

İŞ INVESTMENT

ANNUAL REPORT



2020



25
İŞ INVESTMENT
TWENTYFIFTH
ANNIVERSARY

iŞ INVESTMENT



İŞ YATIRIM MENKUL DEĞERLER A.Ş.

BOARD OF DIRECTORS ACTIVITY REPORT
PREPARED IN ACCORDANCE WITH
THE CAPITAL MARKETS BOARD COMMUNIQUÉ
SERIAL NO II-14.1 ON
PRINCIPLES OF FINANCIAL REPORTING IN
CAPITAL MARKETS

01 JANUARY 2020 – 31 DECEMBER 2020

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1. IS INVESTMENT IN BRIEF

Founded in 1996 by İşbank, IS Investment provides domestic and international, individual and institutional investors with high added-value services in the areas of corporate finance, investment advisory, asset management, market making and liquidity providing services as well as traditional Brokerage services. Direct our country's capital markets for over a quarter of a century, we continue to contribute to the Turkish economy, taking firm steps towards the future and strengthening our identity as a pioneer and a leader further with each passing year.

Today, we are a brokerage firm with the largest corporate and individual customer base serving the Turkish capital markets. We now have a total of 21 branches, located in Adana, Antalya, Bursa, Diyarbakır, Eskişehir, Gaziantep and Kayseri including eight in Istanbul (Ataşehir, Güneşli, Kalamış, Levent, Maslak, Nişantaşı, Taksim, Yesilyurt), three in Ankara (Ankara, Anadolu, Başkent) and three in İzmir (İzmir, Ege, 9 Eylül).

At the end of 2020, our asset size stood at TL 8.8 billion with shareholders' equity of TL 1.9 billion, and we recorded a consolidated net profit of TL 942 million, marking an increase of 146% compared to the previous year, while generating a 67.5% return on equity.

The long-term national credit rating of our Company, whose shares have been traded on the stock exchange since May 2007 under the ISMEN ticker, was revised from AA+ to AAA by SAHA Rating, while the short-term national credit rating was determined as A1+. The outlook is stable for both maturities.

We offer a wide range of services in the field of Corporate Finance, such as equity public offerings, private sector debt securities issuances, mergers and acquisitions, private sector advisory including restructuring and strategic planning, project finance consultancy and venture capital advisory. IS Investment has served as the leader in its sector with 32 public offerings realized since its foundation, in which a total of TL 13.2 billion (USD 7.7 billion) was raised.

IS Investment continued its run of success in the Private Sector Debt Securities market, where it had mediated in approximately TL 159.7 billion of debt security issues between 2010 and 2020, and maintained its success in 2020 with a total of TL 18.5 billion in transactions realized as of the year-end, while mediating in 50 issuances with a total size of TL 18.5 billion.

We enable investors to trade from any location which has an Internet connection through electronic trading platforms in capital markets, which we began to develop in 2007.

With the TradeMaster platform, our investors are able to access all kinds of information about their accounts, examine instant market data and conduct fast transactions in futures and options contracts in the BIST Derivatives Market (VIOP) and execute stocks and warrants transactions in the BIST Equity Market.

Thanks to TradeMaster International, our investors have the opportunity to perform their transactions on stocks and futures contracts in a selection of different stock markets throughout the world without the need for any intermediaries, easily and quickly.

TradeMaster FX, on the other hand, is offered to our investors as a MetaTrader 4-based electronic trading platform providing 24-hour access to the forex markets under the IS Investment guarantee.

Our launch of Turkey's first hedge fund serves as one of the most important examples of our products and services which we have developed in accordance with our pioneering and innovative identity. IS Investment warrants (İs Varant) began trading on the Stock Exchange in Istanbul in 2010, and we have the title of being the first domestic brokerage firm to offer warrants to investors. We continued to direct the warrant market, as we have in the past 10 years, by issuing the first oil warrant on the Borsa Istanbul in 2015, the first GBP/USD warrant in 2017 and the first cotton warrant in 2020. We became the first broker to issue its own borrowing instruments with the commercial bills which we offered to the public in 2012, while we intermediated the IPO of Turkey's first private-sector lease certificate (sukuk) in 2013 and became the first liquidity provider of Borsa Istanbul in 2014. These are just some of our activities which have reinforced our pioneering identity in the sector for the last quarter of a century.

2. SUMMARY FINANCIAL INDICATORS

Summary Balance Sheet (x1,000 TL)	31 December 2020	31 December 2019
Assets		
Current Assets	8.557.210	6.269.632
Fixed Assets	218.234	447.474
Total Assets	8.775.444	6.717.106

Liabilities		
Short Term Liabilities	6.479.656	5.233.251
Long Term Liabilities	111.373	90.720
Non-Controlling Interests	275.157	286.142
Shareholders' Equity of Parent Company	1.909.258	1.106.993
Total Liabilities	8.775.444	6.717.106

Summary Income Statement (x1,000 TL)	1 Jan-31 Dec.2020	1 Jan-31 Dec. 2019
Sales Revenue, Net	789.783	368.310
Interest and Derivative Income from Operating Activities, Net	232.793	314.634
Income from Services, Net	743.600	300.487
Other Operating Income, Net	103.292	54.398
Gross Profit	1.869.468	1.037.829

Operating Expenses	(527.278)	(422.443)
Other Income / (Expenses), Net	(73.123)	(14.870)
Operating Profit	1.269.067	600.516

Share of Profit/(Loss) of Equity Accounted Investments	(9.086)	(4.869)
Financial Income / (Expenses), Net	(13.969)	(64.250)
Profit before Tax from Continuing Operations	1.246.012	531.397
Tax Expense	(268.707)	(110.422)
Period Profit/Loss	977.305	420.975
Non-controlling Interests	35.331	38.101
Net Profit (Equity Holders of the Main Company)	941.974	382.874
Earnings per Share from Continuing Operations (TL)	2,6534	1,0785

The financial statements and footnotes to the financial statements of IS Investment are available on www.isinvestment.com

Financial Ratios (Consolidated)	31 December 2020	31 December 2019
Current Assets/Short-Term Liabilities	1,32	1,20
Total Liabilities/Equity	3,01	3,82
Return on Equity (%)*	67,5	41,2

*Calculated according to the shareholders' equity average for the last 5 quarters.

3. CORPORATE VALUES, MISSION AND VISION

CORPORATE VALUES

CUSTOMER ORIENTATION

To be close to our customers, to be able to correctly carry out risk-reward analysis in compliance with investor expectations, to be able to provide a service providing the necessary and desired quality with the aim of building our customers' assets in line with this analysis.

MARKET FOCUS

To be able to generate the highest possible added value for our corporation and investors in line with developments by instantly monitoring domestic and foreign capital markets.

DYNAMISM AND INNOVATION

To constantly seek the better and the newer with an infinite energy for the continuous development of our products, services and values by remaining loyal to our corporate policies in a manner which is most appropriate for market conditions with human resources which are competent and specialized in their field.

CONFIDENTIALITY

To comply with the principles of confidentiality within the scope of laws, our corporate policies and ethical values in areas which qualify as inside information which may affect the value of our shares and the identities and transactions of our customers.

REPUTATION

To remain a representative of the feelings of trust and success created by the brand "İş," which we proudly represent in the capital markets.

VALUE TO THE STAFF

To ensure the continuous training and development of our specialized personnel which we have incorporated with an understanding of corporate social responsibility in compliance with our values; to apply a human resources policy within a comfortable, safe and certain career plan by providing equal rights to those who are under equal circumstances without discrimination on the basis of religion, language, race or gender.

TEAM WORK

To bring productivity to the highest levels by creating a synergy that combines the division of labor and cooperation, efficient sharing and solidarity.

RESPECT FOR THE LAWS, CORPORATE GOVERNANCE PRINCIPLES AND ETHICAL VALUES

To be able to realize the best international application in terms of compliance with the principles of corporate governance with an effective risk management and internal control mechanism, transparent governance to ensure success in our financial performance and market sustainability in compliance with the laws and our ethical values.

PERFECTIONISM

To remain aware that by seeking perfection at all times, anyone can be better.

OBJECTIVITY AND IMPARTIALITY

To ensure that our market commentary is realized with an objective understanding by carrying out relations with the customer without allowing any conflict of interest while fulfilling capital market activities and informing our shareholders correctly, fully and in a timely manner.

SOCIAL RESPONSIBILITY

In seeking to fulfill our aims of growth and obtaining profit, to exert maximum effort for the maximum benefit to our employees, the environment and other internal and external factors

MISSION

- To provide all kinds of investment banking services under one roof
- To produce qualified information, to establish information-based strategies and to create value
- To be innovative in product and service development
- To lead the development of the capital markets
- To follow technological developments and incorporate technology into our activities
- To ensure customer satisfaction

VISION

To be the most preferred leader and reliable investment institution in Turkey and the region.

4. CHAIR'S MESSAGE

Esteemed shareholders,

The most overriding factor determining the course of global economic developments in 2020 was the pandemic. While the lockdown measures put in place to tackle the pandemic, and the associated decline in demand, fall in production and uncertainty surrounding the future precipitated a significant contraction in the global economy, expansionary monetary and fiscal policies implemented by central banks and governments sought to stimulate a recovery in economic activity. Despite the progress in the development of vaccines towards the end of the year, the second wave of the pandemic and the high level of volatility continued to suppress economic activity.

The year 2020 was a difficult one for Turkey, which underwent all stages of the economic cycle in a short space of time. The strong growth trend seen in the first two months of the year was suddenly reversed as the pandemic began to spread in our country, with the wave of lockdown measures paving the way for a sharp and sudden economic contraction. This gave way to a recovery on the back of expansionary policies. On the other hand, the negative effects of the expansionary policies on economic indicators forced a return to tightening policies. Despite these developments and the contraction in the global economy, the Turkish economy rounded off the year with 1.8% growth.

In a year marked by such a complex general outlook, high volatility and rapid change, IS Investment prioritized the protection of its employees' health, adapting its business manner to the current conditions with a dynamic approach, and implementing practices which would minimize the number of employees present in its offices. At the same time, thanks to its cautious strategic management, the Company increased its consolidated net profit by 146% compared to 2019, and managed to increase its return on equity to 67.5%.

After 2020, a year overshadowed by the pandemic, we now look to celebrate IS Investment's 25th year of activities with a sense of pride that we have been able to reflect the vision and values of our founder and main shareholder, İş Bank, to the capital markets. In 2021, we will continue to work to ensure that our earnings are sustainable for our investors, customers and all of our stakeholders by remaining loyal to our corporate values with our dynamic and innovative structure.

Respectfully yours,

Senar Akkuş
IS Investment
Chair

5. GENERAL MANAGER'S MESSAGE

Dear Shareholders,

We have left behind a year of significant global challenges and fundamental change. Natural disasters, geopolitical developments and developments such as the US election, and first and foremost the pandemic, dominated the agenda in Turkey as they did elsewhere in the world.

In 2020, Turkey witnessed a sharp and sudden economic contraction, followed by a recovery on the back of expansionary policies before gradual tightening policies put in place in response to the negative effects of these policies on a number of macroeconomic indicators. Despite all of the negativities and the global recession, the expectation that new economic policies would remain in place and the 1.8% economic growth realized by the Turkish economy during the year offers us more hope for 2021.

INCREASED OPERATIONAL EFFICIENCY IN THE FACE OF CHANGING CONDITIONS

In what was a year of heightened uncertainties and volatilities, we succeeded in increasing our operational efficiency and posted a strong performance thanks to our agile and innovative steps, despite the variable conditions. We achieved a consolidated net profit of TL 942 million for the year, marking an increase of 146% year-on-year, with a consolidated Return on Equity of 67.5%.

ISMEN shares yielded a 338% return to our investors in 2020, outperforming the BIST 100 index by 235%, in what was a crowning achievement of our operational and financial success. On the back of this performance, ISMEN shares, which were included in the BIST 100 and BIST Dividend 25 indices at the beginning of the year, were accepted into the MSCI Global Small Cap/Turkey index in November

SUSTAINABLE SUCCESS

In recent years, our expanding sales network, methodological working discipline, ability to access international markets, the integration of technology and digitalization into all of our activities and our effective risk management and corporate governance practices have emerged as the factors which have helped ensure that our successful results are sustainable.

OUR MOST IMPORTANT ACHIEVEMENT WAS PROTECTING OUR EMPLOYEES

After the pandemic started to spread in our country in March, we rapidly implemented the necessary measures to put in place a process of remote working systematically and efficiently. We succeeded in maintaining our working order without interruption by effectively moving our office environment to our homes in our 21 campuses throughout the country, including the Head Office. Our most important achievement for 2020 was ensuring that our employees could work in a safe environment.

IS INVESTMENT IS 25 YEARS OLD!

We will reach our quarter-century milestone on December 18, 2021. Over the past 25 years, we have proven our competence with our specialized staff and succeeded in becoming the pioneer and leading institution of the capital markets in a race against time. Our innovative approach, effective decision-making processes and ability to adapt to changing conditions have enabled us to enjoy steady growth. Customer satisfaction, ethical values, compliance with legislation, competitiveness and solidarity have become the indispensable building blocks for IS Investment that feed each other, strengthen institutionalism and transform data into knowledge, harmony into mastery. Of course, at the bottom of these attributes is the intellect, the ideas, the toil and the sweat of the people who work at IS Investment, who have successfully served by adopting the values of our institution from the first day of their employment up until the present day.

We have demonstrated that it is possible to win by adding value to our stakeholders with our long-term perspective and consistency. We are proud of the position we have attained in the quarter of a century we have been in service with the strength we have derived from our founder and main partner, İş Bank, where we work for our shareholders and customers and add value and provide confidence to all of our stakeholders. IS Investment will continue to go to great lengths to turn the flow of time into value by constantly following the changing risks, opportunities and the rapid development of technology.

Respectfully yours,

Rıza İhsan Kutlusoy
IS Investment
General Manager

6. BOARD OF DIRECTORS AND EXECUTIVE BOARD

BOARD OF DIRECTORS

Senar Akkuş	Chair
Işıl Dadaylı	Vice Chair
Ertuğrul Bozgedik	Member
Hilmi Selçuk Çepni	Member
Volkan Kublay	Member
Tuba Tepret	Member
Hasan Emre Aydın	Member (Independent)
Prof. Dr. Ali Hakan Kara	Member (Independent)
İzzet Selim Yenel	Member (Independent)

Members of the Board of Directors were elected to their posts in the Annual General Meeting held on 20 March 2020 are to remain in their positions until 31 March 2021.

Mr. Ertugrul Bozgedik was appointed as a member of the Board of Directors on 29 June 2020 to replace Mr. Mete Uğurlu, who left the Board of Directors the same date to be submitted for the approval of the first General Assembly.

Board members do not hold any executive duties at IS Investment.

THE AUDIT COMMITTEE

Prof. Dr. Ali Hakan Kara	Head
Hasan Emre Aydın	Member
İzzet Selim Yenel	Member

THE CORPORATE GOVERNANCE COMMITTEE

İzzet Selim Yenel	Head
Volkan Kublay	Member
Kenan Ayvacı	Member

THE RISK COMMITTEE

Hasan Emre Aydın	Head
Volkan Kublay	Member

EXECUTIVE BOARD

Rıza İhsan Kutlusoy	General Manager
Murat Kural	Assistant General Manager
Özgür İlke Yerlikaya	Assistant General Manager
Ömer Hakan Yamaçoğuz	Assistant General Manager
Kenan Ayvacı	Assistant General Manager

Issued Capital:	TL 355.000.000
Registered Capital Ceiling:	TL 750.000.000

INFORMATION ON SHARES

Ownership Structure (31.12.2020 - Public Disclosure Platform)

Commercial Title	Share (%)*
Türkiye İş Bankası A.Ş.*	65,74
Other	34,26
Total	100,0

* The Ownership structure of Türkiye İş Bankası A.Ş. can be accessed at www.isbank.com.tr

Information on Shares Representing the Capital

Class	Registered / Bearer	Total Nominal Value (TL)	Share in Capital (%)	Privileges	Stock Exchange Listingi
A	Registered	150.000*	0,04	Six Board members are nominated by the majority of Class A shareholders.	Not listed.
B	Bearer	354.850.000	99,96	None.	103,730,822** shares are listed (Free Float rate 29.22%).
Total		355.000.000	100,00		

* New Class A shares cannot be created in any capital increase

** Central Registry Agency data

Capital Market Instruments Traded on the Stock Exchange

Type of Capital Market Instrument Traded	Date Trading Started	Related Market
Shares	18.05.2007	Equity Market-BIST Stars BIST Financials/BIST Stars/BIST Dividend/ BIST Dividend 25/BIST 100/BIST 100-30/BIST ALL/ BIST Brokerage House
Debt Securities*	16.04.2012	Debt Securities Market / Outright Purchases and Sales Market – Offering Market for Qualified Investors
Warrants*	01.11.2010	Equity Market /Structured Products and Fund Market

*The dates specified are the first issue dates. Debt instruments including both warrants and debt instruments, including structured instruments, are issued by our institution under different terms and conditions. As of 1 December, 2020, IS Investment did not have any debt instruments in circulation.

7. GENERAL REVIEW

The year 2020 was a difficult year in which all phases of the economic cycle were experienced in rapid succession. A strong growth trend in the first two months of the year gave way to a severe and sudden contraction in the March to May period as sweeping lockdown measures were put in place after the pandemic began to spread in our country. This was followed by a V-shaped recovery in the June-September period, backed by expansionary policies. However, policy tightening was back on the agenda in October, taking into account the negative effects of the expansionary policies on the balance of payments, exchange rate and inflation.

In 2020, while the global economy contracted by 4%, the Turkish economy posted growth of 1.8% on the back of the expansionary policies implemented. A 4% rate of growth is projected for 2021.

Credit growth kept imports vigorous while an expansionary monetary policy encouraged gold imports, causing a further deterioration of the current account balance, which was worsened by the decline in tourism. The current account rounded off 2020 with a deficit of USD 36.7 billion. The USD 1.8 billion of capital outflows in the financial account (excluding the swap with Qatar) and the USD 3.3 billion in the net errors and omissions item, combined with the deterioration in the current account deficit, resulted in a USD 41.9 billion loss of reserves (excluding the Qatar swap) due to the balance of payments in 2020.

The Turkish lira depreciated by 25% against the US dollar in 2020, as the negative real interest rate policy increased foreign capital outflows and financial pressure kept demand for foreign exchange high. As a result of the strong demand for goods and a falling Lira, annual consumer inflation rose to 14.6% in December.

The private sector, reluctant to take on exchange rate risk under the current conditions and seeking to reduce this risk, continued to close its foreign debt and foreign exchange deficit. From March 2018 to December 2020, the foreign exchange deficit of the non-financial private sector decreased by USD 66 billion. Despite this, the ratio of our foreign debt (USD 435 billion) to national income increased to 59% due to the increase in foreign liabilities of the public sector and the weakening of the Turkish Lira.

The policy interest rate, which was 12% in January and decreased to 8.25% between May and August, was raised to 17% with the tightening initiated by the new leadership appointed to manage the economy in September in the wake of the negative effects of the expansionary policies. Practices which had been put in place with the aim of supporting loan growth such as asset ratio and reserve requirement incentives were terminated. A number of steps, such as the relaxation of banks' swap limits abroad and the reduction of foreign exchange taxes, were taken and welcomed by the market.

The tight monetary policy is expected to remain in place in 2021 with the current policy interest rate likely to be maintained for the first three quarters of the year, before gradually reduced to 14% in the second half. In addition, the steps taken by the newly appointed figures to lead the economy supports our view that 2021 will be a year in which the balance of payments will improve and the value of the Turkish Lira will stabilize.

The USD 18 billion capital inflow in the financial account and net errors and omissions item in the October-December period points to an improvement in the balance of payments. With tourism set to recover from its lows and with some measures to suppress imports, the current account deficit is expected to decline to USD 20 billion (2.6% of national income) in 2021, and the return to orthodox policies will strengthen financing inflows.

The transition to a tight and simple monetary policy will limit the fall in the value of the Turkish Lira, and the currency may continue to appreciate in real terms in 2021.

Even with a tight monetary policy, 2021 is expected to be difficult year in the fight against inflation. Although the rise in international commodity prices and drought in our country, driving up food prices, indicates that inflation may exceed 16% in the first months of 2021, we forecast a 11.3% rate of inflation for the end of 2021.

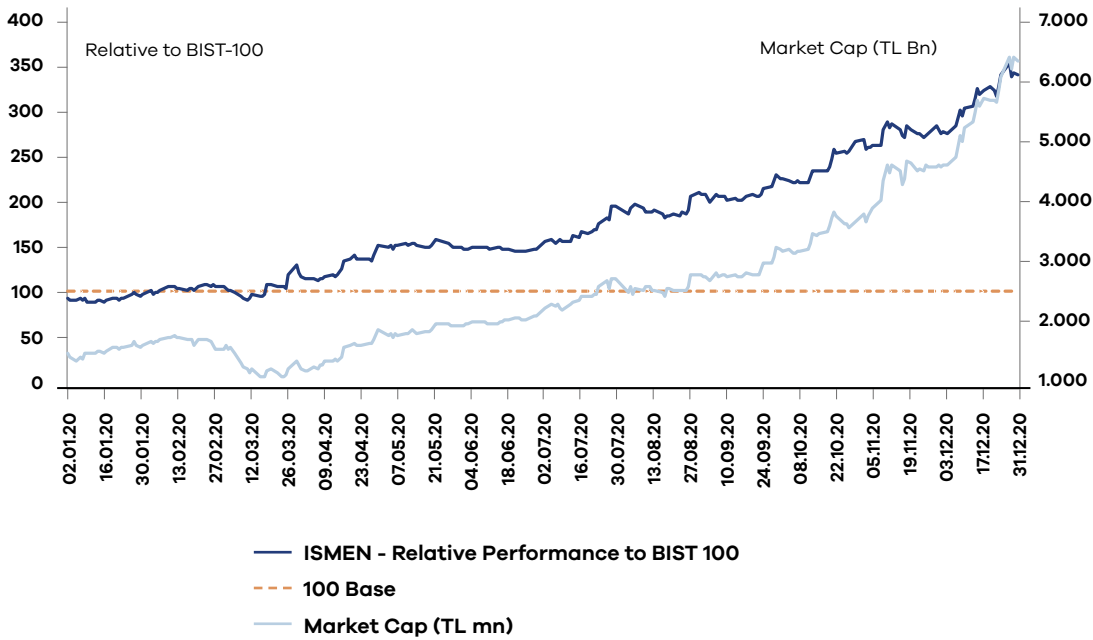
8. INVESTOR RELATIONS

Despite the effects of the pandemic in 2020, our Investor Relations activities continued to be carried out effectively.

During the period, many meetings were held with both domestic and foreign corporate and individual investors in the form of videoconferences and teleconferences.

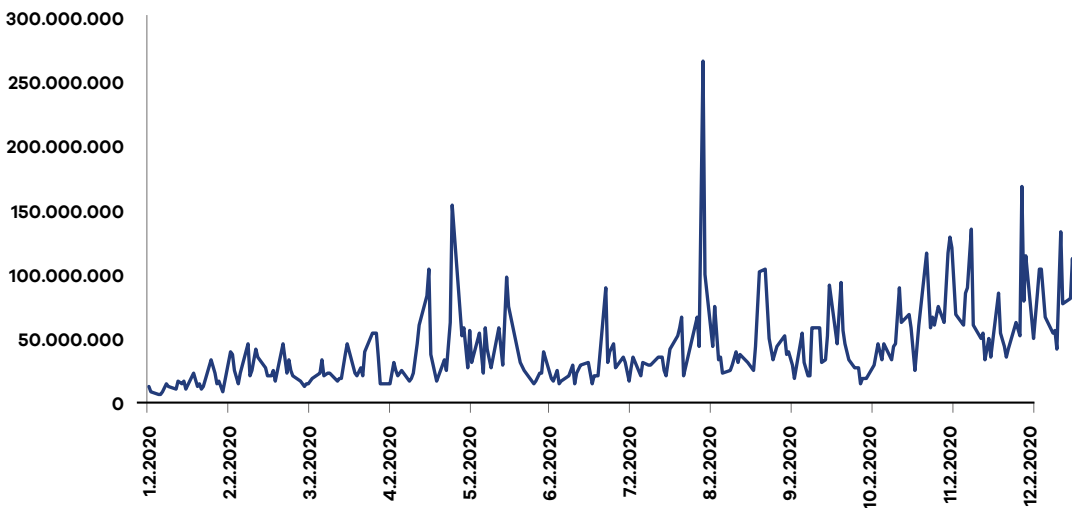
ISMEN shares, which were included in the BIST 100 in January, the BIST Dividend 25 in February, and the MSCI Global Small Cap / Turkey in November, completed 2020 at a share price of TL 17.66 and a market capitalization of TL 6.3 billion, with the shares outperforming the BIST 100 Index by 235.6% with a return of 338.2% compared to the end of 2019.

SHARE PRICE PERFORMANCE OF ISMEN- 2020



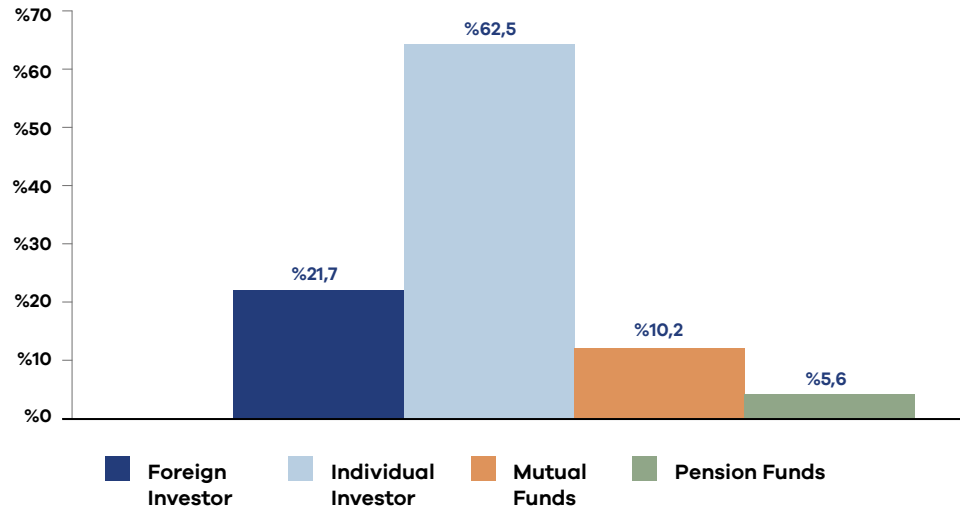
In 2020, ISMEN's daily average trading volume increased to TL 43.7 million (2019:TL1.9 million).

ISMEN TRANSACTION VOLUME (TL) - 2020



At the end of the year, 21.7% of our shares in actual circulation, constituting 29.2% of the capital, were held by foreign investors, with 10.2% held by mutual funds, 5.6% by pension funds and 62.5% by individual investors.

ISMEN FREE FLOAT SHAREHOLDING STATUS - 31 DECEMBER 2020



In line with our dividend policy, we maintained our policy of distributing a cash dividend. According to the dividend distribution table approved in the Annual General Meeting, a gross dividend of TL 140 million, corresponding to 38.5% of the distributable profit, was distributed to shareholders in March.

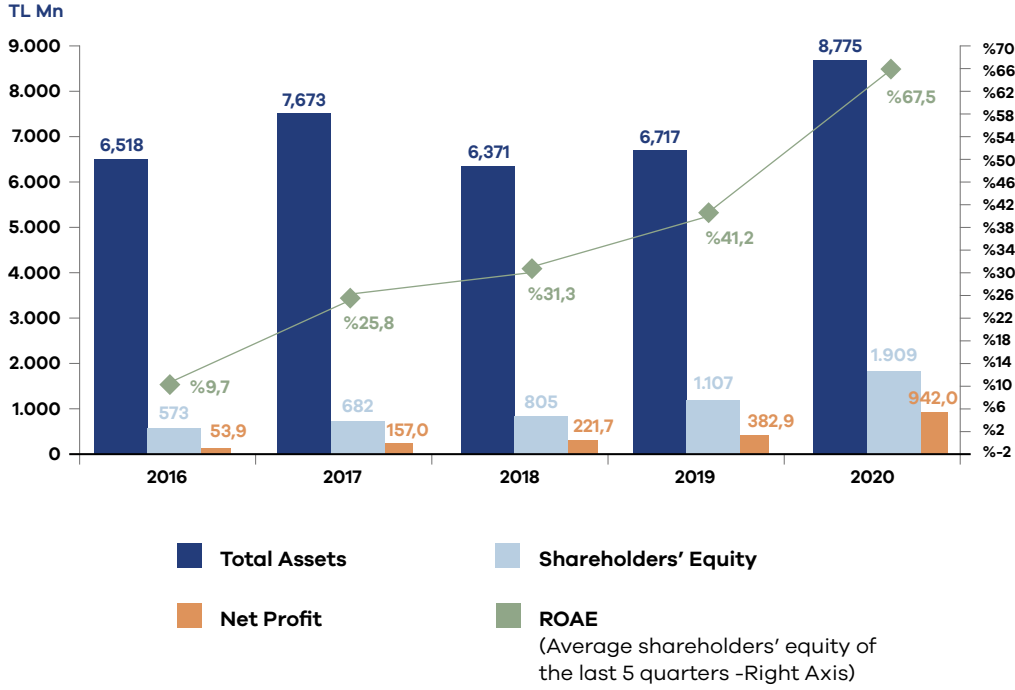
Our company did not acquire any of its own shares during the period.

The long-term national credit rating of our Company was revised from AA + to AAA on September 25, 2020, by SAHA Corporate Governance and Credit Rating Services Inc., while the short-term national credit rating was determined as A1 +. The outlook is stable for both maturities.

Our Company's public disclosure obligations were fulfilled in 2020 and the electronic environment continued to be used as an effective information tool.

Our "IS Investment IR" (Investor Relations) application, which we launched in June 2016 under the banner of "ISMEN in Your Pocket" for iOS and Android devices, reached more than 86,000 users in the current period.

