

**HALK YATIRIM MENKUL DEĞERLER
ANONİM ŞİRKETİ**

FINANCIAL STATEMENTS AS OF
31 DECEMBER 2023 AND
INDEPENDENT AUDITOR'S REPORT

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

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

INDEPENDENT AUDITOR’S REPORT

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

A) Report on the Audit of the Financial Statements

1) Opinion

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

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

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Independent Auditors* (Code of Ethics) published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) **Emphasis of Matter**

As explained in Note 32 in detail, we draw attention to the following issues that may affect Türkiye Halk Bankası A.Ş. ('Parent Bank'), the shareholder of the Company:

On 15 October 2019, an indictment prepared by the New York Southern District Attorney General of the United States ("US") Department of Justice for violation of Iranian sanctions and a lawsuit was filed against the Parent Bank in the New York Southern District Court ("District Court"). The criminal case pending in the District Court is pending due to the appeal filed by the Parent Bank under the "Foreign State Immunity Act (FSIA)". The U.S. Supreme Court dismissed the Parent Bank's appeal against the FSIA appeal and returned the file to the United States Court of Appeals Second Circuit (Second Appeal) for re-examination of the matter under common law immunity. The process continues.

In addition, a civil lawsuit (*Owens case*) was filed against the Parent Bank on 27 March 2020 with a claim for compensation by some plaintiffs in the U.S. New York Southern District Court "on the grounds that they could not satisfy their judgements from Iran due to sanction violations". The case was dismissed in the District Court, the Second Circuit Court of Appeals, and the U.S. Supreme Court, respectively. As a result, the Owens case was finally dismissed on 8 January 2024.

Finally, on 26 July 2023, a new civil lawsuit (*Hughes case*) was filed against the Parent Bank by a group of plaintiffs with a complaint filed with the District Court, seeking damages similar to the civil lawsuit dated 27 March 2020. The plaintiffs seek damages by trying to establish a connection between certain grievances they have suffered in various countries and the allegations in the current criminal case filed against the Parent Bank on 15 October 2019. On 22 December 2023, the Parent Bank filed a motion to dismiss the lawsuit to the District Court. The process is ongoing.

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

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

4) Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
<p>Revenue recognition</p> <p>The Company has revenue amounting to total TL 16,673,556,846 recognized under “revenue” in its statement of profit or loss and other comprehensive income for the period 1 January – 31 December 2023. The related income is disclosed in Note 2 and 18.</p> <p>Due to the excessive amount of the line item of revenue under the statement of profit or loss and other comprehensive income, and since the revenue amount arises from different transactions such as sales commissions, commission income from public offerings, loan interest income, real estate sales and consultancy income, the matter is considered as a key audit matter.</p>	<p>Within the scope of the audit procedures applied by us related to the revenue recognition as a part of our audit procedures, the revenue process of the Company is understood, and the design and application of internal controls applied by the management for recognition of revenue according to the relevant accounting policies were tested. The total calculated trading volume of commissionary income was confirmed by independent sources. A detail test was applied on brokerage commissions. In addition, through the sample selected from the transactions realized in the accounting period, these transaction details were tested in comparison with the relevant supporting documents in order to confirm that the income amount is recognized properly.</p>

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

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

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

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

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

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

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

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

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

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

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

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

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January - 31 December 2023 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

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

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

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

Erdem Taş
Partner

İstanbul, 28 March 2024

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HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Statement of Financial Position as at 31 December 2023

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

	Notes	Audited 31 December 2023	Audited 31 December 2022
ASSETS			
Current assets			
Cash and cash equivalents	3	4.421.397.916	3.663.579.412
Financial investments	4	777.189.456	445.289.206
Trade receivables	5-6	1.987.159.717	1.759.127.861
- Trade receivables from related parties	5	265.951	228.069
- Trade receivables from third parties	6	1.986.893.766	1.758.899.792
Other receivables	9	458.957.200	221.550.905
Prepaid expenses		32.209.959	23.792.768
TOTAL CURRENT ASSETS		7.676.914.248	6.113.340.152
Non-current assets			
Financial investments	4	10.398.502	15.491.014
Property, plant and equipment	11	52.007.126	40.202.560
Intangible assets	12	7.559.238	11.082.195
Right-of-use assets	13	110.336.662	37.512.906
Deferred tax asset	16	--	2.412.432
TOTAL NON-CURRENT ASSETS		180.301.528	106.701.107
TOTAL ASSETS		7.857.215.776	6.220.041.259
LIABILITIES			
Current liabilities			
Short-Term Borrowings	7	4.122.529.191	3.692.053.454
- Short-term borrowings from third parties	7	4.122.529.191	3.692.053.454
Trade payables	5-6	1.568.212.776	1.088.771.499
- Trade payables to related parties	5	13.932.832	3.865.413
- Trade payables to third parties	6	1.554.279.944	1.084.906.086
Other tax and debt liabilities	9	60.644.888	42.466.524
Current tax liability	16	98.353.956	102.930.253
Short-term provisions	14-15	37.131.975	35.347.846
- Short-term provisions for employee benefits	15	33.915.700	30.014.043
- Other short-term provisions	14	3.216.275	5.333.803
Lease liabilities	13	21.368.544	9.234.077
TOTAL CURRENT LIABILITIES		5.908.241.330	4.970.803.653
Non-current liabilities			
Long-term provisions		16.644.126	16.035.674
- Long-term provisions for employee benefits		16.644.126	16.035.674
Lease liabilities	13	21.926.888	1.991.770
Deferred tax liability	11	6.846.453	--
TOTAL NON-CURRENT LIABILITIES		45.417.467	18.027.444
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	250.000.000	150.000.000
Capital adjustment differences	17	998.452.109	983.271.009
Restricted reserves appropriated from profit	17	358.305.104	417.245.712
Accumulated other comprehensive income (expenses) that will not be reclassified to profit or loss		2.742.102	4.338.290
-Gains (losses) on revaluation and remeasurement		3.547.955	5.144.143
-Other gains (losses)		(805.853)	(805.853)
Prior years' profit or losses	17	(759.982.968)	(647.810.610)
Net profit or loss for the period		1.054.040.632	324.165.761
TOTAL EQUITY		1.903.556.979	1.231.210.162
TOTAL LIABILITIES AND EQUITY		7.857.215.776	6.220.041.259

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ
Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 December 2023

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

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
PROFIT OR LOSS			
Revenue	18	16.673.556.846	12.548.970.010
Cost of sales	18	(14.453.567.762)	(11.274.229.610)
GROSS PROFIT (LOSS) FROM BUSINESS OPERATIONS		2.219.989.084	1.274.740.400
Receivables from Financial Activities	18	486.009	--
Payables from Financial Activities	18	--	(19.285.403)
GROSS PROFIT (LOSS)		2.220.475.093	1.255.454.997
General administrative expenses	19	(366.814.848)	(273.323.134)
Marketing expenses	19	(260.601.506)	(160.794.238)
Other income from operating activities	21	8.511.931	10.111.136
Other expenses from operating activities	21	(64.539.617)	(5.576.313)
OPERATING PROFIT (LOSS)		1.537.031.053	825.872.448
Finance income	22	2.407.759.532	549.155.798
Finance expenses	22	(1.566.723.492)	(337.980.248)
Net monetary position gains/(losses)		(779.866.074)	(467.516.481)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		1.598.201.019	569.531.517
Tax (Expense) Income from Continuing Operations			
- Current tax (expense) income	16	(534.901.502)	(241.537.562)
- Deferred tax (expense) income	16	(9.258.885)	(3.828.194)
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		1.054.040.632	324.165.761
PROFIT (LOSS) FOR THE PERIOD		1.054.040.632	324.165.761
OTHER COMPREHENSIVE INCOME		(1.596.188)	3.021.234
Items that will not be reclassified to profit or loss			
Other comprehensive income items that will not be reclassified as other profit or loss		(1.596.188)	3.021.234
TOTAL COMPREHENSIVE INCOME (EXPENSE)		1.052.444.444	327.186.995

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Statement of Changes in Equity for the Year Ended 31 December 2023

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

Notes	Paid-in capital	Capital adjustment differences	Accumulated other comprehensive income that will not be reclassified subsequently to profit	Restricted reserves appropriated from profit	Retained earnings		Equity
			Gains/losses on revaluation and reclassification		Prior years' profits / (losses)	Net profit/(loss) for the period	
Balances as of 1 January 2022	150.000.000	983.271.009	1.509.509	325.296.836	(804.149.036)	545.826.892	1.201.755.210
Transfers	--	--	--	91.948.876	453.878.016	(545.826.892)	--
Profit (loss) for the period	--	--	--	--	--	324.165.761	324.165.761
Other comprehensive income (expense)	--	--	3.021.234	--	--	--	3.021.234
<i>Revaluation and reclassification gains (losses)</i>	--	--	3.021.234	--	--	--	3.021.234
Increase / (decrease) due to other changes	--	--	(192.453)	--	--	--	(192.453)
Total comprehensive income (expense)	--	--	3.021.234	--	--	324.165.761	327.186.995
Dividend payment	--	--	--	--	(297.539.590)	--	(297.539.590)
Capital increase	--	--	--	--	--	--	--
Balances as of 31 December 2022	150.000.000	983.271.009	4.338.290	417.245.712	(647.810.610)	324.165.761	1.231.210.162
Balances as of 1 January 2023	150.000.000	983.271.009	4.338.290	417.245.712	(647.810.610)	324.165.761	1.231.210.162
Transfers	--	--	--	(58.940.608)	383.106.369	(324.165.761)	--
Profit (loss) for the period	--	--	--	--	--	1.054.040.632	1.054.040.632
Other comprehensive income (expense)	--	--	(1.596.188)	--	--	--	(1.596.188)
<i>Revaluation and reclassification gains (losses)</i>	--	--	(1.596.188)	--	--	--	(1.596.188)
Increase / (decrease) due to other changes	--	--	--	--	--	--	--
Total comprehensive income (expense)	--	--	(1.596.188)	--	--	1.054.040.632	1.052.444.444
Dividend payment	--	--	--	--	(380.097.627)	--	(380.097.627)
Capital increase	100.000.000	15.181.100	--	--	(115.181.100)	--	--
Balances as of 31 December 2023	250.000.000	998.452.109	2.742.102	358.305.104	(759.982.968)	1.054.040.632	1.903.556.979

