

 **HALKINVEST**
ANNUAL REPORT 2018



**SEEING LIFE FROM
AN INVESTMENT
PERSPECTIVE...**

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Halk Invest works fastidiously to further diversify its products and services, which constitute the company's total quality offering.

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At Halk Invest, we take a different approach to life, the future and investing. Because we have an important responsibility.

In line with our guiding mission, we strive to offer innovative and qualified products to our capital market.

We see a different investment opportunity wherever we look, and hence we are recognized as an innovative company.

HIGH NUTRITIONAL VALUE FOR SOME **HIGH INVESTMENT VALUE FOR US**

We introduced an alternative investment, outside of conventional debt instruments. We undertook the first Sukuk issue where hazelnut was used as an underlying asset.



5.3
2016

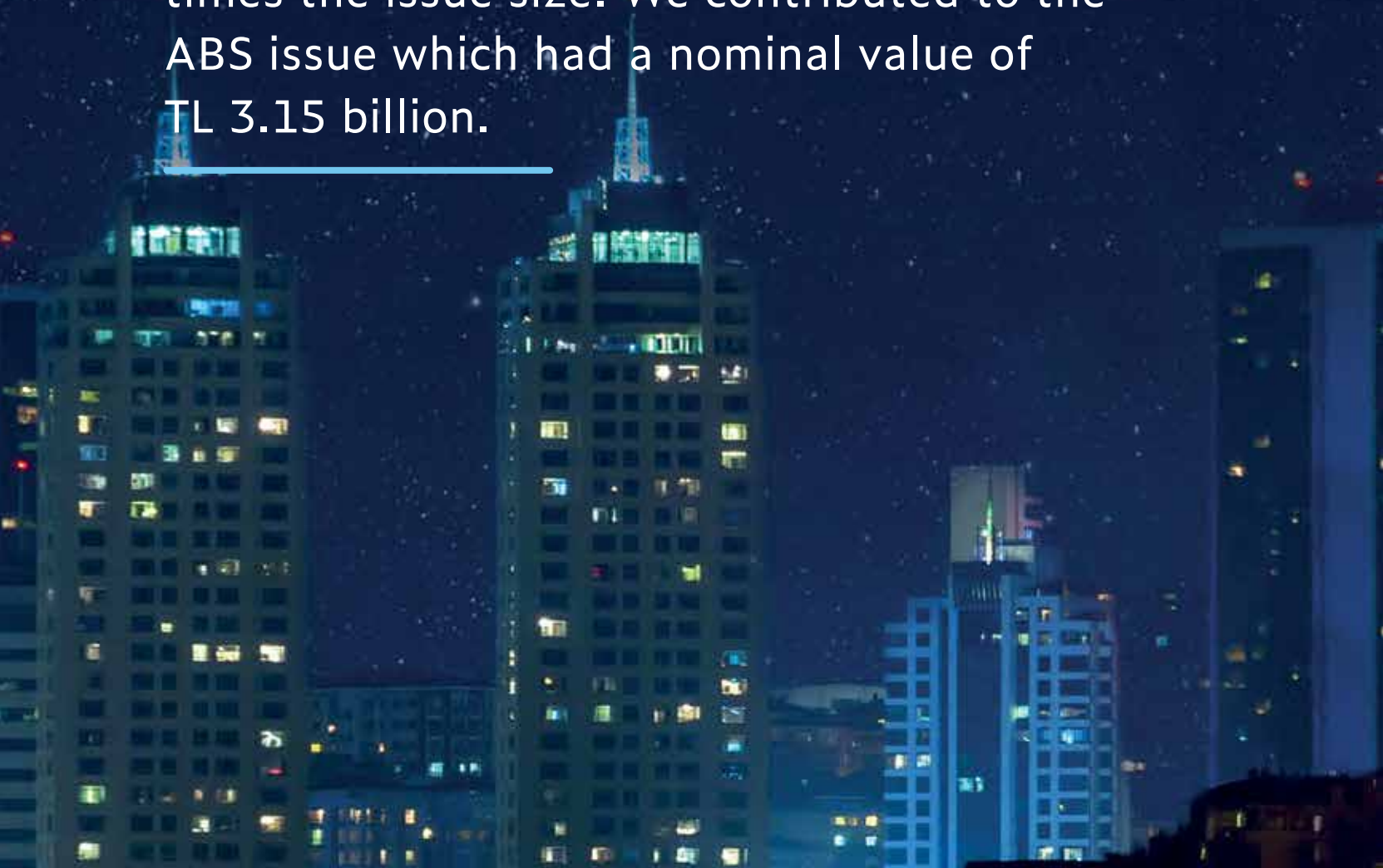
11
2017

24
2018

Bond, Bill and Sukuk Issues
Issue Amount (TL billion)

UNMOVABLE FOR SOME MOVABLE IN VALUE FOR US

The Development and Investment Bank of Turkey undertook the largest asset-backed security (ABS) issuance in Turkey. Demand from a total of 118 investors was 2.43 times the issue size. We contributed to the ABS issue which had a nominal value of TL 3.15 billion.



Private Sector
Debt Instruments

27

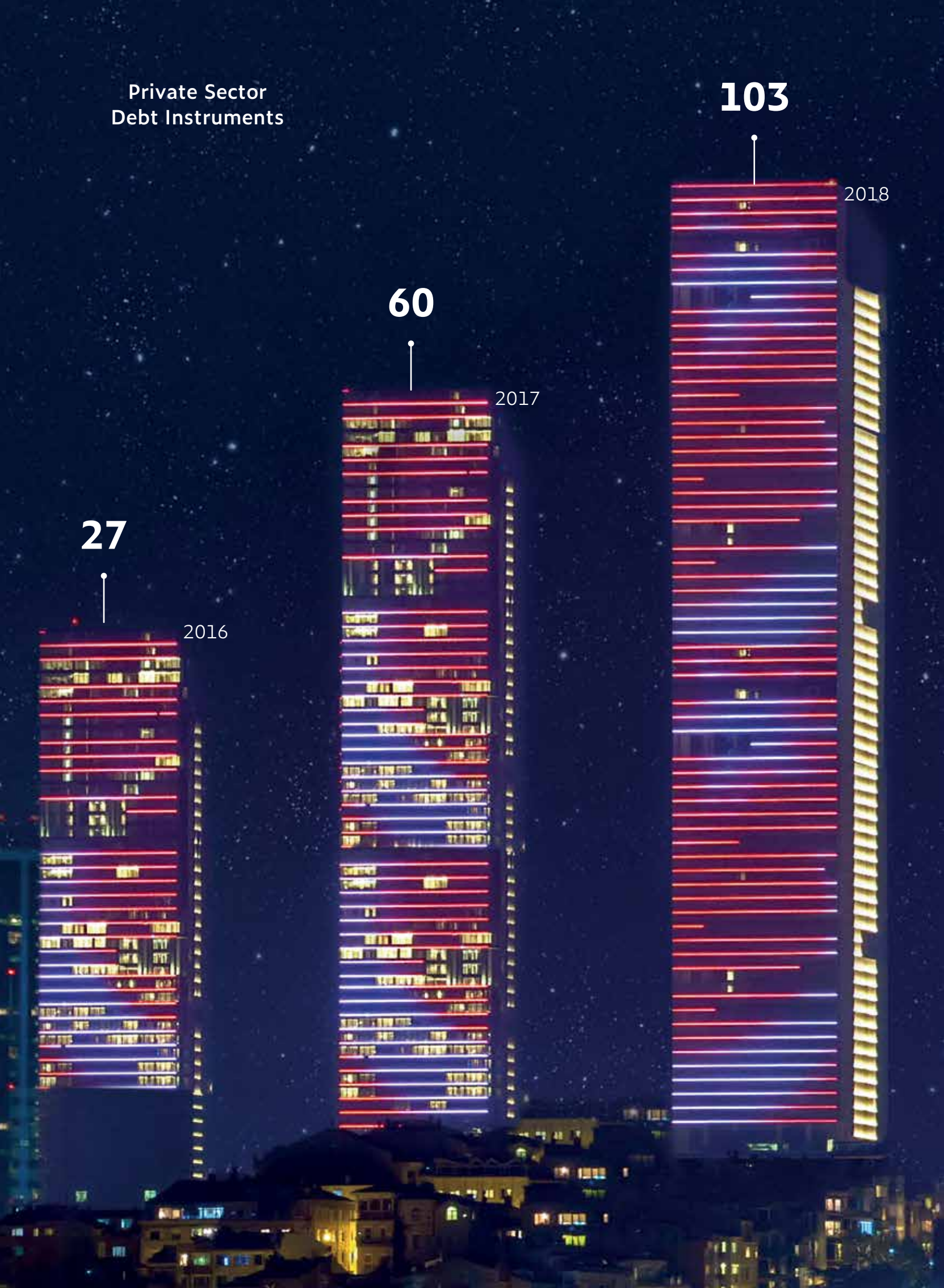
2016

60

2017

103

2018



BEVERAGE FOR SOME A SPECIAL INVESTMENT OPTION FOR US

Things we frequently see in daily life can be turned into an investment with expertise. Offering commodities that attract investors' interest, such as coffee, to investors before they become popular indicates our different approach.



2016

1.40%

2017

1.78%

2018

1.91%

**BIST Share Market
Market Share
Development**

Net Income
(TL million)



HISTORY FOR SOME FUTURE FOR US

We believe in leveraging past experience to build a strong future. Accordingly, we undertake the sponsorship of the excavations at the ancient city of Aizanoi, which is among the UNESCO World Heritage List nominees, and was home to the world's first known stock market.



THE ART OF PAINTING FOR SOME **THE ART OF INVESTING FOR US**



The model of supply and demand also applies to the big and valuable art market. The value of a painting bought for a couple hundred thousand liras today will increase exponentially over time. Masterpieces become a special investment collection.

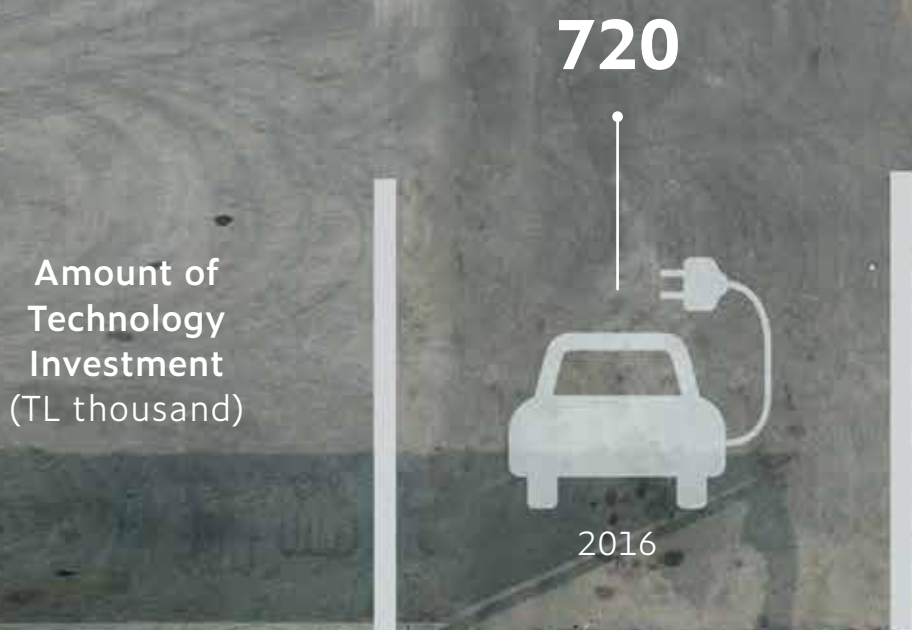


Shareholders' equity
(TL million)



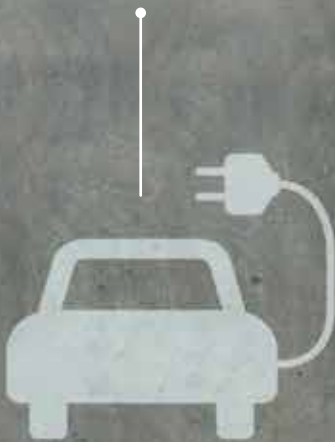
AN INNOVATION TOOL FOR SOME A SPECIAL INVESTMENT TOOL FOR US

Nine biggest car manufacturers are planning to invest more than USD 140 billion in electric vehicles in the next five years. Smart tools offer investment potential for investors.





1,089



2017

1,865



2018

HALK INVEST IN BRIEF

Halk Invest ranks among the top brokerage firms in terms of key indicators such as equity capital, transaction volume, and asset size.

Halk Invest was founded on September 2, 1997 under the provisions of Articles 37 and 38 of Capital Markets Law No. 6362 to perform investment services and activities, and sub services.

Türkiye Halk Bankası ("Halkbank") holds 99.96% stake of Halk Invest, which conducts brokerage operations via its nine branches, alternative distribution channels and about 1,000 Halkbank branches, under an order transfer contract signed with the Bank.

Halk Invest's mission is to contribute to the distribution of capital to the societal base by offering capital markets services swiftly, safely and at high-quality. By utilizing Halkbank's wide distribution network, Halk Invest is able to reach a broad customer base, delivering an easy and high quality investment experience to its customers across the country.

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

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

Halk Invest ranks among the top brokerage firms in terms of key indicators such as equity capital, transaction volume, and asset size. Halk Invest was the leader or co-leader of domestic consortiums involved in three of the five largest public offerings undertaken in Turkey's capital markets. The Company is especially well-positioned in corporate finance including public offerings, debt instruments, sukuk issues, and company M&A services.



ABOUT 1,000 HALKBANK BRANCHES

HALK INVEST CONDUCTS
BROKERAGE OPERATIONS
VIA ABOUT 1,000 HALKBANK
BRANCHES UNDER AN ORDER
TRANSFER CONTRACT SIGNED
WITH THE BANK.

