020: 26) individual pension funds, 19 (31 December 2020: 25) of which are related institutions.

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### 12. OTHER RECEIVABLES AND PAYABLES

#### Other receivables

	31 December 2021	31 December 2020
Deposits and collaterals given	205,977,828	298,176,466
Collaterals given to markets	87,274,815	23,715,335
Other short-term trade receivables	-	41,783
	<b>293,252,643</b>	<b>321,933,584</b>

#### Other payables

	31 December 2021	31 December 2020
Deposits and collaterals received	108,600,105	131,061,445
Payables to marketable securities disposal fund	491,344	491,344
Other payables	-	1,368
	<b>109,091,449</b>	<b>131,554,157</b>

### 13. PROPERTY, PLANT AND EQUIPMENT

31 December 2021	Buildings	Furniture and fixtures	Leasehold improvements	Total
Net book value, 1 January 2021	4,199,328	12,550,169	372,006	17,121,503
Additions	-	11,316,035	-	11,316,035
Disposals, net	-	(15,535)	-	(15,535)
Depreciation expense (-)	(294,657)	(4,017,132)	(95,866)	(4,407,655)
Net book value, 31 December 2021	3,904,671	19,833,537	276,140	24,014,348
Cost	11,026,598	43,005,574	5,206,486	59,238,658
Accumulated depreciation (-)	(7,121,927)	(23,172,037)	(4,930,346)	(35,224,310)
Net book value, 31 December 2021	3,904,671	19,833,537	276,140	24,014,348
31 December 2020	Buildings	Furniture and fixtures	Leasehold improvements	Total
Net book value, 1 January 2020	4,493,984	3,504,643	366,271	8,364,898
Additions	-	10,868,239	146,553	11,014,792
Disposals, net	-	-	-	-
Depreciation expense (-)	(294,656)	(1,822,713)	(140,818)	(2,258,187)
Net book value, 31 December 2020	4,199,328	12,550,169	372,006	17,121,503
Cost	11,026,598	31,705,074	5,206,487	47,938,159
Accumulated depreciation (-)	(6,827,270)	(19,154,905)	(4,834,480)	(30,816,656)
Net book value, 31 December 2020	4,199,328	12,550,169	372,006	17,121,503

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**CONVENIENCE TRANSLATION INTO ENGLISH OF  
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**14. RIGHT OF USE ASSETS**

<b>31 December 2021</b>	<b>Office and branches</b>	<b>Vehicles</b>	<b>Other</b>	<b>Total</b>
<b>Net book value, 1 January 2021</b>	<b>1,806,755</b>	<b>1,474,915</b>	<b>-</b>	<b>3,281,671</b>
Additions	3,117,238	254,836	490,972	3,863,046
Disposals	(55,400)	-	-	(55,400)
Depreciation expense (-)	(2,239,933)	(652,505)	(490,972)	(3,383,410)
<b>Net book value, 31 December 2021</b>	<b>2,628,660</b>	<b>1,077,246</b>	<b>-</b>	<b>3,705,907</b>
Cost	7,928,576	3,215,821	2,128,541	13,272,938
Accumulated depreciation (-)	(5,299,916)	(2,138,574)	(2,128,541)	(9,567,031)
<b>Net book value, 31 December 2021</b>	<b>2,628,660</b>	<b>1,077,247</b>	<b>-</b>	<b>3,705,907</b>
<b>31 December 2020</b>	<b>Office and branches</b>	<b>Vehicles</b>	<b>Other</b>	<b>Total</b>
<b>Net book value, 1 January 2020</b>	<b>1,623,794</b>	<b>1,570,736</b>	<b>-</b>	<b>3,194,530</b>
Additions	2,605,879	713,359	917,163	4,236,401
Depreciation expense (-)	(2,422,917)	(809,180)	(917,163)	(4,149,260)
<b>Net book value, 31 December 2020</b>	<b>1,806,756</b>	<b>1,474,915</b>	<b>-</b>	<b>3,281,671</b>
Cost	5,917,343	2,960,984	1,637,569	10,515,896
Accumulated depreciation (-)	(4,110,587)	(1,486,069)	(1,637,569)	(7,234,225)
<b>Net book value, 31 December 2020</b>	<b>1,806,756</b>	<b>1,474,915</b>	<b>-</b>	<b>3,281,671</b>

**15. INTANGIBLE ASSETS**

	<b>31 December 2021</b>
<b>Net book value, 1 January 2021 (*)</b>	<b>30,488,937</b>
Additions (*)	12,674,398
Disposals	-
Amortization (-)	(6,959,582)
<b>Net book value, 31 December 2021</b>	<b>36,203,753</b>
Cost	66,979,692
Accumulated amortization (-)	(30,775,939)
<b>Net book value, 31 December 2021</b>	<b>36,203,753</b>
	<b>31 December 2020</b>
<b>Net book value, 1 January 2020 (*)</b>	<b>29,514,832</b>
Additions (*)	5,706,538
Disposals	-
Amortization (-)	(4,732,433)
<b>Net book value, 31 December 2020</b>	<b>30,488,937</b>
Cost	54,305,292
Accumulated amortization (-)	(23,816,355)
<b>Net book value, 31 December 2020</b>	<b>30,488,937</b>

(\*) Projects that are classified as intangible assets, but not yet ready for use, amount to TRY6,280,004 (31 December 2020: TRY 6,606,240).

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#### 16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

##### i) Short term provisions

	31 December 2021	31 December 2020
Lawsuit, penalty provisions (*)	6,249,660	2,151,307
	<b>6,249,660</b>	<b>2,151,307</b>

(\*) Due to the ongoing regulator review, a provision has been made by the Group management.

The movement of lawsuit provisions for the periods ending as of 31 December 2021 and 2020 is as below:

	2021	2020
Beginning of the period, 1 January	2,151,307	1,290,529
Provisions set aside within the period	147,453	1,000,523
Payments made within the period	(49,100)	(139,745)
<b>Ending of the period, 31 December</b>	<b>2,249,660</b>	<b>2,151,307</b>

##### ii) Collaterals given

	31 December 2021	31 December 2020
Collaterals given	2,585,867,024	2,396,252,030
	<b>2,585,867,024</b>	<b>2,396,252,030</b>

Letters of guarantee are given to BIST, CMB and to Takasbank for money market transactions. Foreign currency denominated letters of guarantee amount to TRY146,823 (31 December 2020: TRY106,527,329).

##### iii) Cash collaterals given on behalf of customers

	31 December 2021	31 December 2020
VİOP collaterals given on behalf of customers (*)	1,320,919,878	843,858,114
	<b>1,320,919,878</b>	<b>843,858,114</b>

(\*) As of 31 December 2021 cash amounting to TRY1,320,919,878 has been pledged by the Group as collateral for the Futures and Options Market on behalf of the customers (31 December 2020: TRY843,858,114).