ISMEN CONSOLIDATED MAIN FINANCIAL FIGURES



Consolidated IS Investment Subsidiaries*

Name	Equity Stake	Equity Stake(%)*	Nominal Value
Maxis Investments Ltd.	6.500.000 GBP	100,00	6.500.000 GBP
Maxis Girişim Sermayesi			
Portföy Yönetimi A.Ş.	5.000.000 TL	100,00	5.000.000 TL
Efes Varlık Yönetim A.Ş.**	70.000.000 TL	85,14	59.600.000 TL
İş Portföy Yönetimi A.Ş.	65.000.000 TL	70,00	45.500.000 TL
İş Girişim Sermayesi			
Yatırım Ortaklığı A.Ş.	74.652.480 TL	29,00	21.654.298 TL
İş Yatırım Ortaklığı A.Ş.	160.599.284 TL	28,90	46.454.101 TL

*Shares owned directly

**In accordance with the decision of our Board of Directors dated 2 April 2020, the TL 30,000,000 capital increase of our subsidiary, Efes Varlık Yönetim A.Ş., which was made in order to increase the capital from TL 40,000,000 to TL 70,000,000, was completely covered by our Company and our share in the capital of our subsidiary increased from 74.00% to 85.14%.

9. DOMESTIC CAPITAL MARKETS

EQUITY MARKET

The pandemic, which had a far reaching and increasing impact in the first quarter of the year, precipitated a deterioration in global risk appetite, negatively affecting both national and international markets, and the BIST 100 index, which stood at 1,191 points at the end of January closed February at 1,059 points. During this period, while liquidity-boosting steps taken by the FED and other central banks fell short of bringing calm to the markets, the CBRT's continued interest rate cuts and the reduction in the weekly repo rate to 9.75% did not prove sufficient in raising risk appetite in the domestic market, and the BIST 100 index failed to decouple from the sales which were ravaging global stock markets. The BIST 100 index, which dipped to a low of 819 points during this period when central banks simultaneously implemented a raft of expansionary monetary policies, closed the month of March at 896 points.

In second quarter, the monetary and fiscal policy steps taken by the central banks and governments of developed countries to support economies were the main factor driving the recovery in the capital markets, with better-than-expected US economic data releases in particular lifting risk appetite in the markets, which followed a "V" recovery. The BIST 100 index posted a monthly return of 10.4% and closed the month of June at 1,165 points, with investors' search for return in a low interest rate environment marked by expansionary policies being another important driver of the positivity in the Equity Market.

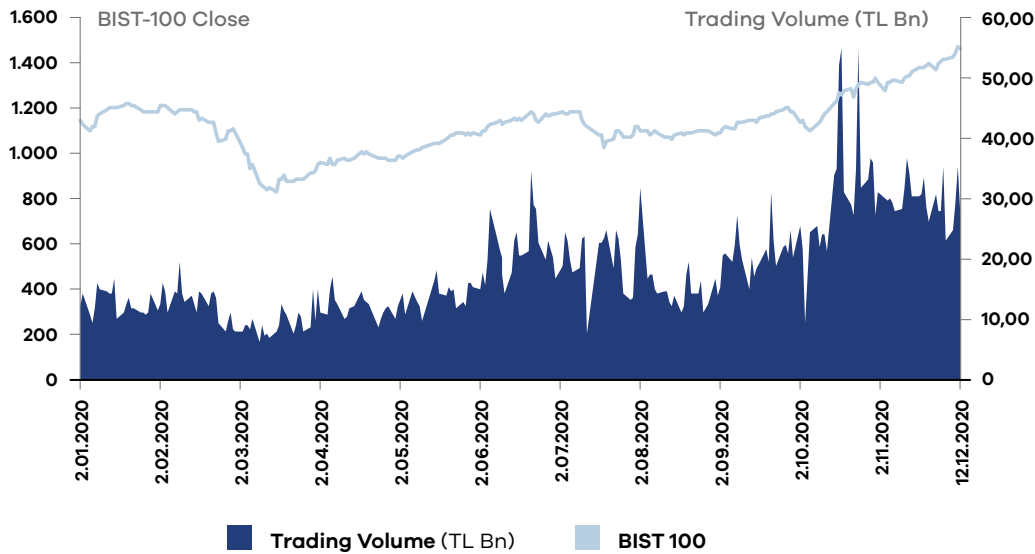
The BIST 100 index, which started the third quarter at 1,153, declined to as low as 985 points during the quarter under sales pressure with the fall in the Lira and rise in interest rates. However, as the CBRT increased its policy interest rates at the end of September, contrary to expectations, banking shares led a rally in the index which recovered to end the third quarter at 1,145 points.

Again unexpectedly, the Central Bank's failure to continue increasing the policy rate in October resulted in a run on the TL and heavy sales in the Stock Market once again, and as a result, the BIST 100 index ended October at 1,112 points. The BIST 100 index started to rise again in November, as the new appointments in positions to manage the economy shared strong messages that market-friendly steps would continue to be taken while fighting inflation, and these developments in the economy provided a degree of balance in the dollar / TL exchange rate, with some revival in risk appetite in the Stock Market. With the simplification in interest rates carried out by the Monetary Policy Committee in line with market expectations, TL assets recorded some of the highest capital inflows seen in recent years on a monthly basis with the policy interest rate raised to 17%, and the BIST 100 index continued its upward march with strong risk appetite, supported by encouraging news of in the development of new vaccines.

Having underperformed the index for some time, Banking shares provided the most important contribution to the stock market rally in the last two months of the year, especially with the effect of the decisions taken to increase the stability of the TL. As a result of these positive developments in the last quarter of the year, the BIST 100 index closed the year 2020 at 1,476 points. In 2020, the BIST 100 index, which is the key indicator of the equity market, yielded a 29% return to investors in TL terms.

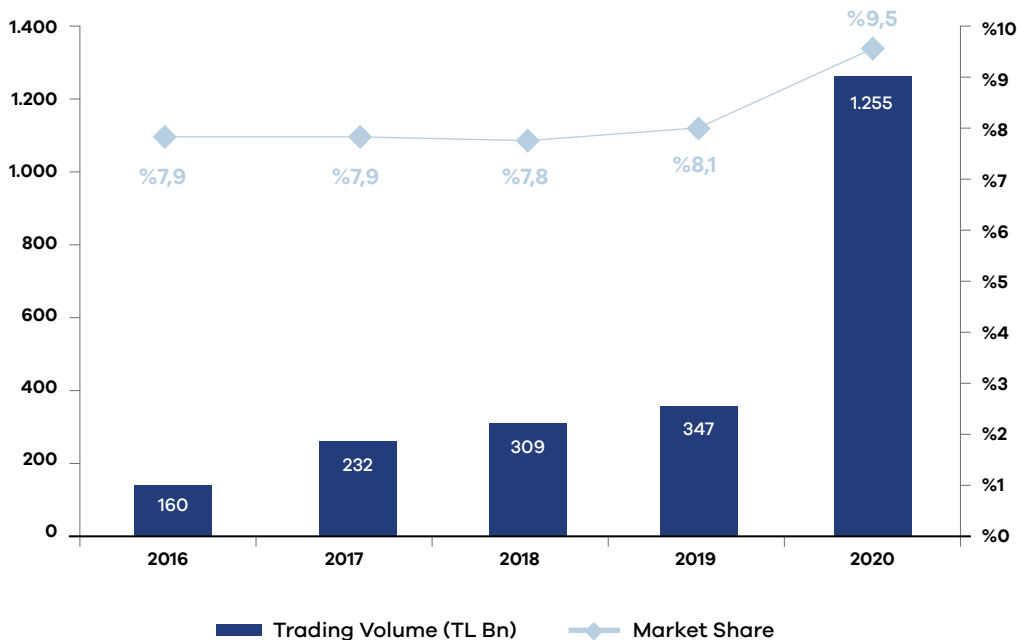
In 2021, attention will center on the measures being taken to tackle the pandemic, the extent to which life can return to normal, the continuity of expansionary policies, the course of fund flows to emerging markets, domestic inflation data and the course of the monetary policy.

2020 PERFORMANCE OF THE BIST 100 INDEX



IS Investment ranked second in the Borsa Istanbul Equity Market in terms of transaction volume, with a volume of TL 1,254.9 billion and a share of 9.52% in 2020.

IS INVESTMENT EQUITY MARKET TRADING VOLUME AND MARKET SHARE



IS Investment ranked first in the Securities Lending Market in terms of transaction volume, with transaction volume of TL 7.3 billion and a market share of 17.21%.

DEBT SECURITIES MARKET

While economies were plunged into recession as a result of the measures taken in response to the pandemic in 2020, treasury administrations continued to borrow in order to carry out their domestic and foreign debt payments.

In line with the domestic debt strategy announced by the Ministry of Treasury and Finance, TL207 billion of the total of TL288 billion in domestic borrowing was conducted through market auctions, TL 11 billion through lease certificate auctions, and TL 31 billion through public sales in 2020. By the end of the year, the Treasury borrowed a total of TL 274 billion, of which

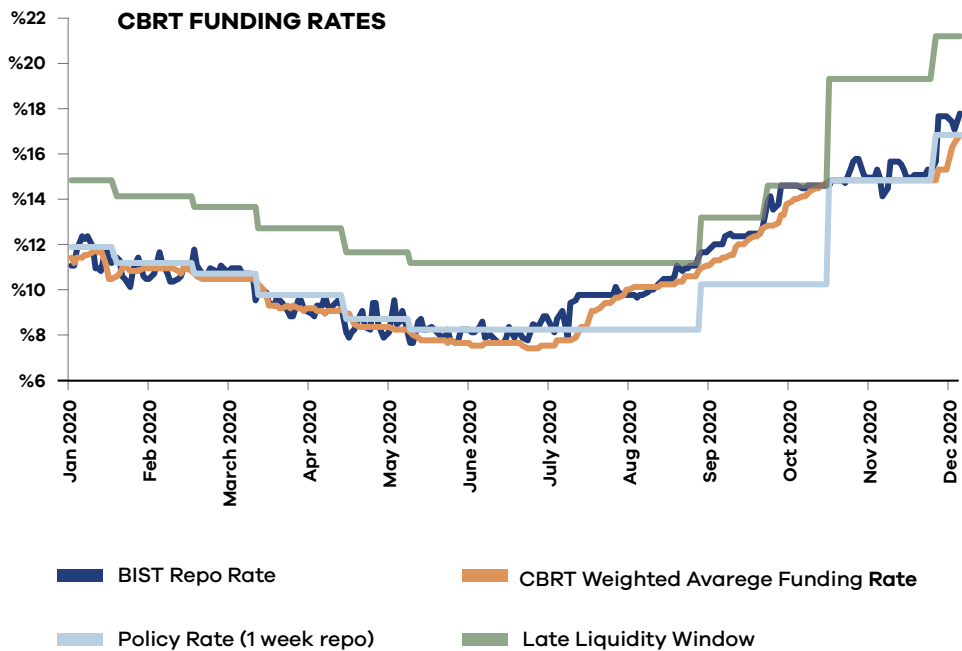
TL 234 billion was through market auctions and sales to the public, and TL 37 billion through lease certificate issuances. Approximately 16% of the Treasury's TL borrowing was made up of CPI-indexed bonds, 14% being comprised of TLREF-indexed bonds, 13% of floating rate bonds, 25% being fixed coupon bonds, 18% being non-coupon bonds and 14% being lease certificates. Thus, the Treasury placed more weight on fixed-rate instruments in its debt composition throughout the year. In addition, the Treasury continued to issue foreign currency and gold bonds domestically in 2020.

The Central Bank, on the other hand, carried out interest rate cuts of 300 basis points in the first 5 months of the year in light of the downward trend in inflation at the beginning of the year; however, following the depreciation of the Turkish lira and the deterioration in inflation expectations on the back of the lockdown measures taken in April, a process of monetary tightening followed, with the policy rate raised from 8.25% in August to 17% as of December.

Yields on the benchmark bond in the Debt Securities Market started the year at 11.7% with compound yields on the 10-year bond starting the at 12.21%. These yields ended the year at 14.96% and 12.9% respectively on the back of the interest rate hikes as well as pandemic related uncertainties.

As a result of the tight monetary stance, especially at the end of the year and with the messages from the new figures appointed to manage the economy, Turkish Lira gained strength with the USD / TL rate ending the year at 7.43 with the EUR / TL at 9.10.

IS Investment ranked 5th among the country's brokerage houses with trading volume of TL 10.3 billion and a 4.9% market share in 2020 in the Debt Securities Market – Outright Purchases and Sales.

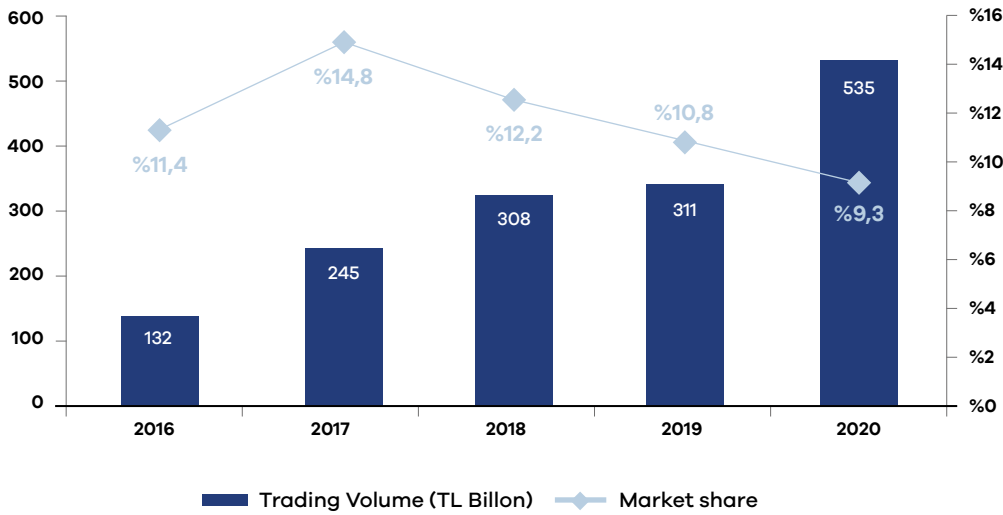


DERIVATIVES MARKET

2020 was a year in which transaction volume records were broken in Borsa Istanbul Derivatives Market. While stock futures contracts were the most popular contract type, the total transaction volume of the VIOP increased by 99.8% YoY to reach TL 5,737 billion. Share futures contracts, on the other hand, surged by 361% YoY with a transaction volume of TL1,552 billion.

While IS Investment continued to operate as a market maker in BIST 30 index options and in stock and gold futures contracts in 2020, it ranked second in the VIOP in terms of transaction volumes, with a total transaction volume of TL 535.3 billion and a share of 9.3%.

IS INVESTMENT VIOP TRADING VOLUME AND MARKET SHARE



In 2020, which was the tenth year of operation for the Warrant Market, steps were taken to reinforce our pioneering and leading position in the market. Continuing its market making activities in four different underlying asset groups and 28 different underlying assets, İş Varant completed 2020 as the leader with a 91% market share.

IS Investment has worked unwaveringly to support the formation and depth of the Warrant Market in Turkey under the “İş Varant” brand for the last ten years. With content provided to investors through Isvarant.com, the Warrant Academy and the Warrant Support Line, a transparent, accessible and easy-to-understand market has been created. After 10 years, the warrant market has become one of the most liquid derivatives markets in Turkey, where an average of 416 million transactions taking place every day.

10. INTERNATIONAL CAPITAL MARKETS

Due to the pandemic in 2020, the global economy virtually ground to a standstill. Stock markets in the U.S. witness an unprecedented rush of selling, with the S&P 500 Index witnessing a slide of around 36% in the space of 23 trading days, with the downward momentum much greater than in the panic sales of 1987 and 2008. In the second half of the year, markets rallied on the back of renewed confidence as central banks and governments supported economies with expansionary policies, vaccine development programs started to produce results in the last quarter, with some vaccines received approval for urgent use, first in the UK, then in the USA and then in the European Union. In the last quarter, attention turned to the presidential elections in the US, with the election of a new President increasing expectations of a comprehensive fiscal expansion package which had been long awaited by the markets.

With the developments in vaccination in 2021, the course of relations between China and the USA under the new US administration will be followed carefully.

INTERNATIONAL EQUITY MARKETS

In the first quarter of the year, strong sales were seen in global equity markets and US indices suffered their worst performance since 1987. After a recovery fueled by the measures taken by central banks and a range of support packages, the Nasdaq index closed the first half of the year with a gain of more than 12%, while the S&P 500 and Dow Jones indices closed in negative territory with falls of 4% and 9.5%, respectively. In the second half of the year, progress in the development of vaccines and expectations of a wider financial aid package as a result of the US election process, with a new administration, were the main reasons behind the significant gains in the indices.

The S&P 500 index rounded off 2020 at 3,756, a gain of 16.3% for the year and wrapping up a gain of 20% in the second half. The Dow Jones index chalked up an 18.5% recovery in the second half of the year and closed the year 2020 at 30,606, up 7.25%. The Nasdaq composite index, on the other hand, posted further gains in the second half of the year, having already closed the first half in positive territory, to end the year at 12,888, a gain of 43.6%.

In Europe, the Germany DAX was the only index to end the year higher, with a gain of 3.6%. The IBEX 35 dropped by 15.5%, the FTSEMIB by 5.4%, Euro Stoxx 50 by 5.1%, the UK FTSE 100 by 14.3% and the CAC 40 in France by 7.1%.

FUTURES AND THE LONDON METAL EXCHANGE (LME)

In April, heavy sales were observed in WTI oil contracts due to physical delivery problems. Negative pricing was seen for the first time in history, with the near-term oil contracts sliding into negative pricing at USD -40/ bbl. This was followed by a significant recovery in May and June, along with other commodities. In the third quarter, oil prices followed a more level course in a USD 38-44 band, in thin volumes when compared to previous quarters. Developments in the race to find a vaccine in the last quarter of the year raised expectations that the use of vehicles would return to normal, taking WTI oil contract prices up to USD 50/bbl.

As the normalization trend gathered pace, industrial commodities prices continued to rebound from their bottom throughout the second and third quarters of the year. Having fallen to below USD 4,500 / ton in the first quarter of the year, LME copper prices recovered and reached USD 6,877.50 in the third quarter – a two year high. In the last quarter, the rise in industrial metals prices continued on expectations of an increased emphasis on clean energy and infrastructure investments with the election of a new administration in the USA. LME Copper prices gained 25% on an annual basis to end the year at USD 7,766.

As with other financial instruments, Gold contracts underwent panic selling in the first months of the year amid concerns over the pandemic, but a strong rally in the second quarter of the year brought gold prices back to the levels seen in 2011. As in the middle of the third quarter, the precious metal lost its strength and ended September at USD 1,886/oz, and despite struggling to find direction in the last quarter, gold ended the year 2020 at USD 1,898/ oz, still 25% higher on the year.

EUROBONDS

Turkish Eurobonds followed a path of high volatility in 2020, mainly due to the negative effects of the pandemic, the weakness of the TL and subsequent leadership changes in institutions managing the economy, as well as increasing interest rates and geopolitical developments. At the beginning of the year, companies realized new issuances at the country risk premium level; however, the unease caused by the pandemic led to a rapid escalation in risk premiums. Although the adjustments made by the BRSA in the asset ratio stimulated domestic activity and stimulated purchases in Eurobonds, after the increase in the exchange rate, both domestic and foreign demand has weakened considerably as of the summer period. The interest rate hikes put in place by the new head of the Central Bank and the expectations of a normalization brought about strong interest from foreign investors, helping to bring yields lower while encouraging new issuances. Yields on ten-year issuances ended the year at 5.30% with a yield of 6.05% for long-term securities, while the five-year country risk premium closed the year at 300 basis points, the lowest level recorded in the pandemic period.

US ten-year treasury bonds, which started 2020 with a yield of 1.90%, demonstrated a strong performance in the challenging environment brought by the spread of the pandemic and the shutdowns in the economy. The FED implemented a rapid series of interest rate cuts in an attempt to prevent an economic contraction, with demand for safe haven bonds pulling the yields of ten-year bonds up to 0.50%. The expectation of a comprehensive financial package after the US presidential elections was instrumental in the rise in yields, with yields on the ten-year Treasury bonds standing at 0.91% at the end of the year.

Although the impact of the virus was initially quite a devastating one in Europe, the supportive policies put in place by governments were effective in mitigating the damage, although they could not prevent the large-scale contraction in economies which was also seen in many countries around the world. The European Central Bank's bond-buying program and the support package spearheaded by Germany and France precipitated a re-entry into risk assets, while a new wave of lockdowns, implemented in response to a renewed rise in cases at the end of the year, limited the improvement in European assets. In Germany, yields on ten-year treasury bonds contracted to -0.90%, before ending the year at -0.60%.

LEVERAGED TRANSACTIONS

While the trend towards safe haven investments gained pace during the pandemic, a global discussion of renewable energy needs led to increased demand for silver, which is an important raw material. In the last quarter of the year, the troubled process of the Brexit agreement led to sharp swings in the GBP / USD rate, while the conclusion of the vaccination studies and the initiation of the vaccination process with the approvals continued the mobility among safe haven investments. With the effect of the Brexit process as well as investors' demand for safe haven investments, the EUR / USD, XAU / USD, XAG / USD and GBP / USD were the most popular products among investors within the scope of leveraged transactions in 2020.

11. ASSET MANAGEMENT

As of the end of 2020, the size of mutual funds in Turkey had increased by 14.3% YoY to reach TL 139.9 billion, and the volume of pension funds had increased by 33.9% YoY to TL 170.5 billion.

The total volume of consolidated assets managed by our subsidiary, IS Portfoy, increased by 14.6% YoY to TL 61.3 billion in the same period. The volume of mutual funds under management decreased by 1.4% YoY to TL 25.8 billion, with a market share of 18.5%. The volume of pension funds under the Company's management increased by 33.4% YoY to reach TL 29.6 billion, attaining a market share of 17.4%.

FUND TYPES	ASSETS UNDER MANAGEMENT		ANNUAL CHANGE
	MILLON TL		(%)
	31.12.2019	31.12.2020	
MUTUAL FUNDS	26.211	25.852	-1,4
PENSION FUNDS	22.199	29.630	33,4
OTHER	5.117	5.872	14,7
TOTAL	53.527	61.354	14,6

12. DOMESTIC SALES & MARKETING

The promotion of our Company's products and services continued on digital platforms.

Satisfaction surveys were sent electronically to our investors in order to ensure a long-lasting association with our existing investors while attracting new investors. The results of the survey, which was first conducted in May, were evaluated in detail and priority was given to development activities in line with the feedback received.

In 2019, three universities were included in the TradeMaster Campus project, which has been successfully carried out since 2013, increasing the number of universities taking part in the project to 25. Three laboratories are currently ready and planned to be opened. In March, a seminar was provided to students at Istanbul University where they were informed of the extraordinary developments in the markets.

Our digital channels were used more effectively in 2020, while our number of subscribers on our YouTube channel expanded from 20,000 at the end of 2019 to more than 90,000 by the end of 2020.

13. INSTITUTIONAL SALES

DOMESTIC INSTITUTIONAL SALES

Investment consultancy services continued to be provided to portfolio management companies, collective investment companies, insurance and reinsurance companies, private pension companies, pension funds, foundations and other capital market institutions.

In addition, activities such as brokerage, margin trading, lending transactions for all kinds of securities, participation in public offerings and sales to qualified investors, investment consultancy activities for corporate customers consisting of holdings and joint stock companies, and Family Offices also continued.

Along with the issuance of IS Investment commercial bills, the İşbank, İş Finansal Kiralama, İş Faktoring, Deva, İş Gayrimenkul, Mercedes and Migros issuances were successfully completed. Institutional investors were informed through online meetings prior to the issuances. In line with the measures taken within the scope of the pandemic, numerous online information and research meetings were held with corporate customers and portfolio management companies.

FOREIGN INSTITUTIONAL SALES

The foreign investor ownership rate in the Borsa Istanbul Equity Market, which stood at 61.1% at the end of 2019, declined to 48.8% by the end of 2020.

Despite a declining trend in foreign investor interest and the share of foreign investors in the Equity Market, investor information meetings were held in London for some companies in February, while teleconferences and videoconferences were held in place of investor meetings which were canceled due to the pandemic throughout the rest of the year. This provided an opportunity to bring foreign investors together with some of Turkey's leading companies.

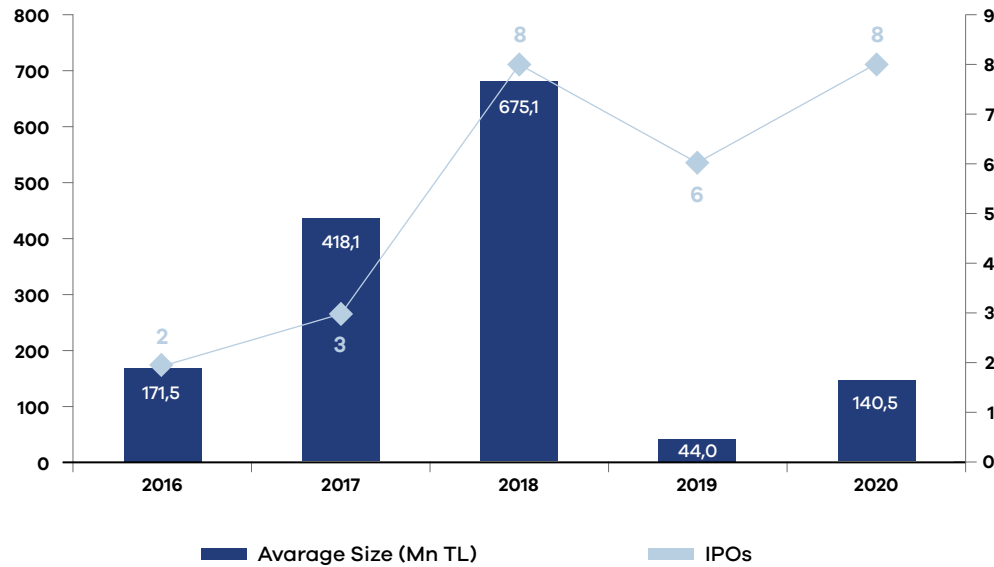
Foreign investor transaction volume in the VIOP reached TL 1.8 trillion in 2020, accounting for 31% of the total transaction volume. Foreign investor trading volume in the last quarter increased by 34% compared to the previous quarter, with a decrease in uncertainty as the TL gained stability after the policies started to be implemented by new appointments in the institutions managing the economy, paving the way increased trade by foreign investors in the Turkish markets in the last quarter of the year.

14. CORPORATE FINANCE

EQUITY PUBLIC OFFERINGS

Despite being a period overshadowed by the pandemic, equity-based IPOs were back on the agenda in the capital markets towards the end of 2020 on the back of intense individual investor interest. Eight public offerings were held in the market, the largest of which raised TL 466 million (USD 60 million), with a total value of TL 1.12 billion (USD 148 million). Due to the limited interest in large-scale IPOs, especially from foreign institutional investors, no equity IPOs were carried out by our Company during this period.

PUBLIC OFFERINGS EXCLUDING PRIVATIZATIONS AND PUBLIC SECTOR OFFERINGS IN TURKEY

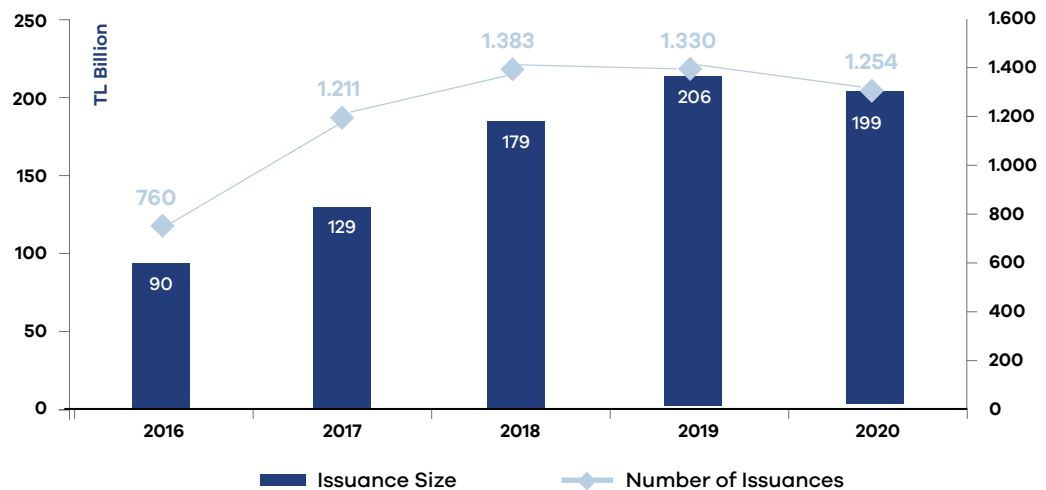


In 2020, a total of TL 298 million with the right to leave, wholesale purchases, paid capital increase intermediaries and MKK brokerage services were among the other equity market brokerage services provided by our Company. In addition, Şişecam was provided with consultancy services in regard to its merger process.

ISSUANCE OF DEBT SECURITIES

The volume of debt security issuances decreased by 3.2% in 2020 when compared to the previous year to stand at TL 199.5 billion for a total of 1,254 issuances.

