

# Annual Report 2021



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**Part I**

# **Introduction**

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## 2021 Review: The Economy and Financial Markets

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Inflation once again entered the global agenda in 2021. Inflationary risks may escalate further in 2022 due to higher global commodity prices. Turkey is not exempt from these global risks. Indeed, 2021 witnessed historical high inflation rates, 13.58% MoM and 36.08% YoY in December. However, the strong economic growth rate was another eye-catching development of the year. Notwithstanding the base effect stemming from the pandemic era of 2020, growth rates of 22% and 7.4% in the second and third quarters of the year, were anyway impressive. In addition, the cumulative four quarters' GDP exceeded the same figure calculated as of the first quarter of 2020, just before the pandemic entered our lives. The same happened for the employment figures, as the non-farm payroll data climbed back to its pre-pandemic levels.

The possible course of the FED actions is another major agenda item for 2022. Rate hikes starting in March 2022 has already become a consensus. In addition, officials started to mention about a balance sheet shrinkage which includes selling of assets in the balance sheet. Waiting for the redemptions would lead to a significant reduction in the balance sheet only in 2025, which may be too late considering the current inflation dynamics. It seems that FED chairman Powell is on the dovish wing, whereas regional FED managers may prefer to be more hawkish. Market analysts have also different views.

Hence, there is still a big uncertainty about the possible FED actions. Only tapering, only rate hikes, or a combination of these may be the possible alternatives. Of course, balance sheet reduction via asset sales can be another option. Hence the speed and size of the policy mix is still uncertain. In addition, stimulus packages prepared by the politicians may change the picture. All in all, inflation should be taken into account carefully. Indeed, FED is already aware of these risks as they started to change their policy mix starting from 2017. Nevertheless, inflationary risks increased immensely during the pandemic period.

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## In Brief

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### **In 2021, Yapı Kredi Asset Management became the market leader in mutual & hedge funds while growing above the market in total assets under management.**

In 2021, the company developed its product range and established new mutual funds that invest in different themes. Meanwhile Yapı Kredi Asset Management (YKAM) was awarded with 5 different awards from Asset Management to Pension Fund management by prestigious financial magazines operating in the international arena

YKAM is a leading asset management company in Turkey with a diverse and comprehensive range of products and services including mutual funds, pension funds, discretionary portfolios, investment advisory. On the other hand, it develops sustainable financial products in order to provide social benefit and protect our world, and supports the transfer of individual investments to these resources. With the funds offered to individual investors, as of 31 December 2021, 0.16% of the total assets under management consists of funds within the scope of sustainability.

YKAM is a member of Yapı Kredi Group under Koç Financial Services, which is ultimately owned by Koç Group (49.97%) and UniCredit from Italy (18%) and free floating part of (32.03%) which is traded in Istanbul Stock Exchange (ISE).

As of the end of 2021, YKAM manages a total of 27 mutual funds, 19 Hedge Funds and 20 pension funds of 3 different pension companies that comprise an extensive range of investment management products further enhanced by best-of-breed discretionary portfolios currently under management.

YKAM manages portfolios on a collaborative basis, with dedicated teams composed of professionals who are specialized in each asset class. Applying proprietary research and analysis derived from international resources with precise benchmarking and diligent risk management, YKAM produces tailor-made solutions for each client according to the guidelines and objectives of each portfolio.

As of 31 December 2021, YKAM manages assets totaling TL 80.8 bn (US\$ 6.1 bn) with 16.6% market share in mutual funds (including hedge funds) and 14% in pension funds.

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# Core Strengths

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**It has proven its ability to adapt to changing and developing financial markets by expanding its product range and has become the leader in mutual funds by increasing both its market share and customer range.**

## **Strong Awards Portfolio**

Yapı Kredi Asset Management has awarded with 5 awards in 2021. It was deemed worthy of the "Best Asset Management Company - Turkey 2021" and "Best Pension Funds Management Company - Turkey 2021" awards from Finance Derivative, International Business Magazine and AI Global Media.

## **A Broad Product Range**

Yapı Kredi Asset Management, one of Turkey's leading portfolio management companies, utilizes a wide range of products that address different risk profiles in various asset classes in order to meet the changing needs of investors with different risk profiles. The company continued to develop different investment strategies in the portfolios it managed and implemented the Yapı Kredi Asset Management Clean Energy Variable Fund on the theme of sustainability to provide social benefits. On the other hand, it always aims to contribute to its customers with its innovative perspective and new products designed to add value to the investor, both as mutual&hedge funds and private pension funds and as discretionary portfolio management and investment advisory services.

## **Strength in Investment Management**

All investment decision-making and portfolio management processes are implemented by relevant committees using well-established procedures and benchmark-driven strategies at YKAM. All investment cases are evaluated at the Investment Committee and Asset Allocation Committee before they are finalized. On the other hand independent research companies' reports are followed by the investment committee.

## **Proven Internal Control Systems**

YKAM is very much aware of the fact that prudent risk management policies lie at the heart of longevity in asset management. Therefore, a disciplined approach is taken towards risk management with well implemented monitoring and reporting processes. Independent internal control and audit functions provide the necessary oversight functions. Mutual funds and pension funds reports are delivered daily with composites available for discretionary portfolios and tailor-made reporting services available for institutional mandates.

## **Robust Technological Resources**

YKAM utilizes proprietary software as its asset management system, which is designed in-house with third party support to optimally wield YKAM's know-how with numerous analytical modules. The quality of fund administration processes including non-standard transactions like OTC options is fully supported by the Company's well-developed IT framework. On the other hand the operational risks are minimized by integrated systems. While the importance of IT is increasing day by day especially with the rising of digitalization, YKAM aims to adapt rapidly to technological developments by increasing the headcount of IT specialists.

## **A Consistent and Solid Track Record in Performance**

YKAM aims to provide its clients with long-term competitive risk-adjusted returns. YKAM funds have consistently delivered superior risk adjustment vis-à-vis the benchmarks utilized with optimally low volatility due to prudent risk management policies.

## **Well-established Client Management Services and Sales Support Functions**

With a strong and well-established client service tradition, YKAM makes a difference to investors looking for premium value for their assets. The marketing, sales and customer relations functions are overseen by its dedicated and highly competitive capital markets professionals who have a keen focus on customer needs. The teams continuously come up with innovative product solutions to serve clients better and offer a full range of services for institutional and HNW clients.

## **Advanced Product Management Expertise**

YKAM has extensive product management expertise gained through years of in-depth experience, highly educated and skilled risk managers as well as fund managers. YKAM creates new products and strategies responsive to investors' changing needs by intensively following the fund market trends all around the world. YKAM product management functions are well supported by a dedicated and competent in-house team that conducts cutting edge research and quantitative analysis. New product meetings are held annually and due to market conditions and expectations those new ideas are launched throughout the year.

## Key Operational Indicators

	2021		2020		2019		2018		2017	
	Asset Size (US\$ Million)	Market Share (%)	Asset Size (US\$ Million)	Market Share (%)	Asset Size (US\$ Million)	Market Share (%)	Asset Size (US\$ Million)	Market Share (%)	Asset Size (US\$ Million)	Market Share (%)
Mutual Funds	3,407	16.55%	2,815	15.72%	2,284	13.21%	1,433	16.51%	2,505	18.91%
Pension Funds	2,566	14.02%	3,089	13.30%	2,723	12.71%	2,070	11.75%	2,728	13.07%
All Funds	5,973	15.35%	5,903	14.35%	5,006	12.93%	3,503	13.32%	5,233	15.34%

	2021		2020		2019		2018		2017	
	Asset Size (US\$ Million)	Number of Clients	Asset Size (US\$ Million)	Number of Clients	Asset Size (US\$ Million)	Number of Clients	Asset Size (US\$ Million)	Number of Clients	Varlık Değeri (Milyon TL)	Müşteri Sayısı
Discretionary Portfolio Management	339	424	429	470	413	498	399	655	446	667
Investment Advisory	273	122	298	81	306	84	239	60	251	47
Assets Under Management*	6,061		6,050		5,190		3,701		5,444	
# of Mutual Funds Managed	46		35		36		30		33	
# of Pension Funds Managed	20		26		28		25		25	

\* Mutual Funds, Pension Funds and DPM (excluding funds) size are considered. DPM size includes the models managed with mutual funds.  
Source: Yapı Kredi Asset Management as of December 31<sup>st</sup>, 2021

## Key Financial Indicators

### Net Revenues (US\$ Million)

2021	20,4
2020	23,6
2019	16,3
2018	14,9
2017	20,2

### Net Profit (US\$ Million)

2021	12,2
2020	14,1
2019	8,0
2018	6,8
2017	10,1

### Shareholder (US\$ Million)

2021	18,5
2020	19,6
2019	14,4
2018	12,5
2017	17,1

# Milestones

## 2002

- Mutual funds management has been taken over.
- Aegean Funds started to get investment advisory service from YKAM

## 2003

- Aegean Funds started to get investment advisory service from YKAM
- Koç Allianz Pension Funds Management
- Pre-trade Compliance System
- Establishment of Risk Management
- Launch of Private Banking Funds for HNWIs

## 2004

- Building 3rd party distribution with two other banks.
- Initiation and support for distribution of foreign funds in Turkey.
- Introduction of "Pusula", a saving system based on mutual funds and risk profile questionnaire developed by the Company.

## 2005

- Portfolio advisory started to run in order to serve for HNWIs.
- Managing mutual funds of a third party.

## 2006

- International rating company Fitch Ratings rated YKAM at M2 (tur).
- Merger of Koç and YKAM (market leader in mutual funds)

## 2007

- International rating company Fitch Ratings reaffirmed YKAM's rating at M2 (tur).
- 'Fund of World Funds' (1st Fund of Funds investing in foreign funds in Turkey).
- Merger process of mutual funds established by both Koçbank and Yapı Kredi Bank completed.

## 2008

- International rating company Fitch Ratings rated YKAM's rating at M2+ (tur) which stand for "strong".
- Portfolio advisory service to a foreign fund introduced.
- Turkey's 1st capital guaranteed funds.

## 2009

- Yapı Kredi Istanbul Hedge Fund.
- A new business line for the low risk category clients launched in Discretionary Portfolio Management.

## 2010

- A new business line for the medium risk category clients launched in Discretionary Portfolio Management.
- International credit rating company Fitch Ratings reaffirmed YKAM's rating at M2+ (tur).

## 2011

- Yapı Kredi issued Turkey's largest capital guaranteed funds so far with a volume of TL280 million.
- International Credit rating company Fitch Ratings reaffirmed YKAM's rating at M2+ (tur).

## 2012

- 3 new equity funds, 5 fixed income funds and 6 capital guaranteed funds were presented to Yapı Kredi clients in 2012.
- Turkey's 1st private sector focused and ISE Dividend Index Funds.
- Fitch Ratings reaffirmed YKAM's asset manager rating at M2+ (tur)

## 2013

- YKAM honored as "The Best Asset Management Company in Turkey" in 2013 by EMEA Finance Magazine.
- Fitch Ratings rated Yapı Kredi Asset Management at 'Highest Standards( tur)' the highest National Scale
- First asset management company with rated funds in Turkey
- Yapı Kredi SICAV has been launched

## 2014

- Yapı Kredi Asset Management has been selected by Global Banking and Finance Review Magazine, EMEA Finance Magazine, World Finance Magazine and International Finance Magazine as the "Best Asset Manager in Turkey" in 2014.
- YKAM's "Highest Standards (tur)" rating, has been reconfirmed by Fitch Ratings.
- YKAM maintained both its position as the first asset management company with rated funds in Turkey and its high quality rating on its funds.

## 2015

- Yapı Kredi Asset Management has been selected as Best of Turkey by 7 prestigious finance magazine in 2015.
- YKAM's "Highest Standards (tur)" rating, which is the highest grade in Fitch's scale of asset management rating, has been reconfirmed by Fitch Ratings.
- Only rated asset manager company in Turkey, Yapı Kredi Asset Management's 4 Mutual Funds' ratings have been reaffirmed, 3 Pension Funds have been rated at "Good".
- Founder ship transference with Yapı Kredi Bank has been completed. The process of orientation to TEFAS has been completed.

## 2016

- YKAM has been awarded by EMEA Finance Magazine, Global Brands Magazine and Turkish Capital Markets Association.
- YKAM's Highest Standards (tur) grade has been reaffirmed and withdrawn by Fitch Ratings.
- YKAM's 4 mutual funds<sup>2</sup> and 3 pension funds' grades has been confirmed and withdrawn by Fitch Ratings
- First foreign currency denominated fund and 2 new hedge funds have been launched.

## 2017

- YKAM awarded by Global Banking and Finance Review Magazine and Finance Digest Magazine with 4 awards
- YKAM won "Pension Fund Management - 2016 Highest Return" award of Turkish Capital Markets Association for the second time in a row
- Launched first fund of funds, reached to TL 651mn

## 2018

- 6 prestigious global magazine awarded YKAM
- YKAM won "Pension Fund Management - 2017 Highest Return" award of Turkish Capital Markets Association for the third time in a row.
- Started to work with 6 different pension companies.

## 2019

- The first redeeming foreign currency mutual fund issued in the sector
- Awarded by 9 different prize by distinguished international magazines which also includes World Finance.

## 2020

- Launch of the first fund of funds which is managed by the help of an algo-model.
- YKAM has won "Pension Funds Management - 2019 Highest Return" award of Turkish Capital Markets for the fourth time in a row.
- YKAM has been awarded by Global Brands Magazine and 3 different companies by "Best Asset Management Company,Turkey" and "Best Pension Funds Management,Turkey" awards.

## 2021

- YKAM, rose to mutual & hedge funds market leader in 2021\*
- In order to provide social benefits and protect our world, YKAM develops sustainable financial products and supports the transfer of individual investments to these resources. Clean Energy Variable Fund has launched on September 27, 2021.
- YKAM has been awarded by International Business Magazine and 2 different companies prestigious by, "Best Pension Funds Management Company, Turkey 2021" and "Best Asset Management Company, Turkey 2021" in the category of was awarded with 5 awards.

\*As of 31.12.2021, the securities and mutual funds managed are calculated according to the total value of the funds, using the data of TEFAS Fund Information Platform..



# Shareholders

Shareholder Name	Number of Shares	
	(TL)	(%)
Koç Holding		
UniCredit		
Yapı Kredi Bankası A.Ş.		
Yapı Kredi Yatırım Menkul Değerler A.Ş.	13.088.529,80	87.32
Yapı Kredi Bankası A.Ş.	1.897.416,42	12.65
Other	4.053,78	2.70
<b>Total</b>	<b>15.000.000</b>	<b>100,00</b>

## Koç Group

Koç Group, whose roots date back to 1926, is Turkey's largest group of companies with its combined revenues, exports and more than 105 thousand employees. While Koç Group's combined revenues correspond to approximately 8% of Turkey's national income as of the end of 2021, its exports constitute approximately 7% of Turkey's exports.

On 09 November 2021, Koç Holding made a statement regarding the purchase of UniCredit S.p.A. shares corresponding to 18% of Yapı Kredi's capital. Since the total of the direct and indirect shares of Koç Holding in Yapı Kredi capital will exceed the 50% threshold determined in the CMB's Communiqué on Takeover Offers, Koç Holding has an obligation to offer a takeover offer to other shareholders of Yapı Kredi. In this context, Koç Holding applied to the CMB to make a mandatory takeover offer.

## UniCredit

UniCredit S.P.A. has informed our Bank that it has sold 2% of his Yapı Kredi shares with nominal value on Borsa Istanbul as of 19 November 2021. As a result of this sale, the share of UniCredit S.p.A. in our Bank decreased from 20% to 18%. The share of "Others" increased from 30.03% to 32.03%.

## Yapı Kredi

Yapı Kredi has a strong partnership structure that supports sustainable and profitable growth. As of the end of 2021, 49.97% of Yapı Kredi's shares belong to the Koç Group. 18.00% of the Bank's shares belong to UniCredit group, and the remaining 32.03% share is open to the public. The Bank's publicly traded shares are traded on Borsa Istanbul.

Holding a strict human-focus, Yapı Kredi continued to implement extraordinary measures in 2021 for protecting the health and safety of its employees as it kept offering uninterrupted service to its clients. In 2020 and 2021, the Bank maintained its concentration on small-ticket transactions in loans and deposits. A solid increase was attained in the number of transactions based on the approach centered on transaction banking. While all these developments improved the Bank's productivity, they also contributed significantly to increased profitability.

Targeting to constantly increase its contribution to the financing of the Turkish economy with its customer-centric approach, Yapı Kredi provides service to its customers with 16,426 employees and 804 branches covering all regions of Turkey. On a consolidated basis, total cash and non-cash loans of the Bank increased by 47% and reached TL 564 billion in 2021, while its total assets were worth TL 781 billion.

Yapı Kredi delivers its products and services via its 4,601 ATMs, innovative internet banking, leading mobile banking, call center and approximately 967 thousand POS terminals. 97% of the Bank's non-cash transactions carried out through digital channels as at year-end 2021.

Yapı Kredi is active in retail banking (comprising of payment systems, individual banking, business banking, private banking and wealth management), commercial and SME banking, also corporate banking. The Bank's operations are supported by domestic subsidiaries engaged in asset management, brokerage, leasing and factoring as well as international banking subsidiaries in the Netherlands and Azerbaijan.