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#### 16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### iv) Customer deposits

The nominal balances of treasury bills, government bonds, share certificates and other financial assets held in trust for hiding on behalf of customers as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
<b>Customer deposits</b>		
Government bonds	3,672,549,474	3,212,101,204
Share certificates	5,880,399,635	1,660,266,454
Investment funds	519,711,659	854,371,106
Reverse repo agreements (Takasbank Money Market)	1,217,043,918	506,292,240
Private sector bonds	70,849,419	11,011,639
Other	36,368,655	11,579,896

##### v) Other

- The company is under the scope of 'Professional Liability Insurance' amounting to USD5,000,000 (31 December 2020: EUR6,676,500) which was made by Allianz Sigorta A.Ş. and "Employer Liability Insurance Policy" amounting to TRY5,000,000 which was made by HDI Sigorta A.Ş. (31 December 2020: TRY9,000,000).
- Demand deposits amounting to TRY544,258,901 (31 December 2020: TRY201,128,882) belongs to the Group's customers as a partial collateral and are held in the Group's bank accounts (Note 6).
- The Group allocates credit to its customers for use in stock trading. As of 31 December 2021, the Group has TRY567,931,598 (31 December 2020: TRY229,944,612) of loans granted to its customers and the total market value of the shares kept as collateral against those credits given is amounting to TRY719,146,271 (31 December 2020: TRY448,376,064) (Note 10).
- The financial assets measured at their amortised costs and having a book value of TRY24,357,444 as of 31 December 2021 (31 December 2020: TRY37,630,962) are pledged as collateral at CBRT, BIST, and Takas ve Saklama Bankası A.Ş. ("Takasbank") (Note 7).

#### 17. DERIVATIVE INSTRUMENTS

Nominal details of derivative transactions as of 31 December 2021 and 2020 are as follows:

	31 December 2021		31 December 2020	
	USD	EUR	USD	EUR
Swap transactions (buy)	1,729,716	2,040,931	441,549,535	1,950,949,208
Swap transactions (sell)	2,144,649	2,360,591	409,966,925	1,823,117,889
Forward transactions (buy)	277,243,433	1,655,844,700	1,552,348	4,658,801
Forward transactions (sell)	337,851,160	1,851,438,030	1,441,366	4,338,691
	<b>618,968,958</b>	<b>3,511,684,252</b>	<b>854,510,174</b>	<b>3,783,064,589</b>

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#### 17. DERIVATIVE INSTRUMENTS (Continued)

##### Receivables from derivative transactions

	31 December 2021	31 December 2020
Swap transactions	2,545,115	132,601,943
Forward transactions	851	357,003
	<b>2,545,966</b>	<b>132,958,946</b>

##### Payables from derivative transactions

Swap transactions	306,710,936	-
Forward transactions	931,974	-
	<b>307,642,910</b>	<b>-</b>

#### 18. PROVISION FOR EMPLOYEE BENEFITS

	31 December 2021	31 December 2020
<b>Short-term provisions</b>		
Provision for employee bonus	37,379,109	26,242,787
	<b>37,379,109</b>	<b>26,242,787</b>
<b>Long-term provisions</b>		
Provision for employee termination benefits	16,910,512	11,670,627
Provision for unused vacation	3,198,610	2,100,587
	<b>20,109,122</b>	<b>13,771,214</b>

Under the Turkish Labour Law, the Group required to pay the employment termination benefits to each employee who have completed one year of service at the Group when they retire (for women 58, for men 60) and when they are dismissed or called up for military services or die. Due to changes in the Law on September 8, 1999, some sections regarding the temporary period related with the working period before retirement have been removed.

The indemnity is one month's salary for each working year and is limited to TRY10,848.59 as of 31 December 2021 (31 December 2020: TRY7,638.96)

The liability is not funded, as there is no legal funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of employees.

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### 18. PROVISION FOR EMPLOYEE BENEFITS (Continued)

TFRS requires actuarial valuation methods to be developed to estimate the Group's obligation under defined benefit plans. Accordingly, the following actuarial assumptions have been used in the calculation of the total liability.

	31 December 2021	31 December 2020
Discount rate (%)	4.45	4.63
Turnover rate to estimate retirement probability (%)	95.48	95.48

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The liability is revised two times in a year and in the year-end calculation, the effective amount as of 1 January 2021 of TRY10,848.59 (1 January 2020: TRY7.638,96).

Movement of provision for employee benefits during the period are as follows:

	2021	2020
<b>Beginning of the period, 1 January</b>	<b>11,670,627</b>	<b>11,174,984</b>
Service cost	624,392	644,045
Interest cost	2,164,764	1,380,434
Actuarial loss / (gain)	3,663,470	959,725
Payments during the period (-)	(1,212,741)	(2,488,561)
<b>Ending of the period, 31 December</b>	<b>16,910,512</b>	<b>11,670,627</b>

Movement of provision for unused vacations during the period are as follows:

	2021	2020
<b>Beginning of the period, 1 January</b>	<b>2,100,587</b>	<b>3,122,600</b>
Provisions set aside within the period / (canceled provision), net	1,218,392	(325,434)
Payments during the period (-)	(120,369)	(696,579)
<b>Ending of the period, 31 December</b>	<b>3,198,610</b>	<b>2,100,587</b>

Movement of provision for employee benefits during the period are as follows:

	2021	2020
<b>Beginning of the period, 1 January</b>	<b>26,242,787</b>	<b>19,210,501</b>
Provisions set aside within the period	37,710,381	25,714,461
Payments during the period (-)	(26,574,059)	(18,682,175)
<b>Ending of the period, 31 December</b>	<b>37,379,109</b>	<b>26,242,787</b>



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#### 19. PAYABLES FOR EMPLOYEE BENEFITS

	31 December 2021	31 December 2020
Taxes and liabilities payable	7,849,293	4,310,912
Social security premiums payable	1,230,074	889,893
	<b>9,079,367</b>	<b>5,200,805</b>

#### 20. PREPAID EXPENSES

	31 December 2021	31 December 2020
Prepaid expenses	7,196,517	5,847,409
Commissions for guarantee letters	1,645,968	1,264,375
	<b>8,842,485</b>	<b>7,111,784</b>

#### 21. OTHER ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
<b>Other short-term liabilities</b>		
Other expense provisions	30,752,158	28,170,611
Takasbank-BIST commission provision	14,502,418	10,056,757
Other payable taxes and funds	30,198,052	8,247,354
Blocked customer deposits	4,850,331	3,431,451
Provision for operating expenses	6,540,000	377,515
Other	13,731	1,222,132
	<b>86,856,690</b>	<b>51,505,820</b>

#### 22. SHAREHOLDER’S EQUITY

##### Paid-in capital and adjustment differences

The paid-in capital of the Company is TRY98,918,083 (31 December 2020: TRY98,918,083) and consists of 9,891,808,346 (31 December 2020: 9,891,808,346) authorized shares with a nominal value of Kr 1 each.

The Group has no preferred share as of 31 December 2021 and 31 December 2020.

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## CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

(Tutarlar aksi belirtilmedikçe Türk Lirası ("TL") olarak ifade edilmiştir.)

### 22. SHAREHOLDER'S EQUITY (Continued)

The shareholders and their shares in capital with historic values as of 31 December 2021 and 31 December 2020 are as follows:

Name of the shareholder	31 December 2021		31 December 2020	
	TRY	Share (%)	TRY	Share (%)
Yapı ve Kredi Bankası A.Ş.	98,895,466	99.98	98,895,466	99.98
Temel Ticaret ve Yatırım A.Ş.	20,951	0.02	20,951	0.02
Other	1,666	0.00	1,666	0.00
	<b>98,918,083</b>	<b>100.00</b>	<b>98,918,083</b>	<b>100.00</b>
Adjustments to share capital	63,078,001		63,078,001	
<b>Total paid-in capital</b>	<b>161,996,084</b>		<b>161,996,084</b>	

Adjustment to share capital represents the difference between total restatement effect of cash and cash equivalent contributions to share capital due to the inflation adjustments and total amount before the inflation adjustment. There is no use of the adjustment to share capital other than to be added to the capital.