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Statement of Cash Flows

for the Year Ended 31 December 2023

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

	Notes	Audited 1 January- 31 December 2023	Audited 1 January- 31 December 2022
A. Cash flows from operating activities		2.467.508.743	(640.278.615)
Profit (Loss) for the Period		1.054.040.632	324.165.761
Adjustments to reconcile net profit (loss) for the period			
Adjustments related to depreciation and amortization expenses	11-12-13	39.552.364	29.280.605
Adjustments related to provisions		19.142.282	40.388.719
-Adjustments related to provision for doubtful receivable expense	6	(7.292.525)	163.722
-Adjustments related to provision for retirement pay expense		2.500.842	9.809.389
-Adjustments related to provision for unused vacation expense		1.404.381	5.518.764
-Adjustments related to provision for personnel dividend premium		24.647.112	21.667.433
-Adjustments related to provision for payables expense		(2.117.528)	3.229.411
Adjustments related to tax (income) expense		525.642.617	245.365.757
-Adjustments related to current tax expense	16	534.901.502	241.537.563
-Adjustments related to deferred tax (income) expenses	16	(9.258.885)	3.828.194
Adjustments related to interest income and expenses		(501.155.724)	(157.259.203)
-Adjustments related to interest income	22	(2.021.574.319)	(470.620.809)
-Adjustments related to interest expenses	22	1.520.418.595	313.361.606
Adjustments Related to Fair Value Losses (Gains)	16	565.499	1.471.582
-Adjustments Related to Fair Value Loss (Gains) of Financial Assets	21	565.499	1.471.582
Other adjustments related to profit (loss) reconciliation		(541.417)	(280.241)
-Dividend income from associates		(541.417)	(280.241)
Net monetary position gains/(losses)		(14.639.762)	(755.765.784)
Changes in working capital			
Adjustments related to increase/decrease in trade receivables		(237.936.740)	(1.392.375.627)
Adjustments related to increase/decrease in trade payables		479.441.277	781.535.038
Increase/decrease in financial investments		(331.922.130)	(408.158.959)
Adjustments related to other increase/decrease in working capital		(16.044.574)	(308.422.569)
Adjustments related to increase/decrease in lease payables		(40.754.171)	(27.063.592)
Cash flows from operating activities			
Interests received		2.032.483.497	402.633.266
Dividends received		(2.202)	(1.191.341)
Tax (payments) returns	16	(539.477.799)	(161.031.301)
Payments related to provision for employee benefits		(15.524.668)	(9.336.510)
Personnel premium paid		(13.149.875)	(6.892.995)
Employment termination benefit paid		(1.892.390)	(1.644.187)
Unused vacation paid		(482.403)	(799.328)
B. Cash flows from investing activities		(24.917.453)	(32.757.348)
Cash Outflows Due to Share Sale or Capital Decrease or Associates and/or Joint Ventures		--	(192.453)
Cash inflows from the sale of property, plant and equipment	11	--	--
Cash outflows from the purchase of property, plant and equipment	11	(24.917.453)	(21.172.405)
Cash outflows from the purchase of intangible assets	12	--	(11.392.490)
C. Cash flows from financing activities		(1.630.718.034)	3.031.714.850
Cash inflows from borrowing	7	324.048.496	3.652.122.866
-Cash Inflows from Issued Debt Instruments	7	(331.059.189)	1.215.485.662
-Cash Inflows from Other Financial Borrowings	7	655.107.685	2.436.637.204
Interest paid		(1.574.668.903)	(322.868.426)
Dividends paid		(380.097.627)	(297.539.590)
Net increase (decrease) in cash and cash equivalents before the effect of foreign currency translation differences (A+B+C)		822.181.138	3.114.444.671
D. Effects of foreign currency translation differences on cash and cash equivalents		30.509.469	13.381.280
Net increase (decrease) in cash and cash equivalents (A+B+C+D)		852.690.607	3.127.825.951
E. Cash and cash equivalents at the beginning of the period	3	3.370.894.711	243.068.760
Cash and cash equivalents at the end of the period (A+B+C+D+E)	3	4.223.585.318	3.370.894.711

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

1 Organization and operations of the Company

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

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

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

The Company operates with 10 branches (31 December 2022: 10). Each branch of T. Halk Bankası A.Ş., act as an intermediary for the transmission of orders on behalf of the Company in capital market transactions.

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

As of 31 December 2023, the Company has 166 employees (31 December 2022: 165).

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

	31 December 2023	31 December 2022
Türkiye Halk Bankası A.Ş.	100,00%	100,00%
Total	100,00%	100,00%

Approval of the Financial Statements:

The Board of Directors approved the financial statements and delegated authority for publishing it on 28 March 2024.

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

2

Basis of presentation of the financial statements

The preparation of financial statements

Statement of Compliance to TFRS

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

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

Currency Used

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

Restatement of financial statements during periods of high inflation

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

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

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

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

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Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

Restatement of financial statements during periods of high inflation (cont'd)

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

Accordingly, the financial statements as at 31 December 2023 have been adjusted for the effects of inflation in accordance with the accounting principles set out in TAS 29.

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

Date	Index	Adjustment coefficient	Three-year cumulative inflation rates
31 December 2023	1.859,38	1,00000	268%
31 December 2022	1.128,45	1,64773	156%
31 December 2021	686,95	2,70672	74%

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

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

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

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

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

Restatement of financial statements during periods of high inflation (*cont'd*)

Restatement of the Statement of Financial Position

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

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

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance.

Depreciation and amortisation expenses have been restated using the restated balances of property, plant and equipment, intangible assets, investment property and right-of-use assets

Restatement of Statement of Cash Flows

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

Comparative figures

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

Comparative Information and Restatement of Prior Period Financial Statements

The financial statements of the Company include comparative financial information to enable the determination of the financial position and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is reclassified, and significant changes are disclosed if necessary.

Derivative transaction income and expenses previously recognised in financial income and financial expenses have been reclassified to revenue from finance sector operations and cost of finance sector operations in the current period.

Changes in Accounting Policies

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

Changes in Accounting Estimates and Errors

If changes in accounting policies are for only one period, changes are applied on the current year but if the changes affect the future periods, changes are applied both on the current period and future periods prospectively. There has been no significant change in the Company's accounting estimates in the current year.

Significant changes in the accounting policies and significant accounting errors are applied retrospectively and the financial statements of the previous period are restated. The Company has not identified any accounting errors in the current year that would cause the financial statements to be restated.

New and Amended Turkish Accounting Standards

a) Amendments that are mandatorily effective from 2023

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

Amendments to TAS 1 *Disclosure of Accounting Policies*

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

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

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Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

New and Amended Turkish Accounting Standards (*cont'd*)

a) Amendments that are mandatorily effective from 2023 (cont'd)

Amendments to TAS 8 *Definition of Accounting Estimates*

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

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

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

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

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

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

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

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

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

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

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

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

New and Amended Turkish Accounting Standards (*cont'd*)

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

TFRS 17 Insurance Contracts

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

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

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

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

Amendments are effective with the first application of TFRS 17.

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

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

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

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

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

Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

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

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

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Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

New and Amended Turkish Accounting Standards (*cont'd*)

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

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

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

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

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

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

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

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

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

TSRS 2 *Climate-related Disclosures*

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

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

Summary of significant accounting policies

Accounting of income and expenses

Sales income and financial income

Sales Income

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

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

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

Service Income

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

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

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

Other

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

Related Parties

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

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

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

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

Related Parties (*cont'd*)

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

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

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

Property, plant and equipment

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

Properties in the course of construction for administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes legal fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

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

Property, plant and equipment (cont'd)

Useful lives of property, plant and equipment are as follows:

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

Intangible assets acquired separately

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

Leases

The Company as Lessee

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

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

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

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

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Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

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

Leases (cont'd)

The Company as Lessee (cont'd)

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

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

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

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

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

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

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

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

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

Leases (cont'd)

The Company as Lessee (cont'd)

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

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

Investments accounted for by using equity method

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

Financial instruments

Financial assets

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

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

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

Financial instruments (cont'd)

Financial assets (cont'd)

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

Financial assets at fair value through profit or loss

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

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

Financial assets measured at fair value through other comprehensive income

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

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

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

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

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

Financial instruments (cont'd)

Financial assets measured at amortized cost

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

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

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

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

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

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

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

Financial instruments (cont'd)

Impairment

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

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

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

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

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

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

Recognition and derecognition of financial assets

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

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

Financial instruments (cont'd)

Recognition and derecognition of financial assets (cont'd)

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

Financial liabilities

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

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

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

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

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

The Company does not reclassify any financial liability.

Derivative financial instruments

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

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

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

Financial instruments (cont'd)

Derivative financial instruments (cont'd)

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

Effects of Exchange Differences

Foreign Currency Transactions and Balances

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

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

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

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

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

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

As of 31 December 2023 and 31 December 2022, exchange rates used by the Company are as follows:

	31 December 2023	31 December 2022
US Dollar ("US Dollar")	29,4382	18,6983
Euro	32,5739	19,9349
British Pound	37,4417	22,4892

Earnings per Share

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

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

Events after the Reporting Period

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

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

Provisions, Contingent Assets and Liabilities

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

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

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

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

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

Onerous contracts

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

Restructuring

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

Reporting of Financial Information by Segments

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

Income Tax

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

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

Current tax

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

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

Income Tax (*cont'd*)

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

Employee Benefits

Termination and retirement benefits:

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

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

Income Tax (*cont'd*)

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

Profit-sharing and bonus plans

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

Statement of Cash Flows

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

Capital and Dividends

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

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

3

Cash and cash equivalents

Cash and cash equivalents as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Banks	3.700.536.079	3.611.788.123
- Time deposit	3.535.326.866	3.328.420.120
- Demand deposit	165.209.213	283.368.003
Receivables from reverse repo transactions	721.457.344	52.284.449
Provision for expected credit loss (-)	(595.507)	(493.160)
Total cash and cash equivalents on statement of financial position	4.421.397.916	3.663.579.412
Interest income discount on cash and cash equivalents	(82.629.416)	(76.341.185)
Provision for expected credit loss on cash and cash equivalents	595.507	493.160
Customer deposits ⁽¹⁾	(115.778.689)	(216.836.676)
Total cash and cash equivalents on statement of cash flows	4.223.585.318	3.370.894.711

⁽¹⁾ The portion of the bank deposits amounting to TL 115.778.689 (31 December 2022: TL 216.836.676) consists of the customers' assets held as demand deposits in the Company's deposit accounts as of 31 December 2023, which have not yet been invested.