PRIVATE SECTOR DEBT SECURITY ISSUANCE SIZE AND NUMBER OF ISSUES (EXCLUDING PRIVATE PLACEMENTS)

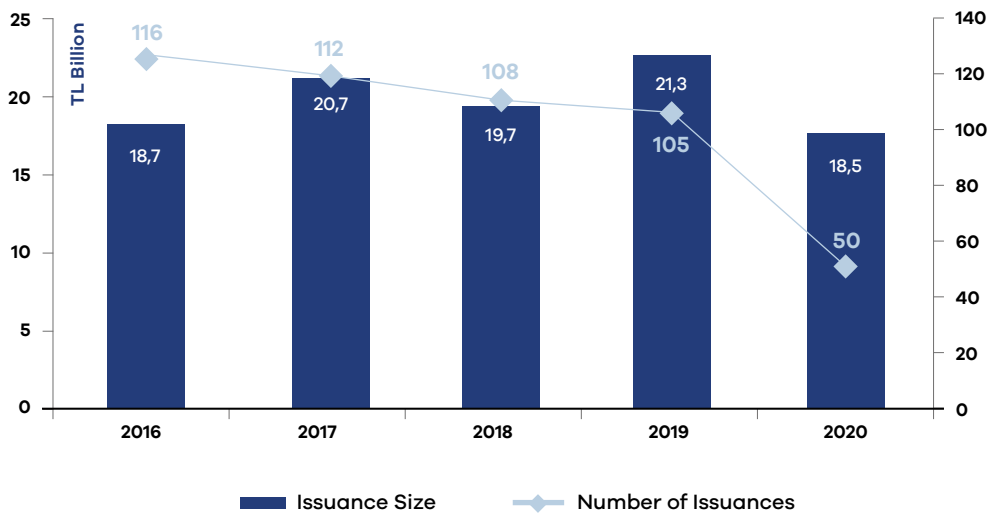


Banks accounted for 61.5% of the total volume of primary market issuances in 2020, while non-bank financial institutions and real-sector firms accounted for 35.1% and 3.4% of the total, respectively. In terms of the weighted average term of issues realized (excluding 10-year lease certificates and subordinated bonds), banks borrowed for an average of 140 days, non-banking financial institutions for 125 days and real sector companies for 354 days. Of these issues, 1,186 issuances were offered to qualified investors and 68 through the public offering method.

DEBT SECURITY ISSUES ARRANGED BY IS INVESTMENT

In 2020, IS Investment brokered 50 issuances with a nominal size of approximately TL 18.5 billion and completed the year in second place with a market share of 9.3%.

NUMBER AND VOLUME OF DEBT-SECURITY ISSUES ARRANGED BY IS INVESTMENT (EXCLUDING PRIVATE PLACEMENTS)



MERGERS & ACQUISITIONS

In 2020, the number of M&A transactions involving Turkish companies on one side of the transaction decreased by 5% compared to 2019 with a total of 189 transactions, although the total volume of the transactions increased by 96% YoY to USD 11 billion.

In 2020, foreign investors accounted for a 58% share of transaction volumes (compared to 65% in 2019) and a 42% share of the number of transactions (compared to 47% in 2019).

The e-commerce, telecommunication, fuel, energy, production and infrastructure sectors led the operations in M&A transactions.

İş Investment, on the other hand, acted as the buyer party advisor in the process of İşbank's purchase of a 100% share in MOKA Payment Agency Inc.

In 2020, in particular, domestic investors were more active, while foreign investors showed interest in the Turkish market for selected assets due to the pandemic.

Companies are expected to exit non-strategic business lines in the course of various acquisitions or resource creation in view of their financial and operational performance in 2020; however, there is an expectation that foreign investor interest in Turkish assets will increase, with a prospect of renewed appetite for mergers and acquisitions in 2021.

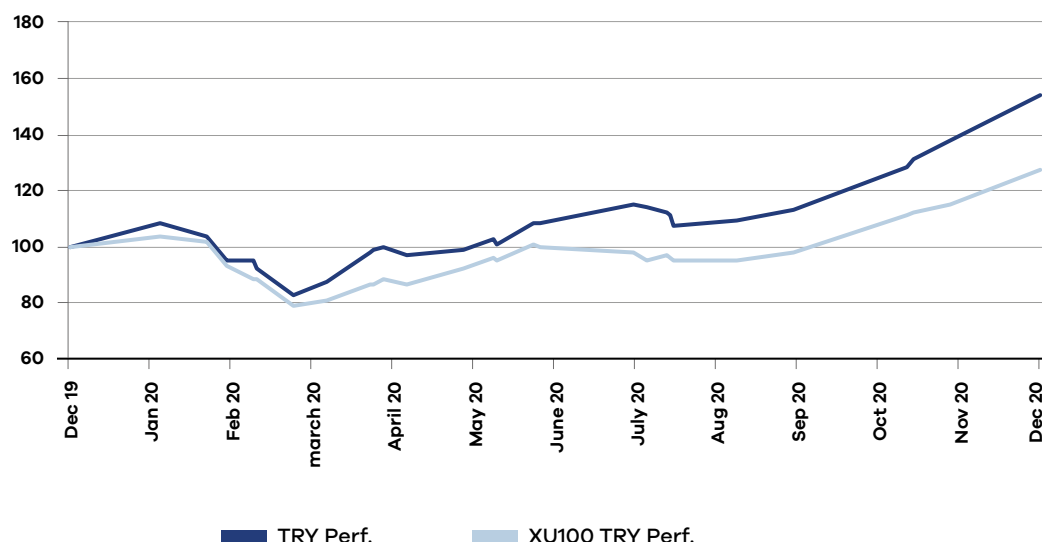
IS Investment currently as M&A projects in different sectors both at home and abroad.

15. RESEARCH

Our Research Department continued to publish high value-added reports in the fields of macroeconomics and the equity markets.

The Company continued to publish regular reports on 54 companies which comprise 81% of the Borsa Istanbul Equity Market in terms of market capitalization and issued Buy, Sell or Hold recommendations for these companies. The Model Portfolio, which includes a selection of companies for which IS Investment has issued a “Buy” recommendation for, outperformed the BIST 100 Index by 22% during the year.

OUTPERFORMANCE OF THE LIST OF IS INVESTMENT’S MOST RECOMMENDED STOCKS COMPARED TO THE BIST



In addition to macro-economic reports for institutional and qualified investors, comprehensive reports on equities and investment strategies were prepared in Turkish and English. Strategy meetings were held with institutional investors and portfolio management companies in Turkey.

While active participation in domestic sales activities continued to gather pace in 2020, IS Investment also ensured participation in international sales activities. A series of IS Investment roadshows were held in a bid to promote companies listed on the Borsa Istanbul to potential international investors. With the participation of the research team, meetings were held with the sales teams in continental Europe, the UK and the USA with investors, during which presentations were provided focusing on Turkey’s macroeconomic and equity outlook, as well as new strategies. One-to-one meetings were held to bring together corporate and domestic institutional investors and companies. These meetings continued to be held after the pandemic with video-conferencing.

The market is expected to follow a volatile course in the coming period, where the need for informative and accurate opinions and reports on capital market instruments and macro expectations will only grow

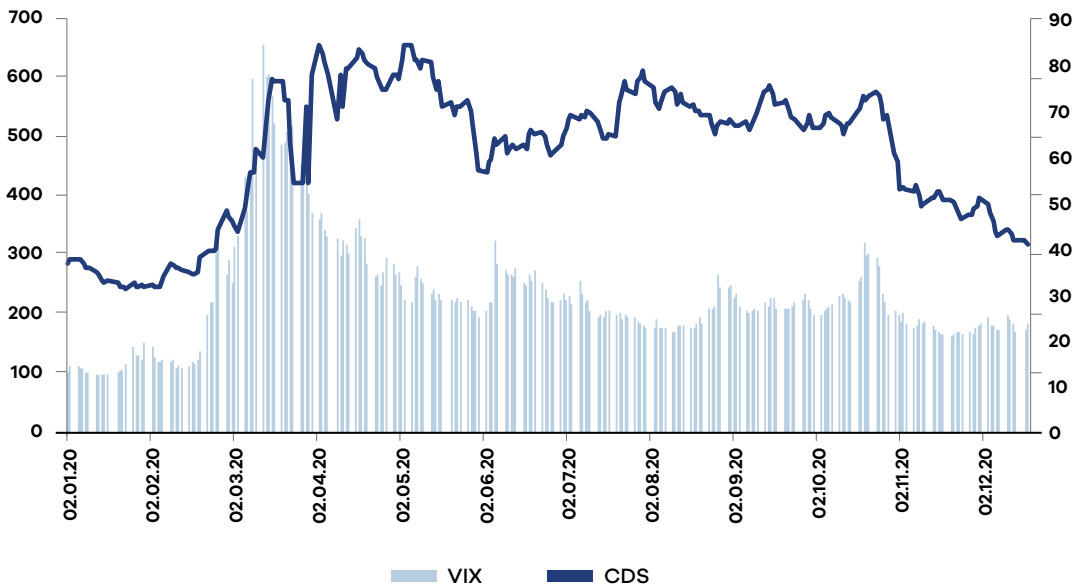
16. RISK MANAGEMENT

The Risk Management Department operates under the Board of Directors.

In the calculation of corporate risk, “Value at Risk (VaR)” methodology is used in accordance with the decision taken by the Board of Directors. The Company’s total risk arising from market making transactions, money market activities, hedge positions and all trading transactions are calculated on a daily basis and separated on the basis of departments and presented to the relevant managers. Backtesting studies continued in order to test the effectiveness of measured VaR values. Stress tests and Scenario Analysis have been applied in order to determine the extent to which the Company’s portfolio will be affected in the course of unusual market movements and with the aim of preventing possible losses, and the results are reported to the Board of Directors. In addition, corporate risk reports are submitted on a monthly basis and consolidated risk reports, including the risk measurements of our subsidiaries, are submitted on a quarterly basis for informative purposes and for evaluation by İşbank, our main shareholder, whose financial statements we are fully consolidated included into.

It is anticipated that volatility in asset prices will continue in the coming period due to the increasing liquidity volume and the damage caused by the pandemic.

TURKEY 5-YEAR CDS AND THE VIX INDEX- 2020



17. AGENDA OF THE ANNUAL GENERAL MEETING DATED MARCH 29, 2021

1. Opening and appointment of the meeting council
2. Presentation and discussion of the Board of Directors' Annual Report covering the 2020 period
3. Presentation and, discussion of the Financial Statements and the Independent Auditor's Report and approval of the 2020 Financial Statements
4. Approval of appointments to the Board of Directors during the period
5. Acquittal of the members of the Board of Directors separately in view of their activities in 2020
6. Deliberation and decision on the profit distribution of 2020.
7. Election of the Members of the Board of Directors, and determining their term of Office
8. Determining the remuneration of the Members of the Board of Directors
9. Appointment of the Auditor
10. Presentation of information concerning donations made in 2020 and determining of the upper limits of donations to be made in 2021

18. DIVIDEND DISTRIBUTION PROPOSAL OF THE BOARD OF DIRECTORS

The decision was taken to submit a proposal on the following issues to the General Assembly:

The distribution of a gross dividend of TL 355,000,000 in cash, to be paid from our Company's distributable profit for the period 1 January 2020 – 31 December 2020, as reported in the financial statements and legal records prepared in accordance with the provisions of Communiqué II-14.1 of the Capital Market Board and in accordance with the Company's profit distribution policy, on March 31, 2021,

The allocation of TL109,000,000 in special funds for use in venture capital fund investments in accordance with the provisions of Article 325 of the Tax Procedure Law and Article 10 of the Corporate Tax Law.

19. 2020 PROFIT DISTRIBUTION TABLE

1. Paid-in / Issued Capital		355.000.000,00
2. Total Legal Reserves (According to Legal Records)		106.356.430,31
Information on privileges in dividend distribution, if any, in Articles of Association		None
	Based on CMB Regulations	Based on Legal Records
3. Current Period Profit	1.210.681.307,00	1.157.290.848,00
4. Taxes Payable (-)	(268.706.987,00)	(246.219.535,00)
5. Net Current Period Profit	941.974.320,00	911.071.313,00
6. Losses in Previous Years (-)	0,00	0,00
7. Primary Legal Reserves (-)	(6.092.564,18)	(6.092.564,18)
8. NET DISTRIBUTABLE CURRENT PERIOD PROFIT	935.881.755,82	904.978.748,82
9. Donations Made During the Year	401.797,20	
10. Donations-Added Net Distributable Current Period Profit	936.283.553,02	
11. First Dividend to Shareholders		
- Cash	187.256.710,60	
- Stock	0,00	
- Total	187.256.710,60	
12. Dividend Distributed to Owners of Privileged Shares	0,00	
13. Dividend Distributed to Members of the Board of Directors, Employees, etc.	0,00	
14. Dividend Distributed to Owners of Redeemed Shares	0,00	
15. Second Dividend to Shareholders	167.743.289,40	
16. Secondary Legal Reserves (-)	33.725.000,00	
17. Statutory Reserves	0,00	
18. Special Reserves	109.000.000,00	
19. EXTRAORDINARY RESERVES	438.156.755,82	407.253.748,82
20. Other Distributable Resources		
- Previous Year's Profit		
- Extraordinary Reserves		
- Other Distributable Reserves as per the Law and the Articles of Association		

DIVIDEND RATIO TABLE

NET	GROUP	TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND AMOUNT / NET DISTRIBUTABLE PROFIT	DIVIDEND PER SHARE FOR 1.-TL NOMINAL VALUE	
		CASH (TL)	SHARES (TL)	RATIO (%)	AMOUNT (TL)	SHARE (%)
NET *	A	127.500,00	0,00	0,01	0,850000	85,0000
	B	301.622.500,00	0,00	32,23	0,850000	85,0000
	TOTAL	301.750.000,00	0,00	32,24	0,850000	85,0000

(*) Gross: Prepared for a cash dividend of TL 355.000.000.

20. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

Increasing the quality and quantity of international capital directed to Turkey is of great importance for our developing economy. Global and regional developments in recent years have increased the importance of good corporate governance practices for companies, investors and all related parties. Good corporate governance practices will continue to be one of the most important factors in terms of the growth of companies and the sustainability of their activities in the coming periods, as in 2020.

IS Investment upholds the corporate approach in its sector, as associated with the “İş” emblem in our society. The Company recognizes that good corporate governance practices can be achieved through various initiatives, including the formulation of the management strategy, the establishment of an effective risk management and internal control mechanism, the description of ethical rules, a high-quality performance in investor relations activities and the due fulfillment of the public disclosure obligation and the transparent execution of the activities of the Board of Directors. To this end, IS Investment observes the standards of accountability, equality, transparency and responsibility which constitute the universal components of the concept of corporate governance in the exercise of its rights and responsibilities to its shareholders in particular, and its employees, clients and all stakeholders in general, while maintaining effective management and supervision. With this approach, IS Investment complies with all of the regulations of the Capital Markets Board regarding compulsory corporate governance and also complies with many principles which are not mandatory.

Conducting its business in accordance with the Turkish Commercial Code, the Capital Market Law and applicable legislation, as well as its corporate ethical rules, IS Investment believes that compliance with Corporate Governance Principles is just as important as financial performance in providing long-term added value for its investors.

In accordance with the decision taken by the Capital Markets Board on 10 January 2019 and numbered 2/49, “The Corporate Governance Compliance Report (URF)” which sets out the compliance status of the Company with the principles whose applications are voluntary from the Corporate Governance Principles and “Corporate Governance information form (KYBF)” which provides information about our existing corporate governance practices, was announced on the Public Disclosure Platform on 1 February, 2021. These notifications can be accessed on the website at <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1533-is-yatirim-menkul-degerler-a-s>. These notifications will be updated if necessary.

PART 1 – SHAREHOLDERS

INVESTOR RELATIONS

Investor relations is the unit responsible for informing investors and all interested parties of the Company’s operational and financial performance, fulfilling the obligation of public disclosure within the scope of capital market legislation and the IS Investment Disclosure Policy and for the coordination of relations with investors and stakeholders in general. The Investor Relations Department is responsible for the coordination of the IS Investment Disclosure Policy, which is approved by the Board of Directors and disclosed to the public.

Ever since its establishment, the Investor Relations Department has responded in detail to requests for information received by phone, email and/ or in one-to-one meetings with investors within the framework of the IS Investment Information Policy, while also participating in conferences held in Turkey and abroad, and organized teleconferences. Questions from individual investors are responded to as necessary on subjects such as operational performance, interpretation of financial results, the dividend distribution policy, the performance of subsidiaries and

share price performance for certain periods. Domestic and foreign institutional investors generally prefer to direct their questions in one-to-one meetings while individual investors, on the other hand, tend to ask their questions by telephone, and 50 written requests for information were sent to the unit during the period. Contact information for the Investor Relations executives, which are also disclosed on the corporate website, is presented below:

Kenan Ayvaci
Assistant General Manager
Tel : 212 - 350 25 00
Fax : 212 - 350 20 01
E-Mail : kayvaci@isyatirim.com.tr

Fatih Mehmet Yilmaz
Financial Director
Tel : 212 - 350 22 50
Fax : 212 - 350 22 51
E-Mail : fyilmaz@isyatirim.com.tr

Ozan Altan
Manager
Tel : 212 - 350 28 72
Fax : 212 - 350 28 73
E-Mail : oaltan@isyatirim.com.tr

Pursuant to Clause 2 of Article 11 of the Corporate Governance Communiqué (II-17.1) of the Capital Markets Board, Investor Relations communication information was most recently transferred to the KAP on October 13, 2020. .

EXERCISE OF THE RIGHT OF SHAREHOLDERS TO OBTAIN INFORMATION

At IS Investment, all shareholders are treated equally. The Investor Relations Department strives to facilitate the protection and exercise of shareholder rights with a particular focus on the right to obtain and review information.

Requests submitted by investors during the period were responded to as soon as possible and in the most accurate manner, within the scope of the “IS Investment Information Policy” disclosed to the public. Care has been taken to ensure that such information does not include inside information.

The electronic environment is used efficiently in relation to providing information of events which have a potential impact on the exercise of shareholders' rights. Material event statements and other notices announced through the Public Disclosure Platform (in Turkish: KAP) are also posted on the IS Investment website simultaneously. Any changes in the Company's organization will forthwith be announced on the corporate website, and investor presentations are updated each quarter. Additionally, IS Investment's share price performance, capital increases and dividend payment information are also made available on our corporate website for the purpose of informing investors. Furthermore, information is provided in regard to shareholder attendance in Annual General Meetings and the principles of electronic general meetings under the new Turkish Commercial Code.

There are no implementations in our Company which would complicate shareholders' right to obtain and review information, and efforts have been taken to facilitate the exercise of such rights.

As the new Turkish Commercial Code explicitly addresses the matter of requesting the appointment of a special auditor, this request was not stipulated in our Articles of Association.

The Company did not receive any request for the appointment of a special auditor or a private public audit during the reporting period.

GENERAL ASSEMBLY INFORMATION

IS Investment held its Annual General Meeting for the 2019 fiscal year on 20 March, 2020. Invitations for the Annual General Meeting, including the meeting date and agenda, were published on 25 February 2020 within the scheduled time as defined in the applicable legislation and the Corporate Governance Principles of the Capital Markets Board, on the Public Disclosure Platform (KAP), in the Turkish Trade Registry Gazette issue 9776 dated 27 February 2020, the on the corporate website and in the Electronic General Meeting System (e-GEM) of the Central Registry Agency (in Turkish: MKK) on 25 February 2020, and were also sent by post to registered shareholders.

Based on the examination of the list of those attending the Annual General Meeting, it was established that out of the Company's shares with a total nominal value of TL 355,000,000, of which shares with a total nominal value of TL 150,000 are Class A shares and TL 354,850,000 are Class B shares, shares with a total nominal value of TL 269,172,324.57 of which TL 150,000 were Class A shares were represented, thus meeting the quorum stipulated by law and the Articles of Association.

The invitation, agenda, sample power of attorney and minutes of the General Meeting were published on the KAP. These documents are constantly made available on our Turkish and English websites for the purpose of informing shareholders and stakeholders. Furthermore, the CVs of the Members of the Board of Directors nominated and elected at the General Assembly were also published on our website.

Due care is taken to ensure that general assembly meetings are held in a manner which will not cause inequality among shareholders and ensure the participation of shareholders at the lowest possible cost in order to increase the participation of shareholders. General Meetings are held in Istanbul, where the Company's head office is located, as set out in our Articles of Association. Istanbul is also the city where shareholders are most concentrated in proportional terms.

The chair of the meeting exercises care to communicate the topics on the agenda impartially, clearly, intelligibly and in detail during the General Meeting. Shareholders are offered the opportunity to voice their opinions and direct their questions with equal conditions. The chair of the meeting ensures that every question asked by the shareholders at the General Meeting, and which does not come within the scope of trade secrets or inside information, is directly answered during the General Meeting. If the question asked is irrelevant to the agenda or is too complex to be answered instantly, it is responded to in writing by the Investor Relations Department within a maximum of 15 days. Within this framework, members of the Board of Directors, relevant senior executives and the investor relations manager, officials responsible for the preparation of financial statements and auditors attend the General Meeting to provide necessary information and respond to questions regarding specific topics.

Having been applied for the seventh time, the electronic general meeting process was successfully carried out in parallel with the physical General Meeting

No agenda proposal was submitted by shareholders during the General Meeting. In addition, since no decisions requiring the affirmative vote of a majority of independent members were passed during the reporting period, no subjects were incorporated in the General Meeting agenda.

During the Annual General Meeting, information was provided on the grants and donations made during the reporting period under a dedicated agenda item. Independent auditors also participate in our General Meetings. No request was made by the stakeholders to participate in the meeting as an observer.

No one with administrative responsibility or any shareholder with control over the management engaged in any transactions with our Company or its subsidiaries which may have led to any conflict of interest; furthermore, our Company and/or its subsidiaries did not, on behalf of themselves or others, conduct any transactions of a commercial business nature falling under their field of activity, or participate in another company engaged in the same kind of commercial affairs in the capacity of unlimited partners.

VOTING RIGHTS AND MINORITY RIGHTS

Voting rights do not incorporate any privileges. However, holders of Class A shares enjoy privileges solely with respect to the election of members of the Board of Directors. Six Board members are nominated by Class A shareholders, and three by Class B shareholders.

There are no companies with which IS Investment has cross shareholding interests. Minority shareholders did not nominate any members to the Board of Directors. The Articles of Association do not stipulate minority rights to be less than one twentieth of the capital.

ENTITLEMENT TO DIVIDENDS, DIVIDEND DISTRIBUTION POLICY AND TIMING

There are no privileged shares in terms of founder redeemed shares and dividends.

IS Investment's Dividend Distribution Policy was presented for the purpose of informing shareholders in the first Annual General Meeting that was convened as a publicly held company on 28 April, 2008. Updated within the framework of applicable legislation, our dividend policy was approved in the Annual General Meeting convened on 25 March, 2014. Our Dividend Distribution Policy is constantly made public on our Turkish and English websites (www.isyatirim.com.tr/www.isinvestment.com) and through our annual and interim activity reports.

Since the IPO, IS Investment has distributed dividends every year in accordance with its dividend distribution policy.

The final decision on the distribution of the profit is taken by the General Assembly in line with the proposal of the Board of Directors, taking into consideration the provisions of the Turkish Commercial Code, the Capital Market Law and other legislation governing the Company.

The Board of Directors, in its aim of securing a high dividend income for its shareholders as a publicly held company, as well as expanding the Company's business lines and service range, takes into account the considerations set out below within the framework of the applicable legislation:

- a) Preserving the delicate balance between shareholders' expectations and the Company's need to grow,
- b) The absence of any adverse economic conditions in the world and in the country; the maintenance of the Company's financial structure and the capital adequacy ratios at the required levels; and the overall profitability of the Company, It is prescribed that the Company will distribute at least 30% of its distributable profit in cash and/or in the form of bonus shares.

Within the framework of capital markets legislation, the Company may pay advances on cash dividends, restricted to the relevant fiscal period, provided that the Board of Directors has been duly authorized by the General Assembly.

If the General Assembly passes a decision to distribute profit, the cash dividend will be distributed no later than the end of the second month following the date of the General Meeting in which the profit distribution decision was taken. Dividend distribution in the form of bonus shares will take place upon receipt of legal authorization.

No dividends may be paid to the members of the Board of Directors or Company employees until and unless the cash dividend determined for shareholders by the General Assembly decision has been distributed.

If there is to be no distribution of profit, the grounds for such a decision and the purpose for which the undistributed profit will be used shall be publicly disclosed.

On 24 March 2020, IS Investment distributed cash dividends totaling a gross amount of TL 140,000,000 from its 2019 profit, corresponding to 38.5% of the distributable profit, in accordance with its dividend policy.

TRANSFER OF SHARES

The Articles of Association sets forth that there are no restrictions on the transfer of shares within the framework of requirements stipulated by the capital market legislation.

PART II – PUBLIC DISCLOSURE AND TRANSPARENCY

COMPANY INFORMATION POLICY

The latest updated version of the IS Investment Information Policy, which was approved by the Board of Directors on May 17, 2007, was disclosed to the public on June 26, 2020.

The Board of Directors is authorized and responsible for fulfilling the public disclosure obligation and for monitoring, supervising and improving the Information Policy at IS Investment. The Investor Relations Department and the Assistant General Manager reported by this Department have been assigned for the coordination of the Information Policy. The work carried out by these authorities within the scope of the Information Policy are reported to the Corporate Governance Committee.

INFORMATION POLICY OUTLINE

IS Investment oversees Corporate Governance Principles in the disclosure and provision of information, except for inside information, regarding developments which could potentially impact the investment decisions of investors and the value of capital market instruments traded on the stock exchange, within the framework of the Capital Market Law, the Turkish Commercial Code and applicable legislation.

Having espoused a proactive approach to the adoption and implementation of Corporate Governance Principles, IS Investment strives to introduce international best corporate governance principles in its public disclosure and information.

The full text of the Information Policy is accessible on our website at www.isyatirim.com.tr.

THE COMPANY WEBSITE AND ITS CONTENT

IS Investment's websites, offering content in Turkish and English, are accessible at the addresses of www.isyatirim.com.tr and www.isinvestment.com. Both websites were renewed in the first quarter of 2017 and are actively used for the purposes of public disclosure. The information posted on these websites is constantly updated.

The "Investor Relations" headings of our websites in Turkish and English contain all subjects mentioned in the relevant section of the CMB Corporate Governance Principles.

ANNUAL REPORT

Our annual reports contain information specified in applicable legislation, the CMB Corporate Governance Principles, and the Sustainability Principles Compliance Framework. There were no special events in the Company after the end of the activity year which could affect the rights of partners, creditors and other interested persons and organizations.

There is no additional information that the management body deemed appropriate for disclosure in the annual report

DISCLOSURE OF ULTIMATE NON-CORPORATE CONTROLLING SHAREHOLDER(S)

There are no ultimate non-corporate controlling shareholder(s) at IS Investment.

PART III – STAKEHOLDERS

KEEPING STAKEHOLDERS INFORMED

IS Investment informs its stakeholders, which include a broad range of groups including employees, potential investors, analysts and media outlets on subjects which concern them in the shortest time possible and in the most accurate manner.

Material event statements concerning IS Investment, which are disclosed over the KAP, are also posted on the corporate websites simultaneously. Furthermore, press releases are submitted to media outlets following material event statements concerning topics which are considered to be of interest to the public.

Stakeholders are adequately informed of corporate policies and business processes and may also make use of direct communication channels accessible on our website, while our clients may contact the investment advisors assigned to them or use any other direct or indirect method of their choice to convey their complaints and feedback to our Company/ management bodies. In addition, our ethical principles and policies aimed at tackling the laundering of proceeds of crime and the financing of terrorism are constantly published both on the corporate website and on the Intranet. Complaints received by the Company within this framework are submitted to the Audit Committee after being reviewed by the authorized departments in chronological order.

STAKEHOLDER PARTICIPATION IN MANAGEMENT

The Articles of Association stipulate that stakeholders are entitled to invite the Board of Directors to hold a meeting by communicating this request to the Chair of the Board, and that the Chair may bring up the topic subject to invitation for discussion at the next Board meeting, if the Chair decides that an immediate meeting is not necessary. This method has served to establish a mechanism by which the Board of Directors and the related committee may follow up important feedback and complaints from stakeholders. The Board of Directors did not receive any requests for such a meeting during the reporting period.

Furthermore, our employees' opinions are directly sought in matters of general concern, thus enabling direct participation of employees in certain decisions to be adopted.

This right provides IS Investment employees, who hold a very special place among the stakeholders, with the means by which to communicate their opinions and suggestions concerning Company management through both the Human Resources Department and their own managers.

During the period, our customers were asked to complete a satisfaction survey in an electronic environment. The results of the survey conducted in May were evaluated in detail, and development activities in line with the feedback were prioritized.

HUMAN RIGHTS AND HUMAN RESOURCES POLICY

IS Investment's Human Resources Policy, which has been disclosed to the public since our public offering, has been revised as an integral part and complementary to the Sustainability Policy and was approved by the Board of Directors on 22 January, 2021 and disclosed on the Company's website.

The full text of our Human Rights and Human Resources Policy, which is based on principles such as providing equal opportunity to all under equal conditions, with no discrimination on the basis of race, religion, language, sect or any belief, gender, age, cultural or social class among employees, respect for human rights, protection of employees from physical, mental and emotional abuse within the institution, applying a fair and competitive wage policy, succession planning and placing importance on occupational health and safety, and training, can be accessed from the Investor Relations, Corporate Governance and Sustainability Policies section of our website.

No complaints of discrimination or mistreatment have been reported by our employees.

In order to contribute to their professional and personal development, employees' participation in training was provided in parallel with our Company's managerial strategies. The number of employees in our company at the end of 2020 stood at 375, and has already increased to 424 in the current period.

Employee job descriptions and performance and reward criteria are determined by managers and announced to employees. Our performance evaluation system is a mixed system where goals and competencies are evaluated together. Performance evaluation is based on objective studies and syntheses which investigate the extent to which our employees comply with the requirements and qualifications of the job, while seeking to determine business success. Job descriptions regarding the title and activities and the application principles regarding performance and rewarding criteria have been put in writing at IS Investment and announced to our employees.

No specific representative has been appointed to handle relations with our employees. Each of our employees may submit their wishes, complaints and suggestions through the Human Resources Committee, department managers, the Human Resources Department and the Board of Inspectors.

In order to monitor the needs and expectations of employees more closely, a Leave Board is in place consisting of employer and employee representatives.

The salaries of IS Investment employees are determined in a fair and competitive manner, taking into consideration the Company's remuneration principles, as well as the duties and titles, together with the individual's qualifications such as their education and experience within the framework of the Remuneration Policy. IS Investment's Remuneration Policy which is currently in effect was approved by the Board of Directors and presented to inform shareholders at the first Annual General Meeting held. The full text of the Remuneration Policy can be accessed in the Investor Relations, Corporate Governance/ Corporate Policies section of our website.

Our employees were trained on occupational health and safety and issued with internal guidelines and regulations in writing.