BASIC INFORMATION

1

ESTABLISHMENT
DATE
1997

2

INITIAL
OPERATION
DATE
1998

3

NUMBER OF
EMPLOYEES
128

4

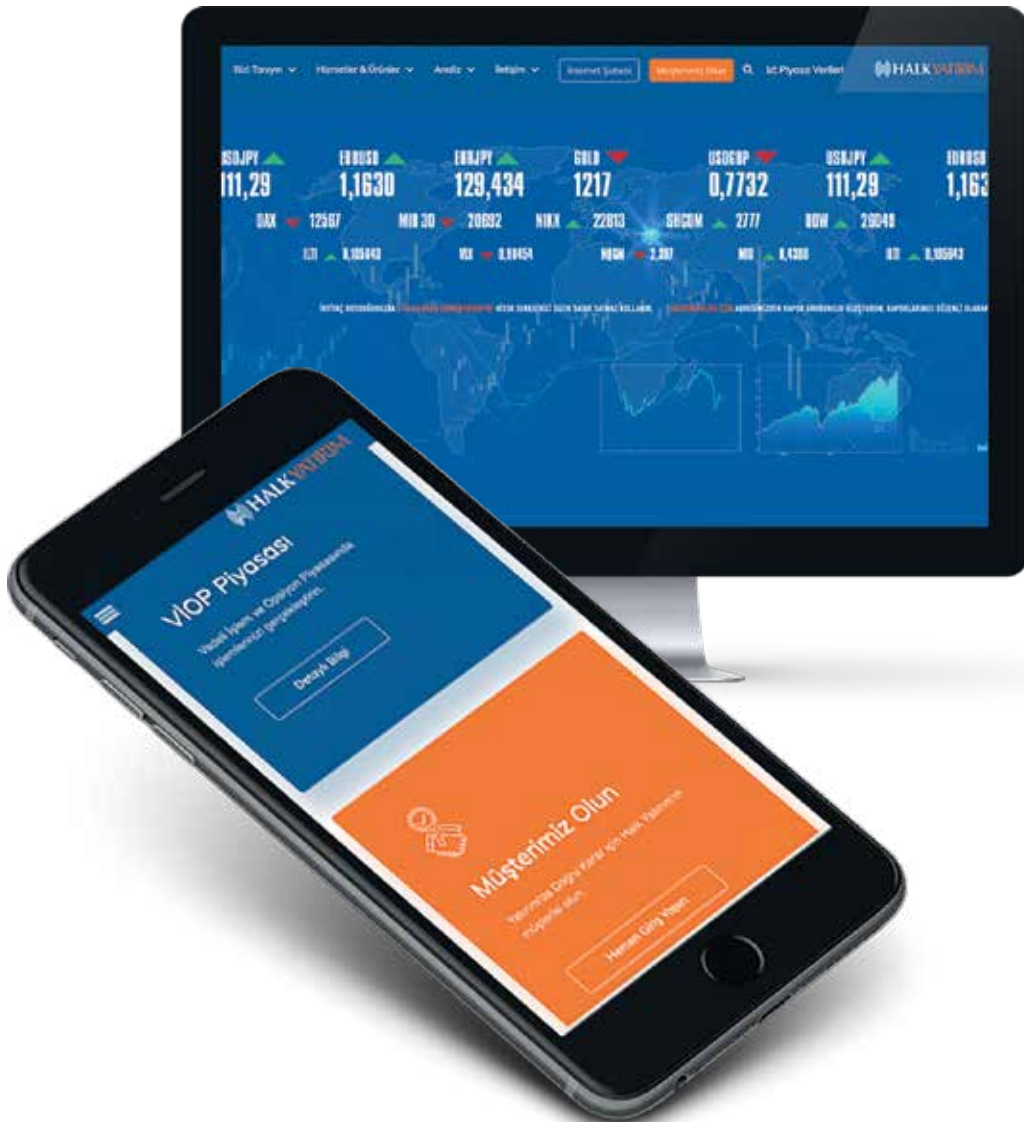
AVERAGE
AGE OF
EMPLOYEES
37

5

EMPLOYEES'
EDUCATION LEVEL
98%
Higher Education

6

FEMALE
EMPLOYEES/
TOTAL
EMPLOYEES
47%



INITIATIVES OF HALK INVEST

2018 ASSET-BACKED SECURITY ISSUE

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

2017 SECONDARY CAPITAL ISSUE

Halkbank's secondary capital bond issue transaction, in which Halk Invest served as restructuring and sales advisor, received first prize in "The Year's Bond Transaction" category at the Bonds & Loans 2018 Awards competition.

2017 TURKEY'S FIRST REIT SUKUK ISSUE

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

2018 100TH ISSUE TRANSACTION

Having brokered Turkey's first Real Estate Investment Trust and Agricultural Commodities Sukuk (Lease Certificate) Issues, Halk Invest successfully completed its 100th issue transaction with Halkbank's Commercial Paper Issue on December 13, 2018.

2011 CORPORATE FINANCE - FIRST DEBT ISSUE

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

2012 CORPORATE FINANCE - FIRST M&A

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

2013 TRADING (FX) ACTIVITIES

Halk Invest began trading activities (FX) in 2013.

2014 FIRST SUKUK ISSUE

The first sukuk issue for Kuvveyt Türk Participation Bank.

2016 FIRST BOND ISSUE

Halk Invest's first debt instrument issue.

2017 TURKEY'S FIRST AGRICULTURAL COMMODITIES SUKUK ISSUE

In the transaction where the Turkish Grain Board (TMO) obtained funds and Halk Invest served as restructuring and sales advisor, the Company undertook Turkey's first agricultural commodities sukuk issue. In addition, Halk Invest was the country's first intermediary for an issue transaction of a public institution other than the Treasury.





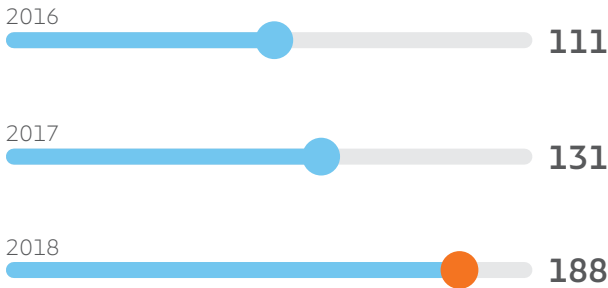
Halk Invest continues to serve Turkey, lead the industry and shape the future with its groundbreaking initiatives.



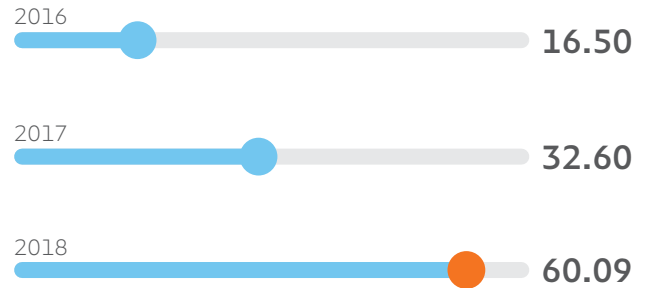
MAJOR INDICATORS

In 2018, Halk Invest outperformed the sector in capital market activities in terms of rated productivity and volume growth.

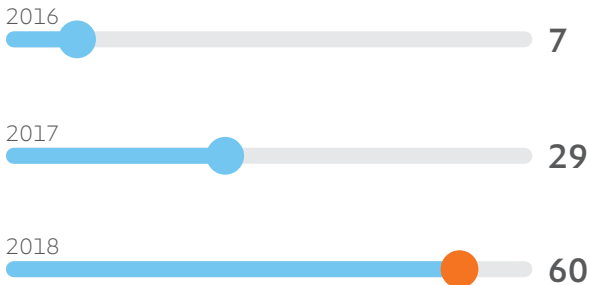
SHAREHOLDERS' EQUITY (TL MILLION)



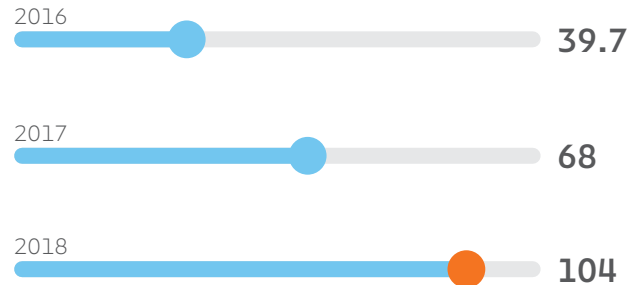
NET INCOME (TL MILLION)



OPERATING PROFIT (TL MILLION)



TOTAL SERVICE REVENUE (TL MILLION)



SUMMARY FINANCIAL INDICATORS

BALANCE SHEET ITEMS (TL)

Assets	31 December 2018	31 December 2017
Cash and Cash Equivalents	108,310,347	736,995,978
Trade Receivables	103,332,593	101,342,889
Total Assets	313,501,129	884,473,355

Liabilities	31 December 2018	31 December 2017
Borrowings	52,355,826	663,058,807
Trade Payables	60,603,259	78,691,854
Shareholders' equity	187,574,732	131,280,882
Net Income	60,087,870	32,564,001
Total Liabilities	313,501,129	884,473,355

INCOME STATEMENT ITEMS (TL)

	31 December 2018	31 December 2017
Pre-Tax Profit/(Loss)	76,281,025	40,670,723
Tax	16,193,155	8,106,722
Net Income/(Loss)	60,087,870	32,564,001

FINANCIAL RATIOS

Liquidity Ratios	31 December 2018	31 December 2017
Current Ratio (Current Assets/Current Liabilities)	239%	116%
Cash Ratio (Liquid Assets/Current Liabilities)	87%	98%

Financial Structure Ratios	31 December 2018	31 December 2017
(Current Liabilities+Long-Term Liabilities)/Assets	40%	85%
Average Shareholders' Equity/Assets	60%	14%

Rate of Return	31 December 2018	31 December 2017
Net Income/Assets	20%	4%
Net Income/Average Shareholder's Equity	32%	27%

Shareholder's Equity (TL Million)	31 December 2018	31 December 2017
	188	131

HALKBANK IN BRIEF

Increasing its SME lending market share to 15.9% and allocating 39.4% of its total loans to SMEs, Halkbank continues to be biggest supporter of the Turkish economy.

A steadily-growing, deep-rooted, pioneering and respected brand of a rising Turkey, Halkbank was founded in 1938 to support craftsmen and tradesmen and to accelerate the country's economic development. The Bank has been spearheading the banking industry's development while successfully executing its mission of supporting the real economy for 80 years.

Rendering an unparalleled banking experience to its customers with 988 domestic branch locations, 6 overseas branches, 1 country management, 3 overseas representative offices, 4,023 ATMs, telephone and internet banking channels, and mobile banking applications as of the end of 2018, Halkbank serves with innovative products and services as part of its global vision.

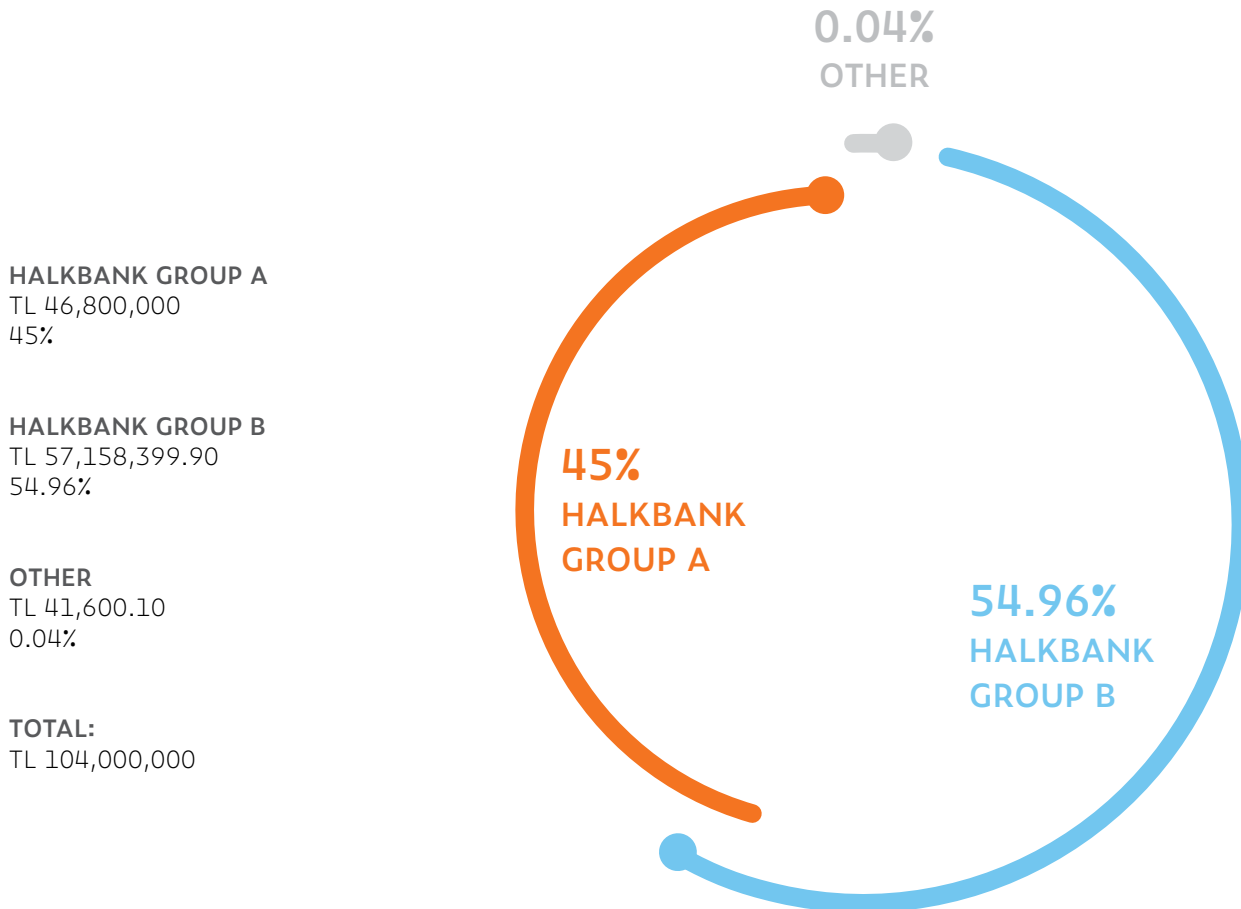
Halkbank, the bank of producing Turkey, sees every producing and job-creating tradesman, farmer, and small, medium and large business owner as a business partner and considers supporting them in good days and bad days alike with all of its financing facilities as its *raison d'être*. Increasing its SME lending market share to 15.9% and allocating 39.4% of its total loans to SMEs, Halkbank continues to be biggest supporter of the Turkish economy.