As of 31 December 2023, TL 1.184.182.438 of time deposit (31 December 2022: TL 3.244.155.701) and TL 152.645.094 of demand deposit (31 December 2022: TL 265.791.575) is at T. Halk Bankası A.Ş., the main shareholder of the Company.

As of 31 December 2023, the maturity of the receivables from reverse repo transactions is 7 days and the interest rate is 43.75% (31 December 2022: 3 days maturity, 13.49%).

As of 31 December 2023 and 31 December 2022, the details of time deposits of the Company are as follows:

31 December 2023				
	Interest rate (%)	Maturity	Currency	Amount
Time deposits	42%-47%	2 January 2024-28 February 2024	TL	3.535.326.866
Total				3.535.326.866
31 December 2022				
	Interest rate (%)	Maturity	Currency	Amount
Time deposits	20%-26%	2 January 2023-16 March 2023	TL	3.328.420.120
Total				3.328.420.120

As of 31 December 2023 and 31 December 2022, there is no blockage on cash and cash equivalents of the Company.

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

4

Financial investments

Short-term financial investments

As of 31 December 2023 and 31 December 2022, short-term financial investments are as follows:

Financial assets at fair value through profit/loss

	31 December 2023			31 December 2022		
	Nominal value	Cost value	Carrying value	Nominal value	Cost value	Carrying value
Government bonds	54.500.000	47.987.882	52.509.421	118.690.002	116.405.287	195.259.721
Investment Funds	457.895.952	590.751.164	723.882.875	136.303.563	150.000.254	250.029.485
Total			777.189.456			445.289.206

Long-term financial investments

As of 31 December 2023 and 31 December 2022, long-term financial investments are as follows:

Financial assets at fair value through other comprehensive income

Share investments	31 December 2023		31 December 2022	
	Carrying value	Ownership (%)	Carrying value	Ownership (%)
Borsa İstanbul A.Ş. ⁽¹⁾	7.921.685	0,038	8.904.454	0,038
Halk Gayrimenkul Yatırım Ortaklığı A.Ş. ⁽²⁾	2.284.376	0,038	6.394.119	0,038
Ziraat Portföy Yönetimi A.Ş. ⁽³⁾	192.441	0,001	192.441	0,001
Total	10.398.502		15.491.014	

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

⁽²⁾ Halk GYO is recognised at fair value in the financial statements.

⁽³⁾ Stated at cost value in financial statements.

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

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Related party disclosures

Receivables from related parties and payables to related parties

As of 31 December 2023 and 31 December 2022, the receivables and payables from related parties are as follows:

	31 December 2023	31 December 2022
Cash and cash equivalents		
Türkiye Halk Bankası A.Ş.	1.336.827.532	3.509.947.276
-Time deposits	1.184.182.438	3.244.155.701
-Demand deposits	152.645.094	265.791.575
Total	1.336.827.532	3.509.947.276
	31 December 2023	31 December 2022
Stock shares investments		
Halk Gayrimenkul Yatırım Ortaklığı A.Ş.	2.284.376	6.394.118
-Stock shares	2.284.376	6.394.118
Total	2.284.376	6.394.118
	31 December 2023	31 December 2022
Trade receivables from related parties		
Türkiye Halk Bankası A.Ş.	265.951	228.069
Total	265.951	228.069
	31 December 2023	31 December 2022
Payables to related parties		
Halkbank Spor Kulübü	13.500.000	3.394.322
Türkiye Halk Bankası A.Ş.	432.832	457.215
Other	--	13.876
Total	13.932.832	3.865.413

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

5

Related party disclosures (*cont'd*)

Transactions with related parties

Transactions with related parties for the periods ended 31 December 2023 and 31 December 2022 are as follows:

Income from related parties

	1 January – 31 December 2023	1 January – 31 December 2022
<u>Türkiye Halk Bankası A.Ş.</u>		
Commission income on public offerings brokerage	40.153.300	29.297.119
Interest income on deposits	837.458.842	182.636.038
Commission income from brokerage	2.148.968	1.311.835
Investment consultancy service income	3.840.000	4.465.346
Other income	2.151.732	2.051.022
<u>Halk Gayrimenkul Yatırım Ortaklığı A.Ş.</u>		
Consultancy service income	--	617.898
Commission income from brokerage	1.882	6.883
<u>Halk Finansal Kiralama A.Ş.</u>		
Commission income on public offerings brokerage	2.158.875	2.327.829
Amortization income on bonds	20.411	--
<u>Halk Varlık Kiralama A.Ş.</u>		
Sukuk issuance brokerage commission income	9.040.290	11.371.391
Amortization income from lease certificate	39.542	309.046
Total	897.013.842	234.394.407

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

5

Related party disclosures (*cont'd*)

Transactions with related parties (*cont'd*)

Payables to related parties

	1 January – 31 December 2023	1 January – 31 December 2022
<u>Türkiye Halk Bankası A.S.</u>		
Rent expenses	7.854.379	7.404.311
Common expense contribution expense	8.346.153	5.300.005
Campaign bonus expense	923.716	999.040
Commissions of guarantee letter	263.371	267.163
Bank charges	91.286	156.918
Used loan interest expense	--	308.389
<u>Halkbank Spor Kulübü</u>		
Sponsorship expenses	18.550.000	14.088.085
<u>Halk Gayrimenkul Yatırım Ortaklığı A.S.</u>		
Repo interest expense	--	229
Total	36.028.906	28.524.140

Benefits provided to key management

The key personnel received remuneration and fees amounting in total TL 13.958.279 for the period ended 31 December 2023 (31 December 2022: TL 6.515.453).

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

6

Trade receivables and payables

Trade receivables

As of 31 December 2023 and 31 December 2022, trade receivables of the Company are as follows:

	31 December 2023	31 December 2022
Receivables from loan customers	925.445.048	1.173.744.193
Futures and options market collaterals	1.053.253.589	402.894.204
Leveraged trade collaterals	6.582.461	8.307.669
Receivables from customers	1.612.668	168.662.991
Collaterals of borrowed securities	--	5.290.735
Due from related parties (Note 5)	265.951	228.069
Doubtful trade receivables	13.925.567	21.951.709
Provision for doubtful trade receivables	(13.925.567)	(21.951.709)
Total	1.987.159.717	1.759.127.861

The movement of the provision of doubtful receivables of the Company as of 31 December 2023 and 31 December 2022 is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Beginning of the period	21.951.709	22.433.223
Provisions during the period	(7.292.525)	163.722
Collected during the period	(733.617)	(645.236)
End of the period	13.925.567	21.951.709

Trade payables

As of 31 December 2023 and 31 December 2022, trade payables of the Company is as follows:

	31 December 2023	31 December 2022
Leveraged trade collaterals	5.461.660	7.425.625
Futures and options market collaterals	1.053.102.562	402.786.617
Payables to customers	469.436.690	454.650.043
Public offering demands	--	195.639.131
Sellers	26.279.032	19.113.934
Payables to related parties (Note 5)	13.932.832	3.865.413
Guarantees received for securities lent	--	5.290.736
Total	1.568.212.776	1.088.771.499

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

7

Short-term borrowings

As of 31 December 2023 and 31 December 2022, the details of the Company's borrowings are as follows:

	31 December 2023	31 December 2022
Issued financial bonds	955.185.602	1.231.892.139
Payables to Takasbank money market	3.167.343.589	2.460.161.315
Total	4.122.529.191	3.692.053.454

As of 31 December 2023 and 31 December 2022, the details of bonds, notes and bills issued by the Company are as follows:

31 December 2023					
ISIN	Issue date	Maturity	Interest rate (%)	Nominal	Amount
TRFHALK12416	31 October 2023	31 January 2024	39.50%	361.000.000	350.340.690
TRFHALK22415	07 November 2023	06 February 2024	39.50%	330.000.000	318.296.242
TRFHALK22423	13 November 2023	12 February 2024	40.50%	200.000.000	191.618.462
TRFHALK22431	16 November 2023	20 February 2024	47.60%	100.000.000	94.930.208
Total					955.185.602

31 December 2022					
ISIN	Issue date	Maturity	Interest rate (%)	Nominal	Amount
TRFHALK12317	17 November 2022	25 January 2023	22.00%	100.000.000	162.484.437
TRFHALK12325	30 November 2022	25 January 2023	22.00%	225.000.000	365.551.368
TRFHALK22316	09 December 2022	07 February 2023	22.25%	100.000.000	161.188.119
TRFHALK32315	15 Deember 2022	02 March 2023	22.00%	118.000.000	187.712.776
TRFHALK32323	27 December 2022	16 March 2023	22.00%	225.000.000	354.955.439
Total					1.231.892.139

As of 31 December 2023 and 31 December 2022, the Company's financial borrowings are as follows.

31 December 2023			
	Interest rate (%)	Maturity	Amount
Takasbank Money Market	39.15%-45%	2 January 2024-28 February 2024	3.167.343.589
Total			3.167.343.589
31 December 2022			
	Interest rate (%)	Maturity	Amount
Takasbank Money Market	10.9%-17.5%	2 January 2023-15 February 2023	2.460.161.315
Total			2.460.161.315

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

8 Other non-current assets

None (31 December 2022: None).