On the other hand, within the scope of the measures taken in response to the pandemic, self-isolation and social distancing were comprehensively implemented in March with a collective health awareness. With the technical solutions developed rapidly within this framework, the remote access method has been implemented extensively. Thus, almost all of our employees working in the 10 cities and 21 different districts in which we operate throughout Turkey were given the opportunity to work from home. This practice currently remains in place. Our employees have also received training on an online basis, especially on the pandemic and the measures to be taken.

Meanwhile, the following measures were taken before switching to a remote working model;

- Participation in all business trips abroad, meetings, training activities, seminars, conferences, etc. was canceled.
- Customer visits for sales and marketing purposes and supplier company calls were suspended, with communication provided through tele-conferencing or remote communication via video-conferencing in emergencies.
- Our customers were directed to use digital channels in order to reduce their need to come to the branch and carry out transactions.
- Emergency action plans for remote working at our Head Office units were updated, critical employees were determined, and work was undertaken to ensure that they could remotely securely through IT systems, and a rotational remote working system was introduced in the Branch and Head Office units.
- In our Head Office and Branches, employees who were pregnant, in a high-risk group or over a certain age, or who suffered from metabolic or chronic diseases were provided with the opportunity to work remotely.

- Hand sanitizer products and masks were supplied to both our Head Office and our branches and were prepared for use.

INFORMATION ON RELATIONS WITH CLIENTS AND SUPPLIERS

IS Investment delivers its capital market services to investors within the framework of ethical values and based on a client-focused approach to investment banking. In this vein, the Company aims to analyze evolving client demands and changing market conditions in order to identify needs and to develop products and services which will best meet these needs. Keeping client secrets in confidence within the framework of the legislation is a much-valued corporate attribute.

Relations with clients are handled through investment advisors. The objective of all investment advisors is to invest assets in the investment instruments that best fit the respective client's risk-reward profiles. Clients of IS Investment may convey any requests and expectations they may have to the investment advisors assigned to them.

Due to the nature of its business activity, IS Investment has no suppliers and there are no research and development activities.

ETHICAL RULES AND SOCIAL RESPONSIBILITY

In order to increase the social and economic benefit in the performance of capital market activities, to protect and advance the reputation of the capital market brokerage profession and to prevent unfair competition, IS Investment has presented the code of ethics created by the Board of Directors in parallel with the regulations of the Turkish Capital Markets Association in writing to inform employees.

The full text of the IS Investment code of ethics can be accessed in the Investor Relations, Corporate Governance/ Corporate Policies section of our website.

Having not only spearheaded economic development but also taken social life further ever since its establishment, our founder and principal shareholder, İşbank, sustains its support for activities in the areas of the environment, education, culture and the arts and other fields based on a deep-seated commitment to social responsibility.

Recognizing its social responsibility to society together with all of its employees, IS Investment aims to realize sustainable projects in its areas of social responsibility in accordance with legal regulations and ethical values. The Company seeks to realize this target through self-designed projects as well as extending support to projects developed by İşbank.

In this context, IS Investment has been carrying out TradeMaster Campus project at a number of reputable universities since 2013 in order to advance financial literacy and share fundamental information on the dynamics of the capital markets. In addition, "Investing in the Future with Contemporary Art" activity was organized in Eskişehir Odunpazarı Modern Museum during the period and it is planned to make this project the second important project where IS I Investment meets university students together with the TradeMaster Campus by bringing continuity to these activities. This time, the aim is to make the young people studying at the Fine Arts faculties realize the gains of seeing contemporary art as an investment tool.

As communicated to the General Assembly, dated 20 March 2020, our Company donated TL 1,050 to Turkish Education Foundation in 2019 for representation purposes. In addition, İşbank Group, including our company, provided a total of TL 10 million in aid to meet the needs of the hospitals under the General Directorate of Public Hospitals of the Ministry of Health in order to support the fight against the pandemic. The Company's donation policy has been documented in writing.

IS Investment's activities do not contravene any environmental legislation and the Company has not faced any legal sanction in this area.

IS Investment Members of the Board of Directors

Name Surname	Position	Profession	Positions Held in the Company in the Past 5 Years	Latest External Positions Held	Capital Share in Company (%)	Represented Share Group	Independent Member of the Board of Directors	Committees and Duties
Senar Akkuş	Chair	Banker	-	T. İş Bankası A.Ş. Deputy General Manager, İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. Chairwoman, Türkiye Şişe ve Cam Fabrikaları A.Ş. Member of the Board of Directors, Sofitech Ventures Teknoloji A.Ş. Member of the Board of Directors	-	-	Not an Independent Member	-
İşıl Dadaylı	Vice Chair	Banker	Member of the Board of Directors	T. İş Bankası Capital Markets Division Manager	-	-	Not an Independent Member	-
Ertuğrul Bozgedik	Member of the Board of Directors	Banker	-	-	-	-	Not an Independent Member	-
Hilmi Selçuk Çepni	Member of the Board of Directors	Banker	Member of the Board of Directors	T. İş Bankası A.Ş. Kozyatağı Corporate Branch Manager	-	-	Not an Independent Member	-
Volkan Kublay	Member of the Board of Directors	Banker	Member of the Board of Directors	T. İş Bankası A.Ş. Unit Manager of the Subsidiaries Division, Efes Varlık Yönetim A.Ş. Member of the Board of Directors, İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. Member of the Board of Directors, İş Yatırım Ortaklığı A.Ş. Member of the Board of Directors, Arap Türk Bankası A.Ş. Member of the Board of Directors, Yatırım Finansman Menkul Değerler A.Ş. Member of the Board of Directors	-	-	Not an Independent Member	Member of the Corporate Governance Committee and the Risk Committee

IS Investment Members of the Board of Directors

Name Surname	Position	Profession	Positions Held in the Company in the Past 5 Years	Latest External Positions Held	Capital Share in Company (%)	Represented Share Group	Independent Member of the Board of Directors	Committees and Duties
Tuba Tepret	Member of the Board of Directors	Banker	-	T. İş Bankası A.Ş. Private Banking Marketing and Sales Division Manager	-	-	Not an Independent Member	
Hasan Emre Aydın	Member of the Board of Directors	Banker	-	Elsan Elektrik ve Ticaret A.Ş. Vice Chairman, Faturalab Elektronik Ticaret ve Bilişim Hizmetleri A.Ş. Vice Chairman	-	-	Independent Member	Head of the Risk Committee and Member of the Audit Committee
Prof. Dr. Ali Hakan Kara	Member of the Board of Directors	Economist	-	Bilkent University Faculty of Economics Department	-	-	Independent Member	Head of the Audit Committee
İzzet Selim Yenel	Member of the Board of Directors	Ambassador (P)	-	Global Affairs Forum Chief Executive Officer	-	-	Independent Member	Head of the Corporate Governance Committee, Member of the Audit Committee

Members of the Board of Directors elected to their posts in the Annual General Meeting held on 20 March 2020 are to remain in their positions until 31 March 2021. The appointment of Mr. Ertugrul Bozgedik as a member of the Board of Directors on 29 June 2020 to replace Mr. Mete Uğurlu, who left the Board of Directors on the same date, is to be submitted for the approval of the first General Assembly.

BOARD OF DIRECTORS

Members of the Board of Directors do not have executive duties in IS Investment. The General Manager is the head of execution.

The qualifications required by the Independent Board Members are specified in the Corporate Governance Communiqué. Independence statements of IS Investment Independent Board Members are included in the annual reports. The Articles of Association stipulate that the General Manager cannot be the Chairman of the Board at the same time.

The proportion of the members in our Board of Directors who are women is currently 33%.

The subject of our Board Members taking on other duties outside IS Investment is subject to general provisions. However, it is stipulated in the Articles of Association that members of the Board of Directors may not seek authorization from the Annual General Meeting of Shareholders to be exempted from the prohibition on conducting business or competing with IS Investment

Senar Akkuş
Chair

Senar Akkuş graduated with a degree in Economics from the Faculty of Economics and Administrative Sciences at Middle East Technical University in 1991. In the same year, she joined İş Bank Asset Management Division as an assistant specialist. She became the Assistant Manager in the same Division in 1998 and Unit Manager in 2002. She was appointed as the Head of the Economic Research Division in 2006, and Treasury Division in 2008. She was promoted to the post of Assistant General Manager of İşbank in 13 April 2011. Ms. Akkuş was appointed to the Board of Directors of IS Investment and was elected as the Chair of the Board of Directors on March 27, 2018.



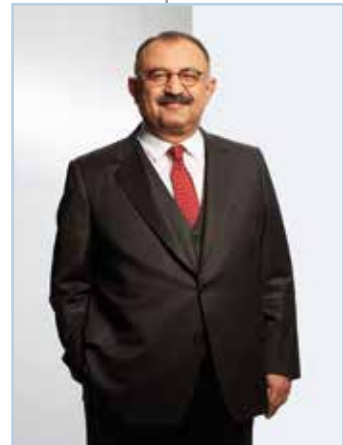
Işıl Dadaylı
Vice Chair

1991. In the same year, she joined İş Bank's Asset Management Division as an assistant specialist trainee. She resigned from her position at the Bank in 1995 to work as a marketing specialist for Reuters Enformasyon Ltd. Şti. for two years. Having returned to her position as an assistant specialist at İş Bank's Asset Management Division in 1999, Ms. Dadaylı became an Assistant Manager in the same Division in 2004 and a Unit Manager in the Capital Markets Division in 2007. After her appointment as a Unit Manager to the Treasury Division in 2008, she was appointed as the Head of the Private Banking Marketing and Sales Division in June 2011 and as the Head of Capital Markets Division of İşbank in May 2019. Ms. Dadaylı has been a member of IS Investment Board of Directors since April 1, 2013.



Ertuğrul Bozgedik
Member

Mr. Ertuğrul Bozgedik graduated from the Department of Economics, Faculty of Political Science at Ankara University. He began his career as an Assistant Inspector on the Board of Inspectors at İşbank in 1986. He was appointed as Assistant Manager of the 2nd Loans Department in 1995 and the Regional Manager of the 1st Loans Department in 1999, the Regional Manager in the Non-Performing Loans Department in 2002 and the Head of the Corporate Loans Department in 2004. Mr. Bozgedik was promoted to the position of Chairman of the Board of Inspectors in 2008 and to the post of Assistant General Manager in 2011. Mr. Bozgedik, who was elected as a member of İşbank's Board of Directors on 31 March 2017 and as the Vice Chairman of the Board on 1 April 2019, served in this capacity until 31 March 2020. Mr. Bozgedik was appointed to the Board of Directors of IS Investment on 29 June 2020.





Hilmi Selçuk Çepni
Member

Hilmi Selçuk Çepni graduated with a degree in Business Administration from Marmara University in 1992. He began his career at İşbank as an assistant inspector trainee on the Board of Inspectors in the same year. He was appointed as the Assistant Manager of the Human Resources Division in 2000 and became a Unit Manager in the same division in 2003. He started to work as an Assistant Director of the Board of Inspectors in 2004. He worked as a branch manager at the Altunizade Branch and Altunizade Commercial Branch between 2007 and 2008 and served as the Head of the Commercial Banking Product Division in 2011 and the Head of Credit Portfolio Division in 2012. Having worked as the Manager of the Gebze Corporate Branch in 2015 and Maslak Corporate Branch in 2016, Mr. Çepni has been working as the Manager of Kozyatağı Corporate Branch since May 2018. Mr. Çepni has been a member of IS Investment Board of Directors since March 2016.



Volkan Kublay
Member

Volkan Kublay graduated with a degree in Economics (in English) from the Faculty of Economics and Administrative Sciences at Marmara University in 1998. He joined İşbank in 2000 as an assistant inspector trainee and was appointed as an Assistant Manager at the Subsidiaries Division in 2008. Having sat on the Boards of Directors of various group companies, Mr. Kublay was brought to the position of Unit Manager of the Subsidiaries Division Capital Market Unit in 2012, following his post where he dealt with banking and financial services subsidiaries. In May 2018, Mr. Kublay was appointed as a member of the Board of Directors of IS Investment where he also serves as a member on the Corporate Governance Committee and Risk Committee.



Tuba Tepret
Member

Ms. Tuba Tepret graduated from the Department of Computer Technology and Information Systems at Bilkent University and completed her second degree at the Faculty of Economics in Anadolu University. Starting her career at İşbank in 1993 at the Yenicami Branch, Ms. Tepret became the Unit Manager in the Private Banking Marketing and Sales Department in 2011, the Istanbul Private Banking Branch Manager in 2017, and the Head of Private Banking Marketing and Sales Department in 2019. In July 2019, Ms. Tepret was appointed as a member of the Board of Directors of IS Investment.

Hasan Emre Aydın
Member-Independent

Having graduated with a BA degree in economics from Middle East Technical University, Hasan Emre Aydın completed an MBA and a degree in International Trade from the Southern New Hampshire University. He began his banking career at Societe Generale SA at Corporate Credit and Marketing Division in 1992. He then assumed various positions for corporate and financial institutions in the marketing, foreign trade, cash management, e-banking and investment banking lines at Citibank NA, ABN AMRO NV and the Royal Bank of Scotland PLC. He held a position of Deputy General Manager as well as Board memberships, with responsibilities for the Eastern Europe, Middle East, and Africa regions. He implemented a number of projects which were recognized with a number of international awards, including the long-term financing of banks, by using the method of deriving Asset-Backed Securities collateralized by credit cards debt, letter of credits based on foreign sales of companies, receivables and commodity stocks, optimization of technology and banking services to increase the efficiency of cash flows of globally operating Turkish companies, digitalization of corporate banking services and entered cooperation with a number of international technology platforms to provide SMEs with access early collection opportunities. He served as the CEO of Ubiq and Dataplan, which had operations in US and UK based supply chains, and receivable financing since 2015. In 2019, he joined the Financial Technology Venture Company, Faturalab, and Elsan Elektrik AŞ, a family company, as a member of the Board of Directors, providing companies with working capital optimization and easy access to finance. In March 2020, Mr. Aydın was appointed to the Board of Directors of IS Investment where he also serves as the Chairman of the Risk Committee and as a member of Audit Committee.



Prof. Dr. Ali Hakan Kara
Member-Independent

Having graduated with a Bachelor's degree in Electrical and Electronics Engineering from the Middle East Technical University, Ali Hakan Kara completed an MA degree in Economics at Bilkent University and Ph.D. in Economics at New York University. He began his career at the Central Bank of the Republic of Turkey (CBRT) in 2002. After holding various managerial positions he became General Manager of Research and Monetary Policy between 2008-2012 and Chief Economist between 2012-2019. He played a leading role in the analysis, design, and implementation and communication of monetary and macro-prudential policies in Turkey in this period. He then became an Assistant Professor in Economics in 2012. He gave lectures at New York University and the Middle East Technical University and was invited to numerous academic conferences, panels and international conferences as a lecturer. His research works deal with the Turkish Economy and Monetary Policy, and published many reviews and books which have been referred to by more than 2,000 research studies. He served as an editor of the Central Bank Review and a member of the management committee of the International Journal of Central Banking and member of the board of trustee of the Parlar Foundation at the Middle East Technical University. Mr. Kara, who has been a professor of Central Banking and Financial Markets Practices at Bilkent University Department of Economics since February 2020, teaches courses on Monetary Economics, the Turkish Economy and Financial Markets. Mr.Kara was appointed to the Board of Directors of IS Investment as an Independent Member in March 2020 where he also serves as the Chairman of the Audit Committee.

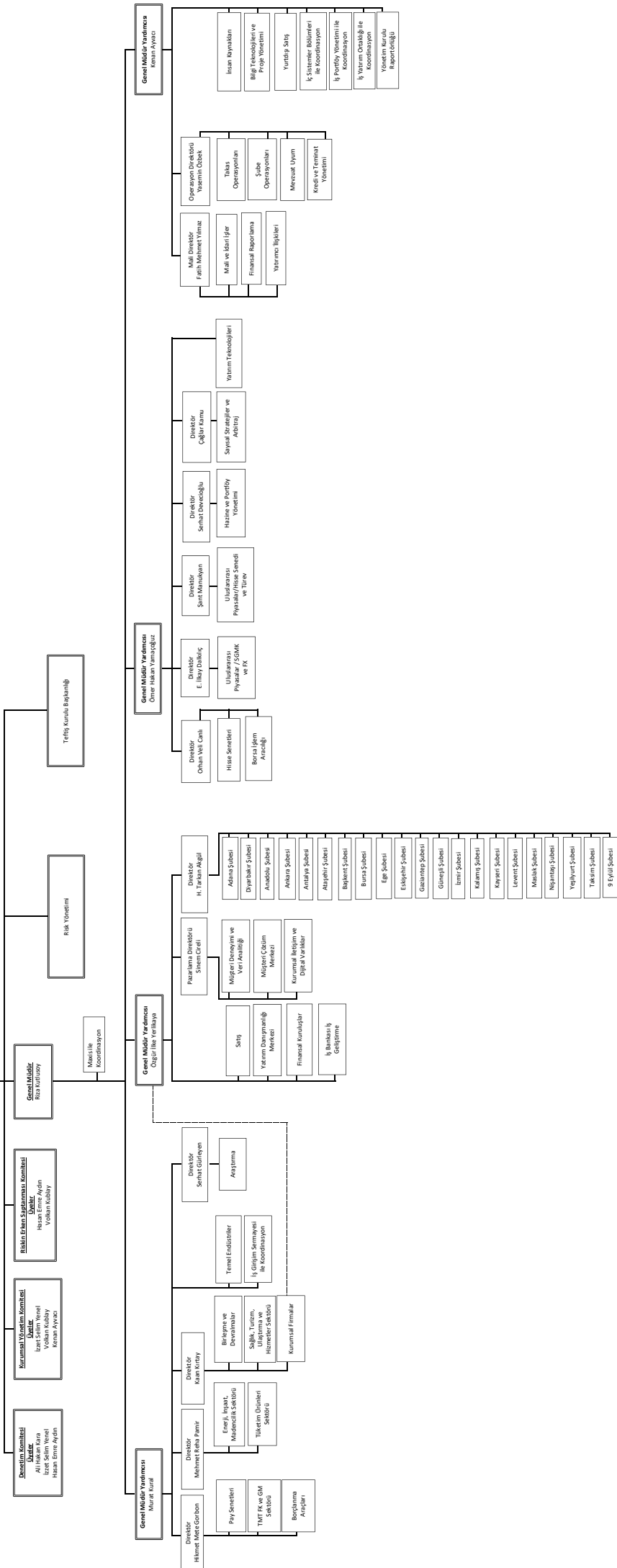




İzzet Selim Yenel
Member-Independent

İzzet Selim Yenel entered the Ministry of Foreign Affairs (MFA) in 1979. His first posting was to represent the Turkish Delegation to the OECD in Paris between 1981 and 1984. After serving at the Turkish Embassy in Kabul, Turkey, he returned to the Ministry of Foreign Affairs and was appointed to the United Nations delegation to represent Turkey in New York (1988-1992). Mr. Yenel, who served in Turkey's delegation to the European Union in Brussels between 1994 and 1999, returned to Ankara and dealt with EU issues until the beginning of Turkey's accession process (1999-2005). Subsequently, in December 2005, he was posted to Vienna as an Ambassador until October 2009 when he returned to Ankara as Deputy Under-Secretary for Bilateral Political Affairs and Public Diplomacy. Between December 2011 and January 2017, he was posted as an Ambassador and Permanent Delegate of Turkey to the European Union. Upon his return to Ankara, he became the Undersecretary at the Ministry of EU Affairs until July 2018 when the Ministry for EU affairs merged with the Foreign Ministry. In 2019 he was appointed as First Deputy Secretary General at the Black Sea Economic Cooperation (BSEC) Organization. In January 2020 he became President of Global Relations Forum. Mr. Yenel was appointed to the Board of Directors of IS Investment as an Independent Member in March 2020 where he also serves as the Chairman of the Corporate Governance Committee and as a member of the Audit Committee.

Yönetim Kurulu
Başkan: Senar Aksoy
Başkan Yardımcısı: İrfan Dudaş
Yürütme Kurulu Üyeleri
Hüsnü Şekip Çepni
Tuba Kılıçay
Ali Bekir Karı (Bağimsiz)
Hasan Emre Aydın (Bağimsiz)
İzzet Salihi Yonel (Bağimsiz)
Ertuğrul Bozdoğan



DECLARATION OF INTEREST

TO THE BOARD OF DIRECTORS OF İŞ YATIRIM MENKUL DEĞERLER A.Ş.,

I hereby declare the following for the purpose of my candidacy for taking on the position of Independent Member of the Board of Directors during the Annual General Meeting of IS Investment (“Company”) on 20 March, 2020:

- Neither I, my wife nor any other relatives of second degree kinship or affinity by marriage have held any employment relationship with or have taken on any important positions/functions in the Company’s management or in the management of important company partners/shareholders or other legal persons under the control of these partners/ shareholders within the last five years. Neither I, my wife nor any other relative of second degree kinship or affinity by marriage have owned or co-owned more than 5% of the capital, voting rights or privileged shares of the entities listed above in the last five years, nor have we entered any commercial relationship of a significant nature with these entities,
- I have not owned more than 5% of the shares or have taken up any important management functions or responsibilities in the following associated companies in the last five years when a sale or purchase relationship was in effect, in companies which undertake the Company’s monitoring, rating and consultancy, or in other companies from which the Company purchases important goods or services and also sells to in the framework of signed contracts,
- I possess the necessary professional education, knowledge and experience to successfully undertake the tasks assigned to the independent board member position,
- In the event that I am elected as an Independent Board Member I will not work in any other full time position in public institutions.
- According to the Income Tax Law, I am officially registered in Turkey,
- I possess the highest ethical standards in my position, professional reputation and hold the necessary experience to positively contribute to the Company’s undertakings. I will assume an impartial position in the event that any conflict of interest should arise between the Company and shareholders,
- I will allocate sufficient time to the work that needs to be undertaken for the Company, such as closely following the Company’s activities and fulfilling all duties assigned to myself in full capacity,
- I have not been a member of the board of directors of the Company for more than six years within the last ten years,
- I have not served as an Independent board member at more than three of the companies in which the Company or the Company’s partners or shareholders hold management functions. In addition, I have not served as an Independent board member at more than five publicly-traded companies in Turkey,
- I have not been announced or registered in the name of any legal person elected as a board member.

Yours sincerely,

Hasan Emre Aydın

DECLARATION OF INTEREST

TO THE BOARD OF DIRECTORS OF İŞ YATIRIM MENKUL DEĞERLER A.Ş.,

I hereby declare the following for the purpose of my candidacy for taking on the position of Independent Member of the Board of Directors during the Annual General Meeting of IS Investment (“Company”) on 20 March, 2020:

- Neither I, my wife nor any other relatives of second-degree kinship or affinity by marriage have held any employment relationship with or have taken on any important positions/ functions in the Company’s management or in the management of important company partners/shareholders or other legal persons under the control of these partners/ shareholders within the last five years. Neither I, my wife nor any other relative of second degree kinship or affinity by marriage have owned or co-owned more than 5% of the capital, voting rights or privileged shares of the entities listed above in the last five years, nor have we entered any commercial relationship of a significant nature with these entities,
- I have not owned more than 5% of the shares or have taken up any important management functions or responsibilities in the following associated companies in the last five years when a sale/purchase relationship was in effect, in companies that undertake the Company’s monitoring, rating and consultancy, or in other companies from which the Company purchases important goods or services and also sells to in the framework of signed contracts,
- I possess the necessary professional education, knowledge and experience to successfully undertake the tasks assigned to the independent board member position,
- In the event that I am elected as an Independent Board Member, I will not work in any other full-time position in any public institutions. This excludes my current position as a lecturer at my university,
- According to the Income Tax Law, I am officially registered in Turkey,
- I possess the highest ethical standards in my position, professional reputation and hold the necessary experience to positively contribute to the Company’s undertakings. I will assume an impartial position in the event that any conflict of interest should arise between the Company and shareholders,
- I will allocate sufficient time to the work that needs to be undertaken for the Company, such as closely following the Company’s activities and fulfilling all duties assigned to myself in full capacity,
- I have not been a member of the board of directors of the Company for longer than six years within the last ten years,
- I have not served as an Independent board member at more than three of the companies in which the Company or the Company’s partners/shareholders hold management functions. In addition, I have not served as an Independent board member at more than five publicly-traded companies in Turkey to date,
- I have not been announced or registered in the name of any legal person elected as a board member

Yours sincerely,,

Prof. Dr. Ali Hakan Kara

DECLARATION OF INTEREST

TO THE BOARD OF DIRECTORS OF İŞ YATIRIM MENKUL DEĞERLER A.Ş.,

I hereby declare the following for the purpose of my candidacy for taking on the position of Independent Member of the Board of Directors during the Annual General Meeting of IS Investment (“Company”) on 20 March, 2020:

- Neither I, my wife nor any other relatives of second-degree kinship or affinity by marriage have held any employment relationship with or have taken on any important positions/ functions in the Company’s management or in the management of important company partners/shareholders or other legal persons under the control of these partners/ shareholders within the last five years. Neither I, my wife nor any other relative of second degree kinship or affinity by marriage have owned or co-owned more than 5% of the capital, voting rights or privileged shares of the entities listed above in the last five years, nor have we entered any commercial relationship of a significant nature with these entities,
- I have not owned more than 5% of the shares or taken up any important management functions or responsibilities in the following associated companies in the last five years when a sale or purchase relationship was in effect, in companies which undertake the Company’s monitoring, rating and consultancy, or in other companies from which the Company purchases important goods or services or also sells to in the framework of signed contracts,
- I possess the necessary professional education, knowledge and experience to successfully undertake the tasks assigned to the independent board member position,
- In the event that I am elected as an Independent Board Member, I will not work in any other full time position in public institutions,
- According to Income Tax Law, I am officially registered in Turkey,
- I possess the highest ethical standards in my position, professional reputation and hold the necessary experience to positively contribute to the Company’s undertakings. I will assume an impartial position in the event that any conflict of interest should arise between the Company and shareholders,
- I will allocate sufficient time to the work that needs to be undertaken for the Company, such as closely following the Company’s activities and fulfilling all duties assigned to myself in full capacity,
- I have not been a member of the board of directors of the Company for more than six years within the last ten years,
- I have not served as an Independent board member at more than three of the companies in which the Company or the Company’s partners or shareholders hold management functions. In addition, I have not served as an Independent board member at more than five publicly-traded companies in Turkey to date,
- I have not been announced or registered in the name of any legal person elected as a board member.

Yours sincerely,

İzzet Selim Yenel

Executive Board

Name Surname	Position	Profession	Positions Held in the Company in the Past 5 Years	Latest External Positions Held
Rıza İhsan Kutlusoy	General Manager	Finance	Member of the Board of Directors, General Manager	Efes Varlık Yönetim A.Ş. Chairman/ Maxis Girişim Sermayesi Portföy Yönetimi A.Ş., Chairman/ Maxis Investments Ltd., Member of the Board of Directors / İş Girişim Sermayesi Yatırım Ortaklığı A.Ş., Member of the Board of Directors / Softtech Ventures Teknoloji A.Ş..
Murat Kural	Assistant General Manager	Finance	Assistant General Manager	Maxis Investments Ltd Member of the Board of Directors
Özgür İlke Yerlikaya	Assistant General Manager	Finance	Director, Assistant General Manager	
Ömer Hakan Yamaçoğuz	Assistant General Manager	Finance	Director, Assistant General Manager	
Kenan Ayvacı	Assistant General Manager	Finance	Member of the Board of Directors, Assistant General Manager	İş Yatırım Ortaklığı A.Ş. Deputy Chairman of the Board of Directors, Maxis Girişim Sermayesi Portföy Yönetimi A.Ş. Member of the Board of Directors



Riza İhsan Kutlusoy
General Manager

Riza İhsan Kutlusoy graduated from the Department of Business Administration at the Middle East Technical University. He joined İşbank in 1988 as an assistant Inspector on the Board of Inspectors. He was appointed as an Assistant Manager in the Capital Markets Division in 1996 and became Unit Manager in the same Division in 1998 and Manager in 2002. He was appointed as the Manager of the Galata Branch in 2006 and as the Head of the Risk Management Division in 2008. He was promoted to the post of Assistant General Manager of İşbank in April 2011. Mr. Kutlusoy was appointed as General Manager of IS Investment in May 2016.



Murat Kural
Assistant General Manager

Murat Kural graduated with a Bachelor's degree in Electronics and Communication Engineering from Istanbul Technical University in 1987 and completed a Master's degree from the Institute of Business Administration at Bilkent University in 1989. He started working at the Prime Ministry Privatization Administration in 1990 and held this post until 1997, when he became the President of the Treasury. In the same year he moved to the World Bank in the capacity of an advisor. He joined IS Investment as the Corporate Finance Manager in 1999, undersigning many public offering and privatization projects. Since 2002, he has been serving as the Assistant General Manager.



Özgür İlke Yerlikaya
Assistant General Manager

Özgür İlke Yerlikaya graduated from the Faculty of Business at Dokuz Eylül University in 1997, and went on to complete a Master's degree from the Accounting and Finance Department of the same university in 1999. After completing his education, he started his capital markets career as an Investment Specialist in 2000. Between 2003 and 2011, he served as an investment specialist and a Special Savings and Investment Center manager in Izmir. Mr. Yerlikaya began working as the Izmir branch Manager at IS Investment on May 2011 and was appointed as the Director of the Branches Outside Istanbul in 2015. Mr. Yerlikaya was appointed as the Assistant General Manager of IS Investment in February 2018.

Ömer Hakan Yamaçoğuz
Assistant General Manager

Mr. Yamaçoğuz graduated with a degree in Business Administration from Boğaziçi University in 1996, and from the Finance Department of Texas A&M University in 1997. Between 2001 and 2003, he attended the University of Texas in Austin to carry out his doctoral studies. He attended the MAP program in INSEAD in 2014. After starting his career at ABN AMRO Hoare Govett in 1997, he continued his career at IS Investment between 1998-2001, which he resumed after completing his doctorate studies in 2003. Mr. Yamaçoğuz, who was the Director responsible for the Treasury Department, was appointed as the Assistant General Manager in May 2019.