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## Chairman's Message

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Dear Stakeholders,

After the Covid 19 pandemic, 2021 was a year in which both Turkey and the whole world adapted to the new world order. As Yapı Kredi Asset Management, we reinforced our new working style, which we quickly adapted in 2020, and responded to the demands of our customers in the fastest way possible in line with the developing financial demands in 2021. We increased our total managed asset size to 80.8 billion TL with 82% above the market.

The asset management sector, which was 365 billion TL at the end of 2020, continued its strong growth in 2021 and closed the year with a size of 653 billion TL. It was noted that the Mutual Funds market, one of the most important sub-items of the sector, contributed the most to growth, while the pension funds market came second and then discretionary portfolio management. I would like to state that although the contribution of discretionary portfolio management to total growth was the lowest, it doubled its total size. As Yapı Kredi Asset Management, we grew above the sector in both mutual funds and pension funds and became the market leader in mutual funds, as well as increasing our market share and rank in pension funds.

While maintaining the leadership in fund of funds managed with the principle of asset allocation in the sector for years, our company continued to exhibit high growth in 2021 as well. On the other hand, I would like to state that the number of fund of funds led by our company has increased with the new launches in the sector. As of the end of 2021, Yapı Kredi Asset Management mutual funds market share was 16.55% and pension funds market share was 14.02%.

By expanding its distribution channels in 2021, our company became an asset management preferred by more institutions and increased the number of individual investors. I would like to thank my friends who worked hard to achieve this success by increasing market share of Yapı Kredi Asset Management, while keeping customer satisfaction at the forefront. With our new goals in 2022, we will continue to work to add new ones to these achievements.

Sincerely,



**Bahar Seda İvizler**  
Chairman

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## CEO's Message

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Dear Stakeholders,

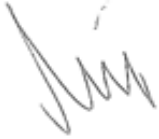
2021 was a year in which some normalization steps were taken with the acceleration of vaccinations all over the world, but uncertainties continued as the new variants emerged. As Yapı Kredi Asset Management, we closely followed all these developments and managed our asset under management in line with these expectations, increasing the total size of managed assets by 82%, reaching TL 80.8 billion.

When we evaluate the period from 2019, just before the pandemic, to the end of 2021, it is remarkable that our company achieved a high growth rate above the market. In this period, our compounded annual growth rate is 61.8%. This momentum has brought us to the market leadership in mutual & hedge funds by the end of 2021. Our company, which has maintained its market leadership in value dated funds for years, increased its market share and customer base in all mutual & hedge funds in 2021 and became the market leader with a market share of 16.6%.

Our company, which increased its research and development activities in 2021, added new products to its portfolio and offered a much wider investment universe to its investors. We plan to continue research & development activities in 2022 and offer our investors new investment options in different sectors.

On the other hand, considering that the finance sector has to be an important transformation mission for a sustainable future, we presented the products under the theme of sustainability to our investors in 2021. We anticipate that investors will not ignore environmental sensitivities in their investments in the near future. As Yapı Kredi Asset Management, we will continue to provide social benefits and protect our world and support individual investments to fund these resources. We support Yapı Kredi's pioneering approach to sustainability with the mutual funds we have established. As Yapı Kredi Asset Management, our ultimate goal is always to provide stable and sustainable returns to our customers. In the upcoming period, we will continue to take responsibility for a more sustainable world by expanding our sustainability-themed products and services. As one of Turkey's leading companies in the asset management sector, we will continue to contribute to our society and economy, and thus create value for all our stakeholders.

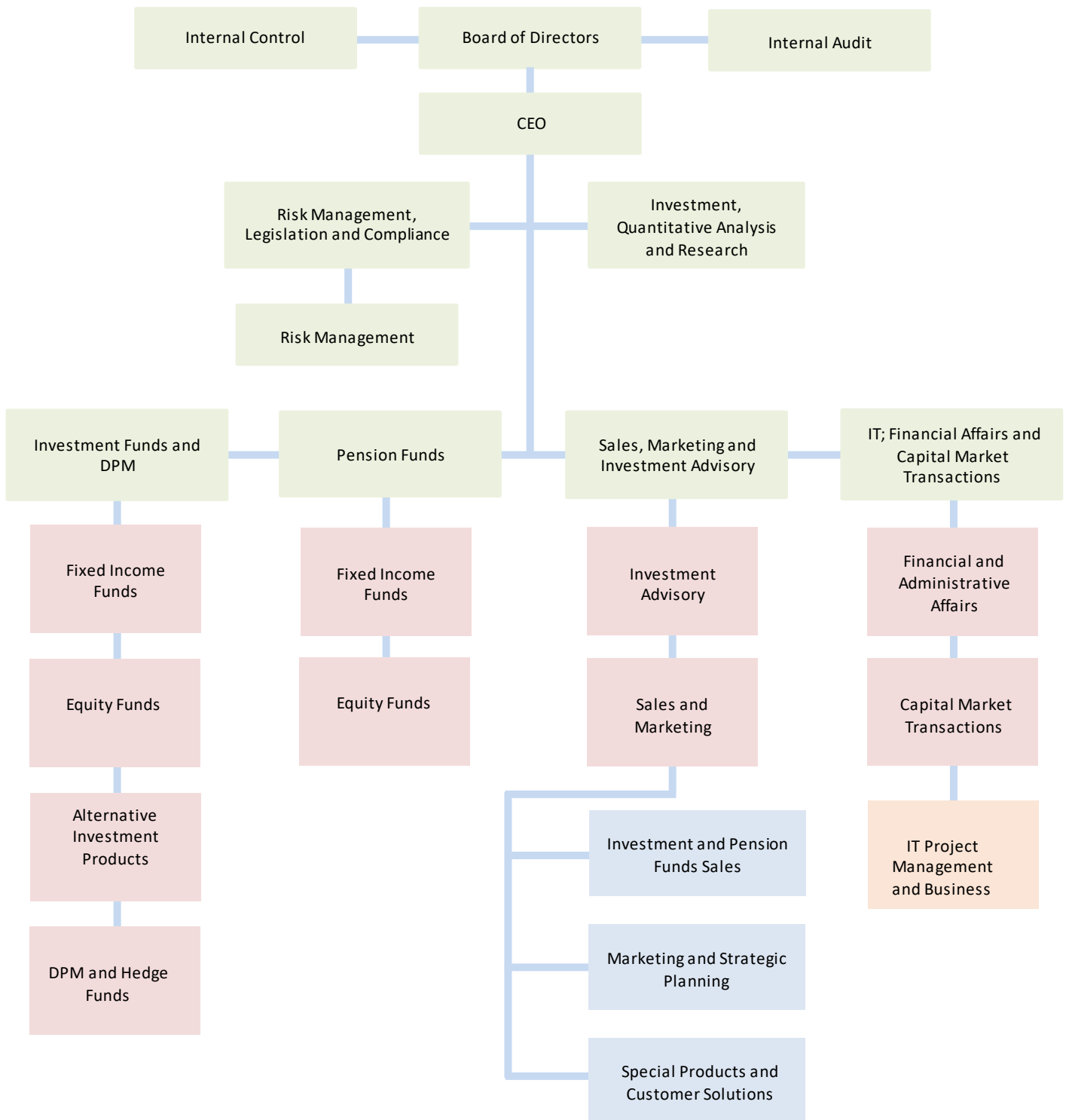
Sincerely,



**Müge Peker**  
CEO

# Functional Organization Chart

Its streamlined functional organizational structure enables YKAM to provide faster and more flexible service in responding diverse customer needs with 54 employees.



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# Board of Directors

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## **Bahar Seda İKİZLER**

### **Chairman of the Board of Directors**

Seda İkizler (1972) studied at Cağaloğlu Anatolian High School between years 1983-1990 and graduated from Boğaziçi University Business Administration at 1995. She worked for two years in Ernst&Young at Audit Department (1995-1997). She moved to Ulusalbank "Financial Control" department as manager until 2000. She continued her career at Managed Market Risk Management departments in Kocbank and Yapı Kredi until 2012. In 2012, she was appointed to the "Executive Vice President" for heading the divisions "Financial Reporting", "General Accounting", "Treasury Products and Payments" and "Basel Reporting".

## **Nursezil KÜÇÜK KOÇAK**

### **Vice Chairman of the Board of Directors**

Nursezil Küçük Koçak is Group Director of Corporate and Commercial Credit Underwriting Executive Vice President since July, 2020. After graduating from Istanbul University with a major of Economy in English programme(2002), Nursezil Küçük Koçak began her career at private customer representative for HSBC Bank until 2003. Between 2014 and 2020, she has worked as a director at Corporate and Commercial Credit Departments. She joined Yapı Kredi Asset Management or one of its predecessor firms in 2003 as Credit Allocation Specialist.

## **Müge PEKER**

### **General Manager and Board Member**

Müge Peker is CEO and board member since 22 May 2020. She joined Yapı Kredi Asset Management or one of its predecessor firms in 2003. Müge Peker holds an MBA from Yeditepe University, and a BSc. in Environmental Engineering from Marmara University (1994). Müge Peker started her career as a Management Trainee at Alternatif Bank in 1995 and she worked at the proprietary desks. Between 1995-1998 she worked as Assistant Manager in the Treasury Department of Alternatif Yatırım A.Ş. Müge Peker moved to Koç Asset Management as a Senior Portfolio Manager in 2003. Müge Peker has been in the sector since 1995.

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# Officers

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## Mehmet Güçlü ÇOLAK

### Pension Funds Assistant General Manager

Mehmet Güçlü Çolak, Assistant General Manager of Pension Funds, has joined Yapı Kredi Asset Management or one of its predecessor firms in 2003. After graduating from METU Civil Engineering Department in 1996 and Bilkent University MBA Programme in 1998, Mehmet Güçlü Çolak began his career at Inter Asset Management in 1998 as a Portfolio Manager. In 2003, he joined Koç Asset Management. After the merger of Koç Asset Management and YKAM, he started to work as a Senior Portfolio Manager in YKAM.

## Okan UZUNOĞLU

### Investment Funds and DPM Assistant General Manager

Okan Uzunoğlu is an Assistant General Manager of Investment Funds and DPM section and he joined Yapı Kredi Asset Management or one of its predecessor firms in 2001. After graduating from Istanbul University with a major in Business Administration (1994), Okan Uzunoğlu began his career at Dow Jones Financial Services Istanbul Branch in 1995. In 2001, he joined Koç Invest as Investment Products Division Manager. He graduated from the UniCredit Young Talents Master Program of Bocconi University in 2004. After the merger of Koç Asset Management and YKAM, he started to work as Senior Fund Manager in YKAM.

## Ümit ERSAMUT

### Sales, Marketing and Investment Advisory Assistant General Manager

Ümit Ersamut, Assistant General Manager of Sales, Marketing and Investment Advisory, has joined Yapı Kredi Asset Management in March 2015. He graduated from Istanbul University Business Administration faculty, Business in English programme. Then he started to University of Virginia for Finance MA with scholarship by Istanbul University. After graduating, he worked at Citibank, Turkey Corporate Banking Unit in 2000-2001, and then joined Akbank Corporate Banking Credit Department. In 2003-2004 periods, he worked in PriceWaterhouseCoopers as a senior auditor and moved to Koçbank Treasury department in September 2004. After the merger of Koç Asset Management and YKAM, he rotated ALM-fixed income and FX desks respectively in 11 years. Finally in March 2015 he was attended to YKAM as a group head.

## Onursal YAZAR

### Risk Management, Legislation and Compliance Executive Manager

Onursal Yazar is Executive Manager of PF Fixed Income Funds and he joined Yapı Kredi Asset Management or one of its predecessor firms in 2006. After graduating from Boğaziçi University with a major in Civil Engineering in 1999, Onursal Yazar began his career at Osmanlı Bank in 2000. Between 2002 and 2004, he studied in US at Baruch College, City University of New York and has earned MBA degree in Finance. After working at the Treasury Department of Koç Invest between 2005 and 2006 as Senior Dealer, he continued his career as a Portfolio Manager at Koç Portföy (merged with YKAM in 2007). After working at Fixed Income Funds Department for approximately 10 years, he has been heading the Alternative Investment Products Department since April 2015. Onursal Yazar has been awarded the CFA Designation (Chartered Financial Analyst) in 2010.

## Fazlı TAŞKENT

### PF Equity Funds Executive Manager

After graduating from Bilkent University with a major of Economics (2002), Fazlı Taşkent completed his MBA education at Galatasaray University. He began his career as a "Treasury and Fund Management Assistant Specialist" in Denizbank for a few months (February – August). After his job experience as a senior audit at Deloitte Touche & Tohmatsu between 2006 and 2008, Taşkent began to work at Yapı Kredi Portfolio as Private Portfolio Management Senior Manager, Private Portfolio Management Group Manager at DPM and Hedge Funds Departments. He has continued to work as Senior Manager at Alternative Investment Products Department since 2019.

## Selçuk YILMAZ

### PF Equity Funds Executive Manager

Selçuk Yılmaz; he is the PF Equity Funds Executive Manager, he graduated his Master's Degree in Securities and Capital Markets in 2006 after studying Economics in English at Marmara University. He started his career in Anadolubank Treasury Department in 2006 and after that he worked respectively at TSKB, Halk Invest and Vakıfbank Treasury Departments. He started as Private Portfolio Management Manager at Yapı Kredi Portfolio in 2013. He has been managing the Retirement Funds Fixed Income Securities Funds since January 2021.

## Mehmet Kerem BAYKAL

### IFDPM Equities Funds Executive Manager

Mehmet Kerem Baykal graduated from Robert College in 2003 and from the University of Chicago in 2006 with a major of Economics. He worked as Analyst at JP Morgan Investment Bank between the years of 2007 and 2009, and as Trader at JP Morgan Chase Bank between 2009 and 2010. Then by, he worked as Fund Manager and Senior Portfolio Manager at AK Portfolio Management Corp. and at Garanti Portfolio Management Corp. between 2010 and 2013, respectively. In addition to these experiences, he started to work as Stock Funds Assistant Manager at AK Portfolio Management Corp. in 2013 and he worked in this position until 2016. In 2016, he began to work as Investor Relations Manager at Yapı Kredi Bank Corp. and after a year, he started to work as Stock Funds Manager at YKAM or one of its predecessor firms. He has continued to work as IFDPM Equities Funds Executive Manager at YKAM since 2019.

#### **Tülin TORA**

##### **DPM and Hedge Funds Executive Manager**

Tülin Tora is DPM and Hedge Funds Executive Manager since January, 2021. She graduated from Koç University, Department of Economics(2005) and after that, she completed her master's degree at Boğaziçi University, Department of Economics -Finance(2008-2009). While she was studying, simultaneously she started and continued her career as Portfolio Manager at Finance Portfolio INC between 2004-2010. After that, she joined Yapı Kredi Portfolio Management INC. as Alternative Investment Products Portfolio Manager at 2010. At 2014, she got title of Investment Funds and Private Portfolio Management Equity Funds Manager. She has worked as Private Portfolio Management Manager between 2015-2018, and was appointed as Private Portfolio Management Department Manager between 2018-2020.

#### **Ferzan PEYK**

##### **Alternative Investment Products Executive Manager**

Ferzan Peyk is the Executive Manager of Alternative Investment Products and graduated from Marmara University with a major of Business Administration in 1996 and he holds a Master of Business Administration degree from Saint Mary's University. He started to his career at Koçbank Treasury in 2000. He continued to his career in Treasury division of Yapı Kredi Bank and moved to Yapı Kredi Asset Management in 2016.

#### **Mürvet Gaye VURAL DERAN**

##### **MF Fixed Income Funds Executive Manager**

Gaye Vural Deran is the Executive Manager of MF Fixed Income Funds was graduated from Istanbul University with a major of Economics in English in 2005 and holds she holds a Financial Engineering degree from Bogazici University. She started her career in Ergo Asset Management in 2003 and moved to Yapı Kredi Asset Management in 2010.

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# Investment Process

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**Yapi Kredi Asset Management's traditional, research-driven investment process is implemented in a disciplined and controlled manner.**

## **Employing a corporate investment decision-making process based on knowledge and team-work**

At YKAM, asset allocation decisions are made weekly by the Investment Committee which is composed of all portfolio managers. Fundamental equity research constitutes the backbone of stock selection decisions. Portfolio managers rely on both in-house and third party researches to determine the fundamental merits of stocks. Company visits and valuation screens are also used for stock picking by YKAM analysts. The Committee encourages free expression of merits and drawbacks of all investment cases by all portfolio managers. After thorough discussion including analysis of the macro economic circumstances, equity valuations and fixed-income possibilities, potential investment ideas are assigned to three categories: under benchmark, market-weight and above benchmark.

## **Cutting-edge In-house Research**

Research and fundamental analysis is the backbone of the asset selection process for YKAM mutual funds. For equity funds, the Unit utilizes both top-down and bottom-up analysis. Utilizing third party research services as well, YKAM also prepares proprietary in-house research through company visits and analyses on selected companies' business models, financial performance and growth opportunities. The valuation models formed through such researches establish the basis of the portfolio management process.

## **Strict Risk Management Standards**

The Unit keeps a very close watch on variance limits and takes decisive actions on breach of pre-defined stop-loss limits. The in-house risk management software is pivotal to all risk management activities. The Unit also works very closely with the Risk Management, Legislation and Compliance Department.