According to Turkish Commercial Code, legal reserves consist of primary and secondary reserves. Primary reserves are reserved at 5% rate of legal profit in the period until they reach a level of 20% of the group capital. Secondary reserves are reserved at a rate of 10% of all dividend distribution exceeding 5% of group capital. Primary and secondary reserves cannot be distributed until they exceed 50% of the total capital, however, they can be used to cover losses when voluntary reserves are exhausted.

As of 31 December 2021, restricted reserves are amounting to TRY186,831,858 (31 December 2020: TRY184,106,085).

#### Restricted reserves and retained earnings

	31 December 2021	31 December 2020
Real estate and affiliate sales gain fund (*)	107,765,514	107,765,514
Primary legal reserves	60,175,244	57,449,471
Secondary legal reserves	18,891,100	18,891,100
<b>Total restricted reserves</b>	<b>186,831,858</b>	<b>184,106,085</b>

(\*) As of 31 December 2021, TRY4,626,817 of the TRY107,765,514 which is the gain on sale of property, equipment and subsidiary classified under equity, is undistributed portion (and classified under equity account) of 75% of the profit from the sale of buildings in the year 2010 and TRY103,138,697 is the 75% of the profit from the sale of subsidiaries in the year 2013.

The Group performs dividend distribution in accordance with the Communiqué on Dividends II-19.1 of the Capital Market Board effective as of 1 February 2014.

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#### 22. SHAREHOLDER'S EQUITY (Continued)

In accordance with the Communiqué on Dividends II-19.1 of the Capital Market Board effective as of 1 February 2014, the dividend distribution rate for non-listed companies may not be less than twenty percent of the net distributable profit for the period including donations. In accordance with the same communiqué, non-listed companies are required to distribute the profit share in whole and in cash; and they cannot benefit from the practice of profit distribution by installments, which is granted to listed companies.

In accordance with the provisions of the said communiqué, non-listed companies may choose not to distribute dividends in the event that the calculated profit share is less than five percent of the capital stock in the most recent annual financial statements to be presented to the general assembly or in the event that the net distributable profit for the period is less than TRY100,000 according to these financial statements. In this case, the undistributed dividends are distributed in subsequent periods.

At the company's Ordinary General Assembly meeting dated 4 March 2021 it was unanimously decided to distribute, in cash, a dividend of TRY32,203,640 (2020: TRY115,223,684) to the company's shareholders, and this amount was paid to shareholders on 15 March 2021.

	31 December 2021	31 December 2020
<b>Beginning of the period, 1 January</b>	<b>18,415,294</b>	<b>10,402,458</b>
Minority interest decrease due to dividend payment (*)	(10,774,998)	(5,070,587)
Minority interest net income	20,592,340	13,083,423
<b>Ending of the period, 31 December</b>	<b>28,232,636</b>	<b>18,415,294</b>

(\*) Decrease in non-controlling interests due to profit distribution represents profit share distribution of the subsidiary during the period, share of the subsidiaries of the subsidiary excluding the Company.

#### 23. TAX ASSETS AND LIABILITIES

##### *Corporate tax*

	31 December 2021	31 December 2020
Corporate taxes payable (-)	(274,562,403)	(42,824,161)
Prepaid taxes	163,429,148	53,853,965
<b>Current period tax assets, net</b>	<b>(111,133,255)</b>	<b>11,029,804</b>

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### 23. TAX ASSETS AND LIABILITIES (Continued)

The Group's income tax expense for the periods ended 31 December 2021 and 2020 consists of the following items:

	1 January - 31 December 2021	1 January - 31 December 2020
Current period tax expense	274,562,403	42,824,161
Prior year tax adjustment	(2,308,651)	(2,775,490)
Deferred tax income / (expense)	(109,010,304)	36,417,848
<b>Total tax expense</b>	<b>163,243,448</b>	<b>76,466,519</b>

Reconciliation of current year tax expense and calculated theoretical tax expense with statutory tax rate by the Group:

	1 January - 31 December 2021	1 January - 31 December 2020
Profit before tax	636,905,199	358,510,320
Theoretical tax expense arising at the legal tax rate (*)	(159,226,300)	(78,872,270)
Impact of the dividend income that is not subject to tax	4,148,881	3,373,347
Non-deductible expenses and impact of other adjustments	(8,166,029)	(967,596)
<b>Current period tax expense</b>	<b>(163,243,448)</b>	<b>(76,466,519)</b>

(\*) In Turkey, the corporation tax rate is 25% for 2021. (2020: 22%).

The corporate tax rate is 20% in accordance with the article number 32 of the New Corporate Tax Law no.5520 which is published in the official Gazette dated June 21, 2006 and numbered 26205. In accordance with the 11 and 14th articles of the Law numbered 7316 on "Amendment of Law on Collection Procedure of Public Receivables and Certain Laws" published in the Official Gazette dated April 22, 2021 and numbered 31462, starting from the declarations that must be submitted starting from July 1, 2021 and to be valid for the taxation period starting from January 1, 2021, corporate tax rate will be applied as 25% for enterprises' corporate income belonging to the taxation periods of 2021 and 23% for enterprises' corporate income belonging to the taxation periods of 2022. The corporate tax rate is still applied as 20% in the first provisional tax declaration for the corporate income belonging to the taxation periods of 2021 but as of second provisional tax declaration the rate of 25% will be applied.

Corporate tax rate business income tax in accordance with the laws of the institutions to be added as unacceptable the reduction of costs in the tax laws, exemptions and reductions to the tax base found as a result of the reduction that will be applied. Additional tax is not payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% in accordance with 94th article of Income Tax Law. Addition of profit to share is not considered as dividend payment.

Corporations are required to pay advance corporate tax quarterly on their corporate income. Advance tax is declared and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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#### 23. TAX ASSETS AND LIABILITIES (Continued)

In Turkey, there is no procedure for a final and definitive agreement with the tax authorities on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the last evening of the fourth month following the balance sheet date and the accrued tax is paid same day.

Tax returns are open for five years from the beginning of the year following the date of filing during which period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. However, losses cannot be carried back to offset profits from previous periods.

There are numerous exemptions in Corporate Tax Law concerning corporations. Accordingly, earnings of the above-mentioned nature, which are in the commercial profit/loss figures, have been taken into account in the calculation of corporate tax.

In addition to exemptions explained above, tax deductions specified in Corporation Tax Law articles 8, 9, 10, and Income Tax Law article 40, are also considered in the assessment of the corporation tax base.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted with the number 7532 on 20 January 2022. It has been decided that the financial statements will not be subject to inflation adjustment, regardless of whether the financial statements have been made. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be taxed.