Having achieved an 18-fold deposit growth in the last 15 years, Halkbank ranks second in deposits, and third in loans, thanks to the support of Turkish people. Halkbank is among the most productive banks in terms of return on equity. The Bank's free-float ratio is 48.9%.



CAPITAL AND SHAREHOLDING STRUCTURE

Halk Invest, a 99.96%-owned subsidiary of Halkbank, conducts its operations and serves customers across Turkey with the strength it derives from its parent company.



MILESTONES

During the year, Halk Invest successfully completed its 100th issue transaction and brokered the largest asset-backed security (ABS) issuance in Turkey.

2011

- Halk Portföy establishment of 25% partnership

2012

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

2013

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

2014

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

2015

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

2016

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

2017

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

2018

- JCR Rating AAA (Trk)
- Support for the largest asset-backed security (ABS) issuance in Turkey
- 103 Debt Instruments and Sukuk Issues during the year
- Introduction of individual portfolio management services
- Efforts related to Halk Intrader, the international trading platform
- TCMA - Most Creative Capital Market Project Award
- + IFN "Turkey's Best Islamic Finance Transaction Award"

DEVELOPMENTS IN 2018

Halk Invest intermediated 103 debt instrument issues in 2018. Halk Invest's issue size grew 107% year-over-year, and the Company became the market leader while with 13.14% market share.

HALK INVEST'S CREDIT RATING IS UPGRADED TO AAA (TRK)

Working diligently to meet all the needs of investors, Halk Invest achieved yet another first. Credit rating agency JCR-Eurasia Rating upgraded Halk Invest's Long Term National Local Rating from 'AA+ (Trk)' to 'AAA (Trk)', as a result of its assessment.

107% GROWTH IN ISSUE SIZE

Halk Invest intermediated 103 debt instrument issues in 2018. Halk Invest's issue size grew 107% year-over-year to reach TL 23 billion 970 million, and the Company became the market leader while with 13.14% market share.

Halk Invest provides rational solutions and funding sources to both the financial sector and the real sector by issuing commercial papers, lease certificates, asset-backed securities, and debt instruments that will be included in secondary capital. In 2018, the Company offered its brokerage services to Halkbank, Halk Leasing, Halk Invest, Halk REIT, Halk Faktoring, Bank Pozitif, Turkish Grain Board, Emlak Konut REIT.

100TH ISSUE

Having brokered Turkey's first REIT and agricultural commodities Sukuk (lease certificate) issues, Halk Invest successfully completed its 100th issue transaction with Halkbank's commercial paper issue on December 13, 2018.

DIRECT DEPOSIT TO YOUR ACCOUNT WITH T+0

In 2018, Halk Invest continued to create value for its investors with innovative and advantageous products. To this end, the Company launched the "T+0" application to meet the urgent cash needs of investors in stock certificate sales.

IPM SERVICE IS MADE AVAILABLE

In 2018, Halk Invest continued infrastructure and marketing efforts concerning Structured Debt Instruments (SBI) and Individual Portfolio Management (IPM) services. Accordingly, the Company organized customer visits with the help of its branches and sales teams to introduce these products and services. Halk Invest plans to launch the IPM service in 2019. During the year, the Company also informed its field sales teams and customers about the active use of auto-reports, quantitative analyses, scorecards, and Eurobond markets.

IFN - TURKEY'S BEST ISLAMIC FINANCE TRANSACTION

Halk Invest structured and brokered the sale of Turkey's and the world's first agricultural commodities lease certificate (Sukuk) issue on behalf of the Turkish Grain Board (TMO). This transaction garnered "Turkey's Best Islamic Finance Transaction" award at the 2018 IFN Awards. The awards program is organized by REDmoney Group, which is recognized as one of the most prestigious publications in Islamic finance circles.

TCMA - MOST CREATIVE CAPITAL MARKET PROJECT AWARD

At the 3rd edition of TCMA Capital Markets Awards, organized by the Turkish Capital Markets Association, Halk Invest received the "Most Creative Capital Market Project" award for brokering Turkey's first agricultural commodities sukuk issue.

BONDS & LOANS 2018 - FIRST PRIZE IN THE "BOND TRANSACTION" CATEGORY

Halk Invest served as restructuring and sales advisor in the Halkbank Secondary Capital Bond Issue transaction. This landmark transaction garnered first prize in "The Year's Local Bond Transaction" category at the "Bonds & Loans 2018" competition. This awards competition is one of the most prestigious in Turkey in the banking, finance and capital markets sectors.

INFRASTRUCTURE INVESTMENTS CONTINUE AT FULL PACE

In 2018, the Company undertook major investments to ensure the continuity of its Information Technology infrastructure. To that end, the Company set up new systems that monitor the network and the main systems and send warnings to relevant units. The new system also ensures effective load distribution within the network. A telecom back-up system was created along with a backup of network devices. The Company also set up standby lines in collaboration with network operators, against power failures. The same efforts continue at the branches. The Company plans to offer customers the opportunity to perform overseas transactions via the IB Broker (Interactive Brokers) trading platform.

Total Assets (TL)	313,501,129
Shareholders' Equity (TL)	187,574,732
Net Income (TL)	60,087,870

100TH ISSUE

DURING THE YEAR, HALK INVEST SUCCESSFULLY COMPLETED ITS 100TH ISSUE WITH HALKBANK'S COMMERCIAL PAPER ISSUE ON DECEMBER 13, 2018.

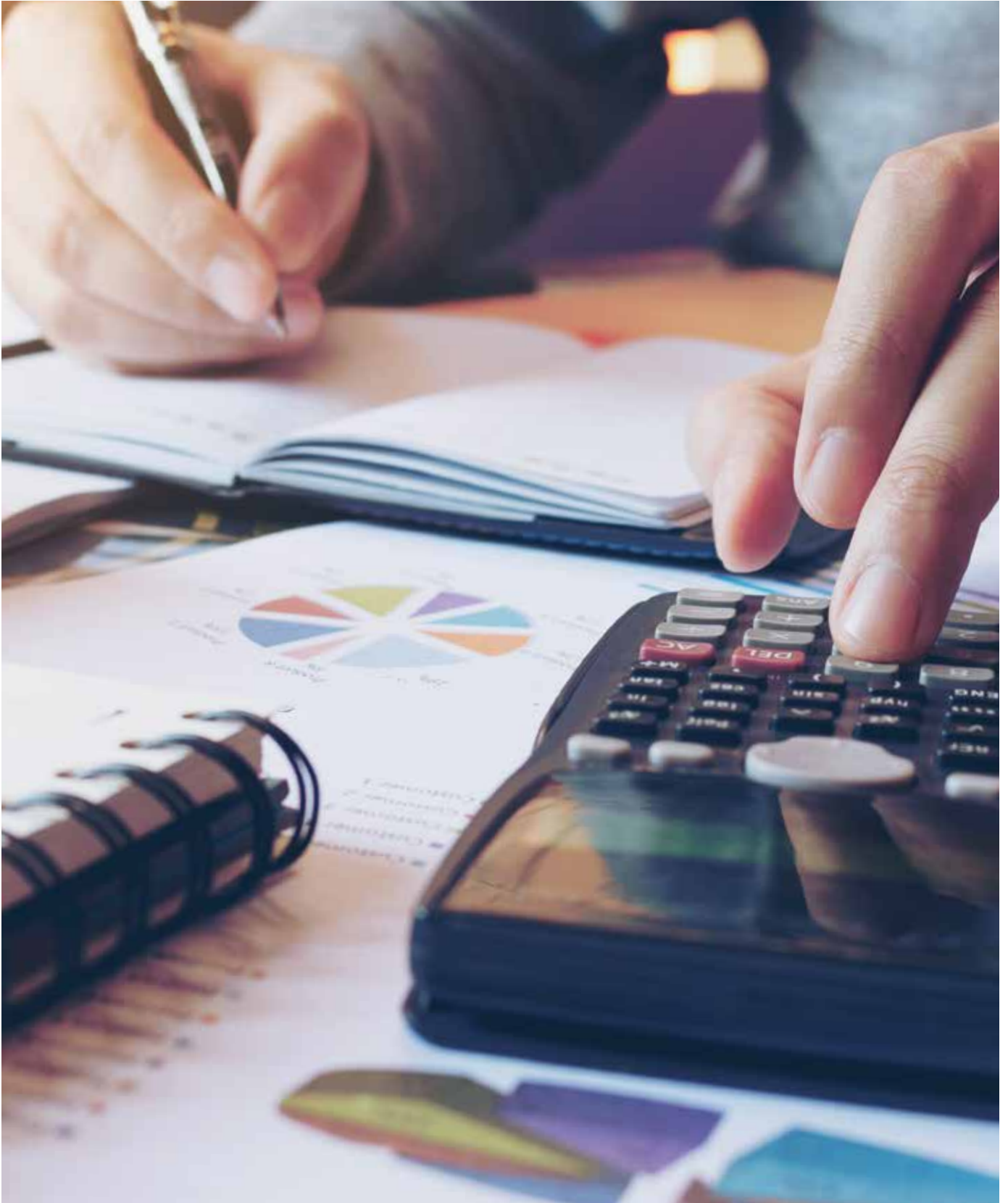
107% GROWTH IN ISSUE SIZE

HALK INVEST'S ISSUE SIZE GREW ~~106%~~ YEAR-OVER-YEAR TO REACH TL 23.97 BILLION, AND THE COMPANY BECAME THE MARKET LEADER WITH 13.14% MARKET SHARE.

RATINGS RECEIVED FROM CREDIT RATING AGENCIES

Credit rating agency JCR-Eurasia Rating upgraded Halk Invest's Long-Term National Local Rating from AA+ (Trk) to AAA (Trk), as a result of its assessment. JCR Eurasia Rating assessed Halk Yatırım Menkul Değerler A.Ş. as high-level investment grade and assigned the Company a rating of 'AA+(Trk)' on the Long-Term National Scale with a "Stable" outlook. Additionally, the Long-Term International Foreign and Local Currency Ratings were affirmed as "BBB -" with a "Stable" outlook.

Long-Term International Foreign Currency	BBB -/(Stable Outlook)
Long-Term International Local Currency	BBB -/(Stable Outlook)
Long-Term National Local Rating	AA+(Trk)/(Stable Outlook)
Long-Term Issue Rating	AA+(Trk)
Short-Term International Foreign Currency	A-3/(Stable Outlook)
Short-Term International Local Currency	A-3/(Stable Outlook)
Short-Term National Local Rating	A-1+(Trk)/(Stable Outlook)
Short-Term Issue Rating	A-1+(Trk)
Sponsor Support	1
Stand-alone	A



CHAIRMAN'S MESSAGE

Under the new economic program, and given the improvement of key economic dynamics, particularly inflation, Turkey will successfully manage the rebalancing of the national economy.

Esteemed stakeholders,

Following a period of cheap liquidity supply, the world's economies managed to maintain growth, albeit at a slower pace, under tight liquidity conditions. However; trade wars, high borrowing rates and China's economic slowdown pose downward risks to global economic growth in the coming year. Despite such risks, developing countries raised interest rates in 2018, unlike the previous year. Therefore, these economies will maintain their appeal in the coming period, thanks to their solid and strong economic dynamics. Meanwhile, the central banks of developed countries are likely to take more modest steps to monetary tightening.

REBALANCING PERIOD

The Turkish economy surged 7.4% in 2017, and maintained its growth and appeal among other developing countries in 2018. However, economic growth slowed due to both tight liquidity conditions and the sharp depreciation of the Turkish Lira, which began in May and reached its fastest pace in August. Under the new economic program, and given the improvement of sensitive economic dynamics, particularly inflation, Turkey will successfully manage the rebalancing of the national economy in the coming period.

In 2017, BIST 100 index performed well thanks to accommodative policies that fueled domestic demand, in addition to the supportive economic environment and strengthened growth. However, 2018 was a more challenging year for the stock market. After topping its highest closing price/peaking on January 29, the BIST-100 index fell 25%, and became one of

the most sharply declined stock markets. This was mainly due to Fed's policy, which caused a downward pressure over developing countries, as they have been already faced with internal risk factors, and increased volatility. Meanwhile, heightened geopolitical tensions and concerns about economic imbalances also contributed to this sharp decline. Bond yields increased significantly in line with rising inflation and global interest rates. However, withdrawals were observed in line with the measures to restore financial stability.

85% GROWTH IN NET INCOME

Halk Invest, a dynamic capital market player, maintains its solid position by implementing right strategies and leveraging Halkbank's wide distribution channels. In 2018, our Company increased its net income by 85% to TL 60.09 million while return on equity increased to 38%, both well above the industry average. Halk Invest will continue to increase its market share. Our goal is not only to improve profitability, but also to make a difference in the market with innovative products and services and contribute to the national economy.