## **Active portfolio management strategy**

YKAM, actively manages all portfolios and monitors both absolute return funds and relative return funds against various benchmarks on a daily basis. In equity funds, stock selection decisions are reviewed on an ongoing basis by taking into account multiple criteria such as valuation metrics, financial structure, business prospects and market environment of target companies among others.

## **The top-down analysis approach for asset allocation**

In YKAM, top-down analysis is the primary approach in investment decisions. This method is to analyze the market from the big picture all the way down to individual stocks. Accordingly, the evaluation process starts with the analysis of the macroeconomic variables in the world and the Turkish economy. This is followed by sector and company analyses, which identify those sectors/companies that will benefit from the projected macro environment. An example of top-down decision making would be the company's preference for cyclicals and financials during high growth periods and for defensives and utilities during recessionary periods.

## **The bottom-up analysis approach for asset selection to gain optimum return**

YKAM also utilizes extensive bottom-up analysis instruments for stock selection. The bottom-up approach starts with the analysis of the company's present operations and its growth prospects for the future. By relying on company visits and an in-depth analysis of the operations, earning models are prepared to predict future cash flows in target stocks. Through rigorous analysis, YKAM aims to select those stocks and/or companies that have strong potential to outperform their peers in the near future. Valuation screens including P/E, P/BV, EV/EBITDA, profit margins and growth rates are compared with averages of both local and international peers to help asset managers select those stocks that will offer optimal portfolio return relative to risk undertaken.

## **Developing the proper management strategies to match the objectives of the managed portfolios**

YKAM utilizes and constantly develops proper management strategies for managed portfolios in order to match the return objectives and risk profiles of clients with diverse risk/return preferences.

## **Managing assets with disciplined risk management principles**

YKAM places great importance on stringent risk management principles above all other criteria in its portfolio management process. The main risks that are managed are liquidity, concentration, credit and market risks. Investment bands are defined for all assets while internationally accepted Value at Risk calculations are conducted and monitored on a daily basis using proprietary software. Stop-loss limits are tracked and if necessary, prompt action is taken by the Risk Management and Compliance departments. Portfolio managers take immediate action when stop-loss limits are reached informing relevant departments on the actions undertaken in a timely manner.

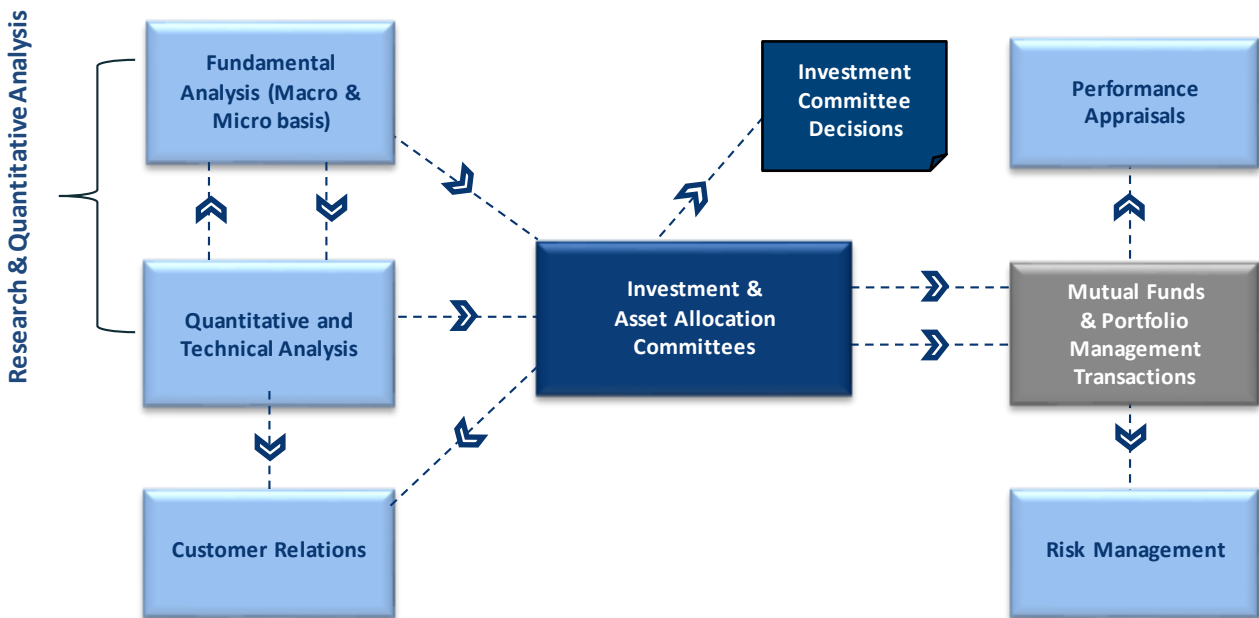


# Investment Process

Through pre-trade and post-trade checks, compliance with investment restrictions is continuously monitored. Regulatory or client-imposed restrictions and controls on investment constraints at the portfolio level are automatically monitored through the GTP on a pre-trade basis. GTP provides position keeping, trade simulation and a wealth of portfolio surveillance facilities to assist portfolio managers in their decision making processes. All funds are spontaneously valued by the GTP every day to ensure enhanced transparency of risk positions and efficiency in compliance controls. For discretionary management mandates, compliance is facilitated through the GTP system. Within the context of post-trade checks, all transactions undergo a compliance check in end-of day processing after being reconciled with fund accounting. If breaches occur, both active and passive, these are automatically recorded and a daily report is brought to the management's attention.

Thanks to its solid infrastructure, effective risk mapping systems and strong control mechanisms, YKAM is well prepared to adopt regulatory changes in the period ahead.

## Yapı Kredi Asset Management Investment Process



- Corporate visits and fundamental analysis
- Tracking Model Portfolio
- Collaboration with research departments
- Instrument base local and global strategy meetings
- Product variety based on in-House Algorithms
  - Fund of Funds
  - Hedge Funds
  - Discretionary Portfolio Management
- Well designed corporate bonds investment proced

- **Weekly Investment Committee First Section**
  - Yield Curve Analysis
  - Debt Calender
  - Foreign Investor Transactions
  - Eurobond and CDS analysis
  - Model portfolio
  - Local and global equity performance analysis
- **Weekly Investment Committee Second Section**
  - Asset Managers' views are heard and CIOs agree on the investment decision

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# Risk Management, Legislation and Compliance

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**Yapi Kredi Asset Management has an effective risk and governance framework that is well-embedded in the business and also benefits from the independent oversight of control functions and committees.**

## Monitoring of Risk Indicators and Realized Portfolio Risk

The purpose of risk management is to identify and quantify risks while mitigating and managing them within the overall risk appetite criteria of the company as well as providing ongoing monitoring of such risks. YKAM maps investment risks relevant to mandates and makes necessary implementations in its risk system to cover such mapped risks in a thorough and timely manner. The Company has an integrated risk system that enables it to monitor most risks systematically in accordance with regulations. As such, all risk indicators (tracking error, information ratio, stop-loss, VaR, etc.) are displayed online real-time through GTP system and RiskTürk. Such real-time monitoring enables early warnings when approaching relevant limits, the cautionary elevations of which are communicated immediately, if necessary.

## Portfolio Performance and Benchmark Reporting

Risk management system involve many contemporary tools including but not limited to the use of historical Value at Risk (VaR), Monte Carlo simulated VaR, marginal VaR, relative VaR, commitment approach measures, leverage ratio, liquidity measures, counterparty risk, concentration risk, expected shortfall, maximum drawdown, volatility, tracking error and information ratio.

YKAM benefits from its extensive information technology to apply best-in-class risk management practices ensured by the GTP system and the third party developed RiskTürk market risk analysis software. YKAM also performs peer analyses (Rasyonet) and performance attribution (RiskTürk) to pinpoint peer-relative performance and decompose the performance itself. Analyses and reports are shared with the upper management on a daily basis while warnings and alerts are reported on an intraday frequency. In addition, a separate Risk Committee on a weekly basis chaired by the CEO is held for a broader view and assessment of risk related issues with a sset managers and CIO.

## Peer Group Performance Reporting

YKAM follows benchmark-relative returns for funds and discretionary portfolio composites within the context of peer group performance reporting. Tracking error and information ratio figures are also calculated and monitored daily. Investment results versus peers are also continually reviewed.

## Monitoring of Investment Committee Decisions and Management Principles

The dedicated unit focused on risk management determines the framework of controls and oversight required to ensure that risk exposures remain within acceptable levels, including investment performance risk, which is the risk that portfolios fail to meet their investment objectives.

## Controlling Stop Loss Limits and Leverage

YKAM risk management system also covers stop loss limits for each managed fund and provides real-time alerts and early warnings to portfolio managers. As a result, the number of breaches is low and primarily passive in nature. Stop-loss limits are activated if the daily gap between an asset, asset class, fund or discretionary portfolio composite performance and its benchmark falls below a threshold level. The risk framework includes parametric maximum drawdown limits for absolute return products. The procedures, rules and actions involving such situations are clearly depicted in the risk management directive and its annexes where the threshold values on asset classes and mandates are identified.

## Regulatory and Legal Compliance Checks

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# Risk Management, Legislation and Compliance

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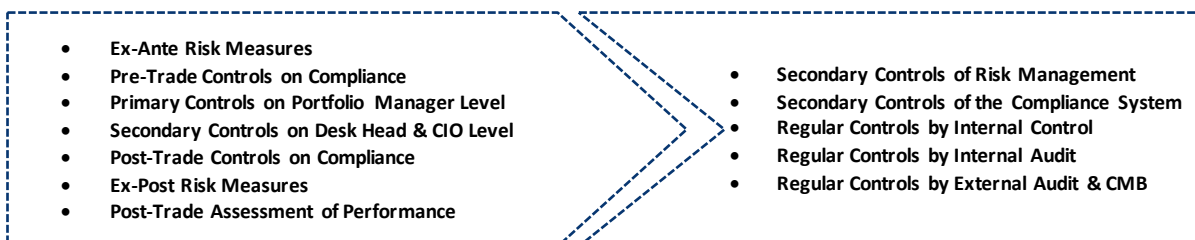
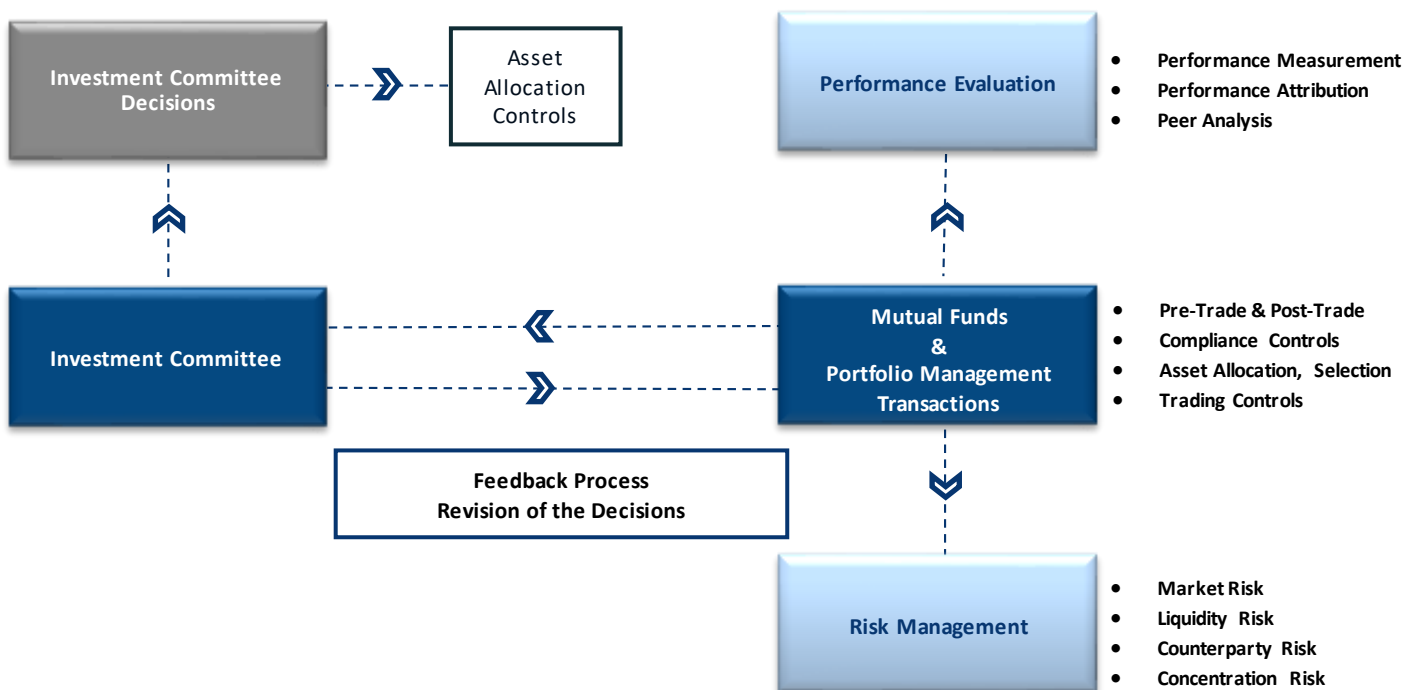
YKAM has an effective and well-established risk management system with clearly assigned responsibilities. The system is supported by systematic and periodic controls across primary risk and compliance areas, daily reporting and a dedicated risk committee responsible for independent oversight.

Risk management function ensures decomposition of risks into their factors and contributions, identification of key drivers of risk-adjusted returns and sources of benchmark deviation.

YKAM's risk management process is composed of monitoring and control of six separate areas:

- Monitoring of Risk Indicators and Realized Portfolio Risk
- Portfolio Performance and Benchmark Reporting
- Peer Group Performance Reporting
- Monitoring of Investment Committee Decisions and Management Principles
- Control of Stop Loss Limits and Leverage
- Regulatory and Legal Compliance Checks

## Yapı Kredi Asset Management Investment Process



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## Products and Services

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### Mutual Funds

YKAM Mutual Funds department, which manages 27 mutual funds and 19 hedge funds; aims a stable return above the benchmark, with minimum risk according to its investment strategy for each fund. The team, which mainly consists of investment professionals with research experience, makes a difference in asset selection and active portfolio management. Thanks to its managed asset size, the department is able to pass this advantage directly to investors by providing maximum liquidity as well as being able to trade with low transaction costs.

On the other hand, as a result of intensive research activity, new funds managed with algorithmic models and funds with different strategies are managed by the relevant teams and new product development process are carried out regularly. Among the fund of funds that managed by asset allocation strategy, YKAM ranks first in its kind with a market share of 53.3% and a total size of 9.5 billion TL. On the other hand, the company, which brings a different perspective to the increasing thematic fund launches in the market, aims to provide its investors with optimum returns in line with expectations by establishing the Yapı Kredi Asset Management Fourth Fund of Funds by gathering different themes under a single fund.

### Hedge Funds

Our company has been managing hedge funds in different strategies since June 2009. As of the end of 2021, there are 19 hedge funds managed with different strategies. In addition to the funds managed with a strategy of fixed income assets, multi-asset, TL and FX denominated assets actively there are also close-ended funds which have a limited investment period. YKAM also offers private hedge funds to specified HNWI or institutions. A total of 8 hedge funds were launched in 2021 and 5 of these funds are foreign exchange hedge funds. Again, 5 of the newly launched funds are private funds for a specific customer or group. Yapı Kredi Asset Management Balat Hedge Fund was the hedge fund that grew the most in the hedge funds market in 2021, with a total size of TL 5.7 billion, it is the fund with the largest size among hedge funds.

# Products and Services

## Key Performance Indicators

Mutual Funds	2021	2020	2019	2018	2017
Number of Funds	46	35	36	30	33
Number of Clients (thousand)	675	624	596	605	737
Total Size (US\$ Million)	3,407	2,815	2,284	1,433	2,505

Source: Rasyonet as of December 31st, 2021

## Mutual Funds and Hedge Funds launched in 2021

Fund Name	Launch Date
Yapı Kredi Asset Management Silver Fund of Funds	11.01.2021
Yapı Kredi Asset Management Kalamış Hedge Fund	22.01.2021
Yapı Kredi Asset Management Cihangir Hedge Fund	1.03.2021
Yapı Kredi Asset Management DPM Money Market Private Fund	23.03.2021
Yapı Kredi Asset Management ISE Technology Weight Restricted Index Equity Fund (Equity Intense Fund)	1.04.2021
Yapı Kredi Asset Management DPM Levent Private Hedge Fund	1.04.2021
Yapı Kredi Asset Management PY Alsancak (Foreign Currency) Private Hedge Fund	14.04.2021
Yapı Kredi Asset Management Odeabank Third (Foreign Currency) Private Hedge Fund	19.04.2021
Yapı Kredi Asset Management Yeniköy (Foreign Currency) Hedge Fund	19.04.2021
Yapı Kredi Asset Management PY Uludağ (Foreign Currency) Private Hedge Fund	12.07.2021
Yapı Kredi Asset Management Clean Energy Variable Fund	27.09.2021
Yapı Kredi Asset Management Fourth Fund of Funds	27.09.2021
Yapı Kredi Asset Management Odeabank Fourth (Foreign Currency) Private Hedge Fund	3.11.2021

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## Products and Services

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### B. Pension Funds

The department is responsible for the management of Pension Funds which is under YKAM umbrella. The Funds are operating in almost all local markets as well as in main foreign markets and the desk has been running 20 pension funds of 3 different pension companies. In 2016, the department has begun to manage one pension fund of Vakıf Emeklilik A.Ş.