9 Other receivables and payables

Other receivables

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

	31 December 2023	31 December 2022
Leveraged transaction foreign collaterals	22.894.063	36.982.390
BISTECH Share MKT transaction collateral ⁽²⁾	41.273.042	53.895.966
TMM Debt Instruments collateral	256.988.165	--
TEFAS transaction collateral ⁽⁴⁾	7.120.826	13.455.813
VIOP, Share, Lending and Debt Instruments guarantees ⁽¹⁾	51.877.212	19.726.815
BAP MTK transaction collaterals ⁽³⁾	73.621.028	95.568.194
Rental and other security deposits	50.860	81.811
Other	5.283.193	2.049.218
Expected loss provision(-)	(151.189)	(209.302)
Total	458.957.200	221.550.905

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

Other payables

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

	31 December 2023	31 December 2022
Taxes, duties and fees payable	60.600.966	36.010.220
Other	43.922	6.456.304
Total	60.644.888	42.466.524

HALK YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ

Notes to the Financial Statements for the Year Ended 31 December 2023

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

10 Prepaid expenses

As of 31 December 2023 and 31 December 2022 prepaid expenses are as follows:

	31 December 2023	31 December 2022
Prepaid expenses ⁽¹⁾	32.189.309	23.792.768
Prepaid leases	20.650	--
Total	32.209.959	23.792.768

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

11 Property, plant and equipment

For the years ended 31 December 2023 and 31 December 2022, movement of the property, plant and equipment is as follows:

	Machinery and equipment	Furniture and fixtures	Leasehold improvements	Total
Cost				
Opening balance, 1 January 2022	44.420.582	13.797.915	23.873.774	82.092.271
Additions	14.449.083	3.201.724	3.521.598	21.172.405
Closing balance, 31 December 2022	58.869.665	16.999.639	27.395.372	103.264.676
Opening balance, 1 January 2023	58.869.665	16.691.970	27.395.371	102.957.006
Additions	22.949.493	359.297	1.608.663	24.917.453
Closing balance, 31 December 2023	81.819.158	17.051.267	29.004.034	127.874.459
Accumulated depreciation				
Opening balance, 1 January 2022	31.761.700	13.976.314	4.680.496	50.418.510
Charge for the period	6.408.015	761.619	5.473.972	12.643.606
Closing balance, 31 December 2022	38.169.715	14.737.933	10.154.468	63.062.116
Opening balance, 1 January 2023	38.169.715	14.737.933	10.154.467	63.062.115
Charge for the period	7.175.697	448.343	5.181.178	12.805.218
Closing balance, 31 December 2023	45.345.412	15.186.276	15.335.645	75.867.333
Net carrying value				
31 December 2022	20.699.950	2.261.706	17.240.904	40.202.560
31 December 2023	36.473.746	1.864.991	13.668.389	52.007.126

In the accounting period for the period ending on 31 December 2023, TL 24.917.453 of property, plant and equipment was purchased (31 December 2022: TL 21.172.405).

In the accounting period ending on 31 December 2023, the total insurance amount on tangible fixed assets is TL 41.849.320 (31 December 2022: TL 22.129.120).

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Intangible assets

For the years ended 31 December 2023 and 31 December 2022, movement of the intangible assets is as follows:

	Software programs
Cost value	
Opening balance, 1 January 2022	39.560.429
Additions	11.392.490
Closing balance, 31 December 2022	50.952.919
Opening balance, 1 January 2023	50.952.919
Additions	--
Closing balance, 31 December 2023	50.952.919
Accumulated amortization	
Opening balance, 1 January 2022	35.542.846
Charge for the period	4.327.878
Closing balance, 31 December 2022	39.870.724
Opening balance, 1 January 2023	39.870.724
Charge for the period	3.522.957
Closing balance, 31 December 2023	43.393.681
Net carrying value	
31 December 2022	11.082.195
31 December 2023	7.559.238

As of 31 December 2023, no intangible assets were acquired during the year ended 31 December 2023 (31 December 2022: TL 6.914.055).

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Right-of-use assets and lease liabilities

As of 31 December 2023 and 31 December 2022, movement of right-of-use assets and lease liabilities are as follows:

	Building lease rights	Vehicle lease rights	Total
Cost			
Opening balance, 1 January 2022	20.083.596	9.221.951	29.305.547
Additions	20.917.675	11.287.161	32.204.836
Closing balance, 31 December 2022	41.001.271	20.509.112	61.510.383
Opening balance, 1 January 2023	41.001.271	20.509.112	61.510.383
Additions	66.710.478	29.337.467	96.047.945
Closing balance, 31 December 2023	107.711.749	49.846.579	157.558.328
Accumulated depreciation			
Opening balance, 1 January 2022	6.898.709	4.789.647	11.688.356
Charge for the period	12.587.382	(278.261)	12.309.121
Closing balance, 31 December 2022	19.486.091	4.511.386	23.997.477
Opening balance, 1 January 2023	19.486.091	4.511.386	23.997.477
Charge for the period	9.520.293	13.703.896	23.224.189
Closing balance, 31 December 2023	29.006.384	18.215.282	47.221.666
Net carrying value			
31 December 2022	21.515.180	15.997.726	37.512.906
31 December 2023	78.705.365	31.631.298	110.336.662
	31 December 2023	31 December 2022	
Distribution of lease liabilities			
Current	21.368.544	9.234.077	
Non-current	21.926.888	1.991.770	
Closing balance	43.295.432	11.225.847	

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Provisions, contingent assets and liabilities

Other short-term provisions

As of 31 December 2023 and 31 December 2022, short-term provisions for liabilities are as follows:

	31 December 2023	31 December 2022
Provision for litigation	3.065.000	5.254.938
Expenses payable	139.708	57.740
Common expense contribution share	--	20.241
Other expense provisions	11.567	884
Total	3.216.275	5.333.803

Off-balance sheet liabilities

As of 31 December 2023 and 31 December 2022 off-balance sheet liabilities are as follows:

Guarantee letters

	31 December 2023	31 December 2022
TMM Transaction Collaterals (Takasbank)	3.984.000.000	2.471.593.779
Borsa İstanbul AŞ (BİST)	80.000	131.818
CBM	1.776	2.926
Other	1.633.050	2.281.363
Total	3.985.714.826	2.474.009.886

As of 31 December 2023, the Company has a guarantee given to liquidity providers amounting to USD 2.000.000 in order to be able to perform KAS transactions (31 December 2022: USD 2.000.000).

Other off-balance sheet liabilities

Items held in custody (nominal)	31 December 2023	31 December 2022
Stock share	11.240.438.086	12.269.926.335
Warrants	107.445.647	154.514.064
Other securities	9.427.551.698	13.313.523.565
Futures and options market contracts (number)	528.812	162.221

As of 31 December 2023, there are futures and option markets guarantees amounting to TL 1.053.102.562 at Istanbul Takas ve Saklama Bankası A.Ş. (31 December 2022: TL 244.449.525).

As of 31 December 2023 and 31 December 2022, the open transaction amounts of customers in the Futures and Options Market are as follows:

	31 December 2023	31 December 2022
Open transaction amount	2.501.666.696	1.155.938.257

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

Lawsuits

As of 31 December 2023, total risk of lawsuits sued against the Company are amounting to approximately TL 3.065.000 (31 December 2022: TL 3.189.200) and TL 3.065.000 of provision is provided for these lawsuits on the financial statements (31 December 2022: TL 3.189.200).

	1 January – 31 December 2023	1 January – 31 December 2022
Beginning of the period	3.189.200	951.842
Increase during the period	--	4.303.096
Provision released	(124.200)	--
End of the period	3.065.000	5.254.938

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Provisions related to employee benefits

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

	31 December 2023	31 December 2022
<i>Short-term</i>		
- Provision for unused vacation	9.268.588	8.346.610
- Personnel bonus provision	24.647.112	21.667.433
<i>Long-term</i>		
- Provision for employment termination benefit	16.644.126	16.035.674

Provision for unused vacation

Provision for unused vacations is the total undiscounted liability amount corresponding to the days of leave entitled but not yet used by all employees. The movements of provision for the unused vacation in the accounting periods ended 31 December 2023 and 31 December 2022 are as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Beginning of the period	8.346.610	3.627.174
Increase in the period	1.404.381	5.518.764
Paid within the period	(482.403)	(799.328)
End of the period	9.268.588	8.346.610

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

Provision for personnel premium

The provision for personnel premium provision consists of the TL 24,647,112 premium that the Company foresees to distribute to the personnel from the provisions allocated in the statement of financial position for 2023 (31 December 2022: TL 21,667,433). The Company has recognized the related amount as expense in accordance with TAS 19 in the current period.

	1 January – 31 December 2023	1 January – 31 December 2022
Beginning of the period	21.667.433	6.892.995
Increase in the period	16.129.554	21.667.433
Paid during the period	(13.149.875)	(6.892.995)
End of the period	24.647.112	21.667.433

Termination and retirement benefits

Provision for termination and retirement benefits has been calculated according to the net present value of future liabilities due to retirement of all employees and reflected in the accompanying financial statements.

Under TFRS, actuarial calculation is required to calculate the Company's liabilities. The Company calculated the provision for termination and retirement benefits based on the Company's experience in completing employee service term and entitlement to severance pay using the "Projection Method" in prior periods and recognized it in the accompanying financial statements. Provision for termination and retirement benefits has been calculated according to the net present value of future liabilities due to retirement of all employees. Accordingly, the actuarial assumptions used to calculate the liability as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Discount rate	24,58%	13,09%
Estimated salary increase rate	19,99%	10,10%
Net discount rate	4,00%	2,80%

The movements of provision for termination and retirement benefits within the accounting periods ended 31 December 2023 and 31 December 2022 are as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Beginning of the period	16.035.674	4.776.557
Interest cost	606.980	138.023
Service cost	1.733.506	5.815.254
Payments during the period	(1.892.390)	(997.850)
Inflation difference	160.356	6.303.690
End of the period	16.644.126	16.035.674

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Notes to the Financial Statements for the Year Ended 31 December 2023

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Tax assets and liabilities

In Türkiye, the general corporate tax rate is 20%. However, within the scope of the Law No. 7316 on the "Law on the Collection of Public Claims and Amendments to Certain Laws" published in the Official Gazette dated 22 April 2021, this rate will be applied as 25% for the corporate earnings of the institutions for the 2022 taxation period, and 23% for the corporate earnings for the 2021 taxation period, starting from the declarations that must be submitted as of 1 July 2021. This change will be valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021. The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as a deduction in accordance with the tax laws to the commercial income of the corporations, deducting the exceptions and discounts in the tax laws. If there is no dividend distribution, no further tax charges are made.

Evaluation of Immovable Property Owned by the Treasury No. 7394, which was published in the Official Gazette dated 15 April 2022 and numbered 31810 and the Law on Amending the Value Added Tax Law and the Law on Amending Certain Laws and Decrees with the Force of Law and with the paragraph added to the provisional article 13 of the Corporate Tax Law No. 5520, it has been decided to apply the corporate tax rate for financial institutions as 25% of the corporate earnings for the 2022 taxation period.