WE ACHIEVE FIRSTS AND BREAKTHROUGHS

Halk Invest successfully completed its 100th issue transaction with Halkbank's Commercial Paper Issue on December 13, 2018.

Continuing its firsts in 2018, Halk Invest is proud to have completed Turkey's first largest asset-backed security issuance. Demand from a total of 118 investors was 2.43 times the issue size, making it the largest ABS issuance in Turkey.



TOTAL SHAREHOLDERS' EQUITY

HALK INVEST INCREASED ITS
SHAREHOLDERS' EQUITY TO
TL 188 MILLION IN 2018 FROM
TL 131 MILLION IN 2017.

TL 188 MILLION



As a result of our strong performance, credit rating agency JCR-Eurasia Rating upgraded Halk Invest's Long-Term National Local Rating from AA+ (Trk) to AAA (Trk).

SUCCESS RECOGNIZED WITH AWARDS

Our achievements were recognized with several awards. Halkbank's secondary capital bond issue transaction, in which Halk Invest served as restructuring and sales advisor, received first prize in "The Year's Bond Transaction" category at the Bonds & Loans 2018 Awards competition. In addition to first prize in the Bond Transaction category, Halk Invest also received "Turkey's Best Islamic Finance Transaction" award at the 2018 IFN Awards, for brokering Turkey's and the world's first agricultural

commodities sukuk (Sukuk) issue, which our Company has structured for the Turkish Grain Board (TMO). I'm also proud to mention that our annual report garnered four awards at the ARC Awards.

Halk Invest continues its commitment on increasing its added value and bolstering its position as a reference point in capital markets. Against this backdrop, I firmly believe that Halk Invest will achieve results in line with its targets and close the fiscal year 2019 with success. I would like to thank our main shareholder Halkbank, our employees, our valued customers and all our business partners personally and on behalf of the Board of Directors.

Erkan KILIMCI
Chairman

BOARD OF DIRECTORS

Erkan Kilimci *Chairman*

Erkan Kilimci was born in Istanbul in 1976. He graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Political Science and International Relations. He then completed the non-thesis master program in Accounting/Finance at Marmara University, Institute of Social Sciences. Mr. Kilimci began his professional career serving on the Board of Inspectors at Pamukbank. Later, he assumed various positions at banks and capital market institutions. Mr. Kilimci previously served as General Manager at Erste Securities Istanbul Menkul Değerler A.Ş. (2009–2013); General Director of Markets and Executive Board Member, Vice President and Member of the Money Markets Board at the Central Bank of Turkey (2013–2018); and Board Member at Türkiye Kalkınma Bankası A.Ş. (2018–2019). Mr. Kilimci has been serving as Deputy General Director of Treasury Management and International Banking at Halkbank since February 22, 2019. Mr. Kilimci is also the Chairman of the Board of Directors of Halk Invest.

Kamil Enis Tuna *Vice Chairman*

Kamil Enis Tuna was born in 1966 in Beyoğlu, Istanbul. After completing his primary and secondary school education in Istanbul, he graduated from Kabataş High School. Mr. Tuna earned his bachelor's degree from Anadolu University, Department of Economics, and his MBA from Newport University. He began his professional career as a Specialist at Türkiye Turizm ve Yatırım Bankası in 1991. Subsequently, Mr. Tuna took on senior management positions within the Private Banking Departments at Esbank, Demirbank, Alternatifbank, and DenizBank, respectively. In his last position before joining Halkbank, he worked as Deputy General Manager in charge of Private Banking at Aktifbank; he also served as Member of the Board of Directors at the same institution. Mr. Tuna has been serving as Head of Digital Banking and Payment Systems at Türkiye Halk Bankası A.Ş. since December 2015. He is also a Market Development Member at Interbank Card Center. Mr. Tuna is currently Vice Chairman of the Board of Directors of Halk Invest.

Serdar Sürer *Board Member and CEO*

Serdar SÜRER was born in Istanbul in 1972. After graduating from Anadolu University, Faculty of Economics and Administrative Sciences, Department of Economics, Mr. Sürer worked as a Broker, Manager of Securities and Branch Manager at Arz Menkul Değerler, Ekinciler Menkul Değerler and Global Menkul Değerler A.Ş., respectively. In 2002, he joined the Treasury Department of Halkbank, working as Director of Investment Funds, and later as Manager of Debentures and Bonds Department, and finally as President of Money and Capital Markets Department. Mr. Sürer was appointed as General Manager of Halk Invest on October 18, 2017. From October 30, 2018 onwards, Serdar Sürer served as Head of Treasury Management and Deputy General Manager of International Banking at Halkbank. Mr. Sürer has been serving as Board Member at Halk Invest since 2012, and as General Manager since 2017.

Ahmet Erdoğan *Board Member*

Ahmet Erdoğan was born in 1967 in Kırıkkale. He graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Economics. He later obtained a graduate degree from Selçuk University, Institute of Social Sciences, Department of Publicity and Public Relations. Mr. Erdoğan started his professional career at Halkbank Bahçelievler-Ankara Branch; subsequently, he worked as a Specialist at the Central Anatolia Regional Intelligence and Project Evaluation Directorate. Mr. Erdoğan began serving as Head of the Ankara Regional Intelligence and Project Evaluation Department in August 2003; Head of Project Evaluation and Financial Analysis Department of the General Directorate in June 2005; Head of Commercial Loans Department in December 2006; and Branch Manager at the Capital Commercial Branch-Ankara in February 2010. Since July 2011, he has worked as Head of the Department of Tradesmen Banking. In addition, Mr. Erdoğan served as a Member of the Board of Directors at Halk Sigorta A.Ş. between April 2014 and April 2015, and as a Representative of the Turkish Undersecretariat of Treasury on the Credit Committee of Kredi Garanti Fonu A.Ş. between May 2015 and December 2016. Since December 2016, Mr. Erdoğan has been a Member of the Board of Directors at Halk Invest.

Enes Çelebi

Board Member

Enes Çelebi was born in Ankara in 1983. He obtained his bachelor's degree from Gazi University, Faculty of Economics and Administrative Sciences, Department of Public Administration. He then received his MBA degree from Türk Hava Kurumu University, Department of Business Administration. He began his professional career as Revenue Assistant Specialist at Turkey's Revenue Administration in 2009. After working at the Istanbul and Bursa Tax Office Directorates, he took on the position of Head of the Human Resources Department at Turkey's Revenue Administration. Subsequently, Mr. Çelebi worked as Specialist for the Ministry of Finance's Press and Public Relations Office. Between November 2015 and July 2018, he served as Press Officer for the Deputy Prime Ministry. From July 2018 onwards, he has been serving as Press Advisor for the Ministry of Trade. Mr. Çelebi is also a Member of the Board of Directors at Halk Invest.

Güvenç Usta

Board Member

Güvenç Usta was born in 1973 in Gölcük. He graduated from Istanbul University, Department of Business Administration in 1998. The same year, he began his professional as Assistant Specialist at Pamukbank. Later, he worked at the Marketing Department of Halkbank's Corporate Branch in Güneşli (2005), and subsequently at the Silopi/Şirnak branch. From 2010 to 2011, he worked at the Marketing and Loan Departments of Gayrettepe Corporate Branch. In 2012, he served as a Unit Manager at the Corporate Marketing Department. Mr. Usta has been the Head of Cash Management Department since November 2017. He is also a Member of the Board of Directors at Halk Invest.

Ali Şöner

Board Member

Ali Şöner was born in Istanbul in 1968. He completed his primary, middle and high school education in Istanbul. He then graduated from Boğaziçi University, Department of Political Science and International Relations. Between 1995 and 2004, Mr. Şöner worked as a Director at Pamukbank Securities Center. After the merger of Pamukbank and Halkbank in 2004, he worked at the Foreign Currency Desk at the Money and Capital Markets Department. From 2012 to 2017, he served as Manager of the Foreign Currency-Money Department, and in October 2017, he was appointed Head of the Asset and Liability Management and Economic Researches Department. Mr. Şöner was appointed as the Head of the Treasury Management Department in February 2019. He is married and has two children. He is fluent in English. Mr. Şöner is also a Member of the Board of Directors at Halk Invest.

MESSAGE FROM THE CEO

Our goal is not only to improve profitability, but also to make a difference in the market with innovative products and services and contribute to the national economy.

Being one of the leading financial institutions in Turkey, Halk Invest achieved its targets in 2018, making all of us proud with these successful results.

In 2018, Halk Invest delivered a strong financial performance and maintained its solid market position. Our Company's net income increased 85% while its return on equity rose from 22% to 38% in 2018.

We further improved our financial performance with high value added transactions in capital markets. We also increased our market share in corporate finance, as a leading financial institution. This remarkable performance is the result of an efficient combination of our highly qualified workforce and our strong infrastructure.

SUKUK ISSUANCE VOLUME IS GROWING

During the year, our Company completed the second and third sukuk issuances under TMO's (Turkish Grain Board) Lease Certificate Issue Program, which was recognized with "Turkey's Best Islamic Finance Transaction" award at the 2018 IFN Awards. IFN Awards is organized by REDmoney Group's monthly Islamic Finance News (IFN) publication, one of the most prestigious news portals in the Islamic finance world.

Additionally, Halk Invest completed six more sukuk issues totaling TL 620 million, which were part of the Halk REIT sukuk issuance our Company undertook in 2017. Witnessing the huge interest from investors, Halk Invest undertook five more similar sukuk issues with a total value of TL 822 million for Emlak Konut REIT.



NET INCOME

HALK INVEST
INCREASED ITS
NET INCOME TO
TL 60 MILLION IN 2018.

TL 60.087 MILLION



2018 STRATEGIC PLAN

In 2018, Halk Invest implemented its Strategic Plan containing the Company's projections as well as project portfolio. The report set out the plans, projects and products, which the Company aimed to complete during the year. These projects were mainly about infrastructure, product/service development, CRM, and marketing. Some of these projects helped us rise to the ranks of leading institutions, while others enabled us to follow technological advancements more closely or fulfill legal obligations. I would like to mention that our strategic plan for 2019 also includes new projects.

PRODUCT RANGE EXPANDED

In 2018, Halk Invest expanded its product range. Under the OTC Derivative Transactions Project, our Company started brokering all types of over-the-counter products, including swaps, options, forwards for either protection or speculation purposes in line with the needs of our customers. The completion of this project paved the way for issuing principal-protected SDSs (Structured Debt Securities). Principal-protected SDS, project guarantees a minimum return equal to the investor's initial investment when a fixed-income security is used together with a derivative product. It also enables the issuance of other products that can yield additional return if the market moves in line with the investor's expectations.

MESSAGE FROM THE CEO

Our strong infrastructure allows smooth transactions around the clock and across Turkey.

We will continue to implement our plans and projects to develop high quality products and services in order to achieve continuous progress.

WE ARE DIVERSIFYING OUR SERVICES AND PRIORITIZING MARKETING COMMUNICATIONS

Halk Invest's service portfolio is also expanding. As part of the individual portfolio management project, which was launched under the slogan "Don't worry, we will take care of your portfolio," we completed the infrastructure for managing customer portfolios within special pools, based on risk categories and income expectations. The system has been made available for our expert investment consultants.

We created a digital library of blog posts to train our customers and increase their financial literacy. We published brand new content on our new and entirely local website and social media pages.

One of the projects that make us the industry leader is the T+0 project. With this project, proceeds of a stock sale can be transferred to the customer's account on day T or T+1, whereas previously it was transferred on day T+2 due to the settlement period.

Halk Invest has ramped up its ambitions in foreign markets, and initiated the overseas transactions project. The project will make it possible to do stock trading in foreign markets (Europe and the U.S.) via the Halk Intraday Platform. The infrastructure of the project is currently being built under a partnership agreement with Interactive Brokers (IB). This service will be made available to customers in the first quarter of 2019.

WE ARE STRENGTHENING OUR TECHNOLOGY INFRASTRUCTURE

We continue to strengthen our technology infrastructure, which is an essential tool in today's world. Our strong infrastructure allows us to improve the quality of services we offer to our broad customer base, and ensures smooth transactions around the clock and across Turkey.

After the organizational restructuring we underwent, our investors can now access the services provided by our Research and Investment Advisory Departments, as well as industry and company reports that offer comprehensive analyses and insights. We consider this development an important factor in achieving Company goals.

We strongly believe that 2019 will witness new success stories for Halk Invest, and we are determined to achieve this.

In 2018, the Company undertook major investments to ensure the continuity of its Information Technology infrastructure. Accordingly, we set up new systems that monitor the network and the main systems and send warnings to relevant units. The new system also ensures effective load distribution within the network. A telecom back-up system was created along with a backup of network devices. The Company also set up standby lines in collaboration with network operators, against power failures.

Halk Invest is committed to fulfilling its social responsibilities by implementing projects that overlap with its areas of business activity and that are well-planned around targeted strategies. Since 2013, Halk Invest has supported excavation efforts at the 1,700-year-old Aizanoi city located in the Çavdarhisar district of Kütahya province. The ancient site is home to the world's first known stock market. The Company continues its support as the "Main Sponsor" for the 2017-2019 period.

We strongly believe that 2019 will witness new success stories for Halk Invest, and we are determined to achieve this. As we continue to introduce more digital products and services, we contribute to the improvement of our capital market. Meanwhile, our efforts in overseas markets will increase the effectiveness of the domestic market in international platforms.

I would like to extend my gratitude to our colleagues and stakeholders, whom I believe are our biggest asset for achieving these goals and projects.