### Active Fund Management

Pension funds are managed in combination of team-based decision process based on research and analysis with effective risk management. Pension funds investing in equities heavily utilize delta management principles. In funds with fixed income instruments denominated in TL, liquidity issues have to be managed well because of the market structure.

Yield curve analysis, scenario analysis and international market developments are some of the many variables affecting optimum portfolio allocation. The Investment Committee makes fixed income decisions by taking into account the fund's maturity structure and possible risks in a rising interest rate environment.

### Multi-step research and asset selection process

Prudential macroeconomic analysis involves scenario analysis and quantitative models. Selections of core portfolio are applied via rigorous methods to screen out investable assets and alpha creation over medium-to-long-term. Also the selection of trade portfolio is applied via technical and quantitative tools to screen out investment opportunities due to short-term market inconsistencies and beta-plays. In addition, for fixed income funds, yield curve analysis, real return and spread analysis are used.

### Key Performance Indicators

Pension Funds	2021	2020	2019	2018	2017
Number of Funds	20	26	28	25	25
Number of Clients (thousand)	2,586	2,350	2,209	2,169	2,529
Total Size (US\$ Million)	2,566	3,089	2,723	2,070	2,728

Source: Rasyonet, as of December 31<sup>st</sup>, 2021

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# Products and Services

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The DPM Department provides professional asset management services presenting diversified business and client mix.

## C. Discretionary Portfolio Management (DPM)

The Discretionary Portfolio Management (DPM) Department manages portfolios on behalf of institutional investors such as insurance companies, foundations and corporations as well as high net worth individuals. The DPM Department provides professional asset management services for its clients in order to meet each client's specified investment goals by using custom-tailored portfolios. And the DPM funds are managed with priority of minimizing risks while maximizing returns. Special emphasis is placed on actively managing funds considering the risk appetite and investment habits of each individual client. Hence, portfolio structures which best fit the client portfolios are established depending on the client's risk/return preferences and requirements. The DPM Department also supports clients in making their own decisions in capital markets transactions by drawing upon its strength, experience and expertise in the financial markets.

## Disciplined Asset Selection Process

All asset selection activities of the Department are carried out according to clearly established internal regulations, which require the review, approval and constant monitoring of all relevant bodies vis-à-vis investment decisions. During this process, special attention is paid to clients' risk tolerance and benchmark assets. Rigorous fundamental and quantitative analysis provides the necessary framework for asset selection.

## High Liquidity

DPM portfolios are composed of highly liquid assets, which make it possible to enter and exit these assets during interim periods at very low transaction costs. In addition, the Unit charges no commission in the event of account closure.

## Dedicated Client Relations

YKAM's dedicated client representatives continuously provide in-depth personal analysis of the clients' portfolios through market highlights and professional comments. YKAM takes special care to communicate clearly and frequently with clients through quarterly meetings on economic developments, investment strategies and portfolio performances as well as tailor-made reporting at requested intervals.

## Benchmark Based Dynamic Management Style

The benchmarks are taken into consideration during the portfolio performance analysis, accordingly, plays an important role in portfolio management. All portfolios are managed proactively by considering the effects of changing micro and macro variables on each asset class and responding to these changes appropriately.

## Comprehensive Risk Management Process

The risk indicators of all DPM portfolios are constantly monitored by the Risk Management, Legislation and Compliance Department and regularly overviewed at the weekly Risk Committee. The value of risk calculations are tracked closely while stress-test calculations are undertaken using the RiskTurk application.

TL Portfolio models are as follows:

- TRY Deposit
- TRY Benchmark
- TRY Absolute Return
- Functional Model
- Discretionary Dynamic Model

Equity Portfolio models are as follows:

- Equity Dynamic

Foreign Exchange Portfolio models are as follows:

- FX Deposit (EUR/USD)
- FX Dynamic (EUR/USD)

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## Products and Services

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### Key Performance Indicators

	2021	2020	2019	2018	2017
<b>Number of Clients</b>	424	470	498	655	667
<b>Institutional</b>	9	8	7	10	12
<b>Individual</b>	418	462	491	645	655
<b>Total DPM Size (US\$ Million)</b>	339	429	413	399	446
<b>Institutional</b>	189	251	195	162	179
<b>Individual</b>	149	177	218	237	267



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# Products and Services

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## D. Investment Advisory

The investment Advisory Department provides consultancy services to domestic and international institutions and individual clients in determining investment strategies for their portfolios. The main objective of the Department is to provide customized asset allocation based on the risk profile and requirements of the client. By creating investment ideas focused on customer satisfaction, advisory services are provided to the client with priority given towards achieving targeted risk-adjusted returns along with targeted volume and profitability. The primary objective of this strategic service is to reach institutional and individual investors who are in need of tailored investment strategy solutions developed by professional asset managers on their view and expectations.

### Proactive and Efficient Asset Allocation

The Department is responsible for continuously monitoring client portfolios and offering advice according to client asset allocations and risk preferences. During the asset allocation process, efficient frontier of Turkish investment instruments, which are able to give the best return on a given level of risk, are used in addition to a variety of selected instruments. Portfolio diversification is efficiently exercised in accordance with the client's risk profile in order to reduce the risk exposure. The Portfolio Advisory Department differentiates itself from the competition with its highly skilled, well-educated team of professionals. Qualified teamwork and a wide range of experience in different asset classes back up the strong position of the Unit.

### Unique Risk Standards

Since financial goals and needs of the investors may vary, the Investment Advisory Department puts the utmost emphasis on knowing the risk parameters and return expectations of the client. Consequently, the Unit classifies its client base according to their risk perception and asset class preferences. In order to determine the clients' risk preferences, questionnaires and personal meetings are conducted. The Department has its own risk standards for each risk/asset class group. Utilizing these standards, the Investment Advisory Committee monitors and supervises the portfolios within the asset/risk group on a weekly basis.

### Discretionary Dynamic Model

Discretionary Dynamic Managed Model has been offered in April 2019 to serve affluent and private banking clients. Throughout the year, model returns have been evaluated by weekly investment advisory committees, model performance widely followed and achieved return over benchmark.

## Investment Advisory Department in 2021

In 2021, the Investment Advisory Department successfully improved its service quality as well as the client loyalty with an increasing number of clients and total size of assets.

### Key Performance Indicators

Investment Advisory	2021	2020	2019	2018	2017
Number of Clients	122	81	84	60	47
Investment Advisory Total Size (US\$ Million)	273	298	306	239	251

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# Marketing and Sales Management

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YKAM aims to create high value for its clients and strives to achieve its performance targets in all investment products under management. The Company takes advantage of its strength in innovation, advanced know-how in asset management, expertise in all asset classes traded in both global and local markets and commitment to produce alternative investment products with clearly defined risk parameters. YKAM has been the pioneer in Turkey to launch the first capital guaranteed funds, fund of funds and foreign currency denominated fund.

YKAM supports its marketing processes with intensive advertising and product promotion activities and enhances its investor information platforms. Additionally, the Company reshuffles product management portfolio in line with investors' needs, potential trends and designs as well as changes in legislation. Within the scope of communication activities, regular press interviews, participation in the Bloomberg HT news channel, and participation in programs on mutual funds on the İyiGelir youtube channel were held in 2021. On the other hand, mutual fund communication activities were carried out in digital media.

## New Product Development Process

Ensuring strong and steady coordination among company, sales network and support units, YKAM has always exhibited outstanding performance in designing new asset management products. With utmost attention on investment performance, the Asset Management Group, in close cooperation with Marketing and Sales Management, discusses prospect products, evaluates and decides on the suggestions to be delivered to the New Product Committee. At committee meetings, decisions about the new products are taken with consensus of all participants and a report on the new strategy issued.

## Innovation and Leadership

Being the innovation leader in Turkey, YKAM introduced these high value-adding products for the first time to the market:

- Only asset management company in Turkey with international rating and holding the highest grade in Fitch Ratings' scale of asset management rating.
- Pioneering the fund specific international rating, YKAM is the first and only asset management company in Turkey which manages funds having international rating.
- First comprehensive CRM infrastructure
- First Capital Guaranteed Funds
- First Fund of Funds
- First Private Sector Bonds&Bills Fund
- First BIST - Dividend Index Fund
- First Target Date Fund
- First Foreign Currency Denominated Fund
- First Redeeming Hedge Fund

## Core Strengths

Sales Management at YKAM is based on the following core strengths:

- Advanced communication skills, efficient communication tools, strong sales support and coaching experience
- Client centric approach in all steps of the product sales process
- Providing all know-how and knowledge about products' specifications to distribution channels
- Providing support for after sales process and all CRM services given by distribution channels

## Competitive Advantages

Benefiting from its high competitive advantages, YKAM displays outstanding performance by providing tailor-made solutions to meet the investment demands of all client segments:

- First and only international rating agency rated Asset Manager in the premier league of the fund sector.
- First and only asset management company in Turkey which manages funds having international rating.
- Holding the "Highest Standards (tur)" grade which is the top grade in Fitch Ratings' scale of asset management rating between 2013 and 2016.
- First Target Date Fund has been launched.
- First Foreign Currency Denominated Fund has been launched.
- Private banking funds are offered exclusively for HNWIs.
- Hedge fund is offered to HNWIs and institutional investors.
- Managed Fund Accounts, a fund basket product, constituted by 3 different risk levels and return potentials, which is offered to individual clients.
- 2 new retail banking products launched. «Deposit + Fund» and «İlk Param»
- Investment Advisory was offered to Yapı Kredi Bank's private and institutional&corporate segments.

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## Marketing and Sales Management

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- YKAM enjoys its operational strength established by courtesy of cooperation with several business partners.
- YKAM has a leading position in mutual&hedge funds.
- Algorithmic models are highly used in investment decisions
- Luxembourg domiciled Yapı Kredi SICAV fund has been launched for sales and marketing phase in major European countries
- Third party sales channels expanded.
- The first digital media advertisement work was carried out.
- Written and verbal press communications have been increased.

### International Recognition

Yapı Kredi Asset Management's works continue to be registered by leading international institutions. In 2013, Fitch Ratings upgraded YKAM'S asset management rating to "Highest Standards (tur)", which is the highest rating in this field in Fitch Ratings' scale. In 2013, four investment and three pension funds managed by Yapı Kredi Asset Management were awarded a "High Fund Quality Rating". Thus, for the first time in Turkey, an international fund quality rating was made for mutual funds and pension funds. In 2016, Fitch Ratings approved the Highest Standards (tur) rating, "Strong" and "Good" ratings for 4 mutual funds and 3 pension mutual funds. However, Fitch Ratings ended its fund and company rating activities in Turkey due to commercial reasons and decided not to continue rating in these areas as of August 5, 2016.

While Yapı Kredi Asset Management was deemed worthy of awards from numerous foreign institutions in the past years, it won a total of 5 awards in 2021. It won the "Best Asset Management Company - Turkey 2021" and "Best Pension Funds Management Company - Turkey 2021" awards by International Business and Finance Derivative magazines, and the "Best Asset Management Company - Turkey" award by AI Global Media.

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## Internal Control

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### Internal Control Department determines necessary steps to be taken at all levels and in all functions.

Internal control activities are maintained as an integrated part of daily activities of the Company by monitoring the predefined risks. Internal Control Department carries out its activities with the aim of protecting the Company's assets, ensuring efficiency of business processes and reliability of the data as well as full compliance of operations with prevailing legislation, other regulations and the Company's rules and procedures. The Department targets to mitigate risks, which the Company is exposed through its activities, by implementing effective control points in processes. Internal Control Department is concerned with the entire range of YKAM's internal controls, including operational, financial and compliance controls.

In YKAM, all control and audit activities are conducted in accordance with international audit standards. Comprehensive software called My-Con is being used in order to monitor and report all results of audit activities within the Company. Findings are identified and deficiencies are regularly reported, whereas serious matters are reported to the Board of Directors through Audit Committee. The Board of Directors and Audit Committee are responsible for making sure that the internal control systems within the Company are adequate. On behalf of the Board of Directors, the Audit Committee provides independent review and oversight on the efficiency and adequacy of internal control systems.

Reviewing all transactions and operations throughout the Company with a risk-based approach, Internal Control Department addresses risks to achievement of the Company's objectives and determines necessary steps to be taken at all levels and in all functions for effectively managing risks. In this context, Internal Control Department perform risk assessment on the processes annually and updates the control points according to new risk assessment. In coordination with relative units of the Company, Internal Control Department establishes policies, procedures and objectives as well as control points to ensure that management directives are thoroughly carried out. An executive summary of control activities of the Internal Control Department are reported to the Board of Directors with an annual activity report.

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## Internal Audit

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**Internal Audit is an independent unit established by the Board of Directors and is the complementary element of the Internal Control System that performs the third-level controls.**

Internal Audit is an independent unit established by the Board of Directors and is the complementary element of the Internal Control System that performs the third-level controls. In order to evaluate, add value and improve the Internal Control System, Internal Audit provides independent, objective, risk-based assurance and consultancy functions to the Board of Directors, Audit Committee and Senior Management, and as a result of these activities, aims to develop and protect the values of the Company. With the Internal Audit Charter, Internal Audit is granted unrestricted access to all information and the authority to investigate any Company activity to fulfill its tasks and responsibilities independently.

At Yapı Kredi Asset Management, regular audits are determined based on an Annual Audit Plan and submitted to the Board of Directors for approval via the Audit Committee. The Annual Audit Plan is prepared with taking into account following meetings with senior management to assess each unit's risk priorities and follow-up corrective actions on previously identified risks, the risk assessment made annually by Internal Audit and audit requirements arising from legal regulations. In addition, internal audit findings are submitted to the Board of Directors at least 4 times a year via the Audit Committee.

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## Technology

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All YKAM operations rely heavily on advanced use of technology. By means of this awareness, the Company strives to stay ahead of the technological curve by implementing solutions that give a technological edge to current and potential operations. Along with many power users those have extensive knowledge and experience, YKAM enjoys a critical advantage in diagnosing operational problems due to technological inadequacies, as well as a version of bottlenecks by providing alternative solutions, and in-house development capabilities.

Such a buoyant culture of technological innovation has yielded many positive results for the Company in terms of efficiency; many front office operations as well as most investment compliance, risk management and back office functions are well automated. The level of automation at YKAM allows employees to spend more time on value adding processes instead of operational routines.

The Company works with many solution partners for development of technological solutions and uses customized solution packs for each and every function. Fund management and private portfolio management clients are managed via the portfolio management system. This system is a system capable of instant fund management and is a complementary part of the investment compatibility function within the intra-day flows deterring active violations, reporting passive ones with advanced pre-settlement compatibility system. This system which is also capable of calculating the fund price is used with a view to controlling accuracy of fund prices so calculated by the Fund Service Department, as well. Furthermore, this platform enables activities such as CRM, MIS, auditing, compatibility, total data and analysis-based marketing and sales reporting as required by and set forth in the legislation to be carried out whilst providing accounting, taxes, NAV and operational applications making other various calculations.

An IT transformation program has been created by taking into consideration requirements of the renovated business model, a result of the growth strategy and new competencies supported by the new legislation. The program aimed to design the IT infrastructure in a manner meeting the new business model and expectations of the legislation and was finalized.

The front office also relies heavily on the prompt and accurate flow of real-time market data and news that is disseminated by service providers such as Reuters, Bloomberg, Matrix and Foreks. Financial analysis packages such as Finnet and Stockground and statistical analysis packages such as Matlab assist both the research teams and asset managers in decision-making processes.

RiskTurk, a third party risk assessment solution package and Rasyonet, another third party solution, are widely used by asset management, risk management, marketing and sales units in risk assessment and evaluation of the competitive environment.

YKP looked for new ways of integrating in-house technological solutions and ones provided by our business partners with a view to further increasing efficiency and eradicating user errors stemming from use of multiple platforms and succeeded in finding a solution to this problem owing to the new platform. Such integration built under a single roof increased the company's analytic skills and reporting capacity and, moreover, decision-making processes were strengthened.

It is aimed to eliminate the operational risk in manual data entries by integrating the data, used in programs and reports, with the service providers. The service area was expanded in the development of analysis and return reports, which were initiated following data improvement studies. Developments in the reporting tools are made and result-oriented production is targeted.

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## Human Resources

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Considering employees among its most valuable assets, YKAM truly acknowledges employee satisfaction as one of the prerequisites of sustainability business and client satisfaction. With this awareness, the Human Resources Department closely cooperates with all business segments to provide, protect and control the working environment, which is of crucial importance for solid and sustainable growth.

YKAM's human resources approach is to place the most suitable candidate to the right position in order to maintain effective workforce. YKAM also intensively focuses on training and development programs to ensure continuous improvement in service quality. Yapı Kredi Banking Academy has a structured training catalogue corresponding to each function at the company. Employees are strongly encouraged to plan their own annual training programs taking into consideration both compulsory and elective courses from the training catalogue. In addition to ongoing training and development activities, by cooperating with leading business schools in Turkey and Europe, and organizing training & development programs, Yapı Kredi Banking Academy supports career development of employees.

On the other hand YKAM provides competitive benefits for its employees. All YKAM employees and their families benefit from Yapı Kredi Bank's employee group pension plan which provides additional support during retirement. Employees also benefit from group health and life insurance.