Pursuant to the "Law on the Issuance of Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and the Decree Law No. 375" published in the Official Gazette dated 15 July 2023; the corporate tax rate of 25% for banks, financial leasing, factoring, financing and savings finance companies, electronic payment and money institutions, authorised foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies has been increased to 30% and the corporate tax rate of 20% for other companies has been increased to 25%. The tax rate change will be effective for the earnings of the companies in 2023 and the following taxation periods. As of 31 December 2023, deferred tax rate of 30% was used for temporary differences in the deferred tax calculation.

Transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law numbered 5520, published at Official Gazette dated 21 June 2006 and with number 26205 and these new regulations have become valid as of 1 January 2007. New arrangements for transfer pricing are in line with basis and principles in guidelines of OECD about transfer pricing.

The article 13 of Corporate Tax Law and announcements related with this article make clear how to apply arm's length principle between related parties.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Purchase, sale, manufacturing and construction transactions, leasing and renting transactions, borrowing and lending money, premium, fees and similar payment transactions are always accepted as good or service purchase or sale.

Companies are obliged to fill out transfer pricing form attached to yearly corporate tax return. This form should include amounts of all transactions made with related parties and methods of transfer pricing used for these transactions.

According to "the General Communiqué on Disguised Profit Distribution via Transfer Pricing" numbered 1, dated 18 November 2007 and published on Official Gazette, taxpayers registered in "Large Taxpayers Office" have to prepare Transfer Pricing Report for domestic or foreign transactions made with related parties in an accounting period. Other corporate taxpayers have to prepare Transfer Pricing Report for foreign transactions made with related parties in an accounting period.

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Tax assets and liabilities (*cont'd*)

As per the decision no. 2006/10731 of the Council of Ministers published in the Official Gazette no. 26237 dated 23 July 2006, certain duty rates included in the articles no. 15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Türkiye through their operations or permanent representatives and the resident institutions, increased to 15% from 10%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account.

In Türkiye, there is no procedure for a final and definitive agreement on tax assessments. Corporate tax returns are submitted to the relevant tax office until the evening of the 25th day of the fourth month following the month in which the accounting period is closed. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

In accordance with the tax legislation, tax losses can be carried forward up to 5 years.

A reconciliation illustrates the differences between the total tax provision and the amount calculated by applying the legal tax rate to the profit before tax of the periods ended 31 December 2023 and 31 December 2022.

	1 January – 31 December 2023	1 January – 31 December 2022
Profit before tax	1.598.201.019	384.167.400
Corporate tax calculated with statutory tax rate (30%)	(479.460.306)	(142.382.879)
Effect of non-deductable expenses	(22.052.383)	(9.643.336)
Effect of temporary change in prepaid corporate tax rate	(333.676)	1.454.138
Effect of inflation accounting	(42.314.022)	(94.793.679)
Tax expense	(544.160.387)	(245.365.756)

	1 January – 31 December 2023	1 January – 31 December 2022
Current tax expense	(534.901.502)	(241.537.562)
Deferred tax (expense)/income	(9.258.885)	(3.828.194)
Tax expense	(544.160.387)	(245.365.756)

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Tax assets and liabilities (*cont'd*)

As at 31 December 2023 and 31 December 2022, the remaining amount after netting off the corporate tax provision and corporate tax paid is recognised under "corporate tax payable" or "assets related to current period tax" in the "current period tax liability" account.

	31 December 2023	31 December 2022
Prepaid provisional tax	436.547.546	138.607.310
Current corporate tax provision	(534.901.502)	(241.537.563)
Current tax liabilities / (assets)	(98.353.956)	(102.930.253)

Deferred tax

As of 31 December 2023 and 31 December 2022, details of net deferred tax assets and liabilities are as follows:

	Total Temporary Differences		Deferred Tax Asset / (Liability)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Deferred tax assets				
Provision for employment termination benefits	16.644.126	9.731.984	4.993.238	2.432.996
Provision for unused vacation	9.268.588	5.065.523	2.780.576	1.266.381
Provision for personnel dividend premium	--	13.149.875	--	3.287.469
Provision for doubtful receivables	1.195.828	--	358.748	--
Provision for litigation	3.065.000	3.189.200	919.500	797.300
Financial investments valuation differences	3.320.054	590.002	656.630	124.008
Provision for expected loss	746.732	426.340	224.021	106.585
Total deferred tax assets	34.240.328	32.152.924	9.932.713	8.014.739
Deferred tax liabilities				
Tax laws and method differences of property, plant and equipment and intangible asset depreciation	(56.610.949)	(19.849.951)	(14.152.737)	(4.962.488)
Provision for doubtful receivables	--	(292.230)	--	(73.057)
Deferred tax liabilities				
Other	(10.505.719)	(2.267.050)	(2.626.430)	(566.763)
Total deferred tax liability	(67.116.668)	(22.409.231)	(16.779.167)	(5.602.307)
Net deferred tax asset / (liability)	(32.876.340)	9.743.693	(6.846.454)	2.412.432

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Shareholders' equity

At the General Assembly held on 7 August 2023, it was decided not to set aside the first legal reserve fund since it has reached one fifth of the paid-in capital in accordance with the first paragraph of Article 519 of the Turkish Commercial Code and to pay a first dividend of TL 7.500.000 to the Company's shareholders at the rate of 5% of the paid-in capital in accordance with Article 21/b of the Articles of Association. In accordance with Article 21/d of the Articles of Association, TL 376.278.121 will be allocated to the shareholders of the Company as the second dividend and TL 53.778.121 from the second dividend allocated to the shareholders, TL 21.453.063 from the extraordinary reserves account and TL 24.768.816 from the retained earnings will be added to the capital by distributing a total of TL 100.000.000 to the shareholders as bonus shares and it has been decided to increase the Company's capital from TL 150.000.000 to TL 250.000.000 and to pay cash dividends totalling TL 330.000.000 as first dividend and second dividend and to set aside TL 38.942.799,60 as second legal reserves.

Trade registry approval was registered and announced in the Trade Registry Gazette dated 17 August 2023 and numbered 10895.

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Shareholders' equity (cont'd)

	31 December 2023	31 December 2022
Capital adjustment differences	998.452.109	983.271.009
Restricted reserves appropriated from profit	358.305.104	417.245.712
Total	1.356.757.213	1.400.516.721

	31 December 2023	31 December 2022
Prior years' profit/losses (Before inflation accounting)	22.962.435	418.861.212
Prior years' profit/losses (After inflation accounting)	(1.026.227.773)	(690.169.841)

Restricted reserves appropriated from profit

Under the Turkish Commercial Code legal reserves consist of first and second legal reserves. The first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the paid-in share capital. The second legal reserve is calculated as the 10% of dividend distributions, in excess of 5% of paid-in capital. The legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

As of 31 December 2023, the Company has restricted reserves amounting to TL 358.305.104 appropriated from profit (31 December 2022: TL 417.245.712).

Revaluation and reclassification gains (securities increment value fund)

Securities increment value fund consists of the accumulated net change in the fair value of financial assets held for sale until they are derecognized or impaired.

Other earnings

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

Retained earnings

As of 31 December 2023, the Company has retained earnings profit amounting to TL 759.982.968 (31 December 2022: (TL 647.810.610)).

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Revenue and cost of sales

Income from operating activities for the years ended 31 December 2023 and 31 December 2022 is as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Revenue		
Government bond sales	851.455.484	1.970.430.591
Government bonds and treasury bills repo sales	7.331.450.163	5.512.927.938
Share sales	166.859.123	1.091.777.107
Private sector bond sales	43.146.829	307.184.524
Finance bond sales	82.946.694	--
Eurobond sales	1.155.773.697	2.521.106.052
Treasury bond sales	82.119.672	--
Investment Fund Sales	4.839.840.145	164.872
Brokerage warrant sales	--	1.991
Total revenue	14.553.591.807	11.403.593.075
Services		
Share transactions brokerage commissions	1.137.184.797	759.121.981
Interest income from customers	613.680.720	233.780.089
Public offering, issuance commissions and consultancy income	268.247.142	79.992.816
Commission on common stock trading	625.290	610.838
Repo-reverse repo brokerage commissions	9.653.721	1.470.328
Takasbank Money Market brokerage commissions	975.993	1.347.591
Futures and options market transaction brokerage commissions	39.673.038	38.070.250
Securities Lending Market and other commission income	6.316.853	2.961.490
Leveraged income	5.457.411	5.917.058
Fund sales and distribution commissions	20.177.176	10.985.981
Portfolio management and consultancy service income	14.516.039	9.139.969
Bank transfer instrument income on condition of electronic product note	1.689.020	1.966.127
Crowdfunding platform and venture capital advisory income	1.767.839	12.417
Total service income	2.119.965.039	1.145.376.935
Total sales income	16.673.556.846	12.548.970.010
Cost of sales		
Government bond purchases	(838.996.337)	(1.925.550.645)
Government bond repo purchases	(7.331.450.163)	(5.512.927.938)
Share purchases	(157.454.855)	(1.042.818.507)
Private sector bond purchases	(43.090.804)	(305.972.601)
Financing bills purchases	(81.144.759)	--
Eurobond purchases	(1.140.196.557)	(2.486.791.752)
Treasury bond purchases	(81.180.494)	--
Brokerage warrant purchases	--	(3.817)
Investment fund purchases	(4.780.053.793)	(164.350)
Total cost of sales	(14.453.567.762)	(11.274.229.610)
Gross profit from trade activity	2.219.989.084	1.274.740.400
Gain from Financial Derivative Transactions	486.009	--
Loss from Financial Derivative Transactions	--	(19.285.403)
Total finance sector operations costs	486.009	(19.285.403)
Gross profit	2.220.475.093	1.255.454.997

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General administrative and marketing expenses

General administrative expenses for the years ended 31 December 2023 and 31 December 2022 are as follows:

<i>General administrative expenses</i>	1 January – 31 December 2023	1 January – 31 December 2022
Personnel expenses	220.607.797	154.343.999
-Personnel salaries and bonuses	112.461.649	80.692.767
-Personnel insurance and premium expenses	32.244.612	21.017.306
Personnel additional bonus	29.134.428	23.797.435
-Personnel employment termination expenses	10.168.261	11.262.461
-Personnel food expenses	8.821.126	5.504.969
-Other personnel expenses	27.777.721	12.069.061
Data display and distribution expenses	18.370.449	14.576.987
Depreciation expenses and amortization	39.552.364	28.197.189
Outsourced benefits and services	30.626.043	27.426.981
Communication expenses	8.138.315	8.086.460
Taxes and fees	11.640.359	9.260.550
Service and travel expenses	5.252.752	4.671.436
Common expense share	6.095.336	4.922.215
Audit and consultancy expenses	3.738.143	3.130.036
Vehicle rent and fuel expenses	1.619.285	1.933.816
Vehicle rent and fuel expenses	22.253.130	5.993.476
Representation and entertainment expenses	1.875.725	848.255
Other	-2.954.850	9.931.734
Total	366.814.848	273.323.134

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General administrative and marketing expenses (cont'd)

As of 31 December 2023 and 31 December 2022, marketing expenses are as follows:

<i>Marketing expenses</i>	1 January – 31 December 2023	1 January – 3 December 2022
Stock exchange expenses	101.436.810	62.709.853
Data display and distribution expenses	46.327.335	35.297.322
Financing bill issuance expenses	7.311.277	1.531.863
Exchange and custody expenses	36.324.342	17.253.489
Commission, premium and service expenses	27.717.104	1.552.744
Advertisement, publication and rent expenses	13.432.682	15.198.326
Stock exchange and union fees	1.549.100	1.611.508
Stock exchange remote access expense	4.068.620	3.087.888
Sponsorship expenses	22.434.236	16.667.904
Other	--	5.883.341
Total	260.601.506	160.794.238

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Expenses by nature

The Company has classified expenses by function in the accompanying financial statements. Depreciation and amortisation expenses for the year ended 31 December 2023 amounted to TL 27.948.229 (31 December 2022: TL 28.197.189). As of 31 December 2023, provision for employment termination benefits amounting to TL 10.168.261 and provision for unused vacation expense amounting to TL 4.443.291 (31 December 2022: TL 8.679.802 provision for employment termination benefits, TL 5.052.759 provision for unused vacation expense).

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Notes to the Financial Statements for the Year Ended 31 December 2023

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

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Other income and expenses from operating activities

Other income and expenses from operation activities for the years ended 31 December 2023 and 31 December 2022 are as follows:

<i>Other operating income</i>	1 January – 31 December 2023	1 January – 31 December 2022
Other service income ⁽¹⁾	7.266.987	5.018.754
Dividend income	571.249	2.748.417
SSI refund premiums and other income ⁽²⁾	528.791	330.288
Provisions released ⁽³⁾	144.904	2.013.677
Total	8.511.931	10.111.136

⁽¹⁾ It comprises remittance commissions received from customers, support services provided, collections from lawsuits and other income.

⁽²⁾ The amount of TL 448.661 is received as grant from treasury for SSI payments. (31 December 2022: TL 168.262).

⁽³⁾ It comprises reversal income for provisions for lawsuits in prior periods.

<i>Other operating expenses</i>	1 January – 31 December 2023	1 January – 31 December 2022
Provision for legal cases expense	--	4.395.821
Other expenses and losses ⁽¹⁾	64.539.617	1.180.492
Total	64.539.617	5.576.313

⁽¹⁾ A cash donation of TL 42.000.000 was made to the Disaster and Emergency Management Presidency (AFAD) of the Ministry of Interior of the Republic of Türkiye, which organises the aid in the region, in order to contribute to the support to be provided to the disaster victims in order to support our citizens who were damaged in the earthquakes that hit Kahramanmaraş and devastatingly affected 11 provinces.

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Notes to the Financial Statements for the Year Ended 31 December 2023

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

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Finance income and finance expenses

As of 31 December 2023 and 31 December 2022, the details of finance income and expenses are as follows:

<i>Finance income</i>	1 January – 31 December 2023	1 January – 31 December 2022
Deposit interest income	1.508.152.863	206.097.386
Reverse repo interest income	428.525.707	215.193.834
Fixed income securities depreciation, coupon rate and discount income	25.216.964	30.195.942
Futures and options market and other collateral interest income	54.631.763	14.740.785
Takasbank money market interest income	5.047.022	4.392.862
Exchange differences income	48.974.418	36.614.345
Stock valuation differences	--	6.680.109
Investment fund valuation differences	155.860.311	2.869.675
Other	181.350.484	32.370.860
Total	2.407.759.532	549.155.798

<i>Finance expenses</i>	1 January – 31 December 2023	1 January – 31 December 2022
Interest expenses		
TPP borrowing and loan interest expenses	927.665.519	109.352.876
Financial bond interest expenses	307.023.847	24.449.946
Repo interest expenses	285.729.229	179.558.784
Exchange differences expenses	10.788.605	18.599.830
Stock valuation differences	21.880	--
Investment fund valuation differences	4.735.675	--
Letter of guarantee commissions	27.501.694	6.015.800
Other	3.257.043	3.012
Total	1.566.723.492	337.980.248

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Notes to the Financial Statements for the Year Ended 31 December 2023

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23 Fees for services received from an independent audit firm

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

1 January-31 December 2023			1 January-31 December 2022		
IAF	Other IAF	Total	IAF	Other IAF	Total
840.000	--	840.000	467.000	--	467.000
--	--	--	--	--	--
840.000	--	840.000	467.000	--	467.000

24 Nature and level of risks arising from financial instruments

The Company manages its financial risk in accordance with the Communiqué Serial: V, No: 34 "Communiqué on Capital and Capital Adequacy of Brokerage Companies" ("Communiqué 34") promulgated by CMB. The Company is obliged to prepare risk provision, capital adequacy basis and liquidity requirement calculation tables in accordance with Communiqué 34 and report these to CMB periodically.

24.1 Credit risk

The Company conducts brokerage services on behalf of corporate and individual investors and provides advisory services. The Company also makes trading of various marketable securities. The Company may be exposed to the risk that counterparty may default on its contractual obligations resulting in financial loss to the Company. In order to control or mitigate such risks, the Company wants its customers to hold cash or cash equivalents in their accounts. Credit risk monitoring is carried out by monitoring the liquidity and value of collaterals (such as stocks) over daily loan balances, by limiting daily the risks of counterparty and monitoring the adequacy of collateral received for the credit. The Company sells trust collaterals if counterparty fails to keep its credit margin which has determined before.

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Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

24.1 Credit risk (*cont'd*)

Credit risks exposed by types of financial instruments:

31 December 2023	Receivables			Deposits at bank ⁽¹⁾	Financial investments ⁽²⁾
	Trade receivables	Other receivables			
	Related party	Other	Other		
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)	265.951	1.986.893.766	458.957.200	4.421.397.916	776.392.296
- Secured portion of the maximum credit risk by guarantees, etc.	--	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	265.951	1.986.893.766	458.957.200	4.421.397.916	776.392.296
B. Net book value of financial assets with renegotiated terms that will be considered as past due or not impaired otherwise	--	--	--	--	--
C. Net book value of financial assets that are past due but not impaired	--	--	--	--	--
- Secured portion by guarantees, etc.	--	--	--	--	--
D. Net book value of the impaired assets	--	--	--	--	--
- Past due (gross amount)	--	13.925.567	--	--	--
- Impairment (-)	--	(13.925.567)	--	--	--
- Secured portion of the net book value by guarantees, etc.	--	--	--	--	--
- Not past due (gross amount)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Secured portion of the net book value by guarantees, etc.	--	--	--	--	--
E. Off-balance sheet items that include credit risk	--	--	--	--	--

(1) Receivables from reverse repurchase agreements amounting to TL 721.457.344 included in cash and cash equivalents.

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

31 December 2022	Receivables			Deposits at bank ⁽¹⁾	Financial investments ⁽²⁾
	Trade receivables	Other receivables			
	Related party	Other	Other		
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)	228.069	1.780.851.501	221.550.905	3.663.579.411	445.289.206
- Secured portion of the maximum credit risk by guarantees, etc.	--	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	228.069	1.758.899.792	221.550.905	3.663.579.411	445.289.206
B. Net book value of financial assets with renegotiated terms that will be considered as past due or not impaired otherwise	--	--	--	--	--
C. Net book value of financial assets that are past due but not impaired	--	--	--	--	--
- Secured portion by guarantees, etc.	--	--	--	--	--
D. Net book value of the impaired assets	--	--	--	--	--
- Past due (gross amount)	--	21.951.709	--	--	--
- Impairment (-)	--	(21.951.709)	--	--	--
- Secured portion of the net book value by guarantees, etc.	--	--	--	--	--
- Not past due (gross amount)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Secured portion of the net book value by guarantees, etc.	--	--	--	--	--
E. Off-balance sheet items that include credit risk	--	--	--	--	--

(1) Receivables from reverse repurchase agreements amounting to TL 52.284.449 included in cash and cash equivalents.

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

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

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

24.2 Liquidity risk

As of 31 December 2023, the profile of financial liabilities according to their remaining maturities is as follows:

Contractual maturities	Carrying value	Total contractual cash outflows	Less than 3 months	3 to 12 months	1 to 5 years
Non-derivative financial liabilities	5.794.682.287	5.968.421.424	5.935.781.760	19.715.764	12.923.900
Trade payables	1.568.212.776	1.568.212.776	1.568.212.776	--	--
Financial borrowings	4.122.529.191	4.228.956.432	4.228.956.432	--	--
Other payables	60.644.888	114.997.540	114.997.540	--	--
Lease liabilities	43.295.432	56.254.676	23.615.012	19.715.764	12.923.900

As of 31 December 2022, the profile of financial liabilities according to their remaining maturities is as follows:

Contractual maturities	Carrying value	Total contractual cash outflows	Less than 3 months	3 to 12 months	1 to 5 years
Non-derivative financial liabilities	4.832.525.554	4.892.369.088	4.832.525.554	4.243.260	1.629.538
Trade payables	1.088.771.499	1.088.771.499	1.088.771.499	--	--
Financial borrowings	3.692.053.454	3.731.984.042	3.692.053.454	--	--
Other payables	42.466.524	58.873.001	42.466.524	--	--
Lease liabilities	9.234.077	12.740.545	9.234.077	4.243.260	1.629.538

As at 31 December 2023 and 31 December 2022, the liquidity requirement of the Company in accordance with Communiqué 34 is as follows:

	31 December 2023	31 December 2022
Current assets (A)	7.676.914.248	6.113.340.152
Short-term payables (B)	5.908.241.330	4.970.803.653
Current assets/Short-term payables (A/B)	1,30	1,23

The Company is not exposed to liquidity risk since its current assets exceed its current liabilities.