Kenan Ayvacı
Assistant General Manager

Kenan Ayvacı graduated with a degree in Business Administration from the Faculty of Administrative Sciences at the Middle East Technical University in 1997. He joined İşbank as an assistant inspector on the Board of Inspectors in 1998 and was appointed as the Assistant Manager of the Capital Markets Division in 2006. He completed a graduate degree at Galatasaray University and was appointed as a Unit Manager in 2010. He became the Head of the Capital Markets Division in 2016 and was also appointed as a member of the Board of Directors of IS Investment in June 2016. Mr. Ayvacı was appointed as the Assistant General Manager of IS Investment in May 2019.



QUALIFICATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS

At the minimum, all of our members are executives which hold a Bachelor's degrees from a university with experience in their respective fields. Our Articles of Association stipulate that half of the Board Members plus one must hold university degrees.

THE COMPANY'S VISION, MISSION AND CORPORATE VALUES AND STRATEGIC GOALS

İş Yatırım'ın Vizyon, Misyon ve Kurumsal Değerleri Yönetim Kurulu tarafından onaylanarak inIS Investment's Vision, Mission and Corporate Values have been approved by the Board of Directors and are publicly disclosed in the Investor Relations/ Corporate Governance section of our website

RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

Efficient risk management forms the basis of the successful delivery of today's financial intermediation services in line with the growing needs of shareholders, regulatory bodies and clients. At the same time, the bar is constantly being raised in what defines efficient risk management activities in the evolving world of risk management. At IS Investment, risk measurement and management activities are incorporated within the main business lines. Risk Management, which was reorganized in 2006 as a department, operates independently from the executive units in its activities.

During the course of management of functional activities, IS Investment may be exposed to various integrated risk groups. To this end, proactive control and management activities are carried out in relation to the market, credit, liquidity and operational risk classes.

The full text of the Risk Management Policy may be accessed in the Investor Relations, Corporate Governance/ Corporate Policies section of our website.

IS Investment has set up an efficient internal audit system which incorporates internal control and inspection activities. The organization plan in place at IS Investment and all related principles and procedures are monitored for the purposes of orderly, efficient and effective execution of all acts and transactions of IS Investment, including those of its peripheral organization, in line with the management strategy and policies within the framework of existing legislation and rules, ensuring the integrity and reliability of bookkeeping and record keeping systems, assuring timely and accurate availability of information in the data system, and preventing and identifying errors, fraud and irregularities.

In addition, inspectors audit compliance with the legislation and corporate policies based on the needs of the management, independently of IS Investment's day-to-day operations. Within this context, an audit system has been established which encompasses all activities and units of IS Investment, with a particular focus on the operation of the internal control system, which allows evaluation of these fields, and covers the systematic audit process resulting from the reporting and examination of evidence and findings used in evaluations.

Moreover, the Compliance Department in particular, as well as all other units, exercise the greatest care in relation to regulatory obligations, compliance with corporate policies, customer satisfaction, reputation and reliability for the protection of the Company's reputation within the context of reputation risk/legal risk management.

There are no active material lawsuits in progress against our Company, nor have there been any material penalties imposed by public authorities during the period. In addition, there have been no administrative or judicial sanctions imposed on any members of our company or the governing body due to practices which contravene the provisions of the legislation. No special audit took place except for internal audit, independent audit and group functions during the period.

In addition, consultancy, audit and rating services are obtained from different institutions, ensuring that there is no conflict of interest in this matter. The assets and liabilities of the companies involved in the consolidation are audited and reconciled within the scope of general internal control practices.

OPINION OF THE AUDIT COMMITTEE REGARDING THE INTERNAL CONTROL SYSTEM

Re.: Financial statements dated 31 December 2020
Date: 1 February, 2021

1. No negative findings were identified with regard to the operation or effectiveness of IS Investment's accounting and internal control systems, and we reached the conclusion that the conduct was proper with due engagement.

2. We have reviewed the financial statements for the period of 1 January 2020 - 31 December 2020, and in view of the fact that no negative findings were raised by the responsible managers of the Company or by the independent auditor with regard to the Company's accounting principles or the factuality and accuracy of these reports to be publicly disclosed, the decision was taken to present the Company's financial statements for perusal by the Board of Directors

Hasan Emre Aydın
Member

İzzet Selim Yenel
Member

Ali Hakan Kara
Head

AUTHORITY AND RESPONSIBILITIES OF THE MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES

As specified in the Articles of Association of IS Investment, IS Investment is managed and externally represented by the Board of Directors. The Board of Directors may delegate its management and representation duties and powers, in part or in whole, under the Turkish Commercial Code to managing directors to be designated from among its members or to managers who are not necessarily shareholders.

The Board of Directors conducts its activities subject to the Turkish Commercial Code, Capital Market Law and applicable legislation.

OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS

The Board of Directors at IS Investment meets on a monthly basis at the minimum, and may convene at more frequent intervals as and when necessary. The meeting agenda is determined upon the proposal of the General Manager and approval by the Chair of the Board. The meeting invitation is issued by the Chair or the Vice Chair of the Board of Directors.

In 2020, the Board of Directors met 10 times under pandemic conditions, while the average rate of attendance of Board Members in meetings was 97%.

An Assistant General Manager has been assigned as a "Rapporteur" in order to keep members of the Board of Directors informed and to ensure communication.

Board members were not granted weighted voting rights or negative/ affirmative vetoing rights at the meeting.

The General Assembly did not take any decisions on account of related party or material transactions. No losses or costs were incurred for any transactions not performed within this framework. Explanations regarding transactions with related parties during the period are presented in detail in footnote 6 of the financial statements disclosed to the public on the same date.

The operating principles of the Board of Directors and committees, including information such as meetings and decision quorums, are published in detail in the Investor Relations/Corporate Governance/Corporate Policies section of our website. The Company has purchased an insurance policy to cover any losses that members of the Board may cause to the Company due to misconduct.

PROHIBITION OF CARRYING OUT BUSINESS AND COMPETING WITH THE COMPANY

The Articles of Association stipulate that members of the Board of Directors may not seek authorization in the Annual General Meeting of Shareholders from any exemption of the prohibition on conducting business or competing with IS Investment.

NUMBER, STRUCTURES AND INDEPENDENCE OF COMMITTEES REPORTING TO THE BOARD OF DIRECTORS

In order to ensure that the duties and responsibilities of the Board of Directors are performed in a healthy manner, the Articles of Association stipulate that committees and units may be established as deemed necessary and fit by the relevant legislation, and that the Corporate Governance Principles of the Capital Markets Board will be taken into consideration in the formation of such committees and units.

An Audit Committee, Corporate Governance Committee and Risk Committee function at IS Investment. All members of the Audit Committee and the heads of the Corporate Governance and Risk Committees are independent members. The duties of the Nomination and Remuneration Committees have been charged to the Corporate Governance Committee.

AUDIT COMMITTEE

Prof. Dr. Ali Hakan Kara - Head
Hasan Emre Aydın - Member
İzzet Selim Yenel - Member

The Audit Committee meets at least four times a year on a quarterly basis. The results of the committee are recorded in the minutes and presented to the Board of Directors. The Committee met on 10 occasions in 2020.

The Audit Committee also evaluates issues and processes related to internal control every month, and did not identify any unusual situations in 2020.

CORPORATE GOVERNANCE COMMITTEE

İzzet Selim Yenel - Head
Volkan Kublay - Member
Kenan Ayvaci - Member

The Corporate Governance Committee has also assumed the responsibilities of the Nomination and Remuneration Committees. The Committee meets at least four times a year on a quarterly basis. The results of the committee are recorded in the minutes and presented to the Board of Directors. The Committee met on 5 occasions in 2020..

RISK COMMITTEE

Hasan Emre Aydın - Head
Volkan Kublay - Member

The Risk Committee meets at least four times a year on a quarterly basis. The results of the committee are recorded in the minutes and presented to the Board of Directors. The Committee met on 10 occasions in 2020.

The Rapporteur of the Board of Directors also carries out the work of the committees.

The other committees, which are structured under the chairmanship of a responsible Board Member determined in a decision taken by the Board of Directors', shall convene when necessary.

The duties and responsibilities of the committees and their operating procedures and principles are publicly disclosed on KAP and in the Investor Relations/ Corporate Governance/Corporate Policies section of our website.

The Articles of Association set out that the decision-making process regarding material transactions defined in the Corporate Governance Principles of the Capital Markets Board and other matters concerned with related parties shall be handled in accordance with the corporate governance requirements of the Capital Markets Board.

STRATEGIC GOALS OF THE COMPANY

The strategic goals devised by the Executive Committee in relation to IS Investment's activities are presented in a report to the Board of Directors. This report covers information and forecasts concerning national and international markets, as well as macroeconomic assessments. The strategic goals determined within the framework of such information and forecasts are approved by the Board of Directors upon necessary assessments following discussion of the prior period performance. In that context, the Board of Directors concluded that the Company had attained its operational and financial performance targets for 2020. The Board of Directors also deemed that the committees, in this period, had worked efficiently in accordance with their job descriptions.

There were no significant legislative amendments which could affect the Company's strategic objectives during the reporting period.

FINANCIAL RIGHTS EXTENDED TO THE BOARD OF DIRECTORS

The Articles of Association stipulates that the monthly salaries and attendance fees of Board members shall be determined by the General Assembly of Shareholders.

Based on the decisions passed during the Company's Annual General Meeting held on 20 March 2020, it was determined that a monthly gross attendance fee of TL 14,400 would be paid to members of the Board of Directors. The minutes of the Annual General Meeting have been publicly disclosed in the form of a material event statement and also posted on the corporate website. A performance-based rewarding system is not implemented for the determination of Board Members' financial rights. The total benefits provided to the Members of the Board of Directors and senior executives such as travel, accommodation and representation expenses, cash facilities, insurance and similar benefits (consolidated) amounted to TL33.9 million in 2020.

There were no transactions such as lending of money, extending credit or providing guarantees between IS Investment and the Board Members or its executives.

21. SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

A. GENERAL PRINCIPLES

Being an integral part of IS Investment Sustainability Policy, and complimentary to this Policy, the following policies were created in accordance with a decision taken by the Board of Directors and publicly disclosed on the website;

- Human Rights and Human Resources Policy,
- Environmental and Social Impacts Policy,
- Anti-Bribery and Anti-Corruption Policy and
- Gift and Hospitality Policy

These Policies can be accessed from the Investor Relations/ Corporate Governance/ Sustainability Policies section of our website.

The Sustainability Policy at IS Investment and the Policies which are complementary to this Policy are implemented by the Head Office units under the supervision of the Corporate Governance Committee. These Policies are regularly reviewed by the Corporate Governance Committee in line with the changes in the requirements and operating conditions, and any updates and

changes deemed necessary enter effect after approval by the Board of Directors upon the recommendation of the Corporate Governance Committee.

The coordination of sustainability efforts within executive bodies is ensured by the Investor Relations Department.

The activities carried out within the scope of the Sustainability Policy and the Policies which are complementary to this Policy are reported to the Corporate Governance Committee and the Board of Directors at least once a year and, in any case, within the maximum periods specified in the relevant regulations of the Board for disclosure of the annual reports to the public.

Our current key performance indicators are planned to be reclassified within the scope of Sustainability Policies, with the policies subsequently being disclosed on a comparative basis in the coming periods.

The Company's operational and financial status, position, performance and development are disclosed through our quarterly financial statements, annual reports and investor presentations. In addition, our website serves as an information tool which provides all kinds of information of a general nature, from corporate policies to general assembly information, to all stakeholders. Both our website and our reports directly meet the needs of different stakeholders.

Complying with the Corporate Governance Principles at the highest level, IS Investment, within the framework of the importance which it attaches to transparency, discloses all important developments in a timely, complete, accurate and simultaneously accessible manner to all stakeholders through the relevant reports, the Company website and the Public Disclosure Platform.

Within the scope of the Sustainability Principles, our Company's activities, practices and policies considered to be related to the United Nations Sustainable Development Goals such as gender equality, high quality education, decent work, economic growth and reduction of inequalities, clean water and sanitation, accessible and clean energy, sustainable cities and communities and responsible consumption.

There was no violation of environmental legislation in terms of its activities and our Company has not been subjected to any legal sanctions in this regard.

B. ENVIRONMENTAL PRINCIPLES

The İş Towers premises is designed to minimize environmental impacts. Tower 1 in the premises holds a BREEAM In-use Excellence certificate. The application submitted by Tower 2, where our Head Office is located, is at the approval stage.

The process of moving our data center, which is located in the same building as our Head Office, to İşbank's Atlas Data Center in Tuzla has got underway and this process is aimed to be completed in the early months of 2021. The Atlas Data Center has been specially designed by taking into consideration the green Information Technologies applications that will minimize environmental impacts and provide energy efficiency. In addition to its environmentally friendly nature, the Atlas Data Center, which operates to high technological and security standards, holds the LEED v4 Gold certification for Data Centers and was the first data center in Turkey to meet these standards.

In the Atlas Data Center, which will house our company's data center;

- All wastes are sorted and recycled within the scope of the ISO14001 Environmental Management System Standard.
- Energy consumption is reduced by using energy generated during cooling in the heating of office spaces.

- The data rooms where IT cabinets are located are air-cooled on an uninterrupted basis in line with the principle of redundancy with package type cooling devices.
- After the cabinets are cooled, heated air is mixed with outdoor air and is used for the heating of air conditioning systems, thus saving energy.
- Rain water is collected and reused after being treated.

With these attributes, the environmental impact of our operations will be minimized by moving our data center to the Atlas Data Center. In addition, it is expected that the electricity consumption of our data center will be reduced by 92% after this relocation.

In addition, application work continues for the ISO 14001 Environmental Management System in the İş Kule 2 premises, where our Head Office is located. In addition, completely environmentally friendly chemicals are used throughout the campus.

Total electricity consumption of 682,546 kWh was realized in our Head Office (a decrease of 8% compared to the previous year), with fuel consumption of approximately 20,800 liters (a decrease of 70% compared to the previous year), water consumption of 866 m³ (a decrease of 52% compared to the previous year) and natural gas consumption of 1,618 m³ (an increase of 14% compared to the previous year).

In the coming period, studies are planned to be carried out to begin measuring environmental indicators such as air emissions, waste generation and recycling, and to disclose them on a basis which is comparable by period, with the completion of the mentioned environmental management system processes in the premises where our Head Office is located.

Companies provided with financial advisory services by IS Investment will be informed of the assessment and measures taken on environmental and social impacts and sustainability issues if deemed necessary. Accordingly, customers and other stakeholders involved in the process will also be integrated into our Environmental and Social Impacts Policy.

Our Company strives to support the field of corporate governance and environmental issues, which is an important leg of Environmental, Social and Corporate Governance (ESI) Policies, both through its own initiatives and activities and through the Corporate Governance Association of Turkey (TKYD), which it is a corporate member of. In fact, the TKYD cooperated with the International Finance Corporation (IFC) in January 2021 to contribute to the dissemination of ESI policies and practices. In addition, in previous years, seminars were held in many Anatolian cities under the theme of “Corporate Governance in Anatolia” in cooperation with IS Investment and TKYD in order to adopt corporate governance widely and to raise awareness in small and medium-sized enterprises. Apart from this, given the scope of our activities, we are not a direct member of any environmental organisation.

In its Environmental and Social Impacts Policy announced to the public, IS Investment declared that it would take efforts to regularly measure greenhouse gas emissions, which are the main cause of climate change, and to carry out mitigation activities as a result of its mitigation commitments.

Due to our activities, there has been no purchase of carbon credits.

C. SOCIAL PRINCIPLES

The “Human Rights and Human Resources Policy”, in which IS Investment declares that it will strive to fulfill the requirements of the international conventions to which our country is a party, especially the basic principles, such as labour rights, human rights and social justice, of the United Nations Universal Declaration of Human Rights and the International Labor Organization, was created upon the decision taken by the Board of Directors and disclosed to the public on our website. The Policy in question can be accessed from the Investor Relations/ Corporate Governance/ Sustainability Policies section of our website.

The Human Rights and Human Resources Policy, which forms an integral part of the IS Investment Sustainability Policy and is complementary to the policy, is regularly reviewed by the Corporate Governance Committee in line with the changes in the requirements and operating conditions, and the updates and changes deemed necessary are approved by the Board of Directors upon the recommendation of the Corporate Governance Committee and comes into force. An internal audit is carried out to check compliance with the provisions of the Human Rights and Human Resources Policy .

The basic principles of our Human Rights and Human Resources Policy, such as non-discrimination and equal opportunities for all under equal conditions, are disclosed in the Corporate Governance Compliance Report and Human Rights/ Human Resources Policy section of this Annual Report.

Currently, 33% of our board members are women and 46% of our total employees are women.

IS Investment Compensation Policy is set out in writing and disclosed to the public in the Investor Relations, Corporate Governance/ Corporate Policies section of our website.

Inclusion in group health insurance, social rights in cases such as marriage, birth, natural disaster, as well as rights such as an employer-contributed group pension plan are some of the fringe benefits provided to employees. These issues are publicly disclosed on the Human Resources section of our website.

Discovering talent, bringing the right talent to IS Investment and ensuring our competitive strength is sustainable forms the basis of our talent management understanding.

There is an environment where each employee may express their wishes, complaints and suggestions through the Human Resources Committee, Departmental managers, Human Resources Department and the Inspection Board. Examination of complaints concerning ethical issues is under the responsibility of the Audit Committee.

The sector in which our company operates, the quality and the number of staff are at a level where functions such as forming associations or collective bargaining agreements are not necessary, and where such formations are not required. However, our Company does not have any regulations or practices in place which prohibit such activities.

The subject of training is an important element of the work/life balance at IS Investment. Our basic training policy is to contribute to the professional and personal development of our employees who adopt continuous learning as a philosophy of life and to provide equal opportunities to employees in this regard.

When creating training plans, the Human Resources Department aims to ensure that our employees develop appropriate behavioral patterns in accordance with the corporate culture, while helping them fulfill their duties in the best way by developing their professional competencies and improving their management skills. Our employees are encouraged to participate in national and international training and certificate programs and all kinds of support are provided.

Occupational Health and Safety is one of the important elements of our Human Rights and Human Resources Policy. Training on these issues is regularly offered to employees, and necessary information is provided by raising awareness in these areas. In addition, our regulation on Occupational Health and Safety has been prepared in writing and announced to our employees.

IS Investment ensures a high level of compliance with the personal data protection regulations, and our Disclosure Statement on the Protection of Personal Data has been prepared in writing and disclosed to the public in the Official Announcements section of our website. In addition, training programs were given to employees on the protection of personal data.

Our social responsibility policies and practices, including ethical values, social investment and financial inclusion, are explained in detail in the Corporate Governance Principles Compliance Report section of this Annual Report.

Training programs on Sustainability Policies and practices are planned to be provided to employees in the upcoming periods.

IS Investment carries out its rights and responsibilities to all of its stakeholders with an understanding of accountability, equality, transparency, fairness and responsibility.

Customers may submit complaints to addresses which are clearly stated on our website. In addition, our customers may convey their expectations and suggestions through the investment advisors assigned to them. In addition, individuals may communicate through our social media accounts. The processes for the examination and resolution of the submitted complaints are determined in writing.

Stakeholder communication is carried out continuously and transparently. As a company whose shares are traded on the stock exchange, constant contact is maintained with both customers and shareholders. Information meetings are held and satisfaction surveys are shared.

Moreover, relations with relevant non-governmental organizations and public organizations are managed on a balanced and continuous basis.

Transparent communication is established between employees, who have the most important position among stakeholders, in all processes including their job descriptions, performance system, professional development and the use of employee rights.

International reporting standards such as the Carbon Disclosure Project (CDP) Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC) or Sustainability Accounting Standards Board (SASB) have not yet been adopted by our Company. On the other hand, we do not have a membership or signature in international organizations or principles such as the Equator Principles, the United Nations Environment Program Finance Initiative (UNEP-FI), the United Nations Global Compact (UNGC), or the United Nations Principles for Responsible Investment (UNPRI). By achieving a certain standard by improving our sustainability practices, especially in terms of environmental and social impacts, our potential inclusion in the aforementioned principles or organizations will be evaluated in due course.

Within the framework of our Sustainability Policies and practices, the issue of inclusion in the sustainability indices in the upcoming periods may be considered

D. CORPORATE GOVERNANCE PRINCIPLES

In regard to the issues contained in this chapter of sustainability principles, detailed explanations are provided in the “A. General Principles” heading of this section and in the “Corporate Governance Compliance Report” section of the Annual Report.

22. AFFILIATE REPORT AND RELATED PARTY TRANSACTIONS

Related party transactions of our Company are set out in detail in the footnotes of our financial statements and on our Company's website.

AFFILIATE REPORT RESULT

The commercial transactions which the Company realized with the controlling company, İşbank, the principal shareholder, and group companies affiliated to İşbank in the fiscal year covering the period 1 January – 31 December 2020, which are detailed herein, were required by the Company's activity and were carried out on an arm's length basis. The controlling company neither led any decisions to the detriment of the controlling company or a subsidiary thereof or the Company, nor carried out any transactions that would cause any loss to the controlling company or a subsidiary of the Company.

Board of Directors
IS Investment

İŞ YATIRIM MENKUL DEĞERLER A.Ş.

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Head Office

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Branches:

<https://www.isyatirim.com.tr/tr-tr/iletisim/Sayfalar/default.aspx#page-2>

23. INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL ACTIVITY REPORT OF THE BOARD OF DIRECTORS

To the Board of Directors of İş Yatırım Menkul Değerler A.Ş.

1) Opinion

We have audited the annual activity report of İş Yatırım Menkul Değerler Anonim Şirketi and its Subsidiaries (the "Group") for the 1 January 2020 – 31 December 2020 accounting period. In our opinion, the consolidated financial information included in the annual report of the Board of Directors and the evaluations carried out by the Board of Directors on the status of the Group are consistent, in all material respects, with the full set of consolidated financial statements audited and the information which we obtained during the independent audit, and reflect the truth.

2)) Basis for Opinion

We conducted our audit in accordance with the standards on auditing as set out by the Capital Markets Board and Independent Auditing Standards (InAS) which form part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in detail in the Independent Auditor's Responsibilities Regarding the Independent Audit section of our Annual Report. We declare that we are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Ethical Rules) as issued by the POA and the ethical provisions in the legislation on independent auditing. Other responsibilities related to ethics within the scope of the Code of Ethics and legislation have also been fulfilled by us. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed a positive opinion in our auditor report dated 1 February 2021 regarding the full set of consolidated financial statements of the Group for the 1 January 2020 - 31 December 2020 fiscal period

4) Responsibility of the Board of Directors Regarding the Annual Report

According to articles 514 and 516 of the Turkish Commercial Code (TCC) numbered 6102 and the Communiqué No II-14.1 of the Capital Markets Board ("CMB") "Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué"), with regard to the annual report, the Group management is responsible for the following:

- a) To prepare the annual report within the first three months of the balance sheet date and to submit the report to the general assembly.
- b) To prepare the annual report in a manner which reflects the flow of the activities of the Group for that year and its financial status in all aspects accurately, completely, straightforwardly, truthfully and honestly. In this report, the financial situation is evaluated according to the consolidated financial statements. The report also highlights the development of the Company and the Group and the risks which it may encounter. The evaluation of the Board of Directors regarding these issues is also included in the report.
- c) The annual report also includes the following:

- Events which occurred within the Group following the end of the operating year and are of special importance,
- Research and development activities conducted by the Group,
- Financial benefits such as wages, premiums and bonuses paid to the members of the Board of Directors and senior executives, allowances, travel, accommodation and representation expenses, in-kind and in-cash benefits, insurance and similar guarantees.

While preparing the annual report, the Board of Directors also takes into account the secondary legislation regulations drawn up by the Ministry of Customs and Trade and related institutions.

5) The Responsibility of the Independent Auditor Regarding the Independent Audit of the Annual Report

Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole are free from material mis-statement whether due to fraud or error, and to issue an auditor's report which includes our opinion.

Our objective is to provide an opinion on whether the consolidated financial statement included in the annual report and the examinations undertaken by the Board of Directors within the framework of the provisions of the TCC and the Communiqué are consistent with the audited, consolidated financial statements of the Group and the information we obtained during the independent audit and reflect the truth, and to prepare a report containing setting out this opinion.

Our independent audit was conducted in accordance with the IAS and the independent audit standards published by The Capital Markets Board. These standards require the independent audit to be planned and carried out in order to obtain reasonable assurance that the consolidated financial information included in the annual report and the examinations carried out by the Board of Directors are consistent with the consolidated financial statements and that the information obtained during the audit process reflects the truth, in compliance with ethical provisions.

The responsible auditor who conducted and finalized this independent audit is Yaşar Bivas.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of Ernst & Young Global Limited



1 February 2021
İstanbul, Türkiye

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
DECEMBER 31, 2020 WITH INDEPENDENT AUDITORS' REPORT THEREON

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Consolidated statement of profit or loss
Consolidated statement of other comprehensive income
Consolidated statement of changes in equity
Consolidated statement of cash flows
Notes to the consolidated financial statements

INDEPENDENT AUDITOR'S REPORT

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

To the Board of Directors of İş Yatırım Menkul Değerler A.Ş.

A. Report on the Financial Statements

1) Opinion

We have audited the consolidated financial statements of İş Yatırım Menkul Değerler A.Ş. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit and loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the same period, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

3) Key Audit Matters

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

Derivative Financial Instruments	
<p>For the first time derivative financial instruments including foreign exchange contracts, currency and interest rate swaps, currency and interest rate options, futures and other derivative financial instruments are initially recognized on the statement of financial position at fair value and subsequently are re-measured at their fair value.</p> <p>Fair value of the derivative financial instruments is determined by selecting most convenient market data and applying valuation techniques to those particular derivative products. Derivative Financial Instruments are considered by us as a key audit matter because of the subjectivity in the estimates, assumptions and judgements used.</p> <p>Details of derivative financial instruments are explained in Note 39.</p>	<p>Our audit procedures included among others involve auditing policies regarding fair value measurement accepted by the Group management fair value calculations of the selected derivative financial instruments which is carried out by valuation experts of our firm and the assessment of used estimations and the judgements and testing the assessment of operating effectiveness of the key controls in the process of fair value determination.</p>

4) Responsibilities of Management and Directors for the Financial Statements

The Group management is responsible for the preparation and fair presentation of the financial statements in accordance with the Turkish Accounting Standards ("TAS") and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

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

In an independent audit, the responsibilities of us as independent auditors are:

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

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We are also:

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

INDEPENDENT AUDITOR'S REPORT

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

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

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

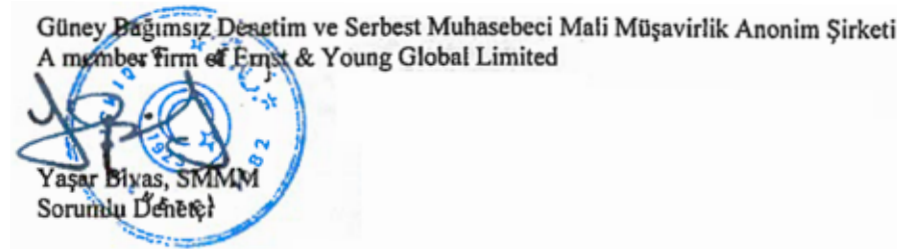
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law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

B. Report on Other Legal and Regulatory Requirements

- 1) The Auditor's Report on the Early Risk Detection System and Committee organized in accordance with the fourth paragraph of Article 398 of the Turkish Commercial Code No. 6102 ("TCC") was presented to the Company's Board of Directors on February 1, 2021.
- 2) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Group's bookkeeping activities for the period January 1 - December 31, 2020 are not in compliance with the code and provisions of the Group's articles of association in relation to financial reporting.
- 3) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Yaşar Bivas, SMMM
Partner

February 1, 2021
Istanbul, Turkey

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İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS OF DECEMBER 31, 2020 and 2019**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

		Audited Current Period	Audited Prior Period
	Notes	31 December 2020	31 December 2019
ASSETS			
Current Assets			
Cash and Cash Equivalents	7	500.747.020	1.560.252.886
Financial Investments	8	1.863.105.037	1.341.726.478
Trade Receivables	11	5.570.028.495	3.139.055.148
<i>Due from Related Parties</i>	6	23.211.338	18.572.698
<i>Other Trade Receivables</i>		5.546.817.157	3.120.482.450
Other Receivables	12	414.434.097	105.450.164
<i>Due from Related Parties</i>	6	59.711	145.960
<i>Other Receivables</i>		414.374.386	105.304.204
Derivative Instruments	39	109.293.507	26.629.080
Inventories	14	67.075.059	65.629.425
Prepaid Expenses		14.927.510	5.402.563
Current Tax Assets	35	208.742	450.943
Other Current Assets	26	10.681.633	13.714.806
SUBTOTAL		8.550.501.100	6.258.311.493
Assets Held For Sale	33	6.709.194	11.320.599
TOTAL CURRENT ASSETS		8.557.210.294	6.269.632.092
Non-current Assets			
Financial Investments	8	73.510.266	269.158.605
Other Receivables	12	1.270.386	1.094.747
<i>Due From Related Parties</i>	6	150	150
<i>Other Receivables</i>		1.270.236	1.094.597
Investments in Equity Accounted Investees	17	2.960.518	9.768.400
Right of use Assets	19	35.945.434	47.940.404
Tangible Assets	20	32.450.555	36.530.459
Intangible Assets		57.745.301	58.245.577
<i>Goodwill</i>	18	38.593.847	38.593.847
<i>Other Intangible Assets</i>	21	19.151.454	19.651.730
Prepaid Expenses		591.475	1.841.906
Deferred Tax Assets	35	13.760.181	22.893.862
TOTAL NON-CURRENT ASSETS		218.234.116	447.473.960
TOTAL ASSETS		8.775.444.410	6.717.106.052

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 and 2019**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