Sincerely yours,

Serdar SÜRER
Board Member and CEO

EXECUTIVE MANAGEMENT

Serdar Sürer

Board Member and CEO

Serdar Sürer was born in Istanbul in 1972. After graduating from Anadolu University, Faculty of Economics and Administrative Sciences, Department of Economics, Mr. Sürer worked as a Broker, Manager of Securities and Branch Manager at Arz Menkul Değerler, Ekinciler Menkul Değerler and Global Menkul Değerler A.Ş., respectively. In 2002, he joined the Treasury Department of Halkbank, working as Director of Investment Funds, and later as Manager of Debentures and Bonds Department, and finally as President of Money and Capital Markets Department. Mr. Sürer was appointed as General Manager of Halk Invest on October 18, 2017. From October 30, 2018 onwards, Serdar Sürer served as Head of Treasury Management and Deputy General Manager of International Banking at Halkbank. Mr. Sürer has been serving as Board Member at Halk Invest since 2012, and as General Manager since 2017.

Evren Karabulut

Deputy General Manager

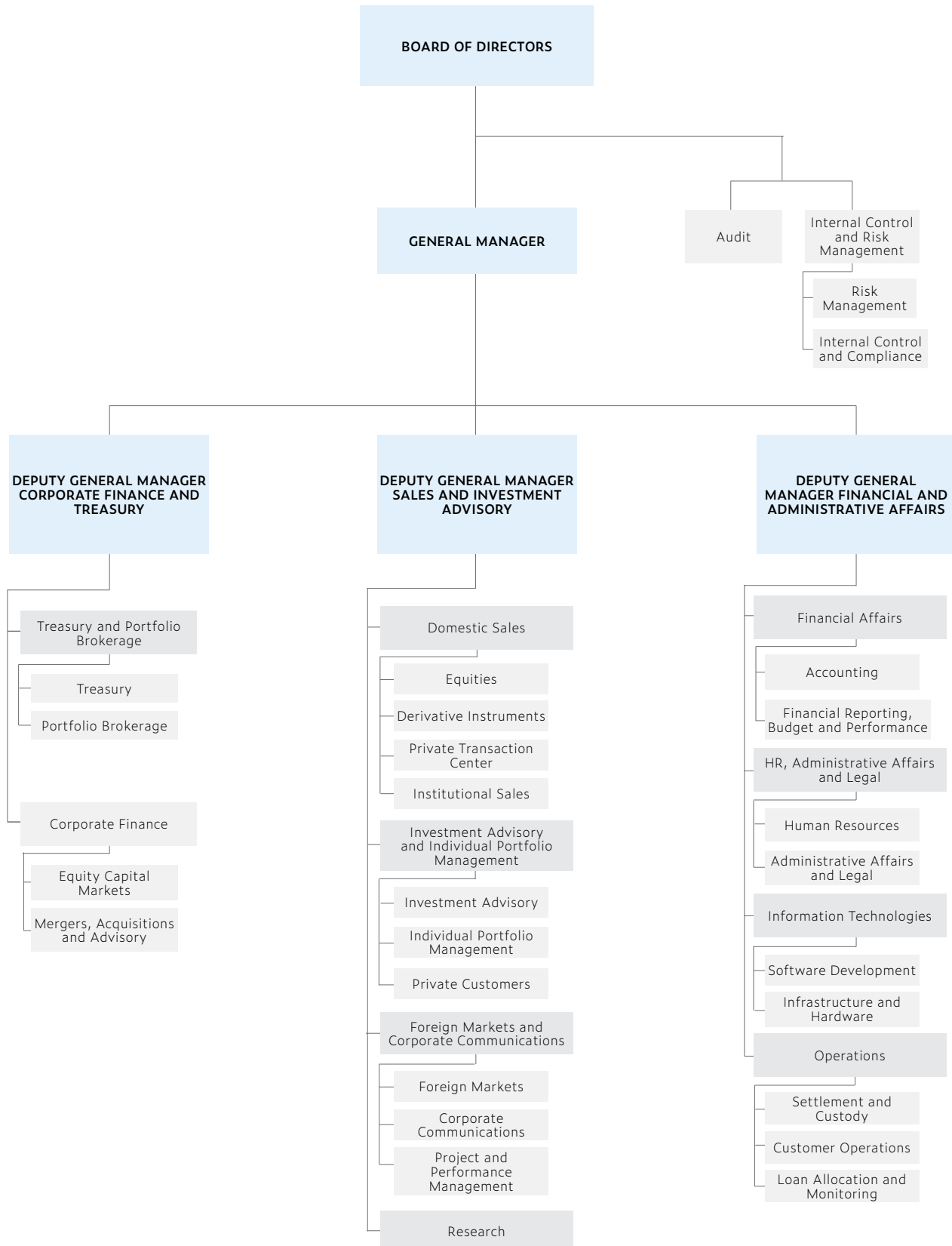
Evren Karabulut was born in 1971 in Balıkesir. He graduated from Middle East Technical University, Department of Statistics in 1995. Subsequently, he started working in the capital markets, taking on various positions within the sector until 2018. He has been serving as Deputy General Manager of Domestic Sales, Investment Advisory and Individual Portfolio Management, Foreign Markets, Corporate Communications and Research since January 2018.

Bülent Sezgin

Deputy General Manager

Bülent Sezgin was born in Bandırma in 1975. He graduated from Middle Eastern Technical University, Department of Political Science and Public Administration in 1997. Mr. Sezgin began his professional career in 1997 as Assistant Specialist at Esbank T.A.Ş. He went on to work in various positions at İktisat Portföy Yönetimi A.Ş., Pozitif Menkul Değerler A.Ş., and M&A International GmbH, respectively. In 2011, Mr. Sezgin was appointed Manager of the Corporate Finance Department at Halk Invest. He has served as Deputy General Manager of Corporate Finance and Treasury since 2012.

ORGANIZATIONAL CHART



MACROECONOMIC OUTLOOK

The trade war between the United States and China moved past the boundaries of these two countries, negatively affecting global markets and causing a deterioration in risk perceptions.

The U.S.–China trade war, which erupted toward the end of the first quarter, was one of the primary causes of increased market volatility during the year. The trade war between the United States and China moved past the boundaries of these two countries, negatively affecting global markets and causing a deterioration in risk perceptions. Fed's normalization policy which has been proceeding since December 2015, and fears of a global recession due to the actions taken up to now have worsened the negative outlook for global markets.

The most obvious impact of trade wars was the economic slowdown in China. In the second half of 2015, China's GDP growth rate dropped below 7%, confirming a "soft landing." In 2018, consumption and production data showed a significant decline due to the trade wars, indicating continued slowdown in the economy. Even though the Chinese government tries to support the economy with monetary policy measures, the tensions in bilateral relations and uncertainty cause downward risks to growth.

THE EURO AREA ECONOMY LOST MOMENTUM

The Euro Area economy was also affected by the global recession triggered by trade wars and Fed's monetary tightening program. Key indicators such as PMI, industrial manufacturing and confidence index have all declined in the region.

The European Central Bank reached its inflation targets, however, the slowdown in growth and fears of a global recession caused a sharp decline in energy prices, indicating downward risks. ECB ended its asset-purchase program in late 2018, and it is expected to raise interest rates in the last quarter

of 2019. But, due to the aforementioned reasons, questions about the timing of interest rate hikes remain. Furthermore, the ongoing risks in the region suppressed Euro asset purchases in 2018. In addition to the recent events in Italy and France, the deadlock in the Brexit process, which started in June 2016, creates a risk factor for the markets.

THE TURKISH ECONOMY GREW 2.6% IN 2018

Economic fluctuations became highly noticeable during the summer, and despite strong net foreign demand, the Turkish economy experienced a deep downturn, due to the weakened domestic consumption. The Turkish economy grew 7.4% in 2017, but GDP growth rate dropped to 2.6% in 2018.

Between 2012 and 2016, annual consumer inflation rate remained above the 5% target, but it was still single-digits. However in 2017, consumer inflation rose to 10-12%, remaining in the low double digits. In the first quarter of 2018, inflation slightly eased to 10% with the base effect, but it began to surge in May, exceeding 20% in August and reaching 25.24% in October, mainly due to the sharp depreciation of the Turkish Lira and deterioration in pricing. Inflation dropped to 20.30% in December, indicating a progress toward curbing risks.

On the monetary policy front, inflation outlook began deteriorating in the second quarter, as actual inflation rate diverged from the expected inflation rate. As a result, 2018 was a period of monetary tightening with sharp increases in interest rates. During the year, the policy interest rate was raised by 1,600 basis points, following the completion of the simplification process.



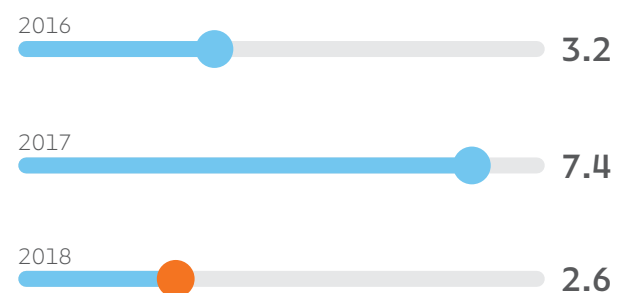
The deterioration in the current account balance, which started in 2017, continued through the first half of 2018. However, thanks to improvements in exchange rates and demand as well as the new economic program supporting exports, Turkey's current account deficit improved significantly. The current account deficit was USD 47.4 billion at year-end 2017, and USD 58.1 billion in 2018, but it dropped to USD 27.6 billion in December.

TURKEY MAINTAINS ITS APPEAL

With the implementation of the New Economic Program in 2019, GDP is expected to grow slower than its potential rate, but maintaining its appeal. The annual inflation rate, which has been rising for the last two years, and at an even faster pace recently, is expected to slow in 2019. The general expectation that this year's "moderately strong dollar" will turn into "moderately weak dollar" in the coming period; output gap; global food inflation and the mild outlook of energy prices stand out as supportive factors for the disinflation process.

Due to persistent high inflation and deterioration in pricing, it's expected that the tight monetary policy will continue. On the other hand, it's possible that policy tightening can be eased in 2019, considering factors such as the delayed impact of monetary tightening, contracting domestic demand due to economic rebalancing, and a stronger fiscal discipline, coupled with an improved inflation outlook.

TURKEY'S GDP GROWTH RATES (%)



On the balance of payments front, the downward trend in the current account deficit is likely to continue, considering the sharp depreciation of the Turkish Lira and significant decline in domestic demand coupled with the supportive policy aimed at export and tourism revenues in the rebalancing model. Restoring fiscal discipline, one of the main goals in the new economic program, has become a priority. Therefore, a tighter discipline can be expected in primary expenditures.

Lastly, if the policy approach set out in the new economic program is implemented, economic rebalancing can be achieved, as briefly described above. We also believe that our country's credit rating, which has dropped two or three levels below "investment grade" in the last two years, will start to improve.

DOMESTIC SALES

The Domestic Sales Unit improves the quality of its services consistently through infrastructure investments.

Halk Invest's Domestic Sales Unit is structured around the Equities, Futures and Options Market, both part of Borsa Istanbul (BIST), and Corporate Sales activities.

By effectively using Halkbank's broad distribution network, the Domestic Sales Unit serves investors through nine investment branches, Derivative Instruments, Stock Market and Corporate Sales Units, and via Halkbank branches in 81 provinces.

The Unit offers traditional brokerage services to private, corporate and/or collective investment institutions willing to transfer purchase and sales transactions to stock exchanges.

In 2018, new products entered the Futures and Options Market (VIOP), offering more alternatives to investors who want to trade for either investment or protection purposes.

The Domestic Sales Unit improves the quality of its services consistently through infrastructure investments. Accordingly in 2018;

- VIOP collateral feature was added to Halkbank Mobile and Halk Trader applications.
- VIOP training videos were created and published on the training portal in collaboration with Halkbank Training Department.
- Training programs were organized at Halkbank's regional offices and branches to increase awareness of FX products and derivatives among the Bank's employees.
- VIOP booklets were created to increase financial literacy among employees and customers.

The Unit will continue to move forward toward its goals by utilizing electronic platforms in 2019.

The Corporate Sales Team is committed to meeting the needs of qualified private and institutional domestic investors. The Team conducts brokerage activities in the area of debt instruments, including corporate financing products, and sales of sukuk issues. This approach ensures product diversity in its customer portfolio.

In 2018, the Unit sold bank bonds and commercial papers to Halkbank's qualified retail customers, as an alternative to deposits.





TOTAL SERVICE REVENUE

HALK INVEST INCREASED
ITS SERVICE REVENUES TO
TL 104 MILLION IN 2018.

TL 104 MILLION

IN 2018, THE DOMESTIC
SALES UNIT SOLD BANK
BONDS AND COMMERCIAL
PAPERS TO HALKBANK'S
QUALIFIED RETAIL AND
CORPORATE CUSTOMERS,
AS AN ALTERNATIVE TO
DEPOSITS.

INVESTMENT ADVISORY

Halk Invest performs personalized analyses and informs its customers and sales teams about high-quality capital market products.

The Investment Advisory Department provides services related to all capital market instruments. Besides brokerage for buying and selling capital market products, Investment Advisory delivers recommendations and guidance that help investors make final investment decisions. The Department offers financial solutions and proposals that meet clients' expectations.

This service is provided to customers under an Investment Advisory Agreement and in accordance with the results of a appropriateness test. Investment Advisory aims to increase investor's knowledge and financial literacy.

In addition to personalized analyses and informing customers and sales teams about high-quality capital market products, the Unit continued efforts to develop new projects in 2018.

As part of these efforts, the Unit aimed to increase financial literacy, and shared big data to accelerate the production of quantitative analysis reports containing basic and technical analyses, as well as other reports created by the robo-advisory system.