#### Deferred tax assets and liabilities

	31 December 2021	31 December 2020
Deferred tax assets	106,062,827	19,423,765
Deferred tax liabilities	(14,284,330)	(37,175,451)
<b>Deferred tax assets / (liabilities), net</b>	<b>91,778,497</b>	<b>(17,751,686)</b>

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**23. TAX ASSETS AND LIABILITIES (Continued)**

Deferred tax assets and liabilities based upon temporary differences are as follows:

	31 December 2021		31 December 2020	
	Cumulative temporary differences	Deferred tax assets / liabilities	Cumulative temporary differences	Deferred tax assets / liabilities
Allowances for expected credit losses	40,526,054	10,131,514	30,065,883	6,013,177
Provision for employee bonus	28,029,806	7,007,452	19,170,688	4,217,551
Provision for employee termination benefits	16,910,512	3,382,102	11,670,627	2,334,125
Lawsuit provisions	2,249,660	513,972	2,151,307	430,261
Provision for unused vacation	3,198,610	799,653	2,100,587	420,118
Expense provision	915,793	228,948	1,303,163	286,696
TFRS 16 effect	219,963	50,592	247,419	49,484
Derivatives	307,642,910	76,910,727	-	-
Financial assets valuation differences	5,696,988	1,310,307	-	-
Other	22,895,245	5,727,560	25,783,424	5,672,353
<b>Deferred tax assets</b>		<b>106,062,827</b>		<b>19,423,765</b>
Derivatives	2,545,966	636,492	132,958,946	26,591,789
Valuation differences of financial assets	28,436,807	6,540,466	28,585,802	5,717,160
Difference between the tax base and carrying amount of non-current assets	14,682,898	3,670,725	15,079,951	3,015,990
Investments in progress	206,892	51,723	115,733	23,147
Other (22% subject to corporate tax effect)	15,525,959	3,384,924	7,442,554	1,637,362
Other (20% subject to corporate tax effect)	-	-	950,016	190,003
<b>Deferred tax liabilities (-)</b>		<b>14,284,330</b>		<b>37,175,451</b>
<b>Deferred tax assets / (liabilities), net</b>		<b>91,778,497</b>		<b>(17,751,686)</b>
			<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
Beginning balance of deferred tax liabilities, net			(17,751,686)	18,731,203
Deferred tax expense (-) / income			109,010,304	(36,417,848)
Deferred tax accounted under equity			519,879	(65,041)
<b>Period ending deferred tax assets / (liabilities), net</b>			<b>91,778,497</b>	<b>(17,751,686)</b>

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**24. REVENUE AND COST OF SALES**

	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
<b>Revenue</b>		
Share certificates sales	4,979,572,115	5,075,374,953
Commissions on intermediary activities on stock market	452,242,152	375,991,273
Futures exchange intermediary commissions	158,750,724	44,483,865
Treasury bills and government bonds sales	44,577,787	24,938,301
Corporate finance fees	44,070,364	23,562,650
Other intermediary commissions	30,302,929	28,929,477
Commissions from leveraged transactions	12,578,511	12,977,300
Intermediary commissions for repurchase transactions	7,819,382	6,754,468
Custody commissions	5,405,891	3,195,381
Consultancy services	1,869,931	1,439,397
Fund support / management fees	1,654,658	2,117,517
Intermediary commissions for definite buy-sale transactions	4,598	93,330
Other services income	82,022,938	83,855,896
<b>Total revenue</b>	<b>5,820,871,980</b>	<b>5,683,713,808</b>
<b>Service income discounts and allowances</b>		
Commissions paid to agencies (-)	(186,663,417)	(147,753,116)
Commission returns (-)	(1,897,631)	(4,156,598)
<b>Total discounts and allowances (-)</b>	<b>(188,561,048)</b>	<b>(151,909,714)</b>
<b>Revenue</b>	<b>5,632,310,932</b>	<b>5,531,804,094</b>
<b>Cost of sales</b>		
Costs of share certificate sales (-)	(5,022,283,989)	(5,094,219,350)
Costs of treasury bills and government bond sales (-)	(44,555,528)	(24,927,192)
<b>Total cost of sales (-)</b>	<b>(5,066,839,517)</b>	<b>(5,119,146,542)</b>
<b>Gross operating profit</b>	<b>565,471,415</b>	<b>412,657,552</b>

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**25. REVENUE AND COST OF FINANCIAL ACTIVITIES**

	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
<b>Revenue from financial activities</b>		
Investment funds management fee	204,500,957	130,605,925
Individual pension fund management fee	28,252,468	15,967,160
Individual pension fund performance fee	-	6,094,804
<b>Fund management fee</b>	<b>232,753,425</b>	<b>152,667,889</b>
Private portfolio management commission	1,561,772	1,434,663
Portfolio success premiums	9,940,811	7,022,411
<b>Private portfolio management income</b>	<b>11,502,583</b>	<b>8,457,074</b>
Investment consultancy income	5,051,781	3,907,899
<b>Other financial activities revenue</b>	<b>5,051,781</b>	<b>3,907,899</b>
<b>Total financial activities revenue (a)</b>	<b>249,307,789</b>	<b>165,032,862</b>
<b>Financial activities cost</b>		
Commission expenses	(3,786,754)	(2,796,195)
Commission expenses for investment and private pension fund management	(720,211)	(809,810)
<b>Total financial activities cost (b)</b>	<b>(4,506,965)</b>	<b>(3,606,005)</b>
<b>Gross profit / loss from financial sector activities (a-b)</b>	<b>244,800,824</b>	<b>161,426,857</b>

**26. OPERATING EXPENSES**

**General administrative expenses**

	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
Personnel expenses	147,548,118	110,524,664
Information services expenses	28,209,642	20,322,603
Data processing expenses	18,884,980	9,401,842
Depreciation and amortization expenses	14,750,647	11,139,880
Taxes, duties and charges	11,601,099	5,578,936
Stationary expenses	2,995,267	2,995,878
Audit and advisory expenses	2,174,979	1,893,405
Communication expenses	2,077,188	6,463,872
IT transformation expenses	-	1,115,203
Other	19,761,656	15,537,569
	<b>248,003,576</b>	<b>184,973,852</b>



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#### 26. OPERATING EXPENSES (Continued)

##### Fees for Services Obtained from Independent Auditor/Independent Audit Firm:

	1 January - 31 December 2021	1 January - 31 December 2020
Independent audit fee for the reporting period (*)(**)	228,718	202,175
Fees for tax advisory services	-	-
Fee for other assurance services	-	-
Fees for services other than independent auditing	-	-
<b>Total</b>	<b>228,718</b>	<b>202,175</b>

(\*) Fees are shown excluding VAT.

(\*\*) Related amounts are presented on a consolidated basis.

##### Marketing expenses

	1 January - 31 December 2021	1 January - 31 December 2020
Brokerage and other operational fees	142,511,985	101,001,728
Custody commissions	17,312,262	5,802,659
Advertising expenses	1,209,389	797,784
	<b>161,033,636</b>	<b>107,602,171</b>

#### 27. OTHER INCOME FROM OPERATING ACTIVITIES

	1 January - 31 December 2021	1 January - 31 December 2020
Income due to derivative transactions	973,888,333	337,105,328
Interest income on deposit at banks	88,818,153	126,572,123
Interest income on loans	92,242,266	37,383,136
Other interest income	33,506,656	16,208,211
Interest income on treasury bills and government bonds	18,854,228	13,796,012
Dividend income	16,595,524	15,333,397
Foreign exchange gains	6,811,974	1,586,431
Repo transactions interest income	179,036	1,551,467
Realised reversal of provisions	-	139,745
Other income	4,433,559	4,170,756
	<b>1,235,329,729</b>	<b>553,846,606</b>

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**28. OTHER EXPENSE FROM OPERATING ACTIVITIES**