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Notes to the Financial Statements for the Year Ended 31 December 2023

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

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

24.3 Market risk

Foreign currency risk

The assets denominated in foreign currency of the Company expose to foreign currency risk, due to changes between currency rate at transaction date and at end of the reporting date, while translating the assets denominated in foreign currency. As of 31 December 2023 and 31 December 2022, the Company's foreign currency position is as follows:

	31 December 2023			
	TL equivalent (Functional currency)	US Dollar	Euro	GBP
1. Trade receivables	24.065.854	788.422	12.517	11.976
2a. Monetary financial assets (including cash, bank deposit accounts)	59.390.581	1.908.601	75.498	19.912
3. Other	--	--	--	--
4. Current assets (1+2+3)	83.456.435	2.697.023	88.015	31.888
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-current assets (5+6+7)	-	-	-	-
9. Total assets (4+8)	83.456.435	2.697.023	88.015	31.888
10. Trade payables	124.759	4.238	--	--
11. Financial liabilities	--	--	--	--
12a. Other monetary liabilities	--	--	--	--
12b. Other non-monetary liabilities	--	--	--	--
13. Current liabilities (10+11+12)	124.759	4.238	--	--
14. Trade payables	--	--	--	--
15. Financial liabilities	--	--	--	--
16a. Other monetary liabilities	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--
17. Non-current liabilities (14+15+16)	--	--	--	--
18. Total liabilities (13+17)	124.759	4.238	--	--
19. Net asset/(liability) position of off balance sheet derivative financial instruments (19a-19b)	--	--	--	--
19a. Amount of active foreign derivative currency off-balance sheet	--	--	--	--
19b. Amount of passive foreign derivative currency off-balance	--	--	--	--
20. Net foreign currency assets/(liabilities) position (9-18+19)	83.331.676	2.692.785	88.015	31.888
21. Monetary items net foreign currency asset/(liability) position (tfrs 7.b23) (=1+2a+5+6a-10-11-12a-14-15-16a)	83.331.676	2.692.785	88.015	31.888
22. Fair value of financial instruments used for currency hedge	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--

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

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

24.3 Market risk (*cont'd*)

Foreign currency risk (*cont'd*)

	31 December 2022			
	TL equivalent (Functional currency)	US Dollar	Euro	GBP
1. Trade receivables	37.821.829	1.865.195	112.110	31.613
2a. Monetary financial assets (including cash, bank deposit accounts)	40.857.561	2.127.586	14.540	34.927
3. Other	--	--	--	--
4. Current assets (1+2+3)	78.679.390	3.992.781	126.650	66.540
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-current assets (5+6+7)	-	-	-	-
9. Total assets (4+8)	78.679.390	3.992.781	126.650	66.540
10. Trade payables	179.754	695	--	7.415
11. Financial liabilities	--	--	--	--
12a. Other monetary liabilities	--	--	--	--
12b. Other non-monetary liabilities	--	--	--	--
13. Current liabilities (10+11+12)	179.754	695	--	7.415
14. Trade payables	--	--	--	--
15. Financial liabilities	--	--	--	--
16a. Other monetary liabilities	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--
17. Non-current liabilities (14+15+16)	--	--	--	--
18. Total liabilities (13+17)	179.754	695	--	7.415
19. Net asset/(liability) position of off balance sheet derivative financial instruments (19a-19b)	--	--	--	--
19a. Amount of active foreign derivative currency off-balance sheet	--	--	--	--
19b. Amount of passive foreign derivative currency off-balance	--	--	--	--
20. Net foreign currency assets/(liabilities) position (9-18+19)	78.499.636	3.992.086	126.650	59.125
21. Monetary items net foreign currency asset/(liability) position (tfrs 7.b23) (=1+2a+5+6a-10-11-12a-14-15-16a)	78.499.636	3.992.086	126.650	59.125
22. Fair value of financial instruments used for currency hedge	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--

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

24.3 Market risk (*cont'd*)

Sensitivity to foreign currency

The Company is exposed to foreign currency risk denominated mainly in Euro, US Dollar and GBP.

The sensitivity of the Company to 20% increase and decrease of Euro, US Dollar and GBP presented below. This rate of 20% is the rate that is used in reporting of the Company's currency risk to key management and represents possible change in foreign currency rates that is expected by the management. Sensitivity analysis includes only foreign currency monetary items and represents the effect of change of 20% currency rate at the end of period. Positive value represents increase in profit/loss and other equity items.

31 December 2023		
	Foreign currency appreciation	Foreign currency depreciation
<u>Change in US Dollar by 20% against TL:</u>		
1- US Dollar net asset/liability	15.854.149	(15.854.149)
2- Hedged risk (US Dollar) (-)	--	--
3- US Dollar net effect (1+2)	15.854.149	(15.854.149)
<u>Change in Euro by 20% against TL:</u>		
4- Euro net asset / liability	573.398	(573.398)
5- Hedged risk (Euro) (-)	--	--
6- Euro net effect (4+5)	573.398	(573.398)
<u>Change in GBP by 20% against TL:</u>		
7- GBP net asset / liability	238.788	(238.788)
8- Hedged risk (GBP) (-)	--	--
9- GBP net effect (7+8)	238.788	(238.788)
Total (3+6+9)	16.666.335	(16.666.335)
31 December 2022		
	Foreign currency appreciation	Foreign currency depreciation
<u>Change in US Dollar by 20% against TL:</u>		
1- US Dollar net asset/liability	14.929.041	(14.929.041)
2- Hedged risk (US Dollar) (-)	--	--
3- US Dollar net effect (1+2)	14.929.041	(14.929.041)
<u>Change in Euro by 20% against TL:</u>		
4- Euro net asset / liability	504.948	(504.948)
5- Hedged risk (Euro) (-)	--	--
6- Euro net effect (4+5)	504.948	(504.948)
<u>Change in GBP by 20% against TL:</u>		
7- GBP net asset / liability	265.939	(265.939)
8- Hedged risk (GBP) (-)	--	--
9- GBP net effect (7+8)	265.939	(265.939)
Total (3+6+9)	15.699.928	(15.699.928)

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

24.4 Market risk (*cont'd*)

Price risk

Share price risk is the market value decrease risk of shares due to the change in the share index levels and relevant equity shares.

As at 31 December 2023 and 31 December 2022, in case of having a 20% decrease/increase in Borsa İstanbul stock market index while having all other variables constant, the effects on profit or loss and comprehensive income would be as follows:

31 December 2023	Profit / (loss)		Equity ^(*)	
	Increase by 20%	Decrease by 20%	Increase by 20%	Decrease by 20%
<i>Financial assets at fair value through profit or loss</i>				
- Stock shares	159.432	(159.432)	159.432	(159.432)
<i>Financial assets at fair value through other comprehensive income</i>				
- Stock shares	--	--	456.875	(456.875)
Total	159.432	(159.432)	616.307	(616.307)

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

31 December 2022	Profit / (loss)		Equity ^(*)	
	Increase by 20%	Decrease by 20%	Increase by 20%	Decrease by 20%
<i>Financial assets at fair value through profit or loss</i>				
- Stock shares	--	--	--	--
<i>Financial assets at fair value through other comprehensive income</i>				
- Stock shares	--	--	2.107.156	(2.107.156)
Total	--	--	2.107.156	(2.107.156)

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

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

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

24.5 Market risk (*cont'd*)

Interest rate risk

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

		31 December 2023	31 December 2022
Financial instruments with fixed interest			
	Financial assets at fair value through profit or loss	--	129.526.793
Financial assets	Time deposits at banks	3.535.326.866	5.484.334.975
	Receivables from reverse repo agreements	721.457.344	86.150.613
Trade receivables	Receivables from credit customers	925.445.048	1.934.012.564
Financial liabilities	Financial payables	4.122.529.191	3.692.053.454
Financial instruments with floating interest			
Financial assets	Financial assets at fair value through profit or loss	52.509.420	192.208.348

Interest risk position table

Stocks are not included in financial investments.

The Company's debt securities classified as financial assets at fair value through profit/loss, are exposed to price risk depending upon interest rate changes in the market. As of 31 December 2023, according to the Company's analysis, in case of 1% interest rate increase or decrease in TL interest rates, on the assumption that all other variables remain constant, the effect of debt securities on the fair value, net profit/loss before tax and shareholders' equity is presented in the table below. Sensitivity analysis was applied for 2022 on the same basis.

	Profit / (loss)		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2023				
Financial investments	(420.546.084)	55.254.149	(420.546.084)	55.254.149
31 December 2022				
Financial investments	(2.704.878)	2.799.081	(2.704.878)	2.799.081

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Notes to the Financial Statements for the Year Ended 31 December 2023

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

24.6 Capital management

As of 31 December 2023 and 31 December 2022, the minimum liability for shareholders' equity that the Company should possess shall be TL 80.000.000 since the Company is defined as "Entity with Broad Authority" in the scope of the Communiqué 34.

In addition, the capital adequacy basis that has to be attained by the Company in accordance with the valuation regulations in Communiqué 34, is the amount calculated by deducting following asset items from share capital compensated by shareholders.

a) Non-current assets;

1) Property, plant and equipment (net),

2) Intangible assets (net),

3) Non-current financial assets (not publicly traded) less any impairment and capital commitments,

4) Other non-current assets,

b) Unsecured receivables from personnel, shareholders, associates, subsidiaries and direct or indirect related parties, even if these are customers, and capital market instruments issued by above mentioned entities which are not publicly traded.

The Company's capital base is TL 1.721.191.708 as of 31 December 2023 (31 December 2022: TL 681.042.556). The base of adequacy cannot be less than the items stated below.

a) Minimum capital corresponding the license obtained,

b) Risk provision,

c) Operational expenses occurred last three months before valuation date.