The reports and opinions on domestic and foreign markets prepared by the Research Department include analyst expectations, objective assessments of basic and technical analyses and special investment recommendations. These are regularly presented to sales teams and investors.

The Unit will continue to leverage the deep-rooted history of Halk Invest's main shareholder Halkbank and the expertise of portfolio managers who have capital markets experience to provide steady and consistent returns, offer the right products that can meet different needs in portfolio management, deliver a steady performance that will satisfy investors in the long term, and to develop new financial instruments and alternative investment solutions by closely following the changing and evolving market and industry dynamics.

THE PURPOSE OF THIS SERVICE,
WHICH IS OFFERED TO CLIENTS
UNDER AN INVESTMENT
ADVISORY AGREEMENT
AND IN ACCORDANCE
WITH THE RESULTS OF A
APPROPRIATENESS TEST, IS
TO INCREASE INVESTORS'
KNOWLEDGE AND FINANCIAL
LITERACY.

INDIVIDUAL PORTFOLIO MANAGEMENT

Halk Invest offers individual and corporate customers individual portfolio management services based on their risk-return preferences, maturity structure and expectations.

Individual Portfolio Management (IPM) is a tailored portfolio management service offered to individual and corporate customers in accordance with certain management criteria determined by the investors, such as benchmarking criteria, band of investment, and assets to invest or not invest in. Accordingly, portfolio management experts manage investors' savings as their authorized agents.

The IPM service is provided under an Individual Portfolio Management Agreement between Halk Invest and investors. The IPM service enables investors to take advantage of new market opportunities without having to monitor the markets closely and continuously, or to interpret new developments, updates and data flow, all of which can happen at a dizzying speed, or to deal with complicated calculations, but most importantly by sparing more time for themselves and their businesses.

The IPM process runs as follows:

- After determining customer's investment objectives, risks that can be taken, and financial assets that will or will not be included in the portfolio, a detailed agreement is prepared including benchmarking criteria to compare portfolio performance, fees and commissions.
- Portfolio managers start the portfolio management process in accordance with the criteria set out in the agreement. Assets are distributed in the relevant portfolio, based on research and quantitative analysis.
- Portfolio performance is monitored in real-time, and portfolio managers implement the position changes and revisions, as required by market conditions.
- Individual Portfolio Management fees are determined based on the size of the portfolio while performance commissions are determined according to the benchmarking criteria.

THE PURPOSE OF THIS SERVICE,
WHICH IS PROVIDED UNDER
AN INDIVIDUAL PORTFOLIO
MANAGEMENT AGREEMENT
AND IN ACCORDANCE
WITH THE RESULTS OF A
APPROPRIATENESS TEST, IS TO
MANAGE INVESTORS' SAVINGS
IN THE MOST EFFICIENT WAY
POSSIBLE AND IN ACCORDANCE
WITH THEIR EXPECTATIONS.

RESEARCH

Halk Invest evaluates the most recent developments objectively and fastidiously with the aim of managing customers' savings with a long-term perspective.

Halk Invest Research Department prepares the following outputs: the Daily Bulletin, which contains economic and financial market outlooks and expectations to short/medium-term changes in key financial indicators presented in comparison with other countries; the Macroeconomic Strategy Note, which provides medium-term economic analyses; the Outlook Report, which is published once per year with content that includes the main themes of the coming year's global and domestic economic environment as well as information on the Turkish economy and expectations; and Economic Assessment Reports, which evaluate the general economic situation right after the announcement of key macroeconomic indicators. The Department also produces Company Reports, which assess the current situation and sector position of select companies in line with the financial results they report; evaluate future cash flows using sophisticated financial models and thereby determine target stock prices; and indicate investment recommendations (e.g. buy-sell-hold) for these companies.

In 2018, the Research Department published the annual Outlook Report, which contains insights about the coming year's global and domestic economic environment as well as forecasts related to market dynamics. The main theme of the report was "Rebalancing the economy: Start of a medium-term change process."

In addition to periodic reports, the Department also prepared detailed analysis reports on specific areas that are considered important for balances in the medium term.



EACH YEAR, THE RESEARCH
DEPARTMENT PUBLISHES AN OUTLOOK
REPORT WHICH CONTAINS FORECAST
RELATED TO MARKET DYNAMICS.

Company reports containing future projections about the key dynamics and financial indicators of companies, and investment recommendations were also shared along with macro analyses. As part of stock analysis efforts, macro and micro dynamics relating to companies were followed closely; reports containing insights and opinions about the effects of such dynamics on financial performance were also shared.

In 2018, 10 new stocks were added to the stock portfolio, and the scope of research was expanded further. Hence, the Department became able to manage stock recommendations under the Model Portfolio in a more comprehensive and dynamic manner.

The Research Department strengthened its support to Halkbank, through/ its opinions and comments about financial markets, particularly stocks, the impacts of sector developments as well as special opinions, recommendations and meeting notes about economic balances. In this regard, the Department continued to publish the weekly Market Report, which is prepared in line with the Bank's requirements, and contains insights and analysis for the medium term as well as insights on the market strategy.

The Research Department aims to expand the scope of research areas and company analysis reports in 2019.

In 2019, the Department will expand the scope of industry analysis reports with more comprehensive assessments about industry data.

In line with the dynamic management strategy, the Department aims to increase the value of the Model Stock Portfolio, which enables the observation of tangible results of research opinions in the financial investment area, by at least 10-15% in 2019, as compared to BIST-100.

As part of ongoing digital investments, the Research Department has nearly completed the process of transferring the infographics, which clearly display the key information in economic analyses reports, to digital platforms. In 2019, the Department will also increase the number of Industry Analysis Reports and transfer them to digital platforms.



TREASURY

The Treasury Department aims to devise the best strategy for the Company by analyzing the markets thoroughly. The Department analyses and evaluates the products and services of Halk Invest from a market point of view, and offers them to the market.

The Treasury Department's activities can be divided into three main categories:

- Preparing and managing the Company portfolio
- Managing company and customer cash flows
- Brokerage activities

MANAGING THE COMPANY PORTFOLIO

Management of Halk Invest's portfolio relates to managing the Company's equity capital. This includes buying and selling debt instruments issued by the public and private sectors as part of short and long-term expectations and realizations in domestic and foreign markets as well as preparing and managing the Company portfolio. Transactions are generally performed in the Borrowing Instruments Market that operates under the Borsa Istanbul Stock Exchange.

MANAGING COMPANY AND CUSTOMER CASH FLOWS

Management of Halk Invest's cash flow relates to using cash surplus resulting from Company activities or meeting the Company's cash needs. In addition to being responsible for regulating Halk Invest's cash flows, the Treasury Department takes the necessary steps to ensure the healthy flow of monetary resources through the Company. Furthermore, the Department makes sure that customers' daily money movements are unimpeded and timely.

In 2018, Halk Invest launched the T+0 application to meet the urgent cash needs of investors. With this application, the proceeds from stock sales can be withdrawn on day T+1 or T+0, instead of day T+2.

BROKERAGE ACTIVITIES

Engagement in brokerage activities relates to brokerage services for customers' Borsa Istanbul Stock Exchange, Debt Instruments Market and Takasbank Money Market transactions. Transactions are usually undertaken for corporate customers, most of whom are investment and retirement funds or portfolio management companies managing these funds.

T+0 APPLICATION

IN 2018, HALK INVEST
LAUNCHED THE T+0
APPLICATION TO MEET THE
URGENT CASH NEEDS OF
INVESTORS.

PORTFOLIO BROKERAGE

Halk Invest Portfolio Brokerage Department aims to develop new products for domestic and foreign markets to meet the needs of private and institutional investors.

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

All customer orders to be undertaken as the counterparty and all transactions performed in organized domestic and over-the-counter markets fall within the authority and responsibility of the Portfolio Brokerage Department.

Portfolio Brokerage also offers by-products, known as restructured financial instruments, in addition to the major traditional products in the industry. The Department adds these instruments to traditional investment portfolios.

Restructured financial products are financial assets that are composed of various basic investment components. These are designed to meet the needs of certain investors and generate specific risk-revenue profiles. Therefore, risk is a concept of paramount significance for the Department. The risks assumed by the Portfolio Brokerage Department as part of its operations are covered by Halk Invest's risk management policies. The Department contributes to the Company's risk management program and thereby generates added-value for the industry.

The Portfolio Brokerage Department is also responsible for managing the relations with foreign financial institutions.

In 2018, the Portfolio Brokerage Department contributed to the development of the software module for options transactions that are performed for the corporate portfolio, and for the first time performed options transactions in the over-the-counter market on behalf of the Company. In addition to product development efforts, the Department developed and implemented a system for spread trading between the Futures and Options Market (VIOP) and the spot market to increase the transaction volume.

In 2019, the Portfolio Brokerage Department will continue to provide more liquidity for customers' transactions related to over-the-counter derivative products and contribute to the development of derivative products and structured debt instruments.

THE PORTFOLIO BROKERAGE
DEPARTMENT CONTRIBUTES
TO THE DEVELOPMENT
OF RISK MANAGEMENT
PROGRAMS AND THEREBY
GENERATES ADDED-VALUE
FOR THE INDUSTRY.

CORPORATE FINANCE AND ADVISORY

As part of corporate finance activities in 2018, Halk Invest mainly performed debt instrument and sukuk issues in line with the developments in financial markets.

Halk Invest's Corporate Finance and Advisory Department engages in public offerings, debt instrument issues, sukuk issues, as well as merger and acquisition brokerage and consultancy activities.

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

As part of Halk Invest's corporate finance activities in 2018, the Department mainly performed debt instrument and sukuk issues in line with the developments in financial markets.

In 2018, Halk Invest undertook a total of 103 transactions, which amounted to TL 24 billion. These transactions included: 13 sukuk issues (TL 1.7 billion), 3 debt instrument issue that will be included in secondary capital (TL 7.8 billion), 1 mortgage backed securities issue (TL 1 billion), and 86 conventional debt instrument (TL 13.4 billion) issues. The Company is the market leader with the issues it undertook in 2018.

BOND ISSUES

As part of debt instrument issues that will be included in secondary capital, the Company intermediated Halkbank's 10-year Tier II and Tier III debt security issues totaling TL 1.95 billion and TL 2.98 billion, respectively, in July and September 2018.

Outside of the Group, the Company also undertook Turk Eximbank's 10-year debt security issue, which totaled TL 2.90 billion.

SUKUK ISSUES

In July 2018, Halk Invest completed the second sukuk issue, which had a size of TL 100 million and maturity of 103 days, under the Lease Certificate Issue Program, in which Halk Varlık Kiralama A.Ş. ("Halk VKŞ") participated as the issuer company and the Turkish Grain Board (TMO) participated as the fund user/source institution. The Company completed the third issue, which had a size of TL 150 million and maturity of 117 days, via a sales transaction to qualified private and institutional investors.

The sukuk transaction performed in November 2017 was the first sukuk issue, both in Turkey and the world, using agricultural commodities as an underlying asset. TMO was designated as the fund user, and the transaction was based on a management contract and sale/purchase agreement. The transaction set an example for other issues in the market, and it received "Turkey's Best Islamic Finance Transaction" award at the 2018 IFN Awards. REDmoney Group's monthly publication Islamic Finance News (IFN), which is widely known as one of the most prestigious news portals in Islamic finance circles, named the transaction as "a boost to agricultural activities supported by Islamic financing."

Attracting great interest from investors, this issue transaction was followed by the second and third sukuk issues, which were also completed in 2018. In the first issue, wheat was selected as the underlying agricultural commodity whereas hazelnut was used in the second and third issues.

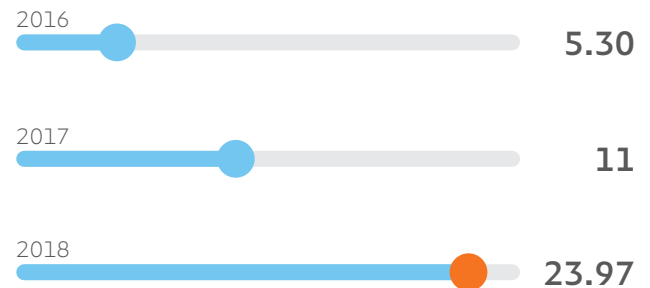


NEW ACTORS IN SUKUK ISSUES: REITS

Halk Invest completed Turkey's first real estate investment trust sukuk issue in December 2017 with Halk REIT's 87-day term sukuk issue worth TL 100 million. The issue was based on a management contract (investment proxy) in which Halk REIT participated as fund user, and Halk Varlık Kiralama A.Ş. (Halk VKŞ) as issuer asset leasing company. This was the first sukuk issue transaction in which the sukuk market's newest player, Halk VKŞ, participated as issuer asset leasing company. In 2018, Halk Invest completed six more sukuk issues, totaling TL 620 million, in which Halk REIT once again participated as fund user.

In September 2018, Emlak Konut REIT, the biggest real estate investment trust in Turkey, undertook a sukuk issue through Halk Invest, using a structure similar to the one used by Halk REIT. The issue was worth TL 155 million and had a maturity of 95 days. Following the success of these issues, in 2018, Halk Invest undertook five more sukuk issues with a total value of TL 822 million, in which Emlak REIT was the fund user.

TOTAL AMOUNT OF PRIVATE SECTOR DEBT INSTRUMENTS AND SUKUK ISSUES (TL BILLION)



Having started sukuk issuance activities by brokering Kuveyt Türk Participation Bank's sukuk issue program in 2014, Halk Invest recorded a total sukuk transaction volume of TL 912 million by end-2018. During the same period, the total value of issued debt instruments, which are currently in circulation, and have been brokered by Halk Invest, has reached TL 13.27 billion.