	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
Losses due from derivative transactions	449,787,255	190,292,878
Interest paid to Takasbank Money Market	397,909,378	171,171,357
Interest expense from issued bonds and bills	101,814,748	38,221,124
Commission expenses	8,965,317	35,961,431
Other interest expenses	11,861,544	20,588,084
Commissions paid for guarantee letters	11,545,642	9,539,504
Expected impairment provision	10,344,373	3,889,757
Interest expense from leasings (Note 9)	532,925	658,811
Impairment of financial investments	115,800	91,079
Other expenses	6,782,575	6,430,647
	<b>999,659,557</b>	<b>476,844,672</b>

**29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

**(a) Cash and cash equivalents from related parties**

	<b>31 December 2021</b>	<b>31 December 2020</b>
Yapı ve Kredi Bankası A.Ş.	1,066,699,170	705,884,661
Allowances for expected credit losses (-)	(8,714,225)	(7,825,318)
	<b>1,057,984,945</b>	<b>698,059,343</b>

**(b) Short-term financial investments from related parties**

	<b>31 December 2021</b>	<b>31 December 2020</b>
Financial assets measured at fair value through other comprehensive income	33,444,650	102,013,233
- Yapı ve Kredi Bankası A.Ş.	14,902,222	49,747,605
- <i>Private sector bonds and bills</i>	15,096,555	50,398,971
- <i>Allowances for expected credit losses (-)</i>	(194,333)	(651,366)
- Koç Finansman A.Ş.	4,640,016	-
- <i>Private sector bonds and bills</i>	4,700,524	-
- <i>Allowances for expected credit losses (-)</i>	(60,508)	-
- Opet Petrolcülük A.Ş.	194,916	-
- <i>Private sector bonds and bills</i>	197,458	-
- <i>Allowances for expected credit losses (-)</i>	(2,542)	-
- Yapı Kredi Faktoring A.Ş.	4,640,016	32,229,513
- <i>Private sector bonds and bills</i>	4,700,524	32,633,403
- <i>Allowances for expected credit losses (-)</i>	(60,508)	(403,890)
- Koç Fiat Kredi Fin. A.Ş.	-	10,774,804
- <i>Private sector bonds and bills</i>	-	10,911,101
- <i>Allowances for expected credit losses (-)</i>	-	(136,297)
- Türkiye Petrol Rafinerileri A.Ş.	9,067,480	9,261,311
- <i>Private sector bonds and bills</i>	9,185,725	9,270,139
- <i>Allowances for expected credit losses (-)</i>	(118,245)	(8,828)
	<b>33,444,650</b>	<b>102,013,233</b>

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**29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)****(c) Receivables due from related parties****Trade receivables**

	<b>31 December 2021</b>	<b>31 December 2020</b>
Allianz Yaşam ve Emeklilik A.Ş. Pension Funds	74,650,546	34,286,216
Yapı Kredi Portföy Yönetimi A.Ş. Investment Funds	670,871	42,379,186
Yapı ve Kredi Bankası A.Ş.	2,298,320	1,824,779
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	26,137	470,651
Other	440,943	1,092,094
	<b>78,086,817</b>	<b>80,052,926</b>

**Receivables from financial activities**

	<b>31 December 2021</b>	<b>31 December 2020</b>
Yapı Kredi Portföy Yönetimi A.Ş. Investment Funds (Note 11)	29,305,160	13,959,059
Allianz Yaşam ve Emeklilik A.Ş. Pension Funds	10,208,721	8,062,195
Yapı ve Kredi Bankası A.Ş. - Investment Consultancy (Note 11)	763,500	1,006,194
Other	82,711	-
	<b>40,360,092</b>	<b>23,027,448</b>

**Prepaid expenses**

Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	113,066	557,580
	<b>113,066</b>	<b>557,580</b>

**(c) Payables due to related parties**

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Short and long-term liabilities</b>		
<b>Bank loans</b>		
Yapı ve Kredi Bankası A.Ş.	-	100,057,778
	<b>-</b>	<b>100,057,778</b>
<b>Short-term liabilities from leasing activities</b>		
Yapı ve Kredi Bankası A.Ş.	2,079,346	1,665,667
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	702,109	667,806
	<b>2,781,455</b>	<b>2,333,473</b>
<b>Long-term liabilities from leasing activities</b>		
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	519,813	1,022,795
Yapı ve Kredi Bankası	574,617	-
	<b>1,094,430</b>	<b>1,022,795</b>

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**29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)**

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Trade payables</b>		
Allianz Yaşam ve Emeklilik A.Ş.	2,700,194	97,668,254
Yapı ve Kredi Bankası A.Ş.	2,477,011	19,628,609
Yapı Kredi Portföy Investment Funds	28,140,136	34,269,163
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	776,773	470,961
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	181,066	108,985
YKS Tesis Yönetimi Hizmetleri A.Ş.	151,892	-
Avis	101,271	-
Zer Merkezi Hizmetler ve Tic. A.Ş.	26,580	13,590
Other	9,018	4,185
	<b>34,563,941</b>	<b>152,163,747</b>
<b>Other payables</b>		
YKS Tesis Yönetimi Hizmetleri A.Ş.	-	1,368
	-	<b>1,368</b>
<b>Derivative assets / (liabilities), net</b>		
Yapı ve Kredi Bankası A.Ş.	(236,441,426)	25,540,001
	<b>(236,441,426)</b>	<b>25,540,001</b>

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#### 29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

##### (d) Income from related parties

	1 January - 31 December 2021	1 January - 31 December 2020
Yapı Kredi Portföy Investment Funds	204,389,707	130,423,134
Allianz Hayat ve Emeklilik A.Ş. Pension Funds	28,220,264	22,035,222
Yapı ve Kredi Bankası A.Ş.	23,905,683	19,760,624
Yapı Kredi Faktoring A.Ş.	-	1,032,333
Koç Finansman A.Ş.	2,290,000	475,000
Koç Fiat Kredi Finansman A.Ş.	242,500	437,500
Arçelik A.Ş.	3,022,294	20,000
Türkiye Petrol Rafinerileri A.Ş.	22,294	20,000
Aygaz A.Ş.	582,294	20,000
Türk Traktör A.Ş.	22,294	20,000
Opet Petrolcülük A.Ş.	460,000	-
Other	1,562,353	1,985,116
	<b>264,719,683</b>	<b>176,228,929</b>

##### Interest income from related parties

Yapı ve Kredi Bankası A.Ş.	29,166,946	19,780,425
	<b>29,166,946</b>	<b>19,780,425</b>

##### Derivative income from related parties

Yapı ve Kredi Bankası A.Ş.	(128,340,493)	111,751,212
	<b>(128,340,493)</b>	<b>111,751,212</b>

(\*) Derivative contracts totaling TRY1,272,821,142 had been entered into with Yapı ve Kredi Bankası as of 31 December 2021. (31 December 2020: TRY523,314,982).