		Audited Current Period	Audited Prior Period
	Notes	31 December 2020	31 December 2019
LIABILITIES			
Short-Term Liabilities			
Short Term Borrowings	9	979.106.453	1.964.909.477
<i>Due to Related Parties</i>		87.808.546	82.803.832
<i>Due to Third Parties</i>		887.428.895	1.868.586.706
Lease Payables to Related Parties	6	474.784	281.399
Lease Payables to Third Parties		3.394.228	13.237.540
Short-Term Portion of Long-Term Borrowings	9	7.886.159	24.157.614
<i>Due to Related Parties</i>		1.745.066	17.101.185
<i>Due to Third Parties</i>		6.141.093	7.056.429
Other Financial Liabilities	10	32.249.477	14.865.116
Trade Payables	11	5.032.047.665	3.034.398.259
<i>Due to Related Parties</i>	6	2.174.342	2.188.730
<i>Due to Third Parties</i>		5.029.873.323	3.032.209.529
Payables Related to Employee Benefits		3.565.853	5.394.307
Other Payables	12	34.613.153	22.865.882
<i>Due to Related Parties</i>	6	253.303	954.731
<i>Due to Third Parties</i>		34.359.850	21.911.151
Derivative Instruments	39	184.926.984	67.435.311
Current Tax Liabilities	35	74.713.811	38.760.037
Short-Term Provisions		105.355.262	41.300.507
<i>Provisions for Employee Benefits</i>	25	44.035.357	29.533.873
<i>Other Short-Term Provisions</i>	23	61.319.905	11.766.634
Other Current Liabilities	26	25.190.905	19.164.594
TOTAL CURRENT LIABILITIES		6.479.655.722	5.233.251.104
Long-Term Liabilities			
Long-Term Borrowings	9	53.586.206	66.629.927
<i>Due to Related Parties</i>		12.284.592	24.956.679
<i>Due to Third Parties</i>		5.444.547	3.271.285
Lease Payables to Related Parties		19.721.543	14.829.279
Lease Payables to Third Parties		16.135.524	23.572.684
Other Payables	12	2.910.885	-
<i>Due to Related Parties</i>		2.910.885	-
<i>Other Payables</i>		13.308.332	13.949.382
Long-Term Provisions		-	-
<i>Employee Benefits</i>	25	13.308.332	13.949.382
Deferred Tax Liabilities	35	24.991.789	1.918.063
Other Long Term Liabilities	26	16.576.341	8.222.163
TOTAL NON-CURRENT LIABILITIES		111.373.553	90.719.535
EQUITY			
Total Equity Attributable to Equity Holders of the Company		1.909.258.332	1.106.992.953
Paid in Capital	27	355.000.000	355.000.000
Share Premium		1.303.326	1.317.449
Other Comprehensive Income and Expenses to be classified to Profit or Loss	27	(6.243.966)	(7.085.607)
<i>Currency Translation Differences</i>		(6.243.966)	(7.085.607)
Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss		56.507.110	42.421.951
<i>Currency Translation Differences</i>	27	11.824.581	6.856.675
<i>Fair Value Reserve</i>		44.682.529	35.565.276
Other Reserves	27	83.753.848	33.758.962
Restricted Reserves	27	139.503.482	104.849.263
Prior Year's Profit/Loss	27	337.460.212	193.856.773
Profit for the Year		941.974.320	382.874.162
Non-Controlling Interests	27	275.156.803	286.142.460
TOTAL EQUITY		2.184.415.135	1.393.135.413
TOTAL LIABILITIES		8.775.444.410	6.717.106.052

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

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AS IF DECEMBER 31, 2020 and 2019**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

		Audited Current Period	Audited Prior Period
	Notes	1 January - 31 December 2020	1 January - 31 December 2019
STATEMENT OF PROFIT OR LOSS			
Revenue	28	109.583.692.115	246.543.051.433
Sales Revenue	28	108.504.007.574	245.873.532.325
Interest and Derivative Income from Operating Activities, Net	28	232.792.579	314.633.751
Service Income, Net	28	743.600.429	300.487.332
Other Operating Income, Net	28	103.291.533	54.398.025
Cost of Sales (-)	28	(107.714.224.569)	(245.505.222.484)
GROSS PROFIT/LOSS		1.869.467.546	1.037.828.949
Administrative Expenses (-)	29	(367.208.882)	(306.457.035)
Marketing Expenses (-)	29	(157.136.277)	(114.052.242)
Research and Development Expenses (-)	29	(2.932.629)	(1.933.425)
Other Operating Income	30	21.617.766	16.025.007
Other Operating Expenses (-)	30	(94.740.643)	(30.894.292)
OPERATING PROFIT/LOSS		1.269.066.881	600.516.962
Share of Profit/Loss of Equity Accounted Investees, Net of Income Tax	17	(9.086.241)	(4.869.067)
OPERATING PROFIT/LOSS BEFORE FINANCE COST		1.259.980.640	595.647.895
Finance Income	31	83.734.575	51.109.552
Finance Costs (-)	32	(97.703.044)	(115.359.984)
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS		1.246.012.171	531.397.463
Income Tax from Continuing Operations	35	(268.706.987)	(110.422.024)
<i>Current Tax Expense</i>		(238.415.857)	(126.937.576)
<i>Deferred Tax Income/(Expense)</i>		(30.291.130)	16.515.552
PROFIT FROM CONTINUING OPERATIONS		977.305.184	420.975.439
PROFIT FROM DISCONTINUED OPERATIONS		-	-
PROFIT FOR THE YEAR		977.305.184	420.975.439
Profit Attributable to:			
Non-controlling interests		35.330.864	38.101.277
Equity holders of the company		941.974.320	382.874.162
		977.305.184	420.975.439
Earnings per share			
Earnings Per Share From Continuing Operations	36	2,6534	1,0785
Earnings Per Share From Discontinued Operations		-	-
Diluted Earnings Per Share			
Diluted Earnings Per Share from Continuing Operations	36	2,6534	1,0785
Diluted Earnings Per Share from Discontinued Operations		-	-

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

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
AS OF DECEMBER 31, 2020 and 2019**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

		Audited Current Period	Audited Prior Period
	Notes	1 January - 31 December 2020	1 January - 31 December 2019
PROFIT FOR THE YEAR		977.305.184	420.975.439
OTHER COMPREHENSIVE INCOME:			
Items that not to be reclassified to profit or loss	34	1.090.270	(2.506.801)
Defined benefit plans re-measurement gains		1.362.837	(3.133.501)
Net change in remeasurements of defined benefit liability			
Related tax		(272.567)	626.700
<i>Deferred Tax Expense/Income</i>	35	(272.567)	626.700
Items that are or may be reclassified to profit or loss	34	8.941.782	7.245.445
Net change in fair values of available for sale financial assets		9.568.436	12.144.804
Change in currency translation reserve		(148.233)	(4.292.119)
Tax related to other comprehensive income that will be reclassified to profit or loss		(478.421)	(607.240)
OTHER COMPREHENSIVE INCOME		10.032.052	4.738.644
TOTAL COMPREHENSIVE INCOME		987.337.236	425.714.083
Total Comprehensive Income Attributable to:			
Non-Controlling Interests		31.681.966	35.477.481
Equity Holders of the Company		955.655.270	390.236.602
		987.337.236	425.714.083

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF DECEMBER 31, 2020 and 2019**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

			Other Comprehensive Income to be classified to be profit or loss	Other Comprehensive Income to be reclassified to be profit or loss	
	Paid in Capital	Share Premium	Defined Benefit Plans Re-Measurement Gains and Losses	Currency Translation Difference	Fair Value Reserve
Balance on January 1, 2019	355.000.000	1.324.230	(4.814.507)	7.812.161	23.854.578
Transfers to Reserves	-	-	-	-	-
Total Comprehensive Income	-	-	(2.271.100)	(968.506)	10.602.046
Change in Non-Controlling Interests	-	(6.781)	-	13.020	1.108.652
Dividends	-	-	-	-	-
Balance on January 31, 2019	355.000.000	1.317.449	(7.085.607)	6.856.675	35.565.276

			Other Comprehensive Income to be classified to be profit or loss	Other Comprehensive Income to be reclassified to be profit or loss	
	Paid in Capital	Share Premium	Defined Benefit Plans Re-Measurement Gains and Losses	Currency Translation Difference	Fair Value Reserve
Balance on January 1, 2020	355.000.000	1.317.449	(7.085.607)	6.856.675	35.565.276
Transfers to Reserves	-	-	-	-	-
Total Comprehensive Income	-	-	841.641	4.932.770	7.906.538
Change in Non-Controlling Interests	-	(14.123)	-	35.136	1.210.715
Dividends	-	-	-	-	-
Other	-	-	-	-	-
Balance on January 31, 2020	355.000.000	1.303.326	(6.243.966)	11.824.581	44.682.529

Retained Earnings							
	Other Reserves	Restricted Reserves	Prior Year's Profit/Loss	Net Profit/Loss For The Year	Shareholders' Equity	Non-Controlling Interest	Equity
	8.761.518	83.855.163	107.790.822	221.701.017	805.284.982	279.807.431	1.085.092.413
	25.000.000	21.014.634	175.686.383	(221.701.017)	-	-	-
	-	-	-	382.874.162	390.236.602	35.477.481	425.714.083
	(2.556)	(20.534)	379.568	-	1.471.369	(3.005.530)	(1.534.161)
	-	-	(90.000.000)	-	(90.000.000)	(26.136.922)	(116.136.922)
	33.758.962	104.849.263	193.856.773	382.874.162	1.106.992.953	286.142.460	1.393.135.413

Retained Earnings							
	Other Reserves	Restricted Reserves	Prior Year's Profit/Loss	Net Profit/Loss For The Year	Shareholders' Equity	Non-Controlling Interest	Equity
	33.758.962	104.849.263	193.856.773	382.874.162	1.106.992.953	286.142.460	1.393.135.413
	50.000.000	34.954.285	297.919.877	(382.874.162)	-	-	-
	-	-	-	941.974.320	955.655.269	31.681.966	987.337.235
	(5.114)	(300.066)	(343.765)	-	582.783	2.058.427	2.641.210
	-	-	(140.000.000)	-	(140.000.000)	(43.367.722)	(183.367.722)
	-	-	(13.972.673)	-	(13.972.673)	(1.358.328)	(15.331.001)
	83.753.848	139.503.482	337.460.212	941.974.320	1.909.258.332	275.156.803	2.184.415.135

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF DECEMBER 31, 2020 and 2019**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

		Audited Current Year	Audited Prior Year
	Notes	1 January - 31 December 2020	1 January - 31 December 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES		(597.814.437)	489.998.652
Net Profit for the year		977.305.184	420.975.439
Adjustments to reconcile net profit/(loss)			
Adjustments for depreciation and amortization	20-21	21.097.425	17.705.862
Changes in provisions		50.268.094	15.718.387
Interest income and expenses	7-9	2.749.780	(18.137.203)
Adjustments related to share-based payments		(3.383.227)	(1.409.327)
Adjustments related to fair value losses/gains		(12.298.931)	(25.651.157)
Changes in tax loss/income	35	268.706.987	110.422.024
Gain/losses from sales of tangible assets	20-21	(309.536)	(1.076.440)
Adjustments related to investments accounted for using the equity method	17	9.086.241	4.869.067
Other adjustments related to profit/loss reconciliation		17.413.662	12.314.530
Changes in net working capital			
Increases/decreases in inventories		(1.445.634)	(731.498)
Increases/decreases in trade receivables		(2.430.973.347)	(1.456.681.529)
Increases/decreases in financial investments		(1.001.798.269)	(28.294.994)
Increases/decreases in other receivables		(300.890.121)	84.334.600
Changes in restricted deposits	7	(2.765)	3.829.024
Increases/decreases in trade payables		1.997.649.406	1.447.810.129
Increases/decreases in other payables		14.577.952	(2.318.428)
Cash flows from operating activities			
Current tax paid		(200.545.806)	(91.084.479)
Employment termination benefits paid/return		(5.021.532)	(2.595.355)
B. CASH FLOWS FROM INVESTING ACTIVITIES		(14.798.232)	(20.519.898)
Proceeds from acquisition of associates		(2.278.359)	(40.084)
Proceeds from disposal of property, plant and equipment	20	4.348.417	3.519.679
Cash inflow from sales of tangible assets	20	(13.334.709)	(13.815.991)
Dividend income	31	3.383.227	1.409.327
Cash outflow from purchases of intangible assets	21	(6.916.808)	(11.592.829)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(451.164.379)	(2.162.957.694)
Proceeds from financial liabilities		22.133.646.508	16.091.483.183
Repayments of financial liabilities		(21.530.796.356)	(17.462.710.240)
Dividends paid	27	(183.367.722)	(116.136.922)
Change in time deposits with original maturities longer than three months		614.450.730	(601.213.005)
Change in other financial liabilities		134.876.036	(31.439.298)
Financing cash inflows from commercial paper		-	11.932.781.068
Financial cash outflows from commercial paper		(1.619.973.575)	(11.975.722.480)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(1.063.777.048)	(1.693.478.940)
D. EFFECTS OF UNREALIZED EXCHANGE LOSS/(GAIN) ON CASH AND CASH EQUIVALENTS		4.932.770	(968.506)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(1.058.844.278)	(1.694.447.446)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7	1.561.920.389	3.256.367.835
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	7	503.076.111	1.561.920.389

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

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

The purpose of İş Yatırım Menkul Değerler Anonim Şirketi ("the Company") is to perform capital market activities in accordance with its Articles of Association of the Capital Markets Law. In this respect, the Company obtained the establishment permission through the Capital Markets Board's (the "CMB") meeting No: 51/1515 on December 5, 1996.

The Company is registered in Turkey and the head quarter of the Company operates at the address below. The contact information of the Company's head quarter and web site is stated below:

Levent Mahallesi, Meltem Sokak, İş Kuleleri, Kule - 2 Kat 13, 34330, Beşiktaş/İstanbul/Turkey
Telephone: + 90 (212) 350 20 00 Fax: + 90 (212) 350 20 01
<http://www.isyatirim.com.tr>

Türkiye İş Bankası AŞ is the main shareholder of the Company. The equity shares of the Company are traded on the stock Exchange.

As of December 31, 2020, the Company has 375 employees (31 December 2019: 345).

As of December 31, 2020, the details of the Company's subsidiaries included in consolidation are as follows:

Subsidiaries:

Company	Place of incorporation	Business Activity
Efes Varlık Yönetim AŞ	İstanbul	Asset management
İş Girişim Sermayesi Yatırım Ortaklığı AŞ ^(*)	İstanbul	Private equity
İş Portföy Yönetimi AŞ	İstanbul	Portfolio management
İş Yatırım Ortaklığı AŞ	İstanbul	Investment trust
Maxis Girişim Sermayesi Portföy Yönetimi AŞ.	İstanbul	Portfolio management
Maxis Investments Ltd.	London	Securities brokerage

^(*) Subsidiaries of İş Girişim Sermayesi Yatırım Ortaklığı AŞ are presented in Note 2.1

The Company and its consolidated subsidiaries, jointly controlled entities and associates are referred to as "the Group" in this report. The operations of the subsidiaries included in the consolidation are stated below:

Efes Varlık Yönetim AŞ

The subsidiary has been established on February 8, 2011. The purpose of the subsidiary is to buy and sell receivables and other assets of deposit banks, participation banks and other financial institutions.

İş Girişim Sermayesi Yatırım Ortaklığı AŞ ("İş Girişim Sermayesi"):

The operations of this subsidiaries are mainly making long-term investments in entrepreneurships founded or to be found in Turkey with a development potential and in need of capital.

İş Portföy Yönetimi AŞ:

This subsidiary was registered with the Istanbul Trade Registry on 23 September 2000 and its foundation was published in the Trade Registry Gazette No: 5168 on 6 November 2000. Its purpose is to perform capital market activities in accordance with its Articles of Association and the Capital Markets Law and the related regulation. This participation offers only portfolio management and investment advisory services within the context of capital market activities to institutional investors.

İş Yatırım Ortaklığı AŞ (Previous Title: İş B Tipi Yatırım Ortaklığı AŞ):

The purpose of this subsidiary is to perform capital market activities in accordance with the Capital Markets Law and the related regulation. This subsidiary performs capital market activities and managing its own portfolio.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

Maxis Girişim Sermayesi Portföy Yönetimi AŞ:

The activity of the subsidiary established on November 2, 2017 and started operating in May 17, 2018 is the establishment and management of venture capital investment funds within the framework of the Capital

Markets Law and related legislative provisions. An application has been made to the Capital Markets Board for the relevant transaction.

Maxis Investments Ltd.:

The subsidiary has been established with the official registration with "The Official Seal of the Registrar of Companies" on August 8, 2005 located on 7 Princes Street, London. The purpose of the subsidiary is to perform profitable operations in the international capital markets.

Associates and jointly controlled entities:

Associates are entities on which the Group has significant influence apart from subsidiaries. Significant influence is the participation power to govern the financial and operating policies of an entity without having individually or jointly control power. Joint ventures are controlled by the Group with a contractual agreement and the Group have the authority on strategic, financial and operational decisions of joint ventures by these agreements. The details of Group's associates as at December 31, 2020 are as follows:

Associate

Company Name	Type of Services	Main Operations
Radore Veri Hizmetleri AŞ ("Radore")	Service	Information technology sector, data center management and other works written in the main contract.
Mika Tur Seyahat Acenteliği ve Turizm AŞ ("Mika Tur")	Service	Travel Agency
Ege Tarım Ürünleri Lisanslı Depoculuk AŞ ("Elidaş")	Service	Licensed Warehousing

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

Approval of Financial Statements

The Group's consolidated financial statements as at and for the year then ended December 31, 2020 have been approved by the Board of Directors and authorization for issue has been given on February 1, 2020. The General Assembly has the authority to amend the consolidated financial statements after publishing.

Preparation of Consolidated Financial Statements and Statement of Compliance to TAS

The accompanying consolidated financial statements are prepared in accordance with the Communiqué numbered II-14,1, "Basis for Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on June 13, 2013. According to the Communiqué, financial statements are prepared in accordance with Turkish Accounting Standards ("TAS") which are published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**2.1. Basis of presentation** (cont'd)**Financial reporting standards** (cont'd)

The accompanying consolidated financial statements as of December 31, 2020 have been prepared by the KGK on the basis of sub-paragraph (b) of Article 9 of the Statutory Decree numbered 660 ("Decree"), approved by the Board decision dated June 2, 2016 and numbered 30, and subsequently, with the Revenue from TFRS-15 Customer Contracts. It is presented in accordance with the updated TAS taxonomy published under the name of "2019 TFRS", which was announced to the public on 15 April 2019 together with the changes in TFRS-16 Leases standards. The Company and its subsidiaries in Turkey, the legal books and the statutory financial statements of the Turkish Commercial Code ("TCC") and tax legislation to keep in accordance with the accounting principles and are prepared. Enterprises controlled by a subsidiary operating in foreign countries prepare their accounting records and legal financial statements in the currencies of the countries in which they operate and in accordance with the legislation of those countries.

Functional and Reporting Currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional and presentation currency of the Company.

Foreign currency exchange rates used by the Group are as follows:

	31 December 2020	31 December 2019
USD	7,3405	5,9402
EURO	9,0079	6,6506
GBP	9,9438	7,7765

Assumption of Going Concern

The consolidated financial statements of the Group are prepared on a going concern basis, which presumes the realization of assets and settlement of liabilities of the Company and its consolidated subsidiaries, jointly controlled entities and associates in the normal course of operations and in the foreseeable future.

Basis of Consolidation*Subsidiaries:*

Subsidiaries are entities controlled by the Group. The Group can control a business when exposure, or rights, to variable returns due to its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries have been included in the consolidated financial statements from the date control commences until the date that controls ends. Non-controlling interests in the net assets of the consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest share of changes in equity since the date of the combination. Even if the non-controlling interests result in a reverse balance, total comprehensive income is attributable to the equity holders of the Company and to the non-controlling interests.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

The details of the Company's subsidiaries are as follows:

Subsidiaries	Ownership as at 31 December 2020	Ownership as at 31 December 2019
Efes Varlık Yönetim AŞ	91,14%	74,00%
İş Girişim Sermayesi Yatırım Ortaklığı AŞ	29,01%	30,49%
İş Portföy Yönetimi AŞ	70,00%	70,00%
İş Yatırım Ortaklığı AŞ	29,45%	29,58%
Maxis Girişim Sermayesi Portföy Yönetimi AŞ	100,00%	100,00%
Maxis Investments Ltd.	100,00%	100,00%
Nevotek Bilişim Ses ve İletişim Sis. San. ve Tic. AŞ ("Nevotek") ^(*)	95,37%	95,37%
Ortopro Tıbbi Aletler Sanayi ve Ticaret AŞ ("Ortopro") ^(*)	97,22%	90,63%
Toksöz Spor Malzemeleri Ticaret AŞ ("Toksöz Spor") ^(*)	90,63%	88,27%
Mikla Yiyecek ve İçecek AŞ ("Mikla") ^(**)	83,57%	83,57%

^(*) The subsidiaries of İş Girişim Sermayesi are presented with İş Girişim Sermayesi's ownership percentages.

^(**) The assets of Numnum Gıda ve İçecek A.Ş., a subsidiary of İş Private Equity, were transferred to three new companies established by the method of full division. Two of the new companies were sold for a total price of TL 24,025,000. The other new company with the division was "Mikla Gıda ve İçecek A.Ş." and İş Girişim Sermayesi's share in this company is 83.57% just like Numnum Gıda ve İçecek A.Ş.

The accounting policies of subsidiaries are changed as necessary to align them with the policies adopted by the Group.

Associates and joint ventures:

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Investments in associates and jointly controlled entities are accounted for using the equity method and are recognized initially at cost.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The details of the Group's associates are as follows:

		Share on capital (%)		
Associates	Place of incorporation	31 December 2020	31 December 2019	Main Business Area
Radore ^(*)	Türkiye	25,50	25,50	Data Services
Mika Tur ^(*)	Türkiye	40,00	20,00	Travel Agency
Elidaş	Türkiye	10,05	-	Licensed Warehousing

^(*) The subsidiaries of İş Girişim Sermayesi are presented with İş Girişim Sermayesi's ownership percentages.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.1 Basis of Presentation *(cont'd)*

Goodwill:

Goodwill represents the excess cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate. Goodwill on acquisitions of associates is included in "Associates or Associates Accounted by Using Equity Method" and is tested for impairment as part of the overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocations made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

If the fair value of identifiable assets, liabilities, the fair value of contingent liabilities or the cost of mergers can only be determined temporarily on the carrying amount, hence the accounting of the merger can only be made temporarily at the end of the period which the merger is realized, then the acquirer recognizes the merger at its temporary value. The mentioned temporary recognition should be completed within the following 12 months and all adjustments including goodwill should be made as of the merger date.

Transactions eliminated on consolidation:

Statements of financial positions and profit and loss of the companies who are included in the consolidation are consolidated based on full consolidation method and by netting off their book value within the Company's assets and their shares within the Company's equity. Portion of the net assets of the subsidiaries that are not directly or indirectly controlled by the parent company, is recognized under "Non-Controlling Interests" in the consolidated statement of financial position. In addition, the portion of the net profit or loss of the subsidiaries that are not directly or indirectly controlled by the Parent company, is also recognized under "Non-Controlling Interests" in the consolidated statement of profit or loss. Intragroup balances and transactions of the companies who are included in the consolidation are eliminated. Profit or loss realized due to the transactions between the group companies or joint ventures, are eliminated by using the Group's share ratio of the related company or joint venture.

2.2 Changes in the Accounting Estimates and Error

If changes in accounting estimates are only for one period, they are applied prospectively in the current period when the change is made, and in the period in which the change is made and in the future periods, significant accounting errors are corrected retrospectively and the financial statements of the previous periods are restated.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.3. Basis of Presentation of the Consolidated Financial Statements

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as of January 1, 2020 are as follows:

Defining the business (Amendments to TFRS 3)

In May 2019, the POA issued amendments to the definition of a business in TFRS 3 Business Combinations standards. The amendments are intended to assist entities to remove the assessment regarding the definition of business.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively.

The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform.

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7.

The amendments did not have a significant impact on the financial position or performance of the Group.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019**

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**2.3. Basis of Presentation of the Consolidated Financial Statements** (cont'd)

i) The new standards, amendments and interpretations which are effective as of January 1, 2020 are as follows: (cont'd)

Definition of Material (Amendments to TAS 1 and TAS 8)

In June 2019, the POA issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively, and earlier application is permitted.

The amendments did not have a significant impact on the financial position or performance of the Group.

Privileges Recognized in Lease Payments Regarding Covid-19 (Amendments to TFRS 16)

Amendments to TFRS 16 - Covid-19 Rent Related Concessions

On June 5, 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted.

The amendments did not have a significant impact on the financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

İŞ YATIRIM MENKUL DEĞERLER ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019

(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.3. Basis of Presentation of the Consolidated Financial Statements *(cont'd)*

ii) Standards issued but not yet effective and not early adopted: *(cont'd)*

IFRS 17 - The new Standard for insurance contracts

The PAO issued IFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Amendments to TAS 1- Classification of liabilities as Current and Non-Current Liabilities

On March 12, 2020, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to IFRS 3 - Reference to the Conceptual Framework

In July 2020, the POA issued amendments to IFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of IFRS 3. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments issued to IFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS standards (March 2018).

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 16 - Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

There is no transition relief for the first-time adopters.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**2.3. Basis of Presentation of the Consolidated Financial Statements** (cont'd)**ii) Standards issued but not yet effective and not early adopted** (cont'd)**Amendments to TAS 37 - Onerous contracts - Costs of Fulfilling a Contract**

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

In December 2020, the POA issued Interest Rate Benchmark Reform - Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed.

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3. Basis of Presentation of the Consolidated Financial Statements (cont'd)

ii) Standards issued but not yet effective and not early adopted (cont'd)

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and if IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Annual Improvements - 2018-2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018-2020 Cycle, amending the followings:

- *TFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter*: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- *TFRS 9 Financial Instruments - Fees in the "10 per cent test" for derecognition of financial liabilities*: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- *TAS 41 Agriculture - Taxation in fair value measurements*: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.4. Comparative Figures

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements.

2.5. Summary of Significant Accounting Policies

Revenue:

The Group immediately recognizes gain on sale of marketable securities in its portfolio, when proceeds on such sale transactions are deemed to be collectable while dividend and similar type of revenue are recognized when proceeds on such sale transactions are deemed to be collectable at maturity.

Interest income and expenses

Interest income and expenses are recognized in the statement of profit or loss on an accrual basis. Interest income include coupon payments on fixed income securities, interest income on the Stock Exchange Money Market transactions and reverse repurchase agreements and interest on guarantees given for futures transactions.

Service income

Revenue generated from a service contract is recognized by reference to the stage of completion of the contractual obligation. In this respect, fees and commissions generated as a consequence of the completion of the service contract or service, mutual fund management fees, portfolio management commissions and agency commissions are recognized on an accrual basis.

Dividend income

Dividend income from equity shares is recognized when the shareholders' rights to receive payment have been established.

Private equity

Revenues are comprised of sale of subsidiary and/or associate and income from consultancy services provided to associates. Revenues from sale of subsidiary or associate resulting in change in control are recognized when the sales are realized. Consultancy services given to associates are recognized at the date of the service rendered.

IT, audio and communication systems

Revenue is recognized on an accrual basis by the amount of excess of the fair value if it is probable that the future economic benefits of the revenue will flow to the Group.

The Group recognizes revenue when the Group has available contracts with clients, product or service is delivered, amount of revenue measured reliably, and it is probable that the Group will be receiving economic benefit.

The Group recognizes revenue for license and software solutions after the software is delivered and the service is started to be used by considering the conditions mentioned in the first paragraph.

Trade of orthopedics, medical equipments and sport products

Revenues are calculated by received payments or fair value of payments which will be received. Estimated refunds, discounts, and provisions are deducted from the mentioned amount.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5. Summary of Significant Accounting Policies (cont'd)

Revenue: (cont'd)

Food and beverage services revenue

Revenue is measured at fair values of the consideration received or receivable. Estimated discount is recognized as a reduction of revenue as the sales are granted.

Food and beverage revenues are recognized as the services are rendered. Revenues that are measured at fair values of the consideration received or receivable and after sale discounts and deductions.

Restaurant sponsorship revenue

Sponsorship revenues are earned as cash and non-cash benefits from sales of food suppliers and other suppliers in respect of their marketing activities. Sponsorship revenues are recognized as the services are rendered related to sponsorship activities performed. Sponsorship revenue related with uncollected part of long-term agreements are deferred until services are rendered. There are no deferred costs related to these revenues.

Restaurant commission revenue

Commission revenues are generated from franchising agreements that were made in order to lease registered trademarks and also restaurants' operating rights to third parties. Commission revenues include both franchise entrance fees and sale commission fees which is computed over the specified rate. Franchise entrance fees are recognized as revenue as a restaurant which is mentioned on the agreement start to operate. Sale commission fees are recognized as revenue when recovery of the consideration is probable and if the entity believes that the payment amount is collectible and there is sufficient evidence that the amount of revenue can be measured.

Sport goods sold

Revenue from the sale of goods during ordinary activities is measured at the fair value of the consideration received and receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of the ownership have been transferred to customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Inventories:

Inventories are measured at the lower of cost and net realizable value. Costs involved in inventories are comprised of direct material, direct labor used for bringing inventories to their existing condition if applicable and production overheads. Weighted average cost method is used in calculating cost of inventories. Net realizable value is estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Tangible Assets:

Items of tangible assets of the Turkish entities purchased before 1 January 2005 are stated at cost adjusted for the effects of inflation during the hyperinflationary period lasted through December 31, 2004, and tangible assets purchased after January 1, 2005 are recorded at their historical costs less accumulated depreciation and accumulated impairment losses.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**2.5. Summary of Significant Accounting Policies** (cont'd)**Tangible Assets:** (cont'd)*Depreciation*

Depreciation is recognized over the estimated useful lives of the related assets from the date of acquisition or the date of installation, on a straight-line basis.

Leasehold improvements are depreciated over the lower of the periods of the respective leases and useful lives, on a straight-line basis.

The estimated useful lives for the current and comparative periods are as follows:

	Useful life
Machinery and equipment	3-15 years
Vehicles	4-5 years
Furnitures and fixtures	2-15 years
Leasehold improvements	5-10 years
Other tangible assets	5-10 years

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

Subsequent expenditure

Expenditure incurred to replace a component of an item of tangible assets that is accounted for separately, including major inspection and overhauls costs, are capitalized. Other subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the item of tangible assets. All other expenditures are recognized in profit or loss as an expense as incurred.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement of the financial lease agreement (for example, as of the date the asset is available for use). Right-of-use assets are calculated by deducting accumulated depreciation and impairment losses from their cost value. In case of revaluation of financial lease debts, this figure is also corrected.