In 2018, Corporate Financing and Advisory aims to contribute to the growth of the market by developing debt instruments and structuring new products in the sukuk market; sustainably capturing more market share; and bolstering its market position through qualified transactions in the areas of merger and acquisition advisory.

INFORMATION TECHNOLOGIES

Halk Invest's IT infrastructure is continuously upgraded in line with changing market conditions and customer needs.

The Information Technologies Department is responsible for planning, setting up and ensuring security of the technological architecture of in-house processes related to developing markets and products. The Department develops infrastructure platforms and closely monitors the latest technological developments with the aim of offering secure and fast services to Halk Invest's broad customer base.

The infrastructure and design of Halk Invest's website were completely revamped in 2018.

Thanks to Avrasya (Eurasia) and ALM (Asset/Liability Management) projects, daily financial data about Halkbank's subsidiaries are now created and shared systematically in accordance with selected data models.

Customer can now perform foreign currency deposit and withdrawal transactions on Halkbank's Mistral, Dialog and Internet Branch; they can also transfer collaterals to their forex accounts.

New features were added to Halk Trader mobile application, including cash transfers, VIOP collateral transfers, and investment fund transactions.

Halkbank Çayirova Data Center was revamped with a 10-GB switch system. Firewall and load balancer systems were upgraded to improve capacity and accessibility.

Halk Invest Stock Market and Futures and Options Market order transmission functions were added to Halkbank mobile application in 2018.

Halk Invest purchased and began using Appdynamics, an application performance monitoring and management system.

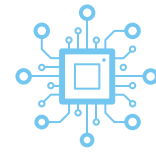
The Company upgraded to the new version of the PRTG application for real-time monitoring of hardware performance and errors. The Company began monitoring PRTG, MPLS and internet bandwidths.

The main systems, which were kept in the system room at Halk Invest's Head Office building, were moved to Halkbank's Tier 2 Data Center in Çayirova.

The first phase of the electronic contract project was completed. This project will enable customers, who already have a framework agreement, to approve their supplemental agreements on Halk Invest's Internet Branch. The project will be completed in 2019, and in the second phase, customers will be able to approve their framework agreements electronically, on Halkbank's Internet Branch without having to visit a branch, and also open a Halk Invest account.

With the Document Management and Business Flow Project, internal documents can be monitored, stored and easily accessed on an electronic platform. Additionally, the Company is now able to monitor certain manual business processes, which may pose operational risks, electronically. Efforts to transfer other manual processes to the electronic environment will continue in 2019.

In 2019, the Company will establish a disaster recovery center and back up all critical systems in a secondary server. Halk Invest plans to establish an "Emergency Response Center" that can be used by all subsidiaries.



HALK INVEST WEBSITE IS REVAMPED

THE INFRASTRUCTURE AND DESIGN OF HALK INVEST'S WEBSITE WERE COMPLETELY REVAMPED IN 2018.

THE MAIN SYSTEMS, WHICH WERE KEPT IN THE SYSTEM ROOM AT HALK INVEST'S HEAD OFFICE BUILDING, WERE MOVED TO HALKBANK'S TIER 2 DATA CENTER IN ÇAYIROVA.

CORPORATE COMMUNICATIONS

In line with its responsible business approach, Halk Invest develops corporate social responsibility projects that overlap with its vision and boosts its brand value through effective stakeholder communications.

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

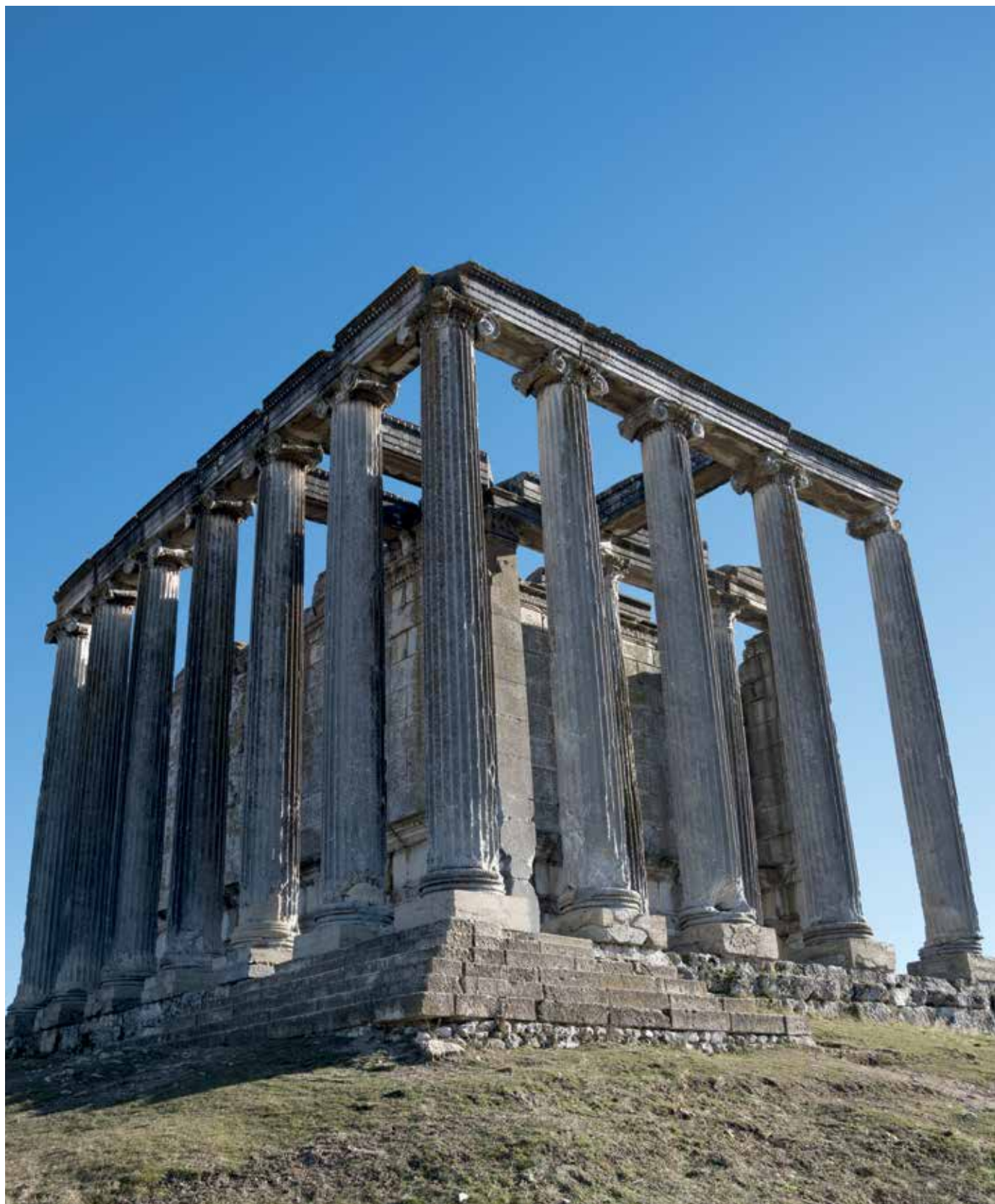
Corporate Communications also ensures that all the Company's communications channels are open and accessible to shareholders and customers alike. The Department oversees that all services and corporate representation efforts are conducted in line with the adopted rules and standards. In addition, Corporate Communications makes sure that Halk Invest's corporate social responsibility projects are in line with the Company's areas of business activity and its vision.



- **Istanbul Youth Festival Sponsorship:** Halk Invest was one of the sponsors of the "BistTalks" event, which was organized under the sponsorship of BIST, during Istanbul Youth Festival, the biggest youth festival in Turkey. The Festival was held on May 2-6 by Istanbul Metropolitan Municipality at Yenikapı Avrasya Exhibition and Art Center. Halk Invest participated in the Festival to introduce capital market products to young people. As part of events organized in collaboration with Borsa Istanbul, Halk Invest held a

lottery for young people who opened an investment account, and offered real estate certificates to the winners.

- **Halk REIT Gong Ceremony:** A gong ceremony was organized on February 15 to mark Turkey's first REIT sukuk (lease certificate) issue. Halkbank's General Manager Osman Arslan, Halkbank's Chairman R. Süleyman Özdil, Halk REIT's General Manager Dr. Feyzullah Yetgin, Halk Invest's General Manager Serdar Sürer, and Borsa Istanbul A.Ş. General Manager and Executive Board Member Murat Çetinkaya participated in the gong ceremony.
- **Etno Festival:** Halk Invest participated in the Etnospor Culture Festival held on May 9-13. At its booth, the Company provided target training to young people.
- **Istanbul Metropolitan Municipality Career Days:** At the 26th edition of the Career Days event, Halk Invest hosted young people at its booth at Career Fest. on May 13.
- **İbn Haldun University "The Dynamics of Investing in the Stock Market:"** Halk Invest participated in the workshop "The Dynamics of Investing in the Stock Market," which was held on October 16 at İbn Haldun University, as part of the business workshop series.
- **Aizanoi Ancient City & Annual Report:** Being the main sponsor of the Aizanoi Excavations, the Company's 2017 Annual Report was created under this theme. At ARC Awards, Halk Invest's annual report received four awards, including the Gold Award in the photography category, the Bronze Award in the infographics category, and Honors in interior design and design/cover photo categories.
- **E-bulletin:** The Company began publishing an e-bulletin to share information about internal/external events, innovations and new projects, and also to improve awareness and internal communications. Accordingly, the Company sent out e-mails about Istanbul Youth Festival, which was organized on May 2-6, 2018.
- **Digital & Social Media Goals, Strategies, Management Panel and Monitoring:** Halk Invest's website and report formats were revised, and the Company began using social media more effectively.



INTERNAL AUDIT

Halk Invest's internal audit system is operated in a way to increase and improve the Company's effectiveness, and to develop systematic approaches to add value to the Company and help it achieve its goals.

Audits are conducted regularly to ensure that all Halk Invest business units, including the headquarters and external affiliates, operate in line with the management strategy, efficiently, orderly, and in accordance with applicable laws, rules, regulations, and institutional policies. The Company's internal audit system consists of the Audit Department and the Internal Control and Risk Management Departments.

Internal control activities undertaken within the framework of Capital Markets Board regulations are managed by the Internal Control and Risk Management Department's Internal Control and Harmonization, and Risk Management sections. To further strengthen and improve the Company's organizational structure, Internal Control and Risk Management serves the functions of improving business processes in all Halk Invest's units and ensuring that the Company's operations are executed in full compliance with Capital Markets Board regulations and other relevant regulatory requirements. These functions are undertaken in adherence to Capital Markets Board Legislation Serial V No: 68 titled "Notification on Rules to Apply to Internal Audit Systems of Intermediary Institutions" under the implementation of risk-based audit plans. Capital Markets Board regulations and other relevant regulatory requirements, Company procedures and decisions of the Board of Directors form the basis of the audit process.

The Risk Management Department is structured to focus on its intended functions. These include: following-up on whether transactions conducted under portfolio brokerage are in line with Halk Invest management strategies, risk preferences and portfolio limitations; regularly monitoring the risk exposure of risk limits approved by the management and of portfolios monitored; designing and implementing a risk management system to fulfill risk measurement and control functions; issuing warnings to avert risk-posing activities; and taking precautions as needed.

SUPPORT UNITS

Designed to make the most efficient and productive use of the workforce, Halk Invest's human resource policy is intended to offer career development opportunities to its employees.

FINANCIAL AFFAIRS

Financial Affairs undertakes financial reporting activities and prepares the balance sheet at Halk Invest. The Department systematically combines business activity results and figures obtained from different business lines. Financial Affairs also presents the relation of these figures to each other in projections published in accordance with financial reporting techniques.

In its accountancy and financial reporting efforts, Financial Affairs ensures coordination between both the Company's relevant business units and with external auditors. In addition to preparing and managing the balance sheet, the Department is also charged with preparing statutory reporting as prescribed by applicable regulations, as well as ensuring and managing communications in these processes with regulatory and supervisory authorities.

OPERATIONS

The Operations Department manages business processes such as settlement and custody, customer operations, derivative instrument operations, cash operations, and loan allocation and monitoring.

The Department responds to all customer demands, excluding market transactions, and thereby makes a huge contribution to customer satisfaction. The Department complies with all relevant legislation and, and fulfills its responsibilities to regulatory bodies. The Department aims to reduce operational risks in processes related to structured markets and instruments with the help of relevant software and electronic platforms.

HUMAN RESOURCES

Recognizing that qualified manpower carries strategic importance in the financial services sector, Halk Invest constantly works toward continuous improvement and development of its human resource management.

As of year-end 2018, Halk Invest had 128 employees. 98% of the employees hold graduate degrees; average of the employees is 37, and female employees make up 47% of the staff.

Halk Invest Human Resources efficiently engages in recruitment, career planning, and performance management processes. The Department also organizes training programs to support employees' personal and professional development, with a view to achieving goals and efficiency.

During the recruitment process, the Company aims to choose the right person for the right job, and the candidates are evaluated by using modern techniques to assess their competencies correctly.

The main purpose of performance management is to set goals for all positions, aligned with the Company's strategies, and to evaluate employee performance objectively, based on common goals.

Employees' personal and professional development programs include classroom training and e-learning to support employees' career progress.

CORPORATE SOCIAL RESPONSIBILITY PROJECTS

Halk Invest aims to connect to the past while moving forward toward the future, and believes in the importance of deriving strength from our values, and conducts its operations in line with this principle.



AIZANOI ANCIENT CITY

Halk Invest is committed to fulfilling its social responsibilities by implementing projects that overlap with its areas of business activity and that are well-planned around targeted strategies. Since 2013, Halk Invest has supported excavation efforts at the 1,700-year-old Aizanoi city located in the Çavdarhisar district of Kütahya province. The ancient site is home to the world's first known stock market. The Company continues its support as "Main Sponsor" for the 2017-2019 period.