##### Dividend income from related parties

Takasbank Takas ve Saklama Bankası A.Ş.	9,460,800	12,483,000
Borsa İstanbul A.Ş.	399,277	178,717
Allianz Yaşam ve Emeklilik A.Ş.	92,586	74,432
	<b>9,952,663</b>	<b>12,736,149</b>

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### 29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

#### (e) Expenses paid to related parties

##### Operating expenses paid to related parties

	1 January - 31 December 2021	1 January - 31 December 2020
Koç Sistem Bilgi ve İletişim Hizm. A.Ş.	7,193,477	5,913,074
Yapı ve Kredi Bankası A.Ş.	2,210,719	2,970,436
YKS Tesis Yönetimi A.Ş.	1,443,493	1,426,682
Otokoç Otomotiv Tic. ve San, A.Ş.	1,169,326	901,551
Avis A.Ş.	1,104,605	764,588
YK Bina Yönetimi	761,643	648,176
Zer Merkezi Hizmetler ve Tic. A.Ş.	728,306	577,554
Allianz Sigorta A.Ş.	483,943	521,660
Opet Petrolcülük A.Ş.	286,025	175,618
Divan Turizm	123,782	-
Setur Servis Turistik A.Ş.	33,174	41,696
Koç Holding AŞ	12,415	-
Other	2,487,339	1,695,438
	<b>18,038,247</b>	<b>15,636,473</b>

##### Commission expenses paid to related parties

Yapı ve Kredi Bankası A.Ş.	2,055,396	145,870,736
Allianz Yaşam ve Emeklilik A.Ş.	540,958	502,422
Yapı Kredi Portföy Investment Funds	179,252	307,388
	<b>2,775,606</b>	<b>146,680,546</b>

##### Financial expenses paid to related parties

	1 January - 31 December 2021	1 January - 31 December 2020
Yapı ve Kredi Bankası A.Ş.	3,555,728	4,094,524
Otokoç Otomotiv Tic. ve San, A.Ş.	283,659	384,580
Koç Sistem Bilgi ve İletişim Hizm. A.Ş.	38,024	71,030
	<b>3,877,411</b>	<b>4,550,134</b>

##### Benefits provided to key management

Top management consists of members and chairman of board of directors, general managers and vice general manager. As of 31 December 2021, the total amount of salary and other benefits provided to the top management by the Group is TRY13.110.404 (1 January - 31 December 2020: TRY9.032.214).

##### Dividends paid to related parties

The Group paid dividend amounting to TRY42,978,638 in 31 December 2021 (31 December 2020: TRY120,294,271) (Note 22).

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#### 30. EARNINGS PER SHARE

The calculation of earnings per share for the years ending 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Total profit from continuing operations	473,661,751	282,043,801
Weighted average number of shares	9,891,808,346	9,891,808,346
<b>Earnings per share from continuing operations (Krs)</b>	<b>4.79</b>	<b>2.85</b>

	31 December 2021	31 December 2020
Total comprehensive income	471,379,493	282,272,025
Weighted average number of shares	9,891,808,346	9,891,808,346
<b>Comprehensive income per share from continuing operations (Krs)</b>	<b>4.77</b>	<b>2.85</b>

The company does not have any diluted shares (31 December 2020: None).

#### 31. FINANCIAL RISK MANAGEMENT

The Group is subject to risks because of its commercial activities. The details and management of these risks are explained below. The Group management is fully responsible for the management of financial risk.

##### a. Information on credit risk

Credit risk is the risk that one party to a financial instrument will fail to meet the terms of their agreements as foreseen and cause the other party to incur a financial loss.

For the loans provided, a default risk that the counterparty will not be able to fulfill the liabilities associated with the loan is present. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Group also manages credit risk by keeping equity shares obtained from loan customers as collateral. Credit risk is fully concentrated in Turkey where the Group mainly operates.

Limits of new credits and additional credit limits are bound by the limits approved by Credit Committee and Board of Directors. Limits to be provided to customers are initially proposed by the Credit Committee and approved by the Board of Directors.

The Group makes a regular collateral / equity check for credit transactions where the current equity and benchmark equity is compared. If the collateral amount falls below the benchmark amount, additional collateral is requested from the customer.

The common stocks which the customers would like to buy using credit are bound to be in the “Marketable Securities Accepted for Credit Purchase” list. The items to be included in this list are determined by considering factors like transaction volume, changes in transaction volume, free float rate, liquidity and amount of shares in circulation. The common stocks in the customer’s portfolio are accepted, as collateral if the customer would like to buy common stocks other than the stocks listed in “Marketable Securities Accepted for Credit Purchase”.

The share of the receivables from the biggest 10 credit customers in the total receivables from credit customers of the Group is 65% (31 December 2020: 65%).

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#### 31. FINANCIAL RISK MANAGEMENT (Continued)

The table below shows credit risk exposure based on financial instruments as of 31 December 2021 and 31 December 2020. In the determination of the maximum amount of credit risk exposure, in addition to the collaterals received, factors that lead to credit enhancement are not taken into account.

	Receivables				Bank Deposits	Financial Investments	Derivatives
	Trade Receivables		Other Receivables				
31 December 2021	Related Party	Other	Related Party	Other			
<b>Total credit risk exposure (A+B+C)</b>	<b>78,086,817</b>	<b>968,698,169</b>	-	<b>293,252,643</b>	<b>3,962,911,052</b>	<b>295,192,935</b>	<b>2,545,966</b>
- Amount of risk that is guaranteed with collateral -	-	-	-	-	-	-	-
A. Net book value of financial assets that are not past due or impaired	78,086,817	968,698,169	-	293,252,643	4,002,228,570	296,401,471	-
B. Net book value of impaired assets	-	-	-	-	(39,317,518)	(1,208,536)	-
- Past due (gross book value)	-	1,021,677	-	-	-	-	-
- Impairment	-	(1,021,677)	-	-	(39,317,518)	(1,208,536)	-
- Part of net amount that is guaranteed by collateral	-	-	-	-	-	-	-
C. Off balance sheet items with credit risk	-	-	-	-	-	-	2,545,966
31 December 2020	Related Party	Other	Related Party	Other	Bank Deposits	Financial Investments	Derivatives
<b>Total credit risk exposure (A+B+C)</b>	<b>80,052,926</b>	<b>778,001,191</b>	-	<b>321,933,584</b>	<b>2,904,454,202</b>	<b>228,389,802</b>	<b>132,958,946</b>
- Amount of risk that is guaranteed with collateral	-	229,944,612	-	-	-	-	-
A. Net book value of financial assets that are not past due or impaired	80,052,926	778,001,191	-	321,933,584	2,933,225,635	229,684,252	-
B. Net book value of impaired assets	-	-	-	-	(28,771,433)	(1,294,450)	-
- Past due (gross book value)	-	1,021,677	-	-	-	-	-
- Impairment	-	(1,021,677)	-	-	(28,771,433)	(1,294,450)	-
- Part of net amount that is guaranteed by collateral	-	-	-	-	-	-	-
C. Off balance sheet items with credit risk	-	-	-	-	-	-	132,958,946

(\*) An expected credit loss provision of TRY39,317,518 was allocated for bank deposits (31 December 2020: TRY28,771,433) (Note 6).



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### 31. FINANCIAL RISK MANAGEMENT (Continued)

#### b. Information on market risk

##### *Interest rate risk*

The need of Group's dealing ways with interest risk rate arises from effects of interest rates changes on the financial instruments. The sensitivity of the Group to interest rate risk is related with maturity mismatch of assets and liabilities. This risk is managed through corresponding assets that are sensitive to interest rates with similar liabilities.

Financial assets classified in the Group's balance sheet either as financial assets measured at fair value through other comprehensive income or treasury bills and government treasuries measured at amortised cost with floating interest rate are exposed to price risk due to interest rate changes. Those with fixed interest rates from financial assets measured at amortised cost may be exposed to risk of re-investment if they are directed to re-invest the resulting cash.