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## YKAM Employee Profile

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### YKAM Employee Profile

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**38**  
AGE

**10**  
TENURE with  
FIRM

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### GENDER

**65%**  
MALE

**35%**  
FEMALE

---

### EDUCATION

**54%**  
Bachelor's Degree

**- %**  
PhD Degree

**3%**  
High School

**4%**  
Associate Degree

**39%**  
Graduate Degree

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## Community Involvement

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Koç For My Country Variable Fund (YKAM Third Variable Fund) has been a part of the "No Barriers for my Country" project run by Koç Holding. Nearly 70 percent of the revenues earned from the sale of the fund, which was established under the theme of "No Barriers for my Country" of Koç Holding are used exclusively for different projects. The projects are decided by Yapı Kredi Bank, Yapı Kredi Asset Management, Koç Holding and Vehbi Koç Foundation annually.

The investment fund may widen its focus as "For my Country" projects expand in scope. As a result, individuals with different issue priorities can participate in the projects.

"Science Heroes Association of Turkey" and "Spastic Children of Turkey" participated in the BOOST Civil Society Technology Acceleration Program, whose fund for My Country was implemented in cooperation with Koç Holding, United Nations Development Program (UNDP) and Koç University Entrepreneurship Research Center (KWORKS) for 2021. Fund has been given to the Foundation. In addition, on behalf of TEV, the SCHOLARSHIP FUND FOR MY COUNTRY has provided scholarships to 3 students for the 2021-2022 academic year.

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## Business Partners

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### Finance/ Account / Administration

PricewaterhouseCoopers – Financial audit  
Ernst & Young – Tax Audit  
Yapı Kredi Bank – Custodian  
ATP Tradesoft – Financial and operational software

### Risk Management / Compliance

RiskTürk – Market, Leverage & Liquidity Risk, Performance Report  
Rasyonet – Investment fund and pension funds data reporting / Fixed Income Module  
GTP Tradesoft – Concentration, Counterparty & Correlation Risk, Compliance, Risk Management Module

### Marketing

MagiClick – Corporate Website



# Fund Performance

## Mutual Funds Performance

Code	Fund Name	2021	2020	2019	2018	2017
YAC	Yapı Kredi Asset Management Second Fund Of Funds (1)	50,06%	31,84%	28,23%	12,52%	-
YAK	Yapı Kredi Asset Management Balanced Fund	33,55%	20,71%	24,63%	-5,61%	26,39%
YAN	Yapı Kredi Asset Management First Fund Of Funds (2)	46,74%	31,96%	29,09%	14,48%	13,44%
YAS	Yapı Kredi Asset Management Koc Holding Affiliate And Equity Fund (Equity Intense Fund)	42,51%	49,38%	40,71%	-23,03%	27,09%
YAY	Yapı Kredi Asset Management Foreign Technology Sector Equity Fund	116,65%	68,84%	46,89%	26,85%	39,46%
YBE	Yapı Kredi Asset Management Eurobond (Dollar) Bonds And Bills Fund	64,16%	30,05%	26,18%	26,94%	17,21%
YBS	Yapı Kredi Asset Management Private Sector Bonds And Bills Fund	18,26%	10,30%	20,13%	16,18%	11,24%
YDI	Yapı Kredi Asset Management Second Equity Fund (Equity Intense Fund)	32,12%	50,35%	51,28%	-18,68%	46,47%
YDK	Yapı Kredi Asset Management Working Account Short Term Bonds And Bills Fund	15,67%	8,83%	19,76%	15,70%	10,44%
YEF	Yapı Kredi Asset Management Ise 30 Index Equity Fund (Equity Intense Fund)	22,11%	16,10%	25,75%	-17,79%	50,23%
YFV	Yapı Kredi Asset Management Sukuk Fund	18,67%	6,65%	24,87%	15,96%	8,71%
YHS	Yapı Kredi Asset Management First Equity Fund (Equity Intense Fund)	37,48%	33,68%	28,41%	-16,43%	48,29%
YHT	Yapı Kredi Asset Management Short Term Bonds And Bills Fund	15,20%	8,29%	19,79%	16,47%	10,45%
YHZ	Yapı Kredi Asset Management Technology Companies Equity Fund (Intensive Equity Fund) (3)	-5,78%	-	-	-	-
YJH	Yapı Kredi Asset Management Clean Energy Variable Fund (4)	17,95%	-	-	-	-
YJK	Yapı Kredi Asset Management Fourth Fund Basket Mutual Fund (4)	26,83%	-	-	-	-
YKT	Yapı Kredi Asset Management Gold Fund	70,56%	53,49%	29,72%	36,03%	17,05%
YLB	Yapı Kredi Asset Management Money Market Fund	17,72%	9,76%	20,34%	18,22%	11,86%
YOT	Yapı Kredi Asset Management Mid Term Bonds And Bills Fund	15,05%	9,19%	24,24%	13,80%	9,10%
YPV	Yapı Kredi Asset Management Third Fund Basket Mutual Fund (5)	51,74%	24,17%	-	-	-
YSU	Yapı Kredi Asset Management Third Variable Fund	17,22%	12,00%	24,94%	11,58%	13,16%
YTD	Yapı Kredi Asset Management Foreign Fund Of Funds	105,44%	36,51%	25,71%	29,95%	16,33%
YZG	Yapı Kredi Asset Management Silver Fun Basket Mutual Fund (6)	53,64%	-	-	-	-

(1) 2017 performance calculated as of issue date 31 Jan 2017.

(2) 2018 performance calculated as of issue date 19 March 2018.

(3) 2021 performance calculated as of issue date 1 April 2021.

(4) 2021 performance calculated as of issue date 27 September 2021.

(5) 2020 performance calculated as of issue date 11 May 2020.

(6) 2021 performance calculated as of issue date 11 January 2021.

Source: Rasyonet

# Fund Performance

## Pension Funds Performance

Code	Fund Name	2021	2020	2019	2018	2017
AEN	Allianz Yaşam ve Emeklilik Mixed Pension Fund	16,08%	27,02%	20,84%	16,42%	11,07%
ALI	Allianz Yaşam ve Emeklilik First Government External Debt Securities Pension Fund	46,80%	124,96%	46,75%	-22,40%	29,27%
ALR	Allianz Yaşam ve Emeklilik Dynamic Variable Pension Fund	78,26%	167,48%	39,31%	21,15%	43,45%
ALU	Allianz Yaşam ve Emeklilik Koç Companies Affiliates Index Pension Fund	31,07%	53,63%	25,11%	-1,26%	19,04%
AMF	Vakıf Emeklilik Ve Hayat Pera 1 Variable Group Pension Fund*	-13,25%	-4,19%	34,75%	-1,44%	10,73%
AMG	Allianz Yaşam ve Emeklilik Money Market Temporary Liquid Managed Pension Fund	65,39%	122,98%	25,63%	30,72%	15,05%
AMR	Allianz Yaşam ve Emeklilik Growth-oriented Equity Pension Fund*	68,70%	120,97%	18,34%	28,38%	24,64%
AMY	Allianz Yaşam ve Emeklilik Managed Pension Fund*	83,36%	183,03%	40,76%	23,64%	15,45%
AMZ	Allianz Yaşam ve Emeklilik First Managed Group Pension Fund*	71,12%	167,14%	30,98%	36,35%	18,36%
APG	Allianz Yaşam ve Emeklilik Second Managed Group Pension Fund*	38,58%	63,63%	29,93%	2,01%	15,86%
AUA	Allianz Yaşam ve Emeklilik Income-oriented Second Government External Debt Instruments Pension Fund	45,82%	85,37%	28,82%	-1,73%	26,55%
AUG	Allianz Yaşam ve Emeklilik ISE Dividend Index Pension Fund	56,17%	116,78%	18,47%	28,13%	23,96%
AZA	Allianz Yaşam ve Emeklilik Pera Y Managed Group Pension Fund*	3,28%	11,87%	28,28%	4,71%	8,17%
AZD	Allianz Yaşam ve Emeklilik Gold Pension Fund	64,21%	120,86%	25,80%	29,63%	15,19%
AZK	Allianz Yaşam ve Emeklilik Standard Pension Fund*	2,65%	11,34%	25,95%	3,45%	7,23%
AZL	Allianz Yaşam ve Emeklilik Contribution Pension Fund*	17,95%	30,03%	21,85%	18,14%	11,75%
AZM	Allianz Yaşam Ve Emeklilik Attack Variable Group Pension Fund	72,51%	134,70%	26,88%	31,57%	15,33%
FYY	Allianz Hayat ve Emeklilik First Government External Debt Securities Pension Fund* (1)	16,98%	37,56%	29,83%	8,34%	-
KOE	Allianz Hayat ve Emeklilik Second Government External Debt Securities Pension Fund (2)	19,56%	34,83%	23,22%	18,30%	8,87%
VGP	Türkiye Hayat ve Emeklilik A.Ş. VEM Turkcell Group Employees Pera 1 Variable Group Pension Fund**	30,74%	56,27%	21,10%	15,55%	17,96%

\* Fund manager changed as YKAM in 2019

\*\*Title of the issuer changed as Türkiye Hayat ve Emeklilik A.Ş. on 25 August 2020.

(1) 2018 performance calculated as of issue date 11 May 2018.

(2) 2017 performance calculated as of issue date 27 April 2017.

Source: Rasyonet

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# Directory

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## Yapı Kredi Asset Management

**Trade Register Number:** 470218-417800

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**Mersis Number:** 570017809600014

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**Address:** Yapı Kredi Plaza A Blok  
Levent Mah. Cömert Sok. No:1A/28  
34330 Beşiktaş – İstanbul

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**Telephone:** 0212 385 48 48

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**Fax:** 0212 325 01 23

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**Website:** <https://yapikrediportfoy.com.tr>

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**Social Media Information:** Yapı Kredi Asset Management has an active presence in LinkedIn under the name Yapı Kredi Asset Management

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Part II

# Financial Report

**YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.**

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

# YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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# YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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

	Notes	Audited 31 December 2021	Audited 31 December 2020
<b>ASSETS</b>			
<b>Current Assets</b>		<b>263,902,683</b>	<b>166,255,629</b>
Cash and cash equivalents	4	222,234,914	142,460,090
Trade receivables	5	40,636,404	23,173,227
- Trade receivables due from related parties	21	40,360,092	23,035,503
- Trade receivables due from other parties		276,312	137,724
Prepaid expenses	12	1,031,365	622,312
- Prepaid expenses to related parties	21	173,317	205,882
- Prepaid expenses to non-related parties		858,048	416,430
<b>Non-current assets</b>		<b>4,165,086</b>	<b>2,576,026</b>
Property, plant and equipment	6	903,334	802,366
Right of use assets	7	1,106,004	950,016
Intangible assets	8	1,466,991	420,095
Deferred tax asset	19	688,757	403,549
<b>Total assets</b>		<b>268,067,769</b>	<b>168,831,655</b>
<b>LIABILITIES</b>			
<b>Short term liabilities</b>		<b>44,126,467</b>	<b>22,751,455</b>
Short term borrowings	11	1,104,057	948,633
- Short term borrowings from related parties	21	1,104,057	948,633
- Lease liabilities		1,104,057	948,633
Trade payables	5	2,527,740	1,189,094
- Trade payables due to related parties	21	1,106,144	645,117
- Trade payables due to other parties		1,421,596	543,977
Tax liability for the period	19	21,542,464	10,505,065
Short term provisions		13,805,540	7,348,865
- Short-term provisions for employee benefits	9	9,790,540	7,348,865
- Other short term provisions	10	4,015,000	-
Other liabilities	12	5,146,666	2,759,798
- Other liabilities due to other parties		5,146,666	2,759,798
<b>Long-term liabilities</b>		<b>2,838,145</b>	<b>2,174,089</b>
Long term provisions	9	2,838,145	2,174,089
- Long term provisions for employee benefits		2,838,145	2,174,089
<b>Shareholders' equity</b>		<b>221,103,157</b>	<b>143,906,111</b>
Share capital	13	15,000,000	5,000,000
Adjustment to share capital	13	2,208,186	2,208,186
Accumulated other comprehensive income or (expenses) that will not be reclassified to profit or loss	13	(1,609,858)	(1,361,528)
- Revaluation and remeasurement loss for defined benefits		(1,609,858)	(1,361,528)
Restriction reserves from profit	13	24,654,724	16,950,179
- Legal reserves		24,654,724	16,950,179
Retained earnings	13	18,404,729	17,898,982
Net income for the period		162,445,376	103,210,292
<b>Total liabilities and equity</b>		<b>268,067,769</b>	<b>168,831,655</b>

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

# YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

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

	Notes	<i>Audited</i> 1 January - 31 December 2021	<i>Audited</i> 1 January - 31 December 2020
<b>PROFIT OR LOSS</b>			
Sales	14	249,307,789	165,032,862
Cost of sales	14	(4,506,965)	(3,606,005)
<b>Gross profit</b>		<b>244,800,824</b>	<b>161,426,857</b>
General administrative expenses	15	(53,168,326)	(40,029,441)
Marketing expenses	15	(675,276)	(464,618)
<b>Operating profit</b>		<b>190,957,222</b>	<b>120,932,798</b>
Financial income	16	27,336,446	11,650,490
Financial expenses	17	(186,456)	(139,211)
Expenses from investment activities	18	(7,375)	-
<b>Profit before tax from continuing operations</b>		<b>218,099,837</b>	<b>132,444,077</b>
<b>Tax expense from continuing operations</b>		<b>(55,654,461)</b>	<b>(29,233,785)</b>
- Tax expense for the period	19	(55,877,587)	(29,072,047)
- Deferred tax expense	19	223,126	(161,738)
<b>Net income</b>		<b>162,445,376</b>	<b>103,210,292</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to profit or loss</b>		<b>(248,330)</b>	<b>(162,711)</b>
Defined benefits plans remeasurement losses	9	(310,412)	(203,389)
Defined benefits plans remeasurement gains (losses), tax effects	19	62,082	40,678
<b>Other comprehensive expense</b>		<b>(248,330)</b>	<b>(162,711)</b>
<b>Total comprehensive income</b>		<b>162,197,046</b>	<b>103,047,581</b>

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



**YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
AUDITED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021  
ORIGINALLY ISSUED IN TURKISH**

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

	Notes	Paid capital	Adjustments to share capital	Accumulated other comprehensive income or expenses that will not be reclassified to profit or loss Defined benefit plans remeasurement gains / losses (-)	Restricted reserves	Accumulated profits		Total equity
						Retained earnings	Net profit / loss for the year	
<b>1 January 2020</b>	<b>13</b>	<b>5,000,000</b>	<b>2,208,186</b>	<b>(1,198,817)</b>	<b>12,319,956</b>	<b>15,348,641</b>	<b>47,180,564</b>	<b>80,858,530</b>
Transfers	13	-	-	-	4,630,223	42,550,341	(47,180,564)	-
Total comprehensive income / (expense)		-	-	(162,711)	-	-	103,210,292	103,047,581
- Net income for the period		-	-	-	-	-	103,210,292	103,210,292
- Other comprehensive expense		-	-	(162,711)	-	-	-	(162,711)
Capital increase	13	-	-	-	-	-	-	-
Dividends	13, 21	-	-	-	-	(40,000,000)	-	(40,000,000)
<b>31 December 2020</b>	<b>13</b>	<b>5,000,000</b>	<b>2,208,186</b>	<b>(1,361,528)</b>	<b>16,950,179</b>	<b>17,898,982</b>	<b>103,210,292</b>	<b>143,906,111</b>
<b>1 January 2021</b>	<b>13</b>	<b>5,000,000</b>	<b>2,208,186</b>	<b>(1,361,528)</b>	<b>16,950,179</b>	<b>17,898,982</b>	<b>103,210,292</b>	<b>143,906,111</b>
Transfers	13	-	-	-	7,704,545	95,505,747	(103,210,292)	-
Total comprehensive income / (expense)		-	-	(248,330)	-	-	162,445,376	162,197,046
- Net income for the period		-	-	-	-	-	162,445,376	162,445,376
- Other comprehensive expense		-	-	(248,330)	-	-	-	(248,330)
Capital increase	13	10,000,000	-	-	-	(10,000,000)	-	-
Dividends	13, 21	-	-	-	-	(85,000,000)	-	(85,000,000)
<b>31 December 2021</b>	<b>13</b>	<b>15,000,000</b>	<b>2,208,186</b>	<b>(1,609,858)</b>	<b>24,654,724</b>	<b>18,404,729</b>	<b>162,445,376</b>	<b>221,103,157</b>

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

# YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

## CONVENIENCE TRANSLATION INTO ENGLISH OF AUDITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021 ORIGINALLY ISSUED IN TURKISH