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

Aizanoi is one of the most exceptional treasures of this rich cultural heritage. The birthplace of global traditions that have extended into today's modern era, this geography has served as home to well-rooted civilizations. The site also proudly hosted the Aizanoi Macellum; presumably the world's first known stock market. Discovered in 1824, the ancient city of Aizanoi is spread across a large area including the Macellum.

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

Aizanoi excavations began in 1926, a century after its discovery. Since 2011, a team led by Prof. Dr. Elif Özer from Pamukkale University has worked to reveal the treasures that Aizanoi has hidden for centuries by applying local know-how. The ancient city is listed in the UNESCO World Heritage Candidate List with reference number 5724.

In ongoing excavations, ethnographic artifacts to be transferred to coming generations are unearthed, documented and registered. Some of these items are then exhibited, while others are safely stored for further study.

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

Halk Invest is committed to fulfilling its social responsibilities by implementing projects that are well-planned around targeted strategies.



HALK INVEST MEMORIAL FOREST

In line with its responsible business approach, Halk Invest expands its corporate social responsibilities into areas that overlap with its business activities and at the same time contribute to environmental sustainability. In cooperation with the Turkish Republic Ministry of Forestry and Water Affairs, General Directorate of Forestry, the Halk Invest Memorial Forest was set up with the planting of 2,000 saplings.

The forest, whose foundations were laid with 2.000 planted saplings, continues to sustainably grow. A new sapling is planted for and named after each Halk Invest employee's new-born baby. In addition, a sapling is planted for each electronic postcard sent to clients to celebrate national and religious holidays.



DİYARBAKIR YILLARCA HALKBANK ŞEHİT HAŞİM TÜRKOĞLU MIDDLE SCHOOL

Halk Invest provides financial and in-kind support to the Yıllarca Şehit Haşim Türkoğlu Middle School located in the Yıllarca village in Diyarbakır's Çınar district within the Company's corporate social responsibility policy. This effort aims to ensure schoolchildren's access to better education, improve the attractiveness of education for youth and support the "Financial Literacy Action Plan" as part of the 25 Priority Transformation Program of the 10th Development Plan. The support provided to the Yıllarca Şehit Haşim Türkoğlu Middle School will continue in line Halk Invest's commitment to sustainable initiatives.

COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

CAPITAL MARKETS BOARD CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

The Company is not a publicly listed company. The Capital Markets Board introduced new regulations under the Corporate Governance Communiqué (II-17.1) with a resolution numbered 2/49 and dated January 10, 2019, which was published in the bulletin numbered 2019/2.

The Company undertakes compliance activities within the framework of its responsibilities.

PART I – SHAREHOLDERS

SHAREHOLDER RELATIONS UNIT

The shareholder relations function is executed by the Financial Operations and Reporting Unit.

EXERCISE OF SHAREHOLDERS' RIGHT TO OBTAIN INFORMATION

Shareholders are provided with information regarding the Company's accounts and financial structure at Shareholders' General Assembly meetings. The Company's Financial Statements are audited periodically by an Independent Auditor, appointed by the Board of Directors and approved by the General Assembly. In 2018, the independent audit was performed by DRT Bağımsız Denetim ve SMMM AŞ.(Deloitte).

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

INFORMATION ON GENERAL ASSEMBLY MEETINGS

The Company's 2017 General Assembly Meeting was held on April 20, 2018, without announcements or invitation ceremonies in accordance with Article 416 of the Turkish Commercial Code No: 6102. At the meeting, it was decided to pay shareholders TL 4,100,000.00 as I. dividend. It was also decided not to pay TL 21,409,942.05 as II. dividend, and to use TL 22,000,000, with the addition of TL 590,057.95 from the Extraordinary Reserves account, to increase capital.

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

VOTING RIGHTS AND MINORITY RIGHTS

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

DIVIDEND POLICY AND DIVIDEND PAYMENT TIME

There are no privileges attached to any shareholders in terms of participating in the Company's net income. This is mentioned in Article 21 titled Calculating and Distributing Profit of the Company's Articles of Association.

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

As per the resolution taken at the Ordinary General Assembly Meeting on April 20, 2018, TL 4,100,00.00 was paid to shareholders as dividend on April 30, 2018.

TRANSFER OF SHARES

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

PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

COMPANY DISCLOSURE POLICY

The Company shares its financial and managerial information on its website. In addition, the information is also published on TSPB (Turkish Capital Markets Association) website through the Membership Management System and Public Disclosure Form.

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

The Central Registry System shares financial and administrative information through the e-company platform with a system which allows content on the companies' own pages, which will be published in the website in accordance with Article 1524 of the Turkish Commercial Code, to be uploaded in the e-company portal with a secure electronic signature and time

stamp, which ensures that such content is stored on a safe platform, ensures that content is ready to access, that content can be archived safely, and ensuring that information is accessible from a single point.

Shareholders may access information whenever necessary by electronic mail and/or in a written form. Moreover, the Company's periodic Financial Reports and announcements are published on www.kap.gov.tr and the Company's website.

DISCLOSURE OF MATERIAL EVENTS

None.

COMPANY WEBSITE AND ELECTRONIC PLATFORMS

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

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

	HALKYATIRIM. COM.TR	YATIRIMDIALOG. COM	HALKBANK. COM.TR	HALK TRADE / HALK TRADER MOBILE İOS-ANDROİD	HALKFX.COM	FX PLATFORM METATRADER MOBILE
Market Data	√	√	√		√	√
Research Reports	√	√	√			√
Our Financial Statements	√					√
About Us	√					√
Emergency Plan	√	√				√
Portfolio Status	√	√	√		√	√
Common Stock Trend	√	√	√		√	
VIOP Trade	√	√	√		√	
Investment Fund Trade	√	√	√			
FX Trade						√

COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Research reports will be published via mobile applications in 2019.

On the other hand, investors are able to monitor the developments in the market through the Company's Facebook and Twitter pages.

DISCLOSURE OF THE ULTIMATE CONTROLLING SHAREHOLDER/S

The Company's shareholders are legal entities.

PUBLIC DISCLOSURE OF INSIDERS

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

PART III - STAKEHOLDERS

INFORMING THE STAKEHOLDERS

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

STAKEHOLDERS' PARTICIPATION IN MANAGEMENT

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

HUMAN RESOURCES AND REMUNERATION POLICY

Halk Invest Human Resources Policy is shared with the public through the Company's website and annual reports.

Recognizing that qualified manpower carries strategic importance in the financial services sector, Halk Invest constantly works toward continuous improvement and development of its human resource management. Designed to make the most efficient and productive use of the existing human resource, the Company's human resource policy is intended to constantly improve individual and team performance through processes and systems that enhance quality, while also offering a professional environment and career development opportunities to its employees.

At Halk Invest Human Resources, recruitment, career planning, performance management processes and the training programs for the personal and professional development of employees are designed and executed on the principle of productivity.

Career planning is formulated within the frame of the human resources regulation and in view of the relevant employee's performance during the period, his/her behavioral and personal competencies, professional knowledge and skills, as well as managerial capability.

Performance assessment is made at least once a year, employing a system erected on the principles of openness and objectivity, and aims at establishing whether the employee is adequate in his/her job and to identify improvement areas, to determine his/her skills and potential and to steer his/her career planning.

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

The training policy is designed to give employees in every title category the opportunity to attend training and workshop programs held in and/or out of Turkey, in an effort to ensure personal and professional development, taking career planning and the required qualifications into consideration.

In the coming period, Halk Invest intends to carry out human resource planning aimed at expanding its workforce by way of recruiting new employees, as well as new investments seeking to enhance the productivity of its employees. According to the staff planning made in line with the Company's objectives, it is targeted to recruit qualified personnel for the positions to be filled.

ORGANIZATIONAL CHART

Halk Invest's organizational chart can be accessed at <https://www.halkyatirim.com.tr/img/organizasyon-semasi.pdf>

INFORMATION ABOUT RELATIONS WITH CUSTOMERS AND SUPPLIERS

To ensure to meet customer demands in the best manner, the Company built an organizational structure setting out the positions of specialized personnel and employs electronic communication tools to deliver fast and accurate service for its customers. Within this framework, the Company continues to make new technological investments to increase customer satisfaction.

With the aim of promoting the Company's products and services and increasing the synergy between Halkbank and Halk Invest, training activities are offered to Halkbank employees. Alongside ongoing training programs, Private Customer Relations Managers and Private Assistant Customer Relations Managers selected by Halkbank were provided with product, sales and marketing training opportunities.

SOCIAL RESPONSIBILITY

The Company develops and conducts social responsibility policies to contribute society while aiming to become a pioneer in all fields. A tangible example of these efforts is the support provided for the excavations at the ancient city of Aizanoi, which was home to the world's first known stock market. In line with its commitment to fulfilling its social responsibilities by implementing projects that overlap with its areas of business activity and within the framework of well-planned strategies, the Company started providing financial support for the excavations at the Ancient City of Aizanoi, which is accepted to be the world's first stock market 1,700 years ago and is located on the borders of Çavdarhisar district of Kütahya province today. With the permission of the Ministry of Culture and Tourism, General Directorate of Cultural Assets and Museums, cash support has been provided since 2013, and the Company will continue to be the "Main Sponsor" during the period 2017-2019.

PART IV – BOARD OF DIRECTORS

STRUCTURE AND COMPOSITION OF THE BOARD OF DIRECTORS AND INDEPENDENT MEMBERS

NAME SURNAME	TITLE
1- Erkan KİLİMCİ	Chairman
2- Kamil Enis TUNA	Vice Chairman
3- Serdar SÜRER	Board Member/General Manager
4- Ahmet ERDOĞAN	Board Member
5- Enes ÇELEBİ	Board Member
6- Güvenç USTA	Board Member
7- Ali ŞÖNER	Board Member

QUALIFICATIONS OF BOARD MEMBERS

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

DUTIES AND RESPONSIBILITIES OF BOARD MEMBERS AND MANAGERS

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

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

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

ACTIVITY PRINCIPLES OF THE BOARD OF DIRECTORS

The Board of Directors meets monthly or in interim periods when necessary, and evaluates the extent that the Company has reached its objectives, while evaluating its activities and past performance. The agenda of the Board of Directors is created

within the context of proposal offered by the Company management. The Board of Directors took 87 decisions during the period January 1, 2018–December 31, 2018 without any dissenting votes. None of these decisions received any dissenting views since Board Members were informed in advanced.

PROHIBITION OF MAKING TRANSACTIONS WITH THE COMPANY AND COMPETITORS

Prohibition of making transactions with the Company and competitors was applied to the Board Members in 2018.

DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

APPOINTED BOARD MEMBERS

	FULL NAME	DATE OF APPOINTMENT	METHOD OF APPOINTMENT
CHAIRMAN OF THE BOARD OF DIRECTORS	Erkan KİLİMCİ	11.02.2019 - 2019/13	Board of Directors Resolution
DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS	Kamil Enis TUNA	30.01.2019 - 2019/12	Board of Directors Resolution
CHAIRMAN OF THE CREDIT COMMITTEE Chairman of the Credit Committee as per CMB Communiqué on "Margin Trading, Short Sales and Lending and Borrowing of Securities" (Serial:V, No:65).	Serdar SÜRER	20.04.2018 - 2018/47	General Assembly
BOARD MEMBER IN CHARGE OF INTERNAL AUDIT Board Member in Charge of Internal Control as per CMB Communiqué on "Principles Regarding the Internal Auditing Systems of Brokerage Houses" (Serial:V, No:68)	Kamil Enis TUNA	11.02.2019 - 2019/15	Board of Directors Resolution

<p>BOARD MEMBER IN CHARGE OF MISUSE OF INFORMATION</p> <p>Board member in charge of ensuring that employees fulfill their responsibility to notify as per CMB Communiqué on "Obligation of Notification Regarding Insider Trading or Manipulation Crimes" (V-102.1)</p>	Ahmet ERDOĞAN	20.04.2018 - 2018/47	General Assembly
<p>BOARD MEMBER IN CHARGE OF FINANCIAL REPORTING</p> <p>Board Member in charge of Financial Reporting as per article 9.2 of CMB Communiqué on "Principles of Financial Reporting in Capital Markets"</p>	Kamil Enis TUNA	30.01.2019 - 2019/12	Board of Directors Resolution
<p>BOARD MEMBER IN CHARGE OF MASAK COMPLIANCE UNIT</p> <p>Board Member in charge of compliance with MASAK Regulation on "Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism"</p>	Kamil Enis TUNA	30.01.2019 - 2019/12	Board of Directors Resolution
<p>BOARD MEMBER IN CHARGE OF PUBLIC DISCLOSURE FORM (KAF)</p> <p>Board Member in charge of signing Public Disclosure Forms as per CMB Communiqué on "Principles Regarding Public Disclosure by Intermediary Institutions" (V-77)</p>	Güvenç Usta	30.01.2019 - 2019/12	Board of Directors Resolution

CODE OF ETHICS

In accordance with our main shareholder Halkbank and Turkish Capital Markets Association's regulations, Code of Ethics are established and presented to personnel in written form.

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

The Board of Directors has not yet established a Corporate Governance Committee. The Company continues efforts regarding compliance with the principles of corporate governance.

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

Monthly attendance fee is paid to the Board Members with the approval of the General Assembly. The total amount of compensation, in-cash and in-kind benefits, insurances and similar warrants (salary, attendance fee, premiums, dividends, foreign language compensation, subsistence, private health insurance premium, private life insurance premium, individual annuity contribution, employer's share of social security, employer's share of unemployment insurance, mobile communications, representation hospitality, vehicle rent and fuel) provided to Board Members and Executive Managers is TL 2,753,436.



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