The table below shows the interest rate position details and sensitivity analysis as of 31 December 2021 and 2020:

##### **Interest rate position table**

<b>Fixed rate financial instruments</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Financial assets</b>		
Banks	3,387,350,531	2,723,384,337
<b>Financial liabilities</b>		
Funds generated from Takasbank Money Market	2,520,562,552	2,322,937,445
Issued bonds and bills	561,668,956	109,503,579
Bank loans	-	339,188,139
Funds generated from repo transactions	17,384,702	87,624,150
Leasing payables	3,923,923	3,527,707
<b>Variable rate financial instruments</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Financial assets</b>		
Financial assets measured at amortised cost (*)	7,696,313	37,630,962
Financial assets measured at fair value through other comprehensive income	58,870,959	119,853,834

(\*) Financial assets that bear an interest rate and are classified as financial investments measured at amortised cost.

Due to the impact of interest rate changes on financial assets that have variable rate, if the interest in TRY currency increase/decrease 100 basis points as of December 31, 2021 and all other variables remained constant, the profit would increase by TRY665,673 (31 December 2020: TRY1,574,848) or TRY665,673 (31 December 2020: TRY1,574,848) would decrease.

Financial liabilities with fixed interest rates and financial assets measured at amortised cost with fixed interest rates are assumed insensitive to changes in market interest rates. If the financial assets measured in these circumstances are measured at amortised cost, the redemption rate may be exposed to risk if the resulting cash is redirected to cash.

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**31. FINANCIAL RISK MANAGEMENT (Continued)**

As of 31 December 2021 and 31 December 2020, average interest rates of financial instruments:

	31 December 2021			31 December 2020		
	TRY (%)	EUR (%)	USD (%)	TRY (%)	EUR (%)	USD (%)
<b>Assets</b>						
Cash and cash equivalents	22.28	0.55	-	18.19	2.32	-
Financial assets measured at fair value through other comprehensive income	20.85	-	-	10.56	-	-
Financial assets measured at amortised cost	17	-	3,23	12.17	-	-
<b>Liabilities</b>						
Issued bonds and bills	17.18	-	-	18.46	-	-
Bank borrowings	-	-	-	19.71	-	-
Funds from Takasbank Money Market	16.38	-	-	17.16	-	-

The Group's assets and liabilities are grouped based on their repricing maturities as follows as of 31 December 2021 and 31 December 2020:

	31 December 2021					
	Up to 1 month	Up to 3 months	3 months to 1 year	1 year to 5 years	Non-interest bearings	Total
Cash and cash equivalents	2,631,762,432	-	722,776,893	-	608,371,727	3,962,911,052
Financial investments	20,764,721	9,596,965	31,962,265	95,342,894	137,526,090	295,192,935
Trade receivables	567,931,598	-	-	-	478,853,388	1,046,784,986
Other assets	-	-	-	-	345,412,916	345,412,916
	<b>3,220,458,751</b>	<b>9,596,965</b>	<b>754,739,158</b>	<b>95,342,894</b>	<b>1,570,164,121</b>	<b>5,650,301,889</b>
Financial liabilities	2,529,408,695	13,822,174	559,848,898	1,094,430	-	3,104,174,197
Trade payables	-	-	-	-	848,010,635	848,010,635
Other liabilities	-	-	-	-	576,408,307	576,408,307
	<b>2,529,408,695</b>	<b>13,822,174</b>	<b>559,848,898</b>	<b>1,094,430</b>	<b>1,424,418,942</b>	<b>4,528,593,139</b>
	<b>691,050,056</b>	<b>(4,225,209)</b>	<b>194,890,260</b>	<b>94,248,464</b>	<b>145,745,179</b>	<b>1,121,708,750</b>
	31 December 2020					
	Up to 1 month	Up to 3 months	3 months to 1 year	1 year to 5 years	Non-interest bearings	Total
Cash and cash equivalents	2,366,170,270	330,603,482	-	-	207,680,450	2,904,454,202
Financial investments	-	-	37,630,962	72,626,712	118,132,128	228,389,802
Trade receivables	229,944,612	-	-	-	628,109,505	858,054,117
Other assets	-	-	-	-	485,282,039	485,282,039
	<b>2,596,114,882</b>	<b>330,603,482</b>	<b>37,630,962</b>	<b>72,626,712</b>	<b>1,439,204,122</b>	<b>4,476,180,160</b>
Financial liabilities	2,560,333,768	299,009,131	2,504,913	1,022,795	-	2,862,870,607
Trade payables	-	-	-	-	689,176,547	689,176,547
Other liabilities	-	-	-	-	230,426,090	230,426,090
	<b>2,560,333,768</b>	<b>299,009,131</b>	<b>2,504,913</b>	<b>1,022,795</b>	<b>919,602,637</b>	<b>3,782,473,244</b>
	<b>35,781,114</b>	<b>31,594,351</b>	<b>35,126,049</b>	<b>71,603,917</b>	<b>519,601,485</b>	<b>693,706,916</b>

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#### 31. FINANCIAL RISK MANAGEMENT (Continued)

##### c. Exchange rate risk

As of 31 December 2021 and 31 December 2020, the Group’s assets and liabilities denominated in foreign currencies are as follows:

	31 December 2021				31 December 2020			
	TRY Equivalent	USD	EUR	Other	TRY Equivalent	USD	EUR	Other
Cash and cash equivalents	2,632,544,956	44,060,268	140,373,911	127,315	2,363,564,797	77,207,759	199,831,707	118,895
Financial Investments	67,701,113	5,000,000	-	-	-	-	-	-
Other receivables	126,158,851	1,209,643	7,523,393	-	41,660,728	766,859	4,000,000	-
<b>Current assets (a)</b>	<b>2,826,404,920</b>	<b>50,269,911</b>	<b>147,897,304</b>	<b>127,315</b>	<b>2,405,225,525</b>	<b>77,974,618</b>	<b>203,831,707</b>	<b>118,895</b>
Trade payables	(531,249,770)	(19,040,994)	(19,273,938)	(114,304)	(183,936,749)	(21,389,182)	(2,925,722)	(98,855)
<b>Short term financial liabilities (b)</b>	<b>(531,249,770)</b>	<b>(19,040,994)</b>	<b>(19,273,938)</b>	<b>(114,304)</b>	<b>(183,936,749)</b>	<b>(21,389,182)</b>	<b>(2,925,722)</b>	<b>(98,855)</b>
Off-balance sheet derivatives denominated in foreign currency	(2,193,794,430)	(26,198,868)	(126,260,778)	-	(2,238,864,871)	(56,046,358)	(202,872,654)	-
<b>Net liability position of foreign currency denominated derivatives (c)</b>	<b>(2,193,794,430)</b>	<b>(26,198,868)</b>	<b>(126,260,778)</b>	<b>-</b>	<b>(2,238,864,871)</b>	<b>(56,046,358)</b>	<b>(202,872,654)</b>	<b>-</b>
<b>Total net foreign currency asset / (liability) position (a+b+c)</b>	<b>101,360,720</b>	<b>5,030,049</b>	<b>2,362,588</b>	<b>13,011</b>	<b>(17,576,095)</b>	<b>539,078</b>	<b>(1,966,669)</b>	<b>20,040</b>

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### 31. FINANCIAL RISK MANAGEMENT (Continued)

Off-balance sheet liabilities in foreign currencies consist of guarantee letters and derivative transactions (Note 17).

The following table shows the sensitivity of the Group for the change of a 20% change in USD, EUR and other currencies. These amounts represent the equity effect apart from net profit for the period and effect of net profit for the period of USD, 20% increase of EUR and other foreign currencies against TRY. According to the analyses of the Group's sensitivity where, all other variables are kept as constant.