The cost of the right-of-use asset includes:

- (a) the initial measurement amount of the lease liability,
- (b) any lease payments made on or before the actual commencement date, less any lease incentives received, and
- (c) all initial direct costs incurred by the group.

Unless the transfer of ownership of the underlying asset to the Group at the end of the lease term is reasonably certain, the Group depreciates the right-of-use asset from the actual commencement date to the end of the useful life of the underlying asset.

Right-of-use assets are subject to impairment.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.5. Summary of Significant Accounting Policies *(cont'd)*

Lease liabilities

The Group measures the lease liability over the present value of the unpaid lease payments when the lease commences.

The lease payments included in the measurement of the lease liability at the actual commencement date consist of the following payments to be made for the right to use the underlying asset during the lease term and not paid at the actual commencement date:

- (a) fixed payments,
- (b) variable lease payments based on an index or rate, initially measured using an index or rate at the date the lease actually commences;
- (c) Amounts expected to be paid by the Company/Group under residual value commitments
- (d) If the Company/Group is reasonably certain that it will use the purchase option, the exercise price of this option and
- (e) If the lease term indicates that the Company/Group will use an option to terminate the lease, penalty payments regarding the termination of the lease.

Variable lease payments that are not dependent on an index or rate are recorded as an expense in the period in which the event or condition triggering the payment occurs.

The Group uses the revised discount rate for the remaining part of the lease term, if the implied interest rate in the lease can be easily determined, as this rate; If it cannot be determined easily, the Group determines it as the alternative borrowing interest rate on the date of re-evaluation.

The group measures the lease liability as follows, after the date the lease commences:

- (a) Increases the carrying value to reflect the interest on the lease liability, and
- (b) It reduces the book value to reflect the lease payments made.

In addition, in the event of a change in the lease term, a change in essentially fixed lease payments, or a change in the assessment of the option to purchase the underlying asset, the value of the financial lease obligations is remeasured.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.5. Summary of Significant Accounting Policies *(cont'd)*

Intangible Assets:

Intangible assets are comprised of trademarks and licenses and information technologies and computer software. Intangible assets are carried at restated cost for the effects of inflation in TL units current at December, 31 2004 for the intangible assets acquired before January, 1 2005, and intangible assets acquired after January, 1 2005 are carried at acquisition cost less accumulated amortization and impairment losses. Intangible assets are amortized on a straight-line basis over their estimated useful lives for a period not exceeding 5 years from the date of acquisition.

Trademarks and Licenses:

Acquired trademarks and licenses are shown at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (not exceeding five years).

Computer Software:

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3 - 5 years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding three years).

Intangible Assets Acquired in a Business Combination:

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they meet the definition of an intangible asset and their fair value can be measured reliably. Cost of such intangible fixed assets is the fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.5. Summary of Significant Accounting Policies *(cont'd)*

Intangible Assets: *(cont'd)*

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale,
 - The intention to complete the intangible assets and use or sell it,
 - The ability to use or sell the intangible asset,
 - How the intangibles asset will generate probable future economic benefits,
 - The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
 - The ability to measure reliably the expenditure attributable to the intangible asset during its development.
- The amount of intangible money created internally is the total of the expenses given when the intangible fixed asset meets the recognized recognition requirements. When internally created intangible assets cannot be recorded, their expenditures can be written as expense.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the differences between the net disposal proceeds and the carrying amount of the asset. The difference is recognized in the statement of profit or loss when the asset is derecognized.

Impairment of Assets:

Assets that have an indefinite useful life, like goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Assets Held for Sale:

Assets that are expected to be recovered primarily through sale or distribution rather than through continuing use are classified as held for sale or distribution. These assets can be an operating unit, sales groups or a separate tangible asset. Assets held for sale are expected to be sold in twelve months following the reporting period. The assets held for sale are measured at the lower of their carrying amount and fair value. In the condition that the carrying amount exceeds the fair value, the impairment is recognized as a loss in the related period's profit or loss statement.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**2.5. Summary of Significant Accounting Policies** (cont'd)**Borrowing Costs:**

In the case of assets that require considerable time to be ready for use and sale, the borrowing costs directly attributable to the acquisition, construction or production are included in the cost of the asset until the asset is ready for use or sale. The financial investment income, which is obtained by evaluating the unspent portion of the investment-related loan temporarily in financial investments, is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are recognized under the statement of profit or loss in the period that they occur.

Financial Instruments:

A financial asset or a financial liability is recognized in the statement of financial position only when it is a party to the contract of the financial instrument. Normal purchases or sales of financial instruments are recognized in the financial statements or excluded from the financial statements by using one of the accounting methods on the transaction date or delivery date. The initial recognition and classification of financial instruments depends on the contractual terms and the relevant business model. A financial asset or financial liability other than TFRS 15 Customer Contracts are measured at fair value when first recognized in financial statements. Transaction costs directly attributable to the acquisition or the issuance of financial assets and liabilities, except for the fair value changes recognized in profit or loss, are also added to the fair value or deducted from the fair value.

The classification of financial instruments during the initial recognition depends on the characteristics of the contractual cash flows.

The financial assets and liabilities of the Group under TFRS 9 are as follows:

Financial Assets:

Financial investments, except financial assets classified at fair value through profit or loss and financial assets initially recognized at fair value, are recognized at fair value net of directly attributable transaction costs. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: "financial assets at fair value through profit or loss ("FVTPL")", "financial assets measured at amortized cost", and "financial assets at fair value through other comprehensive income ("FVTOCI)".

Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets at fair value through profit or loss unless they are designated for hedging purposes.

Financial assets measured at amortized cost

Financial assets are aimed at collecting contractual conditions of the financial asset cause cash flows that include payments due to the principal and principal balance at certain dates are classified as financial assets measured at amortized cost. It is valued at amortized cost using the effective interest method, and provision is set for impairment. Interest income from held to maturity investments is recognized as "interest income" in profit or loss.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5. Summary of Significant Accounting Policies (cont'd)

Financial Instruments: (cont'd)

Financial assets at FVTOCI

The contractual financial transactions of the financial asset are classified as being non-collected and the financial asset's resulting cash flows that include the average interest rates from the principal and principal balance in terms of the conditions, specifications, nearby principal and principal balance of the assets. Financial assets at fair value through other comprehensive income are initially recognized at their fair value including their transaction costs on the financial statements. However, if the fair value cannot be determined reliably, for those with a fixed maturity, the discount rate is calculated using the internal rate of return method for those who do not have a fixed maturity, they are valued using fair value pricing models or discounted cash flow techniques. Unrealized gains or losses arising from the changes in the fair value of financial assets at fair value through profit and loss is recognized in other comprehensive income are shown below Financial Assets Value Increase/Decrease Fund. In the event that the fair value differences of financial assets that are reflected in other comprehensive income are eliminated, the value in the equity accounts as a result of the fair value application is reflected to the period profit/loss.

Repurchase and reverse repurchase agreements

Marketable securities sold as part of repurchase agreement commitments ("repo") are accounted for in the consolidated financial statements and liabilities to counterparties are presented as payables to customers. Marketable securities held as part of commitments to resale ("reverse repo") are accounted for as funds loaned under marketable securities reverse repurchase agreements and accounted for under cash and cash equivalents in the balance sheet. The difference between purchase and resale prices is accounted for as interest and amortized during the period of the agreement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets/expected credit loss

At each reporting period, each financial asset's credit risk within the scope of impairment is assessed from the date which it is first recognized in the financial statements. Within this assessment, the change of the default risk of the financial asset is taken into consideration. The expected loss provision estimate is unbiased, weighted according to probabilities, and includes information that can be supported about past events, current conditions, and forecasts for future economic conditions.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of profit or loss.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.5. Summary of Significant Accounting Policies *(cont'd)*

Financial Instruments: *(cont'd)*

Impairment of financial assets/expected credit loss *(cont'd)*

With the exception of equity instruments at fair value through other comprehensive income, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of equity securities, any increase in equity instruments at fair value through other comprehensive income, subsequent to an impairment loss is recognized directly in equity.

Trade receivables and provision for doubtful receivables

Trade receivables are written off from the assets if the Group had no future cash flow expectations.

For the calculation of impairment of trade receivables that are measured at amortized cost and has no important financial component (a maturity with less than one year), "Simplified approach" is used. In cases where the trade receivables are not impaired due to certain reasons (except for the realized impairment losses), the provisions for losses related to trade receivables are measured by an amount equal to the "lifetime expected credit loss"

After recognizing allowance for doubtful receivables, if the entire amount or a portion of the entire amount is collected, the amount deducted from the provision for doubtful receivables and the amount is recognized in other operating income.

Financial liabilities:

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5. Summary of Significant Accounting Policies (cont'd)

Financial Instruments: (cont'd)

Forward, Option Contracts and Derivative financial instruments:

As at statement of financial position date, the Group has derivative financial instrument transactions which predominantly consist of positions related to foreign currency forward contracts and Borsa İstanbul indexed futures contracts. The Group uses foreign currency forward contracts and futures to hedge its risks associated with market fluctuations in connection with trading portfolio transactions. The Group participates in derivative transactions indexed to foreign currencies and securities, also performs brokerage activities relating to derivative transactions on behalf of its customers. As at statement of financial position date, transactions related to derivative financial instruments are entered into for trading purposes and measured at fair value. Interest and foreign currency gains and losses on these instruments are accounted for on an accrual basis in the statement of profit or loss.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. The amount recognized in other comprehensive income is removed and included in the statement of profit or loss in the same period as the hedged cash flows affect the statement of profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the statement of profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognized. In other cases, the amount accumulated in equity is reclassified to the statement of profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in the statement of profit or loss.

Recognition and removal of financial assets and liabilities:

A financial asset or a financial liability is recognized in the statement of financial position only when it is a party to the contract of the related financial instrument. The Company derecognizes a financial asset or a portion of its financial asset only when it loses its control over the rights arising from the contract. The Company derecognizes a financial liability only if the obligation defined in the contract is eliminated, canceled or expired.

Business Combinations:

The acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquire, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition criteria under TFRS 3, "Business Combinations" are recognized at fair value at the date of acquisition, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognized and measured at fair value less costs to sell.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**2.5. Summary of Significant Accounting Policies** (cont'd)**Business Combinations** (cont'd)

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The interest of non-controlling interest's shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

In business combinations under common control, assets and liabilities subject to business combination are accounted for at carrying value in consolidated financial statements. Statements of profit or loss are consolidated starting from the beginning of the fiscal year in which the business combination is realized. Consolidated financial statements of previous fiscal years are restated in the same manner in order to maintain consistency and comparability. Any positive or negative goodwill arising from such business combination is not recognized in the consolidated financial statements. The residual balance calculated by netting off investment in subsidiary and the share acquired in subsidiary's equity is directly accounted for under equity as "effect of the business combinations in entities under common control" and presented in retained earnings.

Impact of Foreign Currency Fluctuations:

Transactions in foreign currencies have been translated into TL at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such transactions are included in the statement of profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into TL at foreign exchange rates ruling at the dates the values were determined.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity under "Foreign Currency Translation Differences". Such exchange differences are recognized in the statement of profit or loss in the period in which the foreign operation is disposed of.

Earnings per Share:

Earnings per share disclosed in the accompanying consolidated statement of profit or loss is determined by dividing net income by the weighted average number of shares circulating during the year concerned.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Events after the Reporting Period:

Events after the reporting period comprise any event between the statement of financial position date and the date of authorization of the consolidated financial statements for publication, even if any event after the balance sheet date occurred subsequent to an announcement on the Group's profit or following any financial information disclosed to public.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.5. Summary of Significant Accounting Policies *(cont'd)*

Events after the Reporting Period *(cont'd)*:

If there is evidence of such events as at the statement of financial position or if such events occur after the statement of financial position date and if adjustments are necessary, Group's consolidated financial statements are adjusted according to the new situation. The Group discloses the post-balance sheet events that are not adjusting events but material.

Provisions, Contingent Assets and Liabilities:

Provisions are recognized when the Group has a legal and constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are not recognized in the consolidated financial statements but disclosed in the notes if the possibility of any outflow is low. Contingent assets are not included in consolidated financial statements but explained in the notes if an inflow of economic benefits is probable. If it becomes almost certain that the economic benefit will enter the business, the asset and the related income change are included in the consolidated financial statements on the date of the change.

Related Parties:

For the purpose of the accompanying consolidated financial statements, shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. There may be business transactions with related parties due to ordinary operations.

Segment Reporting:

The Group has five business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These segments are managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns.

Since the Group predominantly operates in Turkey and only in marketable securities sector, segment information in the accompanying consolidated financial statements are configured according to structure of the Group's operating entities as securities brokerage, investment trust, portfolio management, private equity and asset management (Note 5).

Tax Assets and Liabilities:

Since the Turkish Tax Legislation does not allow the parent company and its subsidiaries to prepare consolidated tax returns, tax provisions have been calculated separately for each company, as reflected in the attached consolidated financial statements.

Income tax expense consists of the sum of current tax and deferred tax expense.

Current Tax

Current tax expense is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted on reporting date.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**2.5. Summary of Significant Accounting Policies** (cont'd)**Tax Assets and Liabilities:** (cont'd)Deferred Tax

The deferred tax liability or asset is determined by calculating the legal differences based on the tax differences between the amounts of the assets and liabilities shown in the financial statements and the amounts considered in the legal tax base account. Since the tax rate valid for 3 years has changed to 22%

As of January 1, 2018, a tax rate of 22% has been used in the deferred tax calculation as of 31 December 2019 for temporary differences expected to occur/close within 3 years (in 2018, 2019 and 2020). (31 December 2018: 22%). However, since the current corporate tax rate for 2020 is 20%, a tax rate of 20% has been used for valid differences expected to occur/close after 2020.

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

Deferred tax liabilities are calculated for the Group's subsidiaries, investments in associates, shares in joint ventures of all taxable temporary differences except for controlling removal of temporary differences and disappearance of these differences in the near future is unlikely. Deferred tax assets arising from investments and interest associated with taxable deductible temporary differences are calculated by obtaining sufficient taxable profits in the near future when it is likely to benefit from these differences and it is probable that the disappearance of the differences in the near future.

The carrying amount of deferred tax assets is reviewed at each reporting period. Deferred tax asset or liability is recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

Current and deferred tax for the period

Current and deferred tax are recognized as an income or expense in the statement of profit or loss except items recognized directly in equity (in which case the tax is also recognized directly in equity) or where they arise from the initial accounting for business combinations. In the case of a business combination, the tax effect is taken into account by calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost of acquisition.

Employee Benefits/Retirement Pay Liability:Retirement pay liability

According to the related regulation the Group is obliged to pay employee termination benefits to employees who retire, die, quit for their military service obligations, who have been dismissed after completing one year as defined in the related regulation. The provision for employment termination benefits represents the present value of the future estimation liability in case of retirement of the Group's employees.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.5. Summary of Significant Accounting Policies *(cont'd)*

Employee Benefits/Retirement Pay Liability: *(cont'd)*

Retirement pay liability *(cont'd)*

As of December 31, 2020, the maximum ceiling amount for employee severance indemnity is TL 7.117 (December 31, 2019: TL 6.380). As disclosed in Note 24, the Group has used some actuarial assumptions in computation of provision for employee severance indemnity. Actuarial differences are recognized in profit or loss as incurred. Retirement pay ceiling for the calculation of provision for employee termination benefits, announced by the Ministry of Labor. Actuarial differences are recognized in other comprehensive income and presented prior year's profit or loss.

Defined contribution plans

The Company has started to pay private pension contribution for its employees since 2006. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss when they are due. The only obligation of the Group with respect to the retirement plan is to make the specified contributions.

Bonus payments

The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Other short-term benefits

Other short-term benefits include provision for unused vacation. In accordance with existing social legislation in Turkey, employers are obligated to make payment to the employees for unused vacations when the employee leave. Provision for unused vacation is undiscounted amount of obligation of unused vacation days which is deserved and unused by the employee.

Retirement plans

The Group does not provide any postretirement benefit and pension for the employees.

Statement of Cash Flows:

In the statement of cash flows, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows mainly generated from brokerage and portfolio management operations of the Group.

Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group. Cash flows relating to finance activities express sources of financial activities and payment schedules of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments whose maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Share Capital and Dividends:

Common shares are classified as equity. Dividends on common shares are reclassified as dividend payables by netting off from the retained earnings in the period in which they are approved and disclosed.

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2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6. Significant Accounting Judgements, Estimates and Assumptions

The preparation of consolidated financial statements requires management of Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

There has not been significant change in estimates and assumptions of the Company management for the accounting policies adopted in the preparation of consolidated financial statements.

The preparation of consolidated financial statements in conformity with Communiqué requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Covid-19 epidemic, which has recently emerged in China, spreads to various countries around the world and causes potentially fatal respiratory infections, causes disruptions in operations, especially in countries that are overly exposed to the epidemic, and negatively affects economic conditions both regionally and globally. As a result of the spread of Covid-19 around the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus and are still being taken. In addition to these measures, economic measures are also taken in order to minimize the economic effects of the virus epidemic on individuals and businesses in our country and worldwide. The Company Management predicts that the effects of the current situation will not be significant in the financial statements prepared as of December 31, 2020. In addition, the estimates and assumptions used in the upcoming periods will be reviewed.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The estimates are used particularly in the following notes:

Note 11 - Trade receivables and payables

Note 17 - Investments in equity accounted investees

Note 18 - Goodwill^(*)

Note 19 - Right of use assets

Note 20 - Tangible assets

Note 21 - Intangible assets

Note 23 - Provisions, contingent assets and liabilities

Note 25 - Employee benefits

Note 35 - Tax assets and liabilities

According to accounting policies explained in note 21, the Group tests impairment of goodwill every year. Recoverable amount of cash generating units are specified according to value in use. These calculations require estimations.

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3. BUSINESS COMBINATIONS

Disclosed in Note 17.

4. GROUP ENTITIES

As of December 31, 2020 and 2019, summary financial information of the Group's subsidiaries is as follows:

31 December 2020						
	İş Yatırım Ortaklığı AŞ	İş Portföy Yönetimi AŞ	İş Girişim Sermayesi Yatırım Ortaklığı AŞ (Consolidated)	Efes Varlık Yönetim AŞ	Maxis Girişim Sermayesi Portföy Yönetimi AŞ	Maxis Investments Ltd.
Non-Current Assets	580.800	38.236.526	90.888.823	7.765.351	515.485	179.933
Current Assets	249.525.754	149.078.436	246.487.196	220.065.449	2.434.444	574.614.944
Long Term Liabilities	985.739	6.178.660	36.196.588	7.939.383	442.265	-
Short Term Liabilities	1.011.261	14.272.190	226.369.036	177.267.213	376.360	541.334.594
Net Assets	248.109.554	166.864.112	74.810.395	42.624.204	2.131.304	33.460.283
Carrying Value of Non-Controlling Interests	-	-	(10.974.059)	-	-	-
Revenue	231.029.388	142.341.481	307.454.696	89.516.828	2.401.506	23.230.675
Profit/(Loss)	27.974.546	59.255.696	(4.808.408)	10.320.941	(326.047)	6.894.975
Non-Controlling Interests	-	-	(3.413.489)	-	-	-
Total Comprehensive Income	27.957.488	63.329.202	(11.164.674)	10.431.497	(325.266)	6.894.975
Comprehensive Income	-	-	1.528.522	-	-	-
Cash Flows Related to Operating Activities	-	68.181.382	(8.332.905)	3.082.215	(193.425)	8.513.588
Cash Flows Related to Investing Activities	(20.386)	47.163.833	45.016.378	2.203.912	(7.480)	22.183
Cash Flows Related to Financing Activities	(55.445.366)	(21.360.000)	(35.191.193)	40.982.677	-	(2.969.200)
Net Increase/(Decrease) on Cash and Cash Equivalents	(33.655.432)	74.127.918	1.492.280	43.186.589	(250.608)	5.566.571

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4. GROUP ENTITIES (cont'd)

31 December 2019						
	İş Yatırım Ortaklığı AŞ	İş Portföy Yönetimi AŞ	İş Girişim Sermayesi Yatırım Ortaklığı AŞ (Consolidated)	Efes Varlık Yönetim AŞ	Maxis Girişim Sermayesi Portföy Yönetimi AŞ	Maxis Investments Ltd.
Non-Current Assets	723.763	32.923.937	128.082.834	731.075	650.513	686.940
Current Assets	276.194.410	109.270.982	255.003.288	243.578.578	2.694.648	96.870.535
Long Term Liabilities	1.016.859	6.754.149	57.546.823	135.338	702.810	-
Short Term Liabilities	663.692	10.545.860	242.381.565	223.010.054	185.782	78.001.285
Net Assets	275.237.622	124.894.910	83.157.734	21.164.261	2.456.569	19.556.190
Carrying Value of Non- Controlling Interests	-	-	(11.010.536)	-	-	-
Revenue	189.157.401	103.296.144	377.950.178	57.165.269	1.505.142	13.058.334
Profit/(Loss)	64.271.268	37.144.717	(18.961.911)	(11.056.702)	(852.278)	552.810
Non-Controlling Interests	-	-	(13.455.372)	-	-	-
Total Comprehensive Income	64.239.293	40.126.727	(21.860.284)	(11.056.702)	(778.343)	552.810
Comprehensive Income	-	-	(3.529.896)	-	-	-
Cash Flows Related to Operating Activities	61.350	49.797.936	(17.663.986)	(9.699.402)	-	7.162.643
Cash Flows Related to Investing Activities	(720.202)	(54.698.849)	3.883.477	165.912	(17.085)	313.671
Cash Flows Related to Financing Activities	(30.363.535)	(21.360.000)	14.210.186	40.210.851	458.613	(3.462.868)
Net Increase/(Decrease) on Cash and Cash Equivalents	129.919.930	(37.209.341)	429.677	(1.103.920)	(1.482.121)	4.013.446

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5. SEGMENT REPORTING

Segments	Securities Brokerage	Investment Trust
	1 January - 31 December 2020	1 January - 31 December 2020
Revenue		
Sales revenue	107.945.227.555	225.937.293
Interest and derivative income from operating activities (net)	145.220.636	5.074.466
Services income (net)	620.993.089	17.629
Other operating income (net)	103.291.533	-
Cost of sales (-)	(107.312.660.424)	(197.224.344)
GROSS PROFIT/LOSS	1.502.072.389	33.805.044
Administrative expenses (-)	(249.565.559)	(4.144.727)
Marketing expenses (-)	(99.017.796)	(3.045.445)
Research and development expenses (-)	-	-
Other operating income	12.605.075	16.693
Other operating expenses (-)	(51.320.293)	-
OPERATING PROFIT/LOSS	1.114.773.816	26.631.565
Share of profit/(loss) of equity accounted investess	134.968	-
OEPRATING PROFIT/LOSS BEFORE FINANCE COSTS	1.114.908.784	26.631.565
Finance income	58.388.582	1.514.289
Finance costs (-)	(9.111.543)	(171.308)
PROFIT OR LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS	1.164.185.823	27.974.546
Tax income/(expense) from continuing Operations	(246.219.535)	-
- Current tax expenses	(221.052.324)	-
- Deferred tax income/(expense)	(25.167.211)	-
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	917.966.288	27.974.546
PROFIT FOR DISCONTUNIED OPERATIONS	-	-
PROFIT/(LOSS) FOR THE YEAR	917.966.288	27.974.546
Profit/(Loss) attributable to:		
Non-Controlling interests	-	19.736.042
Equity holders of the Company	917.966.288	8.238.504
	917.966.288	27.974.546
Other informations		
Acquisition of tangible and intangible assets	10.545.902	20.386
Depreciation and amortization charges	(13.147.569)	(243.706)

Portfolio Management	Private Equity	Asset Management	Elimination Adjustments	Total
1 January - 31 December 2020	1 January - 31 December 2020	1 January - 31 December 2020	1 January - 31 December 2020	1 January - 31 December 2020
19,068,590	307,454,696	6,319,440	-	108,504,007,574
-	-	83,197,388	(699,911)	232,792,579
125,674,397	-	-	(3,084,686)	743,600,429
-	-	-	-	103,291,533
(21,610,512)	(182,729,289)	-	-	(107,714,224,569)
123,132,475	124,725,407	89,516,828	(3,784,597)	1,869,467,546
(52,399,588)	(33,573,706)	(28,149,029)	623,727	(367,208,882)
(9,509,823)	(48,585,243)	-	3,022,030	(157,136,277)
-	(2,932,629)	-	-	(2,932,629)
381,331	9,175,738	-	(561,071)	21,617,766
(3,162)	(16,773,313)	(26,643,875)	-	(94,740,643)
61,601,233	32,036,254	34,723,924	(699,911)	1,269,066,881
-	(9,221,209)	-	-	(9,086,241)
61,601,233	22,815,045	34,723,924	(699,911)	1,259,980,640
18,783,704	37,425,921	-	(32,377,921)	83,734,575
(4,533,345)	(59,483,865)	(24,402,983)	-	(97,703,044)
75,851,592	757,101	10,320,941	(33,077,832)	1,246,012,171
(16,921,943)	(5,565,509)	-	-	(268,706,987)
(17,035,305)	(328,228)	-	-	(238,415,857)
113,362	(5,237,281)	-	-	(30,291,130)
58,929,649	(4,808,408)	10,320,941	(33,077,832)	977,305,184
-	-	-	-	-
58,929,649	(4,808,408)	10,320,941	(33,077,832)	977,305,184
17,776,709	(3,413,489)	914,435	317,166	35,330,864
41,152,940	(1,394,919)	9,406,506	(33,394,998)	941,974,320
58,929,649	(4,808,408)	10,320,941	(33,077,832)	977,305,184
2,161,683	5,523,994	1,999,552	-	20,251,517
(3,789,822)	(20,461,826)	(649,678)	-	(38,292,601)

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5. SEGMENT REPORTING (cont'd)

Segments	Securities Brokerage	Investment Trust	Portfolio Management
Balance sheet information	31 December 2020	31 December 2020	31 December 2020
Assets	7.970.725.339	250.106.554	190.264.891
Cash and cash equivalents	165.629.214	169.085.932	91.525.128
Financial investments (short term)	1.743.691.133	73.099.941	38.465.057
Financial investments (long term)	227.517.070	1	28.793.101
Trade receivables	5.272.132.075	7.259.208	19.165.867
Other receivables	410.538.095	23.505	36.206
Derivative instruments	108.525.239	-	768.268
Investment in equity accounted investees	1.675.013	-	-
Other assets	41.017.500	637.967	11.511.264
Liabilities	6.128.086.677	1.997.000	21.269.475
Financial liabilities	687.662.081	668.034	5.498.366
Other financial liabilities	32.144.533	-	-
Trade payables	4.969.946.942	849.887	74.715
Other payables	28.914.779	68.717	1.847.183
Derivative instruments	184.926.984	-	-
Other liabilities	224.491.358	410.362	13.849.211
Net assets	1.842.638.662	248.109.554	168.995.416

Private Equity	Asset Management	Elimination adjustments	Total
31 December 2020	31 December 2020	31 December 2020	31 December 2020
337.376.019	227.830.800	(200.859.193)	8.775.444.410
60.287.829	14.218.917	-	500.747.020
18.109.746	-	(10.260.840)	1.863.105.037
-	-	(182.799.906)	73.510.266
81.847.210	197.720.231	(8.096.096)	5.570.028.495
4.774.183	-	332.494	415.704.483
-	-	-	109.293.507
1.285.505	-	-	2.960.518
171.071.546	15.891.652	(34.845)	240.095.084
262.565.624	185.206.596	(8.096.097)	6.591.029.275
171.842.886	174.907.451	-	1.040.578.818
104.944	-	-	32.249.477
68.313.973	908.743	(8.046.595)	5.032.047.665
3.084.225	3.658.636	(49.502)	37.524.038
-	-	-	184.926.984
19.219.596	5.731.766	-	263.702.293
74.810.395	42.624.204	(192.763.096)	2.184.415.135

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5. SEGMENT REPORTING (cont'd)

Segments	Securities Brokerage	Investment Trust	Portfolio Management
	1 January - 31 December 2019	1 January - 31 December 2019	1 January - 31 December 2019
Revenue			
Sales revenue	245.322.283.419	145.569.417	25.639.520
Interest and derivative income from operating activities (net)	214.518.275	43.584.530	-
Services income (net)	218.793.501	3.454	79.161.766
Other operating income (net)	54.398.025	-	-
Cost of sales (-)	(245.111.624.626)	(125.713.906)	(14.183.637)
GROSS PROFIT/LOSS	698.368.594	63.443.495	90.617.649
Administrative expenses (-)	(197.177.588)	(3.896.764)	(42.846.346)
Marketing expenses (-)	(47.910.427)	(2.660.047)	(7.087.416)
Research and development expenses (-)	-	-	-
Other operating income	12.502.897	8.226.974	22.861
Other operating expenses (-)	(17.985.944)	(742.343)	(4.048)
OPERATING PROFIT/LOSS	447.797.532	64.371.315	40.702.700
Share of profit/(loss) of equity accounted investees	-	-	-
OPERATING PROFIT/LOSS BEFORE FINANCE COSTS	447.797.532	64.371.315	40.702.700
Finance income	42.136.453	84.140	8.291.967
Finance costs (-)	(9.174.221)	(184.187)	(2.263.775)
PROFIT OR LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS	480.759.764	64.271.268	46.730.892
Tax income/(expense) from continuing Operations	(100.788.596)	-	(10.438.453)
- Current tax expenses	(115.826.795)	-	(10.456.072)
- Deferred tax income/(expense)	15.038.199	-	17.619
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	379.971.168	64.271.268	36.292.439
PROFIT FOR DISCONTINUED OPERATIONS	-	-	-
PROFIT/(LOSS) FOR THE YEAR	379.971.168	64.271.268	36.292.439
Profit/(Loss) attributable to:			
Non-Controlling interests	-	46.178.906	11.143.415
Equity holders of the Company	379.971.168	18.092.362	25.149.024
	379.971.168	64.271.268	36.292.439
Other informations			
Acquisition of tangible and intangible assets	8.165.876	-	3.684.946
Depreciation and amortization charges	(8.994.763)	(207.278)	(2.468.669)

Private Equity	Asset Management	Elimination Adjustments	Total
1 January - 31 December 2019	1 January - 31 December 2019	1 January - 31 December 2019	1 January - 31 December 2019
377,950,178	2,089,791	-	245,873,532,325
-	55,075,478	1,455,468	314,633,751
-	-	2,528,611	300,487,332
-	-	-	54,398,025
(251,333,506)	-	(2,366,809)	(245,505,222,484)
126,616,672	57,165,269	1,617,270	1,037,828,949
(40,195,754)	(22,783,542)	442,959	(306,457,035)
(58,994,030)	-	2,599,678	(114,052,242)
(1,933,425)	-	-	(1,933,425)
3,843,523	-	(8,571,248)	16,025,007
(6,898,829)	(5,263,128)	-	(30,894,292)
22,438,157	29,118,599	(3,911,341)	600,516,962
(4,869,067)	-	-	(4,869,067)
17,569,090	29,118,599	(3,911,341)	595,647,895
26,236,332	650,142	(26,289,482)	51,109,552
(62,912,358)	(40,825,443)	-	(115,359,984)
(19,106,936)	(11,056,702)	(30,200,823)	531,397,463
145,025	-	660,000	(110,422,024)
(654,709)	-	-	(126,937,576)
799,734	-	660,000	16,515,552
(18,961,911)	(11,056,702)	(29,540,823)	420,975,439
-	-	-	-
(18,961,911)	(11,056,702)	(29,540,823)	420,975,439
(13,455,372)	(1,713,789)	(4,051,883)	38,101,277
(5,506,539)	(9,342,913)	(25,488,940)	382,874,162
(18,961,911)	(11,056,702)	(29,540,823)	420,975,439
13,222,739	335,259	-	25,408,820
(25,288,473)	(408,562)	-	(37,367,745)

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5. SEGMENT REPORTING (cont'd)

Segments	Securities Brokerage	Investment Trust	Portfolio Management
Balance sheet information	31 December 2019	31 December 2019	31 December 2019
Assets	5.830.749.967	276.918.173	145.540.080
Cash and cash equivalents	1.280.030.188	202.114.056	17.129.310
Financial investments (short term)	1.178.136.555	73.331.543	76.143.091
Financial investments (long term)	397.871.863	1	22.391.647
Trade receivables	2.800.845.343	658.784	17.877.734
Other receivables	104.075.667	33.796	113.044
Derivative instruments	26.629.080	-	-
Investment in equity accounted investees	-	-	-
Other assets	43.161.271	779.993	11.885.254
Liabilities	4.781.896.552	1.680.551	18.188.601
Financial liabilities	1.635.745.299	776.180	6.189.480
Other financial liabilities	14.865.116	-	-
Trade payables	2.954.794.699	223.792	34.477
Other payables	19.364.851	61.238	1.239.319
Derivative instruments	67.435.311	-	-
Other liabilities	89.691.276	619.341	10.725.325
Net assets	1.048.853.415	275.237.622	127.351.479

Private Equity	Asset Management	Elimination adjustments	Total
31 December 2019	31 December 2019	31 December 2019	31 December 2019
383.086.122	244.309.653	(163.497.943)	6.717.106.052
58.795.549	2.183.783	-	1.560.252.886
25.937.130	-	(11.821.841)	1.341.726.478
-	-	(151.104.906)	269.158.605
92.970.890	227.571.241	(868.844)	3.139.055.148
2.322.404	-	-	106.544.911
-	-	-	26.629.080
9.768.400	-	-	9.768.400
193.291.749	14.554.629	297.648	263.970.544
299.928.388	223.145.392	(868.845)	5.323.970.639
191.787.263	221.198.796	-	2.055.697.018
-	-	-	14.865.116
79.066.875	1.120.354	(841.938)	3.034.398.259
1.873.663	353.718	(26.907)	22.865.882
-	-	-	67.435.311
27.200.587	472.524	-	128.709.053
83.157.734	21.164.261	(162.629.098)	1.393.135.413

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6. RELATED PARTY TRANSACTIONS

The immediate parent and ultimate controlling party of the Group is Türkiye İş Bankası AŞ incorporated in Turkey. Transactions between the Company and its subsidiaries, related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The details of transactions between the Group and other related parties are disclosed below.