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

	Notes	(Audited) 31 December 2021	(Audited) 31 December 2020
<b>A. Cash flows from operating activities</b>		<b>140,289,433</b>	<b>92,848,079</b>
Net income for the period		162,445,376	103,210,292
<b>Adjustments to reconcile net income for the period</b>		<b>46,694,072</b>	<b>26,720,407</b>
Adjustments for depreciation and amortization	6, 7, 8	1,353,561	1,165,705
Adjustments for provisions		16,771,462	7,770,695
- Adjustments for provision for employee benefits		12,640,662	7,679,616
- Adjustments regarding litigation and/or penalty provisions (cancellation)	10	4,015,000	-
- Adjustments for other provisions		115,800	91,079
Adjustments for interest income and expenses		(27,085,412)	(11,449,778)
- Adjustments for interest income	16	(27,140,245)	(11,494,259)
- Adjustments for interest expenses	17	54,833	44,481
Adjustments for tax expense	19	55,654,461	29,233,785
<b>Changes in operating profit</b>		<b>(14,146,716)</b>	<b>(7,553,069)</b>
Adjustments for (increase) / decrease in trade receivables		(17,463,177)	(8,361,898)
- (Increase) / decrease in trade receivables due from related parties		(17,324,589)	(8,289,510)
- Decrease / (increase) in trade receivables due from other parties		(138,588)	(72,388)
(Decrease) / increase in prepaid expenses		(409,053)	(117,206)
Adjustments for (decrease) / increase in trade payables		1,338,646	2,923
- (Decrease) / increase in trade payables due to related parties		461,027	(119,487)
- (Decrease) / increase in trade payables due to other parties		877,619	122,410
Adjustments for increase in other payables		2,386,868	923,112
- Increase in other payables due to other parties		2,386,868	923,112
<b>Cash flows from operating activities</b>		<b>194,992,732</b>	<b>122,377,630</b>
Employment benefits paid		(9,845,343)	(6,657,093)
Taxes paid		(44,840,187)	(22,862,722)
Other cash outflows		(17,769)	(9,736)
- Change in securities given for collateral		(17,769)	(9,736)
<b>B. Cash flows from investment activities</b>		<b>24,106,461</b>	<b>10,171,666</b>
Cash outflow from purchase of property, equipment and intangible assets		(1,622,342)	(669,041)
- Cash outflow from purchase of property, equipment assets	6	(372,528)	(603,335)
- Cash outflow from purchase of intangible assets	8	(1,249,814)	(65,706)
- Cash inflows from the sale of property, plant and equipment assets		15,535	-
Interest received		25,713,268	10,840,707
<b>C. Cash flows used in financing activities</b>		<b>(85,950,016)</b>	<b>(40,853,169)</b>
Cash outflow related to debt payments arising from lease agreements	11	(950,016)	(853,169)
Dividend payment	13, 21	(85,000,000)	(40,000,000)
<b>D. Net increase in cash and cash equivalents (A+B+C)</b>		<b>78,445,878</b>	<b>62,166,576</b>
<b>E. Cash and cash equivalents at the beginning of the period</b>	<b>4</b>	<b>141,865,565</b>	<b>79,698,989</b>
<b>Cash and cash equivalents at the end of the period (D+E)</b>	<b>4</b>	<b>220,311,443</b>	<b>141,865,565</b>

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

# YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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

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### 1. ORGANIZATION AND NATURE OF OPERATIONS

Yapı Kredi Portföy Yönetimi A.Ş. (“the Company”), has been established under the name Koç Portföy Yönetimi A.Ş. at 30 January 2002 and started its operations in 25 June 2002, The Company's principal shareholders are Yapı Kredi Yatırım Menkul Değerler A.Ş. and Yapı ve Kredi Bankası A.Ş. with a total share of 99.97%, which are also subsidiaries of Koç Finansal Hizmetler A.Ş. (“KFH”) which was incorporated on 16 March 2001 for the purpose of combining financial sector companies of the Koç Group. On 12 October 2002, Koç Group entered into a joint strategic partnership with UniCredit Italiano S.p.A. (“UCI”), in KFH, Koç Portföy Yönetimi A.Ş. has legally merged with Yapı Kredi Portföy Yönetimi A.Ş. at 29 December 2006 and changed its name as Yapı Kredi Portföy Yönetimi A.Ş. on 21 December 2006.

Yapı Kredi Portföy Yönetimi A.Ş. has been entitled to portfolio management and investment consultancy activities by obtaining certificate of authorization issued by Capital Market Board (“CMB”) dated May 13, 2015 numbered PYŞ/PY.17-YD.9/391 in accordance with Communiqué on “Portfolio Management Companies and Activities on Such Companies” numbered III-55.1. On October 17, 2015, Yapı Kredi Portföy Yönetimi A.Ş. has been authorized by CMB to take over investment funds founded by Yapı ve Kredi Bankası A.Ş. and Yapı Kredi Yatırım Menkul Değerler A.Ş. as establisher.

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

As of 31 December 2015, 87.32% of the shares of the Company is owned by Yapı Kredi Yatırım Menkul Değerler A.Ş. Since the principal shareholder of Yapı Kredi Yatırım Menkul Değerler A.Ş. is Yapı ve Kredi Bankası A.Ş. who also owns 12.65% of the shares of the Company, the ultimate principal shareholder of the Company is Yapı ve Kredi Bankası A.Ş.

In the first half of 2020, various social and economic measures have been taken in order to reduce this negative situation in our country, as in other countries where the COVID-19 epidemic, which has spread globally, has been effective, and measures continue to be implemented with partial changes.

The company management continues to take measures to eliminate the possible effects of the epidemic on the Company's activities. In addition, the Company Management, in addition to the spread of the epidemic to local and global markets. It monitors the impacts of these developments and continues to evaluate the possible effects of these developments on the sector in which the company operates.

However, the company management does not anticipate that the mentioned pandemic has a significant effect on the financial statements of the company and the continuity of the business.

The head office of the Company is located at Levent Mahallesi Cömert Sokak No:1A/28 34330, Beşiktaş, İstanbul.

The Company has 56 employees as at 31 December, 2021 (31 December, 2020: 52).

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

The Company’s financial statements for the year then ended 31 December 2021 have been approved by Board of Directors on 27 January 2021. General Assembly and regulatory bodies have the right to amend the financial statements within the legal framework.

# YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### A. BASIS OF PRESENTATION

##### (a) Basis of presentation of financial statements

The accompanying financial statements have been prepared in accordance with the Turkish Financial Reporting Standards (“TFRS”) promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”) in compliance with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (the Communiqué) announced by the CMB on June 13, 2013 which is published on Official Gazette numbered 28676. TAS consists of the Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) and related supplements and interpretations.

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

##### Preparation of the financial statements

The Company's financial statements prepared in accordance with the 2021 TFRS Taxonomy published by KGK.

##### (b) Adjustments to financial statements in hyperinflationary periods

With a decision taken on 17 December 2005, CMB, for companies operating in Turkey and preparing financial statements in accordance with the accounting and reporting principles accepted by the CMB (“CMB Financial Reporting Standards”), as of January 1, 2005, No. The implementation of the “Financial Reporting in Hyperinflationary Economies” (“TAS 29”) has been discontinued.

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

##### (c) Comparative figures and the reclassification to the financial statements of the prior period

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

In order to determine the financial status and performance trends, the financial statements of the Company have been prepared in comparison with the financial statements of previous periods. The Company prepared its statement of financial position as of 31 December 2021 in comparison with the statement of financial position prepared as of 31 December 2020; prepared statement of profit or loss and other comprehensive income, statement of changes in shareholders’ equity and statement of cash flows between 1 January - 31 December 2021 in comparison with 1 January - 31 December 2020.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

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

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

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

**A. BASIS OF PRESENTATION (Continued)**

**(d) Offsetting**

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

**(e) Going concern**

The Company prepared its financial statements based on going concern principle.

**(f) Changes in accounting policies and interpretations**

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

Explanations on the effects of the new TMS/IFRS on financial statements:

- a) Title of TAS/IFRS,
- b) the accounting policy change is made in accordance with the relevant transitional provisions, if any,
- c) a description of the change in accounting policy,
- d) explanation of the transitional provisions, if any,
- e) the possible effects of transitional provisions, if any, on future periods,
- f) adjustment amounts for the current and each prior period presented, as far as possible:
  - I. should be presented for each affected financial statement line item; and
  - II. If the “TAS 33, Earnings Per Share” standard applies to the company, the basic and diluted earnings per share must be recalculated.
- g) adjustment amounts for periods prior to periods not presented, if applicable; and

If retrospective application is not possible for any period or periods, the events leading up to this situation should be disclosed and the date and manner in which the change in accounting policy has been applied should be explained.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY  
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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

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

1

- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the Practical expedient;** as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

Lessees may choose to account for such lease concessions in accordance with the terms that would apply in the absence of a lease modification. This ease of application often causes the lease concession to be recognized as a variable lease payment during periods when the event or condition that triggers the reduction in lease payments occurs.

- **IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
  - **Amendments to IFRS 3, ‘Business combinations’** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **Amendments to IAS 16, ‘Property, plant and equipment’** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - **Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’** specify which costs a company includes when assessing whether a contract will be loss-making.

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

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

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

**A. BASIS OF PRESENTATION (Continued)**

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

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

These changes are not expected to have a significant impact on the Company's financial position and performance.

**B. CHANGES IN ACCOUNTING POLICIES AND ERRORS**

Significant changes in accounting policies and significant accounting errors identified are to be applied retrospectively and the prior period financial statements are to be restated. There has been no change in accounting policies in 2021.

**C. CHANGES IN ACCOUNTING ESTIMATES**

Changes in the accounting estimates are reflected in the financial statements in the current period in which the change is related to future periods and in the period in which the change is made and in the future period so as to take into account the net profit or loss for the period. No significant changes were made to the accounting estimates during the January 1 - 31 December 2021 accounting period.

**D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**i. Cash and cash equivalents**

For the purpose of regulating cash flow statements, the Company has considered cash and cash equivalents as cash deposits and banks with original maturities of 3 months or less (Note 4).

**ii. Financial investments**

The financial assets of the Company are largely made up of cash and cash equivalents as well as trade receivables, and said financial assets are classified and recognized as “financial assets measured by amortized cost”.

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

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY  
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ii. Financial investments (Continued)**

**Financial assets recognized at amortized cost**

The financial assets for which management adopted a contractual cash flow collection business model, for which the agreement terms involve only payment of interest arising out of the principal and principal balance at certain dates, which have fixed or definite payments, which are not quoted in an active market and are not derivative instruments are classified as assets that are recognized at their amortized cost. The assets are classified as current assets if they have a maturity period of less than 12 months as of the statement of financial position date, and as non-current assets if they have a maturity period of more than 12 months as of the balance sheet date. Assets that are recognized at their amortized costs include “trade receivables” and “cash and cash equivalents” items.

***Expected credit losses measurement***

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

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

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

**Derivative financial instruments**

The derivative transactions of the Company consist of foreign currency / interest swap transactions. Derivative financial instruments are accounted at fair value at the contract date and are remeasured at their fair value at subsequent reporting periods.

**iii. Leases**

The future lease obligations to be paid for all lease contracts and the corresponding right to use an asset are included in the statement of financial position (Note 7 and Note 11).



## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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

#### D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### iv. Trade receivables

Trade receivables are receivables from the financial statements relating to all or part of a revenue item. Trade receivables arising from the provision of services to a buyer by the Company are shown netted from unearned finance income. Trade receivables after unearned finance income are calculated by discounting the amounts to be obtained in the following periods of receivables from the original invoice amount by the effective interest method. Short-term receivables with no stated interest rate are stated at their cost values unless the effect of the original effective interest rate is significant.

The Company reserves doubtful receivables for related trade receivables if there is objective evidence that the collectability does not exist. In other words, the amount of this difference is the difference between the recorded value of the receipt and the possible amount of receivable. Possible amount of receivable is the amortized cost of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated transaction.

If all or part of the doubtful receivable is collected, the collected amount is deducted from the provision for doubtful receivables and other income is recorded from the main operations (Note 5).

##### v. Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated amortization (Note 6). Depreciation is amortized using the straight-line method over the estimated useful lives of the tangible assets. Estimated useful lives of the related assets are as follows:

Furniture and fixtures	5 years
Special costs	5 years

If the carrying amount of property, plant and equipment exceeds its estimated recoverable amount, the asset's carrying amount is reduced to its recoverable amount and the resulting impairment loss is recognized in profit or loss.

Gains or losses on disposal of property, plant and equipment are determined by comparing recoverable amounts with recoverable amounts and reflected in the related income and expense accounts in the current period.

##### vi. Intangible assets

Intangible assets include acquired rights, information systems and computer software (Note 8). They are recorded at cost of acquisition and are depreciated on a straight-line basis over their estimated useful lives, which are 5 years from the date of acquisition. If there is an impairment, the carrying amount of the intangible asset is reduced to its recoverable amount.

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY  
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(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

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

**D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**vii. Provisions, contingent assets and liabilities**

Provisions are recognized when it is probable that an outflow of economic benefits will be required to settle the obligation, a reliable estimate of the amount of the obligation can be made, and a legal or constructive obligation as a result of past events. If the amount cannot be measured reliably and it is not probable that an outflow of resources will be required to settle the obligation, the liability is recognized as "Conditional" and disclosed in footnotes (Note 10).

**viii. Employee benefits**

On behalf of its employees, the Company has to pay contributions the Social Security Institution (Institution) in the amount determined by law. There is no other obligation to pay to the employee or the Corporation other than the contribution paid by the Company. These contributions are expensed on the date they are accrued.

**(i) *Employment termination benefits***

The provision for employment termination benefits is calculated as required by Turkish Labor Law as a statutory obligation of the Company and reflects the present value of severance pay entitlement to employee retirement, dismissal, call for military service or death in case of completion of at least one year of service (Note 9).

**(ii) *Obligation of paid leave***

As per the existing labour law in Turkey, in the event of termination of labour contracts by any reason, the Company is obliged to pay the amount for annual leaves that were earned but not used by the employees on basis of wages at the date of termination of the contract (Note 9).

**(iii) *Bonus payments***

The Company recognizes as an obligation and an expense based on a method that takes into consideration the Company's profitability, budget performance and performance criteria (Note 9).

**ix. Fee, commission, interest incomes / expenses**

**(i) *Fees and commissions***

Fund management fees, special portfolio management fees, performance premiums and investment consulting fees shown in the profit or loss table are recognized on an accrual basis.

**(ii) *Interest income and expenses***

Interest income and expenses are recognized in profit or loss and comprehensive income statement on an accrual basis. Interest income includes income from coupons of fixed income investment instruments and discounted valuations of the discounted government bonds according to the internal rate of return method.

## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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

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

#### D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### x. Borrowing costs

When it comes to assets that require significant time to prepare for use and sale, borrowing costs that are directly attributable to the acquisition, construction or production of the asset are included in the cost of the asset until the asset is ready for use or sale.

Financial investment, which is obtained by evaluating the investment portion of an investment-related loan for an indefinite period of time, is deducted from the borrowing costs eligible for capitalization.

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

##### xi. Effects of changes in exchange rates

Transactions denominated in foreign currency are denominated by the exchange rate on the date of the transaction; monetary assets and liabilities denominated in foreign currencies, end of period exchange buying rate of the Central Bank of the Republic of Turkey have been translated into Turkish Lira. Income and expenses resulting from the translation of foreign currency items are included in the profit or loss and comprehensive income statement for the period.

##### xii. Taxes calculated based on corporate income

###### *Corporate tax*

Corporate tax is calculated according to the provisions of the Tax Procedure Law and tax expenses other than those taxes are accounted in general administrative expenses (Note 19).

If there is a legal right to offset current tax assets and current tax liabilities or if the related assets and liabilities are associated with income tax collected by the same tax authority.

###### *Deferred tax*

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements (Note 19).

Significant temporary differences arise from retirement pay provision, personnel premium provision, other expense provisions, unused vacation provision, fixed assets and bank deposit valuation differences.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are calculated to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and deferred tax liabilities are offset against each other if the same entity is subject to tax legislation and there is a legally enforceable right to offset current tax assets against current tax liabilities.

## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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

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

#### D. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### xiii. Related parties

In these financial statements, the shareholders of the Company and the Koç Group companies, the Company's top management and members of the Board of Directors, their families and companies controlled by them or having significant influence are considered as "related parties" (Note 21).

##### xiv. Subsequent events

Subsequent events include all events between the balance sheet date and the date of issuance of the balance, even if any announcement related to the profit for the period or other selected financial information occurred after the public disclosure. The Company corrects the amounts recognized in the financial statements in accordance with this new situation in the case of events that require corrections after the balance sheet date.

##### xv. Impairment of assets

Any asset other than financial assets is reviewed at the balance sheet date for the existence of indicators of impairment of that asset. An impairment loss is recognized if the carrying amount of an asset is greater than its estimated recoverable amount. Replacement value is taken as the higher of the net sales value and value of use of the asset. Usage value is the present value of the sum of the estimated cash inflows to be obtained in the future and the sales value at the end of the service life.

#### 3. SEGMENT REPORTING

The Company does not prepare segment reporting in the financial reporting period that ends as of 31 December 2021 and 2020 since it performs its activities in Turkey and only in portfolio management industry.

#### 4. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash at banks		
- Time deposit	222,392,587	142,526,915
- Blockage deposit	143,343	125,574
- Demand deposit	21,492	14,309
- Allowances for expected credit losses	(322,508)	(206,708)
	<b>222,234,914</b>	<b>142,460,090</b>

As of 31 December 2021, TRY222,407,006 (31 December 2020: TRY142,538,830) of bank deposits is held by related parties (Note 21).

As of 31 December 2021, time deposits have a maturity of less than 3 months and the interest rate is between 12.38% and 24.00% (31 December 2020: 15.49% and 19.15%).

The amount of TRY143,343 (31 December 2020: TRY 125,574) is held by Istanbul Takas ve Saklama Bankası A.Ş. ("Takasbank") as collateral for securities transactions.

## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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

#### 4. CASH AND CASH EQUIVALENTS (Continued)

As of 31 December 2021 and 2020, the Company's cash and cash equivalents were presented in the cash flow statement after interest accruals and blocked deposits from total liquid assets before the expected credit loss were deducted:

	31 December 2021	31 December 2020
Cash and cash equivalents	222,234,914	142,460,090
Accruals of interest (-)	(2,102,636)	(675,659)
Blockage deposits (-)	(143,343)	(125,574)
Allowances for expected credit losses	322,508	206,708
	<b>220,311,443</b>	<b>141,865,565</b>

#### 5. TRADE RECEIVABLES AND PAYABLES

	31 December 2021	31 December 2020
<b>Trade receivables</b>		
Investment fund management fee receivables (Note 21) (*)	29,305,160	13,959,059
Private portfolio management fee	356,132	141,049
Individual pension fund management fee receivables (**)	2,632,101	1,662,651
Investment advisory receivables (Note 21)	763,500	1,006,194
Individual pension fund performance fee receivables (**)	7,576,620	6,399,544
Other	2,891	4,730
	<b>40,636,404</b>	<b>23,173,227</b>

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

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

	31 December 2021	31 December 2020
<b>Trade payables</b>		
Payables to related parties (Note 21)	1,106,144	645,117
Expense accruals	399,961	200,835
Invoice payables	1,021,635	343,142
	<b>2,527,740</b>	<b>1,189,094</b>

## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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

#### 6. PROPERTY, PLANT AND EQUIPMENT

<b>31 December 2021</b>	<b>Furniture and fixtures</b>	<b>Leasehold improvements</b>	<b>Total</b>
Net book value, 1 January 2021	630,624	171,742	802,366
Disposals, net	(15,535)	-	(15,535)
Additions	372,528	-	372,528
Depreciation expense	(212,167)	(43,858)	(256,025)
<b>Net book value, 31 December 2021</b>	<b>775,450</b>	<b>127,884</b>	<b>903,334</b>
Cost	3,217,782	1,011,119	4,228,901
Accumulated depreciation	(2,442,332)	(883,235)	(3,325,567)
<b>Net book value, 31 December 2021</b>	<b>775,450</b>	<b>127,884</b>	<b>903,334</b>
<b>31 December 2020</b>	<b>Furniture and fixtures</b>	<b>Leasehold improvements</b>	<b>Total</b>
Net book value, 1 January 2020	318,895	67,785	386,680
Additions	456,782	146,553	603,335
Depreciation expense	(145,053)	(42,596)	(187,649)
<b>Net book value, 31 December 2020</b>	<b>630,624</b>	<b>171,742</b>	<b>802,366</b>
Cost	2,860,789	1,011,119	3,871,908
Accumulated depreciation	(2,230,165)	(839,377)	(3,069,542)
<b>Net book value, 31 December 2020</b>	<b>630,624</b>	<b>171,742</b>	<b>802,366</b>

As of 31 December 2021 and 2020, there are no pledges and mortgages on property, plant and equipment.

## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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#### 7. RIGHT OF USE ASSETS

##### 31 December 2021

	<b>Buildings</b>
Net book value, 1 January 2021	950,016
Disposals (-)	(55,399)
Additions	1,106,005
Depreciation expense	(894,618)

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<b>Net book value, 31 December 2021</b>	<b>1,106,004</b>
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Cost	3,574,380
Accumulated amortization	(2,468,376)

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<b>Net book value, 31 December 2021</b>	<b>1,106,004</b>
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##### 31 December 2020

	<b>Buildings</b>
Net book value, 1 January 2020	852,252
Disposals (-)	(44,947)
Additions	950,016
Depreciation expense	(807,305)

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<b>Net book value, 31 December 2020</b>	<b>950,016</b>
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Cost	2,523,774
Accumulated amortization	(1,573,758)

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<b>Net book value, 31 December 2020</b>	<b>950,016</b>
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#### 8. INTANGIBLE ASSETS

##### 31 December 2021

Net book value, 1 January 2021	420,095
Additions	1,249,814
Amortization expense	(202,918)

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<b>Net book value, 31 December 2021</b>	<b>1,466,991</b>
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Cost	3,950,651
Accumulated amortization	(2,483,660)

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<b>Net book value, 31 December 2021</b>	<b>1,466,991</b>
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## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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

#### 8. INTANGIBLE ASSETS (Continued)

##### 31 December 2020

Net book value, 1 January 2020	525,140
Additions	65,706
Amortization expense	(170,751)

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<b>Net book value, 31 December 2020</b>	<b>420,095</b>
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Cost	2,700,837
Accumulated amortization	(2,280,742)

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<b>Net book value, 31 December 2020</b>	<b>420,095</b>
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#### 9. PROVISIONS FOR EMPLOYEE BENEFITS

##### Provisions for employee benefits

	31 December 2021	31 December 2020
<b>Short-term provisions</b>		
Personnel bonus provisions	7,899,303	7,125,719
Personnel salaries provisions	1,450,000	-
Unused vacation provisions	441,237	223,146
	<b>9,790,540</b>	<b>7,348,865</b>
<b>Long-term provisions</b>		
Provision for employment termination benefits	2,838,145	2,174,089
	<b>2,838,145</b>	<b>2,174,089</b>

##### Provision for employment termination benefits:

The reserve for employment termination benefits is set out below:

According to the Turkish Labour Law, the Company is obliged to pay seniority indemnity for the employees who completed one year of employment and are terminated, who retired after completing 25 years of service (20 years for women), who are retired (at the age 60 for men and at the age of 58 for women), who are called for the military or who died. After the legislative amendment on May 23, 2002, some transition period provisions related to the previous service period before retirement were issued.

The termination indemnity obligation is not legally subject to any funding and there are no funding requirements.

Provision for employment termination benefits is calculated by estimating the present value of the probable liability in the case of retirement of the employees.



## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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#### 9. PROVISIONS FOR EMPLOYEE BENEFITS (Continued)

##### Provision for employment termination benefits: (Continued)

TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2021	31 December 2020
Discount rate (%)	4.45	4.63
Turnover rate to estimate the probability of retirement (%)	95.13	94.87

The basic assumption is that the determined value for every working year increases proportional to inflation. Using this assumption, the existing discount ratio shows the real ratio, unaffected by inflation. Therefore the maximum amount of employment termination benefits of the Company is determined every six months and is calculated using the maximum amount of TRY10,596.74 valid from 1 January 2022 (1 January 2021: TRY7,638.96).

Movements in the reserve for employment termination benefits during the current year are as follows:

	2021	2020
Opening balance, 1 January	2,174,089	2,186,926
Interest cost	624,392	239,150
Service cost	244,019	174,374
Actuarial loss	310,412	203,389
Payments within the period (-)	(514,767)	(629,750)
<b>End of the period, 31 December</b>	<b>2,838,145</b>	<b>2,174,089</b>

Movement of unused vacation provision for the periods are shown below:

	2021	2020
Opening balance, 1 January	223,146	410,781
Decrease / increase during the period	322,251	(104,264)
Payments within the period (-)	(104,160)	(83,371)
<b>End of the period, 31 December</b>	<b>441,237</b>	<b>223,146</b>

Movement of personnel bonus provision for the periods are shown below:

	2021	2020
Opening balance, 1 January	7,125,719	5,699,335
Decrease / increase during the period	10,000,000	7,370,356
Payments within the period (-)	(9,226,416)	(5,943,972)
<b>End of the period, 31 December</b>	<b>7,899,303</b>	<b>7,125,719</b>

## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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

#### 9. PROVISIONS FOR EMPLOYEE BENEFITS (Continued)

The movements of the salary provision within the periods are as follows:

	2021	2020
1 January	-	-
Increase/decrease in the period	1,450,000	-
Payments made during the period	-	-
<b>31 December</b>	<b>1,450,000</b>	<b>-</b>

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

##### (a) Provisions

##### Other short term provisions

	31 December 2021	31 December 2020
<b>Other short term provisions</b>		
In return for litigation, fines, court costs (*)	4,015,000	-
<b>31 December</b>	<b>4,015,000</b>	<b>-</b>

(\*) Provision has been made by the company management due to the ongoing regulator review.

##### (b) Guarantees

As of 31 December 2021, there are no mortgages or guarantees on assets. However, the cash collateral amounting to TRY143,343 nominal value (31 December 2020: TRY 125,574) stated in the Communiqué Serial: V No: 59 of the Capital Markets Board Regulation and Principles Regarding Institutions to be Operated by the CMB has been placed in Takasbank on behalf of the CMB (Note 4).

#### 11. SHORT TERM BORROWINGS

As of 31 December 2021 and 2020, the Company's short and long term borrowings are as follows:

	31 December 2021	31 December 2020
<b>Short-term borrowings</b>		
Lease liabilities	1,104,057	948,633

## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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

#### 11. SHORT TERM BORROWINGS (Continued)

As of 31 December 2021 and 2020, the Company's short and long term borrowings are as follows:

##### 31 December 2021

<i>Short-term lease liabilities</i>	<i>Maturity</i>	<i>Interest Rate (%)</i>	<i>31 December 2021</i>
<i>Borrowings from related parties from leasing</i>			
Lease liabilities	31 December 2022	10.12	1,104,057

<i>Short-term lease liabilities</i>	<i>Maturity</i>	<i>Interest Rate (%)</i>	<i>31 December 2020</i>
<i>Borrowings from related parties from leasing</i>			
Lease liabilities	31 December 2021	10.12	948,633

Movement of borrowings from leasing transactions is as follows:

	<b>2021</b>	<b>2020</b>
Opening balance, 1 January	948,633	852,252
Additions (Note 7)	1,106,005	950,016
Payments within the period	(950,016)	(852,240)
Interest expense (Note 17, 21)	54,833	44,481
Other	(55,398)	(45,876)
<b>End of the period, 31 December</b>	<b>1,104,057</b>	<b>948,633</b>

## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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#### 12. OTHER ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
<b>Prepaid expenses</b>		
Information technology expenses (*)	829,728	428,966
Insurance expenses (**)	177,684	163,725
Dues tuition expenses	23,953	27,221
Other	-	2,400
	<b>1,031,365</b>	<b>622,312</b>

(\*) The information technology expenses of the Company amounting to TRY12,493 (31 December 2020: TRY 44,792) are prepaid expenses to related parties (Note 21).

(\*\*) The insurance expenses amounting to TRY160,824 (31 December 2020: TRY 161,090) of the Company are made to related parties (Note 21).

	31 December 2021	31 December 2020
<b>Other short-term liabilities</b>		
Taxes and funds payable	2,932,421	1,525,899
Income tax	1,735,208	909,140
SSI Premium	441,002	304,632
Stamp tax	38,035	20,127
	<b>5,146,666</b>	<b>2,759,798</b>

#### 13. SHAREHOLDERS' EQUITY

At 31 December 2021 and 2020, the issued and fully paid-in share capital held is as follows:

Shareholders	31 December 2021			31 December 2020		
	No of shares	Share (%)	TRY	No of shares	Share (%)	TRY
Yapı Kredi Yatırım Menkul Değerler A.Ş.	1,309,852,980	87.32	13,098,530	436,617,600	87.32	4,366,176
Yapı ve Kredi Bankası A.Ş.	189,741,642	12.65	1,897,416	63,247,200	12.65	632,472
Other	405,378	0.03	4,054	135,200	0.03	1,352
<b>Total</b>	<b>1,500,000,000</b>	<b>100</b>	<b>15,000,000</b>	<b>500,000,000</b>	<b>100</b>	<b>5,000,000</b>
Adjustments to share capital			2,208,186			2,208,186
<b>Total equity</b>			<b>17,208,186</b>			<b>7,208,186</b>

Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital in terms of equivalent purchasing power at 31 December 2004.

## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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

#### 13. SHAREHOLDERS' EQUITY (Continued)

With the decision of the Board of Directors dated 22 November 2021 and numbered 151, the Company's issued capital of 10,000.00 TL, within the registered capital ceiling of 20,000,000 TL, is increased to 15,000,000 TL, all of which will be covered by the previous years' profits in internal resources. It was approved with the letter numbered 12233903-350.05.01-13731. An application was made for the registration of the Istanbul Registry Office and its announcement in the Turkish Trade Registry Gazette for the amendment regarding the 8th article of the company's articles of association regarding "Capital and Shares", and the said capital increase was registered on 8 December 2021.

#### Retained earnings and legal reserves:

	31 December 2021	31 December 2020
Retain earnings	18,404,729	17,898,982
Restricted reserves (legal reserves)	24,654,724	16,950,179
	<b>43,059,453</b>	<b>34,849,161</b>

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code the (TCC), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Details of retained earnings is as follows:

	31 December 2021	31 December 2020
Retained earnings	13,378,421	13,293,490
Extraordinary reserves	5,026,308	4,605,492
	<b>18,404,729</b>	<b>17,898,982</b>

Details of restricted reserves allocated from profit is as follows:

	31 December 2021	31 December 2020
Primary legal reserves	1,000,000	1,000,000
Secondary legal reserves	23,654,724	15,950,179
	<b>24,654,724</b>	<b>16,950,179</b>

**CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY  
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**13. SHAREHOLDERS' EQUITY (Continued)**

**Defined benefit plans remeasurement losses**

According to TAS 19, actuarial loss of the Company after tax effect arising from the terminations benefits liability of the Company amounts to TRY(1,609,858) (31 December 2020: TRY1,361,528 loss).

**Dividend distribution**

Publicly held joint stock companies whose shares are traded on the stock exchange are subject to the following principles determined by CMB regarding profit distribution:

In accordance with the decision of Capital Market Board dated 28 January 2010, no minimum dividend distribution requirement has been made for the dividends to be paid for the joint ventures whose shares are traded in the stock exchange with respect to the principles of distribution of profits from 2010 operations. The Communiqué on Principles Regarding the Subsidiaries of Dividend and Dividend Advance Distribution of Publicly Held Joint Ventures Subject to the Capital Markets Law Serial: IV. No: 27. which regulates the profit distribution principles of publicly traded companies, the provisions in the articles of association of the partnership and the profit distribution within the framework of the policies, such distribution may be carried out by distributing the shares to be issued by the cash or dividend to the share capital free of charge, or distributing cash or certain bonus shares to the shareholders, free of charge; in the event that the first dividend amount to be determined is less than 5% of the paid / issued capital, it is allowed to leave the related amount in the partnership without being distributed, but from the joint stock companies which make capital increase without dividing the dividend related to the previous period and whose shares are divided into "old" they are required to distribute dividends from the profit of the period they have obtained as a result of their activities and to distribute the first dividend to be calculated in cash.

In this context, if the net distributable profit calculated in accordance with the CMB regulations can be met from the distributable profit in the statutory records, if the total amount is not met, the entire net distributable profit included in the statutory records will be distributed, If there is a loss on the financial statements prepared in accordance with the CMB regulations or any of the legal records, no profit distribution will be made. After the deduction of the amounts required to be allocated by the Law and the Articles of Association, the remaining amount of TRY85,000,000 is distributed as dividends in order to be met from the profit of the period after deduction of losses of the previous years and the reserves from the previous year extraordinary reserves. Paid to partners on 9 March 2021 (2020: 40,000,000 TL).

## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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

#### 14. SALES AND COST OF SALES

	1 January - 31 December 2021	1 January - 31 December 2020
<b>Revenue from financial activities</b>		
Investment funds management fee	204,500,957	130,605,925
Pension funds management fee	21,036,639	15,967,160
Pension funds’ performance fee	7,215,829	6,094,804
<b>Total funds management fee</b>	<b>232,753,425</b>	<b>152,667,889</b>
Private portfolio management commission	1,561,772	1,434,663
Portfolio management performance fee	9,940,811	7,022,411
<b>Private portfolio management income</b>	<b>11,502,583</b>	<b>8,457,074</b>
Investment advisory fees	5,051,781	3,907,899
<b>Other business operations fees</b>	<b>5,051,781</b>	<b>3,907,899</b>
<b>Total revenue (a)</b>	<b>249,307,789</b>	<b>165,032,862</b>
<b>Cost of financial activities</b>		
Private portfolio management commission fees	-	-
Investment and individual pension funds management commission expenses (*)	720,211	809,810
Other commission fees	3,786,754	2,796,195
<b>Total cost (b)</b>	<b>4,506,965</b>	<b>3,606,005</b>
<b>Gross profit from financial activities (a-b)</b>	<b>244,800,824</b>	<b>161,426,857</b>

(\*) According to Article 33 of the Communiqué on Principles Regarding Mutual Funds published in the Official Gazette No. 28702 dated 9 July 2013, the upper limit of the sum of all expenditures stated in the explanation including the management fees paid from the Funds cannot exceed the maximum limits set forth in Annex 4 of the same Communiqué. If the specified ratios are exceeded, the exceeding amount is refunded within five business days following the relevant period. The reimbursed amount is deducted from the total expense in calculating the total expense ratio for the following periods in the related year. As of 31 December 2021, this amount is TRY720,211 (31 December 2020: TRY809,810).

# YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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

### 15. EXPENSES BY NATURE

	1 January - 31 December 2021	1 January - 31 December 2020
<b>General administrative expenses</b>		
Payroll expenses	22,894,064	19,860,310
Personnel bonus expenses	9,998,461	7,955,113
Provision expenses for employment termination benefits	868,410	413,524
Other	322,251	-
<b>Personnel expenses (a)</b>	<b>34,083,186</b>	<b>28,228,947</b>
Information technology expenses	6,914,246	6,249,965
Litigation, penalty, court expenses provision expenses	4,015,000	-
Amortization and depreciation expenses (Note 6, 7, 8)	1,353,561	1,165,705
Audit and consultancy expenses	800,596	468,601
Office general expenses	545,043	479,266
Donations	1,075,450	700,750
Communication expenses	664,860	489,197
Taxes, fees and duties	616,904	461,620
Insurance expenses	577,741	169,034
Transportation expenses	44,184	51,686
Other	2,477,555	1,564,670
<b>General administrative expenses (b)</b>	<b>19,085,140</b>	<b>11,800,494</b>
<b>Total general administrative expenses (a+b)</b>	<b>53,168,326</b>	<b>40,029,441</b>
Marketing and sales expenses	675,276	464,618
<b>Total marketing expenses</b>	<b>675,276</b>	<b>464,618</b>
<b>Fees for Services Obtained from Independent Auditor/Independent Audit Firm:</b>		
	1 January - 31 December 2021	1 January - 31 December 2020
Independent audit fee for the reporting period (*)	69,610	60,060
Fees for tax advisory services	-	-
Fee for other assurance services	-	-
Fees for services other than independent auditing	-	-
<b>Total</b>	<b>69,610</b>	<b>60,060</b>

(\*) Fees are shown excluding VAT.



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#### 16. FINANCIAL INCOME

	1 January - 31 December 2021	1 January - 31 December 2020
<b>Financial income</b>		
Interest income from deposits (*)	27,140,245	11,494,259
Canceled provisions	-	104,265
Foreign exchange income	28,793	-
Other	167,408	51,966
	<b>27,336,446</b>	<b>11,650,490</b>

(\*) Interest income from deposits amounting to TRY26,522,309 (31 December 2020: TRY 4,149,860) obtained from related parties (Note 21).

#### 17. FINANCIAL EXPENSES

	1 January - 31 December 2021	1 January - 31 December 2020
<b>Financial expenses</b>		
Interest expense from leasing activities (Note 11, 21)	54,833	44,481
Foreign exchange loss	9,678	3,651
Allowances for expected credit losses	115,800	91,079
Other	6,145	-
	<b>186,456</b>	<b>139,211</b>

#### 18. EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2021	1 January - 31 December 2020
<b>Expenses from Investment Activities</b>		
Loss on sale of property, plant and equipment	7,375	-
	<b>7,375</b>	<b>-</b>

## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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#### 19. TAX ASSETS AND LIABILITIES

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at 31 December 2021 and 31 December 2020 using the enacted tax rates is as follows:

	<b>Cumulative temporary differences</b>		<b>Deferred tax assets / (liabilities)</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Reserve for employment termination benefits	2,838,145	2,174,089	567,629	434,818
Unused vacation provision	441,237	223,146	110,309	44,629
Personnel bonus provision	-	53,620	-	10,724
Allowances for expected credit losses	322,508	206,708	64,502	41,342
Expense accruals	915,793	181,104	228,948	36,222
Difference between tax base and carrying value of tangible and intangible assets	(1,410,719)	(819,540)	(282,144)	(163,908)
Other	(1,947)	(1,383)	(487)	(278)
<b>Deferred tax asset, net</b>			<b>688,757</b>	<b>403,549</b>

Movement table of deferred tax assets and liabilities is as follows:

	<b>2021</b>	<b>2020</b>
Deferred tax asset at the beginning of the period, 1 January	403,549	524,609
Current deferred tax expense	223,126	(161,738)
Deferred tax carried under equity	62,082	40,678
<b>Deferred tax asset at the end of the period, 31 December</b>	<b>688,757</b>	<b>403,549</b>

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

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

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

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

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

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

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

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

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

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

## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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

	31 December 2021	31 December 2020
Corporate tax payable	55,642,679	29,105,038
Less: Prepaid taxes (-)	(34,100,215)	(18,599,973)
<b>Tax liability for the period</b>	<b>21,542,464</b>	<b>10,505,065</b>
	<b>1 January -</b>	<b>1 January -</b>
	<b>31 December 2021</b>	<b>31 December 2020</b>
Current year corporate tax expense (-)	55,642,679	29,105,038
Prior year tax adjustment	234,908	(32,991)
Deferred tax expense (-)	(223,126)	161,738
<b>Total tax expense (-)</b>	<b>55,654,461</b>	<b>29,233,785</b>

Reconciliation between the theoretical tax amount that would arise using the basic tax rate of the Company and the actual taxation charge for the year is stated below:

	1 January -	1 January -
	31 December 2021	31 December 2020
Profit before tax	218,099,837	132,444,077
Theoretical tax expense with calculated tax rate (*)	54,524,959	29,137,697
Nondeductible expenses and other additions	1,129,502	96,088
<b>Current year tax expense</b>	<b>55,654,461</b>	<b>29,233,785</b>

(\*) The corporate tax rate, which is 20%, pursuant to the Provisional Article 13 added to the Corporate Tax Law with the 11th article of the “Law on the Collection of Public Claims and Amendments to Certain Laws”, which was published in the Official Gazette dated April 22, 2021 and numbered 31462. It will be applied as 25% for corporate earnings for the 2021 taxation period and 23% for 2022. (2020: 22%).

#### 20. EARNINGS PER SHARE

In accordance with the Turkish Accounting Standards 33 - Earning per share (“TAS 33”), the companies, whose common stocks are not quoted on the stock exchange, do not have to disclose earning per share information. Since the parent Company’s common stocks are not quoted on the stock exchange, earnings per share information is not calculated in the accompanying financial statements.

## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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#### 21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

- a) Transactions with related parties during the periods ended at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
<b>Cash and cash equivalents (Note 4)</b>		
Yapı ve Kredi Bankası A.Ş. (Time Deposit-TRY)	222,392,587	142,526,915
Yapı ve Kredi Bankası A.Ş. (Deposit-TRY)	14,419	11,915
	<b>222,407,006</b>	<b>142,538,830</b>
<b>Trade receivables</b>		
Yapı Kredi Portföy Investment Funds (Note 5)	29,305,160	13,959,059
Allianz Yaşam ve Emeklilik A.Ş. Pension Funds	10,208,721	8,062,195
Yapı ve Kredi Bankası A.Ş. (Note 5)	846,211	1,014,249
	<b>40,360,092</b>	<b>23,035,503</b>
<b>Prepaid expenses (Note 12)</b>		
Allianz Sigorta A.Ş.	160,824	161,090
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	12,493	44,792
	<b>173,317</b>	<b>205,882</b>
<b>Trade payables (Note 5)</b>		
Yapı ve Kredi Bankası A.Ş.	192,868	130,261
Allianz Yaşam ve Emeklilik A.Ş. Pension Funds	540,957	502,422
Yapı Kredi Portföy Investment Funds	119,156	11,066
Other	253,163	1,368
	<b>1,106,144</b>	<b>645,117</b>
<b>Short term borrowings (Note 11)</b>		
Yapı ve Kredi Bankası A.Ş.	1,104,057	948,633
	<b>1,104,057</b>	<b>948,633</b>

## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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

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

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

b) Transactions with related parties during the periods ended at 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
<b>Fee and commission income from related parties:</b>		
Yapı Kredi Portföy Investment Funds	204,389,707	130,423,134
Allianz Yaşam ve Emeklilik A.Ş. Pension Funds	28,220,264	22,035,222
Yapı ve Kredi Bankası A.Ş.	5,168,594	4,090,690
Koç Family Members	1,328,589	1,865,116
Vehbi Koç Institution	253,698	20,815
Other	785,067	493,498
	<b>240,145,919</b>	<b>158,928,475</b>
<b>Interest income from related parties</b>		
Yapı ve Kredi Bankası A.Ş.	26,522,309	4,149,860
	<b>26,522,309</b>	<b>4,149,860</b>
<b>Interest expenses paid to related parties</b>		
Yapı ve Kredi Bankası A.Ş. (Note 11, 17)	54,833	44,481
	<b>54,833</b>	<b>44,481</b>
<b>Fee and commission paid to related parties</b>		
Yapı ve Kredi Bankası A.Ş.	2,027,865	1,476,756
Yapı Kredi Portföy Investment Funds	179,252	307,388
Allianz Yaşam ve Emeklilik A.Ş.	540,958	502,422
	<b>2,748,075</b>	<b>2,286,566</b>
<b>Other expenses paid to related parties</b>		
Yapı ve Kredi Bankası A.Ş.	1,029,541	1,289,781
Avis - Otokoç Otomotiv Tic. ve San. A.Ş.	1,104,605	764,588
Allianz Sigorta A.Ş.	483,943	521,660
Zer Merkezi Hizmetler ve Ticaret A.Ş.	424,585	478,906
YKS Tesis Yönetim Hizmetleri A.Ş.	477,735	459,090
Yapı Kredi Yatırım Menkul Değerler A.Ş.	396,292	264,290
Vehbi Koç Institution	1,075,000	700,000
Other	629,514	499,179
	<b>5,621,215</b>	<b>4,977,494</b>
<b>Dividends paid to related parties</b>		
Yapı Kredi Yatırım Menkul Değerler A.Ş.	74,225,002	34,929,413
Yapı ve Kredi Bankası A.Ş.	10,752,026	5,059,777
Other	22,972	10,810
	<b>85,000,000</b>	<b>40,000,000</b>

c) Total salaries and benefits paid to the members of the Board of Directors, general manager, assistant general managers and other top management for the whole year 2021 amount to TRY5,623,128 (1 January - 31 December 2020: TR Y4,694,351).

# YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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### 22. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Company is exposed to capital market, interest rates and various other financial risks due to its portfolio management and investment consulting activities. The Company manages its financial risks according to market risk policies determined by KFS on a group basis. According to the policy, which is also approved by the Company's Board of Directors, the Company Management is primarily responsible for managing financial risks. In addition, the Company has an investment committee and a risk management committee. These committees decide on portfolio strategies and risk management policies on a weekly and / or as needed basis. The risks that the Company is exposed to and the methods used to manage them are as follows.

#### i. Credit risk disclosures

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

The Company's credit risk exposure mainly consist of trade receivables, and bank deposits.

The credit risk that Company exposed is as follows:

31 December 2021	<u>Trade Receivables</u>		<u>Other Receivables</u>		Bank deposits <sup>(*)</sup>	Financial investments
	Related parties	Other parties	Related parties	Other parties		
<b>Maximum credit risk exposure as of the financial statements date</b>	<b>40,360,092</b>	<b>276,312</b>	-	-	<b>222,234,914</b>	-
Net carrying value of financial assets which are neither impaired nor overdue	40,360,092	276,312	-	-	222,234,914	-
Net book value of impaired financial assets	-	-	-	-	-	-
- Past due financial assets (Gross)	-	-	-	-	-	-
- Impairment charge (-)	-	-	-	-	-	-
- Collateralized portion of the net exposure	-	-	-	-	-	-

(\*) The bank deposits amount includes TRY222,407,006 in Yapı ve Kredi Bankası A.Ş., which is a related party. An expected credit loss provision of TRY322,508 was allocated for bank deposits (Note 4).

31 December 2020	<u>Trade Receivables</u>		<u>Other Receivables</u>		Bank deposits <sup>(*)</sup>	Financial investments
	Related parties	Other parties	Related parties	Other parties		
<b>Maximum credit risk exposure as of the financial statements date</b>	<b>23,035,503</b>	<b>137,724</b>	-	-	<b>142,460,090</b>	-
Net carrying value of financial assets which are neither impaired nor overdue	23,035,503	137,724	-	-	142,460,090	-
Net book value of impaired financial assets	-	-	-	-	-	-
- Past due financial assets (Gross)	-	-	-	-	-	-
- Impairment charge (-)	-	-	-	-	-	-
- Collateralized portion of the net exposure	-	-	-	-	-	-

(\*) The bank deposits amount includes TRY142,538,830 in Yapı ve Kredi Bankası A.Ş., which is a related party.

## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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#### 22. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The Company does not have past due assets as of 31 December 2021 and 31 December 2020. The majority of the Company's trade receivables consist of the investment and private pension funds under management for the last one month. The relevant amount is collected in the first week of the month in which it continues.

In determining the above amounts, factors that increase credit reliability, such as collateral received, are not considered. The Company's financial assets exposed to credit risk do not have any impaired assets. In addition, the Company does not have assets that are subject to off-balance sheet credit risk and outstanding assets that have not been impaired.

##### ii. Information on liquidity risk

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

Details of non-derivative financial liabilities as of December 31, 2021 and 2020 by remaining maturity of unreduced cash flows according to their contractual terms is as follows:

	31 December 2021					Total of contractual cash outflows
	Carrying value	Up to 3 months	3 months to 1 year	1 years to 5-year	Demand	
Short term borrowings	1,104,057	-	1,104,057	-	-	1,104,057
Trade payables	2,527,740	2,527,740	-	-	-	2,527,740
Other current liabilities	9,161,666	5,146,666	4,015,000	-	-	9,161,666
<b>Total liabilities</b>	<b>12,793,463</b>	<b>7,674,406</b>	<b>5,119,057</b>	<b>-</b>	<b>-</b>	<b>12,793,463</b>

	31 December 2020					Total of contractual cash outflows
	Carrying value	Up to 3 months	3 months to 1 year	1 years to 5-year	Demand	
Short term borrowings	948,633	-	948,633	-	-	948,633
Trade payables	2,027,368	2,027,368	-	-	-	2,027,368
Other current liabilities	2,759,798	2,759,798	-	-	-	2,759,798
<b>Total liabilities</b>	<b>5,735,799</b>	<b>4,787,166</b>	<b>948,633</b>	<b>-</b>	<b>-</b>	<b>5,735,799</b>

##### iii. Information on market risk

###### a. Exchange rate risk

None (31 December 2020: None).



## YAPI KREDİ PORTFÖY YÖNETİMİ A.Ş.

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#### 22. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

##### b. Interest rate risk

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

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

Assets	31 December 2021 TRY (%)	31 December 2020 TRY (%)
Cash and cash equivalents:		
- Time deposits	17.58	17.61

##### iii. Capital management

The Company aims to minimize financial investment risk by diversified portfolio, The Company's objectives when managing capital, return on shareholders and other stakeholders in order to provide benefits to ensure continuity of operations of the Company to maintain an optimal capital structure, In order achieve that the Company invests in securities with high-yield securities and closely monitors recent developments on financial sector and institutions, shareholders and take due precautions.

#### 23. FINANCIAL INSTRUMENTS

##### Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

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

The discount effect is considered to be insignificant due to the very short term nature of the financial assets and liabilities and therefore it is foreseen that their fair values are close to their book values:

	31 December 2021		31 December 2020	
	Fair value	Book value	Fair value	Book value
Cash and cash equivalents	222,234,914	222,234,914	142,460,090	142,460,090
Trade receivables	40,636,404	40,636,404	23,173,227	23,173,227
Trade payables	2,527,740	2,527,740	2,027,368	2,027,368

#### 24. SUBSEQUENT EVENTS

None.

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**25. OTHER MATTERS THAT AFFECT THE FINANCIAL STATEMENTS IN A  
SIGNIFICANT WAY OR THAT NEED TO BE DISCLOSED IN TERMS OF CLEAR,  
INTERPRETABLE AND UNDERSTANDABLE FINANCIAL STATEMENTS**

**a. Capital adequacy obligation**

The Company defines and manages its capital in accordance with the Capital Markets Board Communiqué Serial: V No: 34 Communiqué on Capital Adequacy and Capital Adequacy of Intermediary Institutions ("Communiqué Serial: V No: 34"). According to the Communiqué, portfolio management companies are also subject to the provisions of this Communiqué and they are subject to the provisions of this Communiqué and are subject to the provisions of the Communiqué Serial: V No: 34. Is the Company in which the amounts expressing are included. According to Communiqué Serial: V No: 34. minimum amount of paid-up capital announced for portfolio management companies was found to be sufficient for the ending accounting period as of 31 December 2021.

Portfolio Management Companies are obliged to calculate their capital adequacy in accordance with the regulations of the same communiqué and to report them to CMB in accordance with Article 25 of CMB's Communiqué on Principles Regarding Capital and Capital Adequacy of Intermediary Institutions Serial: V No: 34. The net amount of tangible and intangible fixed assets calculated according to article 4 of Series: V No: 34 according to Article 3 of Serial: V No: 34 of the Communiqué Serial: V No: 34. the net amount of tangible and intangible fixed assets. Personnel, partnerships, associates, subsidiaries and persons directly or indirectly related to capital, management and supervision, with or without customer default, with remaining financial assets and other fixed assets after deducting impairment provision and capital commitments. In addition, unsecured receivables from corporations and the amount of capital market instruments issued by such persons and institutions that are not traded in stock exchanges and other organized markets.

According to Article 8 of Series: V No: 34. the capital adequacy bases of the portfolio management companies, the minimum equity capital corresponding to the authorization certificates they hold, the risk provisions stated in the Communiqué Serial: V No: 34 and the last three months Operating expenses cannot be less than any of the items.

**b. Procedures and disclosures about asset management activities**

As of 31 December 2021, the Company manages 46 investments and 20 pension funds (31 December 2020: 35 investment funds, 26 pension funds) established under the provisions of the CMB Legislation and obtains fund management fees. Fund management fee income obtained from funds during the period ended 31 December 2021 is TRY232,033,214 (31 December 2020: TRY151,858,079).

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