#### Exchange rate sensitivity analysis table

31 December 2021	Profit / (Loss)		Equity	
	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency
<i>In case of a 20% change in USD exchange rates:</i>				
USD net asset / liability effect	(13,055,489)	13,055,489	(13,055,489)	13,055,489
<i>In case of a 20% change in EURO exchange rates:</i>				
EUR net asset / liability effect	(6,937,644)	6,937,644	(6,937,644)	6,937,644
<i>In case of a 20% change in other exchange rates:</i>				
Other foreign currency net effect	38,206	(38,206)	38,206	(38,206)
<b>Total</b>	<b>(19,954,927)</b>	<b>19,954,927</b>	<b>(19,954,927)</b>	<b>19,954,927</b>

31 December 2020	Profit / (Loss)		Equity	
	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency
<i>In case of a 20% change in USD exchange rates:</i>				
USD net asset / liability effect	(791,420)	791,420	(791,420)	791,420
<i>In case of a 20% change in EURO exchange rates:</i>				
EUR net asset / liability effect	3,543,111	(3,543,111)	3,543,111	(3,543,111)
<i>In case of a 20% change in other exchange rates:</i>				
Other foreign currency net effect	36,044	(36,044)	36,044	(36,044)
<b>Total</b>	<b>2,787,735</b>	<b>(2,787,735)</b>	<b>2,787,735</b>	<b>(2,787,735)</b>

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### 31. FINANCIAL RISK MANAGEMENT (Continued)

#### d. Share certificate price risk

The majority of the stocks classified in the Group's balance sheet as fair value through profit or loss financial assets and financial assets measured at fair value through other comprehensive income are traded on the BIST. According to the Group's analysis, if the Group has a 10% increase / decrease in the prices of the shares in its portfolio, assuming that all other variables remain constant, effects occurring on the carrying value of the shares in the portfolio which are traded in BIST, on growth funds, on the net profit of the year and shareholders' equity are presented below.

#### 31 December 2021

Balance sheet item	Rate of change	Change direction	Effect on carrying value	Effect on revaluation fund	Effect on net income	Effect on equity
<b>Share certificates</b>						
Financial assets measured						
at fair value through profit or loss		Increase	7,687,854	-	7,687,854	7,687,854
- Financial assets	10%	Decrease	(7,687,854)	-	(7,687,854)	(7,687,854)

#### 31 December 2020

Balance sheet item	Rate of change	Change direction	Effect on carrying value	Effect on revaluation fund	Effect on net income	Effect on equity
<b>Share certificates</b>						
Financial assets measured						
at fair value through profit or loss		Increase	1,025,745	-	1,025,745	1,025,745
- Financial assets	10%	Decrease	(1,025,745)	-	(1,025,745)	(1,025,745)

#### e. Liquidity risk disclosures

Liquidity risk is the possibility that the Group is unable to meet its net funding commitments and is defined as the risk of loss because of not being able to close positions at all or at an appropriate price because of barriers in the market. Liquidity risk stems from deterioration in markets or occurrence of events resulting in diminution of fund resources such as fall of credit ratings. The management of the Group controls liquidity risk by allocating fund resources and keeping a sufficient level of cash and cash equivalents to meet its existing and possible obligations.

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#### 31. FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2021				Total of contractual cash outflows
	Net book value	Up to 1 month	1 month to 1 year	1 year to 5 years	
Financial liabilities	3,104,174,197	2,561,944,821	618,273,902	1,094,430	3,181,313,153
Trade payables	848,010,635	848,010,635	-	-	848,010,635
Other liabilities	109,091,449	109,091,449	-	-	109,091,449
	<b>4,061,276,281</b>	<b>3,519,046,905</b>	<b>618,273,902</b>	<b>1,094,430</b>	<b>4,138,415,237</b>

  

	31 December 2020				Total of contractual cash outflows
	Net book value	Up to 1 month	1 month to 1 year	1 year to 5 years	
Financial liabilities	2,862,870,607	2,577,282,713	309,557,754	1,022,795	2,887,952,514
Trade payables	689,176,547	689,176,547	-	-	689,176,547
Other liabilities	131,554,157	131,554,157	-	-	131,554,157
	<b>3,683,601,311</b>	<b>3,398,013,417</b>	<b>309,557,754</b>	<b>1,022,795</b>	<b>3,708,683,218</b>

#### 32. FINANCIAL INSTRUMENTS

##### Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

##### *i. Financial assets:*

The fair values of financial assets carried at cost, including cash and cash equivalents and other financial assets, are considered to approximate their respective carrying values due to their short-term nature and their insignificant credit risk.

Market prices are used on the determination of the fair values of government bonds and common stocks.

Financial investments' costs, fair value and carrying values are disclosed in Note 7.

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**32. FINANCIAL INSTRUMENTS (Continued)**

**ii. Financial liabilities:**

The fair values of monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets and financial liabilities carried at fair value:

<b>31 December 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets measured at fair value through profit or loss	76,878,536	-	-
- <i>Share certificates trading on BIST</i>	76,878,536	-	-
Financial assets measured at fair value through other comprehensive income	-	279,508,446	-
- <i>Share certificates</i>	-	60,647,555	-
- <i>Corporate bonds and bills</i>	-	218,860,891	-
Financial receivables from derivatives held for trading	-	2,545,966	-
Financial liabilities from derivatives held for trading	-	307,642,910	-
<b>31 December 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets measured at fair value through profit or loss	10,257,451	-	-
- <i>Share certificates trading on BIST</i>	10,257,451	-	-
Financial assets measured at fair value through other comprehensive income	-	180,501,389	-
- <i>Share certificates</i>	-	60,647,555	-
- <i>Corporate bonds and bills</i>	-	119,853,834	-
Financial receivables from derivatives held for trading	-	132,958,946	-
Financial liabilities from derivatives held for trading	-	-	-

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#### 33. DISCLOSURE OF OTHER MATTERS

##### a. Explanation on portfolio management operations:

As of 31 December 2021, the Group managed 46 mutual funds and 20 pension funds (31 December 2020: 35 mutual funds and 26 pension funds). In accordance with the Funds' statute, the Group purchases and sells securities and share certificates for the Funds, markets their participation certificates and provides other services and charges daily management fees. As of 31 December 2021, the Group earned a management fee of TRY232,033,214 (31 December 2020: TRY151,858,079).

##### b. Capital management and capital adequacy requirements

The Group aims to increase its profit by using liability and equity balance in the most efficient way. The Group's funding structure is mainly composed of equity items.

The Group defines and manages its capital in accordance with CMB's Communiqué Series: V No: 34 on capital and capital adequacy of intermediary institutions. According to the related communiqué, the equity of intermediary institutions is composed of the portion of total assets, which are valued according to the valuation principles discussed in Communiqué Serie: V No: 34 and are present in the balance sheet prepared as of the valuation date. According to the communique which is published on 11 July 2013 and named as Communiqué Series: V No: 34, capital adequacy base of intermediary institutions cannot be lower than any of the following; TRY2,000,000 for narrow authority intermediaries, TRY10,000,000 for partial authorized intermediaries and 25,000,000 for broad authority intermediaries. The Company has broad authority intermediation license dated 15 January 2016 and numbered G-028 (286). Accordingly, the total equity required by the company as of 31 December 2021, including the annual revaluation, was calculated to be TRY29,216,340 (31 December 2020: TRY28,693,544).

#### 34. SUBSEQUENT EVENTS

None.

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