As of 31 December 2023, the capital adequacy base of the Company is higher than the abovementioned items.

Risk provision

The Company calculates risk provision both on and off-balance sheet items in accordance with the Communiqué Serial V, No: 34. Risk provision is the sum of position risk, counter-party risk, concentration risk and foreign exchange risk calculated as per Communiqué Serial V, No: 34.

As of 31 December 2023 and 31 December 2022, the risk provision amounts calculated in accordance with the Communiqué: V, No: 34 are as follows:

	31 December 2023	31 December 2022
Position risk	274.614.958	291.036.007
Counter party risk	243.105.678	235.609.887
Currency risk	3.846.859	4.529.805
Total risk provision	521.567.495	531.175.699

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25

Financial instruments

Fair value disclosures

The Company determined the estimated current price of the financial instruments by using the appropriate valuation methods and available market information.

It is estimated that the fair values and carrying amounts of the financial assets and financial liabilities are close to each other, since they have short term maturities.

Classification of fair value measurement

"IFRS 7 – Financial Instruments: Disclosures" standard necessitates the demonstration of a classified data sorted according to its importance and relevancy while determining the fair value of financial instruments. This classification depends on quality of related data observability. Observable data means the usage of market data received from independent sources and non-observable data means the usage of the Company's estimates and assumptions about the market. This distinction reveals the following classifications.

Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices

Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions

Level 3: the fair value of the financial assets and financial liabilities are determined where there is no observable market data.

Classification requires the utilization of observable market data, if available.

In this context, fair value classification of assets and liabilities which are measured over their fair values is as follows:

31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments (short-term)	777.189.456	--	--	777.189.456
Financial investments (long-term) (*)	2.284.376	7.921.685	--	10.206.061

(*) Stock investments amounting to TL 50.000 that are recognized at cost value are not included.

31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments (short-term)	733.716.021	--	--	733.716.021
Financial investments (long-term) (*)	10.535.776	4.119.363	--	14.655.139

(*) Stock investments amounting to TL 50.000 that are recognized at cost value are not included.

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Financial instruments (*cont'd*)

Fair value disclosures (*cont'd*)

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

Since Halk Gayrimenkul Yatırım Ortaklığı A.Ş. is publicly traded company, the fair value is determined over the market price and represented as Level 1 in the table above.

As of 31 December 2023 and 31 December 2022, the Company's Borsa İstanbul associate rate is 0,377%. The Company holds 159,711 shares with nominal value of TL 15.971.094. In the current period, the relevant shares are valued with price per share that is determined in the 15 January 2018 dated and 2018/6 numbered meeting of Borsa İstanbul, and the valuation effect is recognized under equity in financial statements.

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Other matters

On 15 October 2019, U.S. Department of Justice, United States Attorney Southern District of New York indicted the Parent Bank by repeating the allegations set forth in the case filed against the former executive of the Parent Bank due to Iranian sanction violations.

First, the Parent Bank applied to the District Court on 4 November 2019 and requested a special appearance to discuss the issues of personal jurisdiction and recusal. On 5 December 2019, the District Court denied the request of special appearance. The Parent Bank objected to the District Court's decision and appealed the decision at the Court of Appeals Second Circuit on 17 December 2019. On 21 February 2020, the Second Circuit denied the Parent Bank's objection.

In the meeting held by the Parent Bank's Board of Directors on 27 March 2020, it was decided to attend the District Court hearing on 31 March 2020, to accept the arraignment and to appoint Williams & Connolly law firm with a proxy to represent the Parent Bank.

At the hearing on 31 March 2020, the District Court decided to postpone the hearing initially to 9 June 2020 and subsequently to 30 June 2020 due to the global scale COVID-19 outbreak.

At the hearing held in the District Court on 30 June 2020; the schedule regarding the motion to recuse, discovery motions, and filings of other motions were identified. It was decided that the jury hearing would begin on 1 March 2021 for which the schedule was revised on 26 October 2020. Accordingly, the jury hearings are scheduled to be held on 3 May 2021. In this regard, the Parent Bank filed its recusal motion on 14 July 2020 and its other motions to dismiss the indictment on 10 August 2020 at the District Court.

The Parent Bank's recusal motion was denied by the District Court on 24 August 2020 and by the Court of Appeals Second Circuit on 23 December 2020.

The Parent Bank's request to drop the indictment was rejected by the District Court on 1 October 2020. The Parent Bank appealed to the Court of Appeals for Foreign State Immunity (to be exempt from the jurisdiction of the US courts) within the scope of the request for the dismissal of the indictment. The Second Court of Appeal accepted the Parent Bank's appeal on 23 December 2020 to discuss the merits, and at the same time, decided to cease the District Court process. An oral hearing was held before the Second Court of Appeal on 12 April 2021, and the Court rejected the Parent Bank's appeal on 22 October 2021.

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Other matters (cont'd)

The Parent Bank requested a revaluation of the decision of the Second Court of Appeals on 5 November 2021. The court rejected this request on 15 December 2021.

Since the Parent Bank will bring its objection regarding Foreign State Immunity to the US Supreme Court (Supreme Court of the United States), it has requested the Second Court of Appeal to stop the case from being sent back to the District Court in this process. This request was accepted by the Second Court of Appeal on 14 January 2022. Legal proceedings in the District Court are suspended pending the end of the U.S. Supreme Court process.

The Parent Bank submitted its petition of appeal within the scope of Foreign State Immunity to the US Court of Appeals on 13 May 2023. Halkbank's appeal petition was responded to by the Solicitor General, the Office of the Attorney General of the US Department of Justice, on 18 July 2023, and the Parent Bank will submit a petition for a reply on 2 August 2022.

The US Supreme Court handled the Parent Bank's appeal on 28 September 2022 and issued its decision on 3 October 2022 that it accepted the application. Following the acceptance of the appeal, the Parent Bank submitted its appeal on 14 November 2022 to the Court. Following the Parent Bank's appeal petition, a response petition was submitted by the Attorney General's Office of the US Department of Justice on 14 December 2022. On 6 January 2023, the petition process was completed when the Parent Bank submitted a reply petition to the Court. On 17 January 2023, an oral defense hearing was held before the Court.

The Supreme Court gave its reasoned decision within the scope of the Parent Bank's FSIA appeal on 19 April 2023. Accordingly, it was concluded that the FSIA is valid only in civil cases and not in criminal cases. On the other hand, the Court ruled that the situation of the Parent Bank regarding state immunity was not fully evaluated in terms of customary law by the Second Appeal and returned the case with the aim of reconsidering the issue by the Second Appeal.

The mutual petition process before the Second Appeal started with the opening petition submitted by the Parent Bank on 31 July 2023. The Prosecution filed its reply petition on 20 November 2023. The petition process before the Second Appeal was completed with the reply petition submitted by the Parent Bank on 12 January 2024. According to the court calendar; the oral defence hearing will be held on 28 February 2024. The judgement will be issued on a date after the hearing.

In the next period, as a result of the re-evaluation of the issue by the Second Appeal, if a decision is made that the Parent Bank has state immunity under the customary law, the case will be dismissed without a trial. If the decision is negative, the Court will return the case to the Southern District Court of New York, without prejudice to the Parent Bank's right of appeal, and in such a case the District Court will need to establish a new litigation schedule for the proceedings.

In addition, a civil lawsuit was filed against the Parent Bank on 27 March 2020, before the US Southern District Court of New York, on the grounds that "they could not collect their receivables from Iran due to alleged violations of sanctions" by certain complainants. The related case was notified to the Parent Bank's lawyers on 1 July 2020. The Parent Bank submitted its petition to the court on 25 September 2020, stating that the complaints of the complainants should be rejected and therefore the case should be dismissed. The petition process in this context was completed on 16 December 2020. On 16 February 2021, the District Court accepted the Parent Bank's objection of non-compliance with the place of jurisdiction within the scope of the request for dismissal of the case, conditionally rejecting the case and the case file at the District Court was closed on 3 March 2021.

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Other matters (cont'd)

The complainants submitted their appeal on 30 June 2021, taking the District Court decision to the Second Court of Appeal. The mutual petition stage was completed and the oral defense hearing was held on 13 October 2022 before the Second Appeal. The Second Court of Appeal decided in favor of the Parent Bank on 2 May 2023 and dismissed the civil action demanding compensation. On 30 August 2023, the complainants applied to the US Supreme Court to appeal the decision of the Second Court of Appeals. The US Supreme Court considered the appeal on 5 January 2024 and issued its decision on 8 January 2024 rejecting the claimants' request. Accordingly, the Owens lawsuit filed against the Parent Bank on 27 March 2020 was finally dismissed.

Finally, on 26 July 2023, 151 plaintiffs filed a complaint in the US District Court for the Southern District of New York and a new civil lawsuit (Hughes lawsuit) was filed against the Parent Bank with a similar claim for damages as the civil lawsuit dated 27 March 2020.

The notification of the lawsuit took place on 1 October 2023. According to the complaint, the complainants seek damages from the Court to the extent permitted by law, seeking to establish a link between certain grievances they have suffered in various countries and the alleged allegations in the present criminal case against the Parent Bank, which was filed on 15 October 2019.

On 22 December 2023, the Parent Bank filed a motion to dismiss the lawsuit to the District Court. According to the petition schedule, the complainants responded to Halkbank's motion on 9 February 2024.

The Parent Bank closely monitors the proceedings of both criminal and civil lawsuits through specialized US law firms.

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Events after the reporting period

As of 31 January 2024, the Company has issued bonds with TRFHALK52412 ISIN code with a nominal value of TL 100.000.000 and maturity of 8 May 2024.

As of 6 February 2024, the Company has issued bonds with TRFHALK52420 ISIN code with a nominal value of TL 244.000.000 and maturity of 15 May 2024.

As of 12 February 2024, the Company has issued bonds with TRFHALK52438 ISIN code with a nominal value of TL 100.000.000 and maturity of 15 May 2024.

As of 22 February 2024, the Company has issued bonds with TRFHALK52446 ISIN code with a nominal value of TL 50.000.000 and maturity of 24 May 2024.

In the meeting of the Board of Directors of the Company dated 15 March 2024 and numbered 2024/31, it was decided to establish two new branches in Istanbul and to move the existing Samsun Branch.