Deposits in Türkiye İş Bankası AŞ	31 December 2020	31 December 2019
Demand Deposits	27.948.783	17.872.269
Times Deposits	139.108.343	927.546.194
	167.057.126	945.418.463
Borrowings from Türkiye İş Bankası AŞ	31 December 2020	31 December 2019
Loans	96.330.314	112.612.130
	96.330.314	112.612.130
İş Finansal Kiralama AŞ	31 December 2020	31 December 2019
Leasing debt	-	867.065
	-	867.065
İş Faktoring AŞ	31 December 2020	31 December 2019
Factoring debt	5.507.890	11.382.501
	5.507.890	11.382.501
Payables from leases	31 December 2020	31 December 2019
Türkiye İş Bankası AŞ	5.215.966	5.699.517
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	14.980.361	9.411.161
	20.196.327	15.110.678

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6. RELATED PARTY TRANSACTIONS (cont'd)

	31 December 2020			
	Receivables		Payables	
	Trading	Non- Trading	Trading	Non- Trading
Balances with related parties				
Türkiye İş Bankası AŞ	3.947.338	150	1.054.589	527
Anadolu Anonim Türk Sigorta Şirketi	4.997.587	-	115.132	10.480
Anadolu Hayat Emeklilik AŞ	4.388.395	-	-	-
Funds Founded and Managed	8.608.829	32.968	-	-
SoftTech Yazılım Tekn. Araş. Gel. ve Paz. Tic. A.Ş.	1.000.000	-	939.867	-
Diğer	269.189	26.743	64.754	242.296
	23.211.338	59.861	2.174.342	253.303

	31 December 2020			
	Receivables		Payables	
	Trading	Non- Trading	Trading	Non- Trading
Balances with related parties				
Türkiye İş Bankası AŞ	527.012	150	2.104.036	330.279
İş Gayrimenkul Yatırım Ortaklığı AŞ	605.340	-	-	-
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. AŞ	-	-	25.681	508.496
Anadolu Anonim Türk Sigorta Şirketi	7.340.453	-	6.113	11.242
Anadolu Hayat Emeklilik AŞ	3.989.244	-	-	-
Funds Founded and Managed	6.032.041	112.164	-	-
Other	78.608	33.796	52.900	104.714
	18.572.698	146.110	2.188.730	954.731

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6. RELATED PARTY TRANSACTIONS (cont'd)

	1 January- 31 December 2020			
Related party transactions (income)	Fee and brokerage commission income	Interest income on time deposits	Dividend received	Other
Türkiye İş Bankası AŞ	210.317.102	27.748.464	-	1.223
Anadolu Hayat Emeklilik AŞ	25.333.025	-	-	6.971
Anadolu Anonim Türk Sigorta Şirketi	6.430.209	-	-	184.043
İş Gayrimenkul Yatırım Ortaklığı AŞ	578.165	-	-	-
Türkiye Sınai Kalkınma Bankası AŞ	-	262.661	-	-
İş Faktoring AŞ	2.123.845	-	-	-
T.Şişe ve Cam Fabrikaları AŞ	729.088	-	2.788	252.937
İş Finansal Kiralama AŞ	1.314.856	-	-	-
Trakya Cam San. AŞ	387.189	-	929	-
Funds Founded and Managed	89.589.464	-	-	-
Diğer	874.074	-	4.218	176.757
	337.677.017	28.011.125	7.935	621.931

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6. RELATED PARTY TRANSACTIONS (cont'd)

	1 January- 31 December 2019			
Related party transactions (income)	Fee and brokerage commission income	Interest income on time deposits	Dividend received	Other
Türkiye İş Bankası AŞ	50.320.932	59.448.168	-	500.000
Anadolu Hayat Emeklilik AŞ	17.389.428	-	-	588
Anadolu Anonim Türk Sigorta Şirketi	7.766.509	-	-	36.057
İş Gayrimenkul Yatırım Ortaklığı AŞ	2.253.391	562.853	-	910
Türkiye Sınai Kalkınma Bankası AŞ	-	1.497.542	-	-
İş Faktoring AŞ	1.193.799	18.989	-	-
T.Şişe ve Cam Fabrikaları AŞ	157.207	-	71.705	225.983
İş Finansal Kiralama AŞ	4.545.943	6.657	-	-
Trakya Cam San. AŞ	452.635	-	1	-
Funds Founded and Managed	48.306.703	-	-	-
Other	782.624	-	35.943	129.838
	133.341.772	61.534.209	107.649	893.376

Compensation of key management personnel	1 January - 31 December 2020	1 January - 31 December 2019
Salaries and other short-term benefits	33.936.631	31.772.223
	33.936.631	31.772.223

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6. RELATED PARTY TRANSACTIONS (cont'd)

	1 January- 31 December 2020			
Related party transactions (expenses)	Letters of guarantee commission expenses	Custody commission expenses	Interest on borrowings	Other interest expenses
Türkiye İş Bankası AŞ	904.239	538.477	21.689.296	535.175
İş Gayrimenkul Yatırım Ortaklığı AŞ	-	-	-	-
Anadolu Anonim Türk Sigorta Şirketi	-	-	-	753.658
Anadolu Hayat Emeklilik AŞ	-	-	-	-
İş Merkezleri Yönetim ve İşletim AŞ	-	-	-	-
İş Net Elektronik Bilgi Ür. Dağ. Tic. ve İlet. Hiz. AŞ	-	-	-	-
İş Faktoring AŞ	-	-	-	1.556.886
Türkiye İş Bankası Kültür Yayınları İş - Türk Ltd. Şti.	-	-	-	-
SoftTech Yazılım Tekn. Araş. Gel. ve Paz. Tic. A.Ş.	-	-	-	-
Other	-	-	-	50
	904.239	538.477	21.689.296	2.845.769

⁽¹⁾ Payments made under TFRS 16

1 January- 31 December 2020

Transaction commission expenses	Personnel insurance contribution	Office insurance	Rent expenses (*)	Administrative expenses	Technical service and consultancy expenses
23.488.432	-	-	886.207	-	202.258
-	-	-	5.649.298	-	-
-	3.035.453	268.377	-	-	-
-	692.819	-	-	-	-
-	-	-	-	4.023.173	-
-	-	-	-	-	1.111.790
-	-	-	-	-	-
-	-	-	657.971	-	-
-	-	-	-	-	8.869.447
-	-	-	-	69.741	135.022
23.488.432	3.728.272	268.377	7.193.476	4.092.914	10.318.517

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6. RELATED PARTY TRANSACTIONS (cont'd)

	1 January- 31 December 2019			
Related party transactions (expenses)	Letters of guarantee commission expenses	Custody commission expenses	Interest on borrowings	Other interest expenses
Türkiye İş Bankası AŞ	533.408	522.653	25.566.563	462.387
İş Gayrimenkul Yatırım Ortaklığı AŞ	-	-	-	-
Anadolu Anonim Türk Sigorta Şirketi	-	-	-	4.329.364
Anadolu Hayat Emeklilik AŞ	-	-	-	-
İş Merkezleri Yönetim ve İşletim AŞ	-	-	-	-
İş Net Elektronik Bilgi Ür. Dağ. Tic. ve İlet. Hiz. AŞ	-	-	-	-
İş Faktoring AŞ	-	-	-	4.043.804
Türkiye İş Bankası Kültür Yayınları İş - Türk Ltd. Şti.	-	-	-	-
SoftTech Yazılım Tekn. Araş. Gel. ve Paz. Tic. A.Ş.	-	-	-	-
Other	-	-	-	108.332
	533.408	522.653	25.566.563	8.943.887

⁽¹⁾ Payments made under TFRS 16

1 January- 31 December 2019

Transaction commission expenses	Personnel insurance contribution	Office insurance	Rent expenses (*)	Administrative expenses	Technical service and consultancy expenses
10.089.307	-	-	2.456.723	-	268.282
-	-	-	5.251.950	-	-
-	2.614.913	308.913	-	-	-
-	602.117	-	-	-	-
-	-	-	-	3.980.937	-
-	-	-	-	-	1.078.047
-	-	-	-	-	-
-	-	-	587.388	-	-
-	-	-	-	-	5.097.585
-	-	-	-	60.934	98.669
10.089.307	3.217.030	308.913	8.296.061	4.041.871	6.542.583

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7. CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash	30.574	49.761
Cash at banks	253.288.816	1.090.310.392
<i>Demand deposits</i>	72.291.762	56.978.275
<i>Time deposits (with maturities less than three months)</i>	180.997.054	1.033.332.117
Type B mutual funds	2.642.353	8.235.271
Receivable from reverse repurchase agreements	206.890.922	442.095.026
Other cash equivalents	10.000	4.062.305
Receivables from money market placements	41.787.912	19.406.453
Expected loss provision	(3.903.557)	(3.906.322)
	500.747.020	1.560.252.886

Cash and cash equivalents in the Group's consolidated statement of cash flows as of December 31, 2020 and December 31, 2019 are presented by netting off interest accruals and time deposits:

	31 December 2020	31 December 2019
Cash and cash equivalents	500.747.020	1.560.252.886
Interest accrual	(1.574.466)	(2.319.023)
Restricted deposits	-	80.204
Expected loss provision	3.903.557	3.906.322
	503.076.111	1.561.920.389

Maturities and interest rates of time deposits as of December 31, 2020 and December 31, 2019 are as follows:

31 December 2020				
	Interest Rate (%)	Maturity	Currency Type	Amount (TL)
Time deposit in FX	0,02	15.01.2021	USD	1.142.604
Time deposit in FX	0,35	04.01.2021-01.02.2021	GBP	29.831.400
Time deposit in TL	10,00-18,25	04.01.2021-05.02.2021	TL	149.091.009
Money market placements	16,10-18,40	04.01.2021-18.01.2021	TL	41.379.000
Interest accrual				1.340.953
				222.784.966
31 December 2019				
	Interest Rate (%)	Maturity	Currency Type	Amount (TL)
Time deposit in FX	0,90	14.01.2020	USD	954.283
Time deposit in FX	0,05-0,40	03.01.2020-18.03.2020	EUR	867.717.083
Time deposit in FX	0,80-1,30	03.01.2020-23.03.2020	GBP	16.875.005
Time deposit in TL	9,00-12,50	02.01.2020-14.02.2020	TL	145.940.999
Money market placements	10,80-12,15	02.01.2020-06.01.2020	TL	19.198.000
Interest accrual				2.053.200
				1.052.738.570

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7. CASH AND CASH EQUIVALENTS (cont'd)

Maturities and interest rates of reverse repurchase agreements as of 31 December 2020 and 31 December 2019 are as follows:

31 December 2020				
	Interest Rate (%)	Maturity	Cost	Carrying Value
Reverse repurchase agreement	4,41-18,00	04.01.2021	206.797.489	206.890.922
			206.797.489	206.890.922
31 December 2019				
	Interest Rate (%)	Maturity	Cost	Carrying Value
Reverse repurchase agreement	5,00-11,50	02.01.2020	441.968.585	442.095.026
			441.968.585	442.095.026

8. FINANCIAL INVESTMENTS

Current financial assets	31 December 2020	31 December 2019
Time deposits with maturities more than three months and settlement and custody bank money market receivables	-	795.447.784
Financial assets at fair value through profit or loss	1.863.105.037	533.855.453
Financial assets measured at amortized cost	-	12.423.241
	1.863.105.037	1.341.726.478
Non-current financial assets	31 December 2020	31 December 2019
Available for sale financial assets	62.831.573	53.327.263
Held to maturity financial investments	-	215.831.342
Financial assets at fair value through profit or loss	10.678.693	-
	73.510.266	269.158.605
31 December 2020		
Financial assets at fair value through profit or loss	Cost	Carrying value
Government bonds and treasury bills	7.639.751	7.930.665
Private sector bonds	137.136.787	140.677.915
Equity shares	1.293.065.477	1.308.194.208
Foreign currency securities	260.654.023	275.410.262
Investment funds	112.298.477	141.570.680
	1.810.794.515	1.873.783.730
31 December 2019		
Financial assets at fair value through profit or loss	Cost	Carrying value
Government bonds and treasury bills	11.466.338	13.452.198
Private sector bonds	141.114.582	134.543.881
Equity shares	120.888.652	128.396.870
Foreign currency securities	146.518.444	146.394.324
Investment funds	83.158.923	111.068.180
	503.146.939	533.855.453

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8. FINANCIAL INVESTMENTS (cont'd)

Annual interest rate ranges of government bonds and treasury bills held for trading purposes as of December 31, 2020 are 17,39%. (31 December 2019: 16,12%).

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

31 December 2020		
Financial Assets at Fair Value Through Other comprehensive Income	Ownership Rate (%)	Carrying value
Listed Entities		
İş Gayrimenkul Yatırım Ortaklığı AŞ	1,13	36.174.621
Unlisted Entities		
İstanbul Takas ve Saklama Bankası AŞ	0,87	11.543.400
Borsa İstanbul AŞ	0,38	15.096.668
Yatırım Finansman Menkul Değ. AŞ	0,06	16.884
		62.831.573
31 December 2019		
Financial assets available for sale	Ownership Rate (%)	Carrying value
Listed Entities		
İş Gayrimenkul Yatırım Ortaklığı AŞ	1,13	25.130.266
Unlisted Entities		
İstanbul Takas ve Saklama Bankası AŞ	0,87	11.543.400
Ege Tarım Ürünleri Lisanslı Depoculuk AŞ	10,05	1.540.045
Borsa İstanbul AŞ	0,38	15.096.668
Yatırım Finansman Menkul Değ. AŞ	0,06	16.884
		53.327.263

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8. FINANCIAL INVESTMENTS (cont'd)

As of December 31, 2020, the Group has no financial assets measured at amortized cost. The details of financial assets measured at amortized cost as of 31 December 2019 are as follows:

Held to maturity financial assets (*)	31 December 2019		
	Cost	Fair Value	Carrying Value
Financial instruments	220.901.412	231.037.397	228.254.583
	220.901.412	231.037.397	228.254.583

The fair values of financial assets measured at amortized cost are presented in the above table for presentation purposes are determined according to Level 1.

9. FINANCIAL PAYABLES

Financial Payables	31 December 2020	31 December 2019
Payables to Stock Exchange Money Market	666.607.000	300.000
Payables from bills	-	1.619.973.575
Short-term bank loans	297.560.470	311.160.349
Long-term bank loans	17.729.139	27.822.410
Short-term portion of long-term bank loans	4.200.689	23.730.240
Interest accruals on payables to Stock Exchange Money Markets	790.320	92
Interest accruals on bank loans	4.434.906	6.298.603
Payables due to leasing transactions	3.869.012	13.518.939
Long-term payables from leasing transactions	35.857.067	38.401.963
Long-term finance lease and factoring liabilities	-	405.554
Short-term portion of long-term finance lease and factoring liabilities	3.685.470	427.374
Short-term finance lease and factoring liabilities	5.844.745	13.657.919
	1.040.578.818	2.055.697.018

TL 5.844.745 of factoring and leasing debts amounting to TL 9.530.215 in financial debts are in US Dollar currency.

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9. FINANCIAL PAYABLES (cont'd)

As of December 31, 2020 and December 31, 2019, interest rates and maturities of bank borrowings are as follows:

31 December 2020					
Description	Amount	Currency Type	Interest Rate (%)	Maturity	Amount TL
Principal	267.868.269	TL	8,00-22,50	13.01.2021-13.12.2024	267.868.269
Interest accrual	3.442.714				3.442.714
Principal	7.032.495	USD	2,26-7,50	04.01.2021-20.08.2050	51.622.029
Interest accrual	135.167				992.192
					323.925.204
31 December 2019					
Description	Amount	Currency Type	Interest Rate (%)	Maturity	Amount TL
Principal	330.813.528	TL	10,27-29,40	03.01.2020-19.01.2022	330.813.528
Interest accrual	5.662.862				5.662.862
Principal	5.492.450	USD	3,00-9,25	10.01.2020-01.08.2022	31.899.471
Interest accrual	110.377				635.741
					369.011.602

As of December 31, 2020 and December 31, 2019, the maturity and interest rates of the debt securities issued by the Group are as follows:

31 Aralık 2019					
Description	Amount	Currency Type	Interest Rate (%)	Maturity	Amount TL
Anapara	1.589.632.090	TL	9,74-14,99	03.01.2020-17.04.2020	1.589.632.090
Faiz tahakkuku	30.341.485	TL			30.341.485
	1.619.973.575				1.619.973.575

As of December 31, 2020 and December 31, 2019, interest rates and maturities of payables to stock exchange money market are as follows:

31 December 2020					
Description	Amount	Currency Type	Interest Rate (%)	Maturity	Amount TL
Principal	666.607.000	TL	16,00-18,25	04.01.2021-29.01.2021	666.607.000
Interest accrual	790.320	TL			790.320
	667.397.320				667.397.320
31 December 2019					
Description	Amount	Currency Type	Interest Rate (%)	Maturity	Amount TL
Principal	300.000	TL	11,20	02.01.2020	300.000
Interest accrual	92	TL			92
	300.092				300.092

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10. OTHER FINANCIAL LIABILITIES

	31 December 2020	31 December 2019
Liabilities from short selling transactions	32.249.477	14.865.116
	32.249.477	14.865.116

11. TRADE RECEIVABLES AND PAYABLES

Current trade receivables	31 December 2020	31 December 2019
Receivables from customers	2.360.791.591	1.594.677.257
Receivables from clearing houses on derivative transactions	1.162.825.554	575.476.333
Receivables from clearing houses	1.051.661.164	460.282.545
Receivables from credit customers	770.538.467	259.971.666
Purchase of nonperforming loans	197.720.231	227.571.241
Due from related parties (Note 6)	23.211.338	18.572.698
Commission and fund management fee receivables	2.148.059	2.043.859
Other trade receivables	1.132.091	459.549
Doubtful trade receivables	22.911.024	23.569.232
Provisions for doubtful trade receivables (-)	(22.911.024)	(23.569.232)
	5.570.028.495	3.139.055.148

As of December 31, 2020, the average interest rates applied to customers on margin trading are 27,98% (December 31, 2019: 17,16%).

As of December 31, 2020, the Group holds the equity shares of the listed entities as collaterals received in relation to receivables from customers on margin trading with an amount of TL 1.733.018.215 (December 31, 2019: TL 462.407.639).

As of December 31, 2020, the Group holds letters of guarantee with an amount of TL 84.509.618 in relation to the derivative transactions of its customers (December 31, 2019: TL 166.089.765).

Doubtful Trade Payables Transactions	31 December 2020	31 December 2019
Opening balance	23.569.232	22.859.168
Provisions for the year	-	964.933
Cancelled provisions	(542.014)	(49.340)
Receipts	(116.194)	(205.529)
Closing balance	22.911.024	23.569.232

Short term trade payables	31 December 2020	31 December 2019
Payables to customers	3.070.867.094	2.191.669.387
Payables to clearing houses on derivative transactions	1.842.574.280	750.409.185
Trade payables	69.151.995	79.610.282
Payables to clearing house	40.606.321	6.650.338
Due to related parties	6.673.633	3.870.337
Other trade payables	2.174.342	2.188.730
	5.032.047.665	3.034.398.259

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12. OTHER RECEIVABLES AND PAYABLES

Other current receivables	31 December 2020	31 December 2019
Deposits and guarantees given	101.808.054	68.433.306
Collaterals given for futures	307.799.644	36.272.228
Due from related parties (Note 6)	59.711	145.960
Other receivables	4.766.688	598.670
	414.434.097	105.450.164
Other non-current receivables	31 December 2020	31 December 2019
Deposits and guarantees given	1.270.236	1.094.597
Due from related parties (Note 6)	150	150
	1.270.386	1.094.747
Other short-term payables	31 December 2020	31 December 2019
Taxes and fund payables	29.352.010	20.562.206
Due to related parties (Note 6)	253.303	954.731
Other payables	5.007.840	1.348.945
	34.613.153	22.865.882
Other long-term payables	31 December 2020	31 December 2019
Other payables	2.910.885	-
	2.910.885	-

13. RECEIVABLES AND PAYABLES FROM FINANCIAL SECTOR OPERATIONS

Since the Group operates in finance sector, this account item has not been used.

14. INVENTORIES

Inventories	31 December 2020	31 December 2019
Trading goods and other inventories, net	67.075.059	65.629.425
	67.075.059	65.629.425

15. BIOLOGICAL ASSETS

None (December 31, 2019: None).

16. ASSETS RELATED TO ONGOING CONSTRUCTION CONTRACTS

None (December 31, 2019: None).

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17. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

As of 31 December 2019 and 31 December 2018, the details of the Group's associates and joint ventures are as follows:

	Shareholding interest (%)		Main business area
	31 December 2020	31 December 2019	
Radore	25,50	25,50	Data Services
Mika Tur	40,00	20,00	Tourism
Elidaş	10,05	-	Licensed Warehousing

Summary financial information of the Group's associate is as follows:

	31 December 2020	31 December 2019
The Group's share in associate's net assets	(18.988.704)	(12.154.393)
Goodwill in equity accounted investees	7.607.415	7.607.415
Intangible assets	14.341.807	14.315.378
Investments in equity accounted investees	2.960.518	9.768.400

Goodwill in equity accounted investees:

Associates and joint ventures	31 December 2020	31 December 2019
Radore	7.607.415	7.607.415
Mika Tur	-	-
Elidaş	-	-
Total	7.607.415	7.607.415

	1 January - 31 December 2020	1 January - 31 December 2019
Revenue	361.475.256	832.103.517
Profit/(Loss) for the period	(22.362.795)	(29.994.197)
The Group's share in the profit/(loss) of associates	(9.086.241)	(4.869.067)

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17. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (cont'd)

Radore:

The Group participated in the capital of Radore Data Services Anonim Şirketi ("Radore"), which operates in the data center management branch of the information technologies sector, at a rate of 25.50% on December 1, 2014.

	31 December 2020	31 December 2019
The Group's share in associate's net assets	(2.070.976)	(1.022.835)
Goodwill in equity accounted investees	7.607.415	7.607.415
Intangible assets	3.053.612	3.027.183
Investments in equity accounted investees	8.590.051	9.611.763
	2020	2019
Balance at 1 January	9.611.763	10.277.390
Share of Profit/Loss of Equity Accounted Investees	(1.048.141)	(692.055)
Other	26.429	26.428
Balance at 31 December	8.590.051	9.611.763

Mika Tur (Tatil Budur):

The Group purchased 20% (twenty percent) of the shares of Tatil Budur's main capital on 6 November 2015 from the shareholders of Tatil Budur. On August 4, 2020, Çetin Yılmaz, one of the partners, transferred the shares corresponding to 20% of his capital to İş Girişim, free of charge, in accordance with the share transfer agreement signed. After the share transfer, the Group's share in This is Holiday has become 40%.

	31 December 2020	31 December 2019
The Group's share in associate's net assets	(18.341.068)	(11.131.558)
Intangible assets	11.288.195	11.288.195
Investments in equity accounted investees	(7.052.873)	156.637
	2020	2019
Balance at 1 January	156.637	4.319.993
Shares of profits/(losses) of investments valued using the equity method	(8.285.449)	(4.163.356)
Increase in the Group's share in the net assets of subsidiaries	1.075.939	-
Balance at 31 December	(7.052.873)	156.637

Elidaş:

The Group participated with a 10% share in the founding capital of Ege Tarım Ürünleri Licensed Depoculuk A.Ş. (Elidaş), which was established on January 3, 2011 to carry out licensed cotton warehousing. As a result of the capital increases made in the capital in 2012 and 2013, the share ratio in the capital increased to 10.05. The Group has classified Elidaş, which has been classified in Financial Assets with Fair Value Differences Reflected in Other Comprehensive Income in previous years, into Investments Valued by Equity Method since 2020.

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17. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (cont'd)

	31 December 2020	31 December 2019
The Group's share in associate's net assets	1.423.340	-
Intangible assets	-	-
Investments in equity accounted investees	1.423.340	-
	31 December 2020	31 December 2019
Balance at 1 January	-	-
Current period inflow	1.175.991	-
Shares of profits/(losses) of investments valued using the equity method	247.349	-
	1.423.340	-

18. GOODWILL

Each cash-generating unit ("CGU") to be distributed to the carrying value of goodwill is as follows:

	31 December 2020	31 December 2019
Ortopro	9.206.500	9.206.500
Toksöz	22.354.606	22.354.606
Mikla	26.871.534	26.871.534
Değer düşüklüğü	(19.838.793)	(19.838.793)
	38.593.847	38.593.847

As three separate CGUs, valuations of Ortopro, Toksöz and Numnum were conducted by an independent valuation firm. Income and market approaches have been used for determining the fair values of Ortopro, Toksöz and Numnum. Analysis is made mostly using income approach (discounted cash flow method) method while lower weight is applied for values determined using similar transactions.

5-year business plans prepared by the management have been used. Growth in business of Ortopro, Toksöz and Numnum stems from the opportunities in the industry and new customer acquisitions.

The significant assumptions used in the calculation of the recoverable amount are discount rate and terminal growth rate. These assumptions are as follows:

	Discount Rate	Growth Rate
Ortopro	14,8%	1,9%
Toksöz	30,3%	6,8%
Numnum	32,4%	6,8%

The Group did not book any additional impairment provision in the current year as a result of the impairment test performed by using the assumptions explained above.

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19. RIGHT TO USE ASSETS

Cost Value	Offices and Branches	Vehicles	Other	Total
Opening balance	60.318.165	3.645.200	3.838.964	67.802.329
Classification	(4.257.968)	-	-	(4.257.968)
Additions	7.249.160	689.011	1.207.100	9.145.271
Disposals	(2.404.028)	-	-	(2.404.028)
Currency Translation Differences	250.782	-	-	250.782
Closing balance on 31 December 2020	61.156.111	4.334.211	5.046.064	70.536.386
Accumulated depreciation				
Opening Balance (-)	(17.154.287)	(1.431.489)	(1.276.149)	(19.861.925)
Classification	418.703	-	-	418.703
Charge for the period (-)	(14.853.973)	(799.089)	(1.663.933)	(17.316.995)
Disposals (+)	2.247.816	13.719	-	2.261.535
Currency Translation Differences	(92.270)	-	-	(92.270)
Closing balance on 31 December 2020	(29.434.011)	(2.216.859)	(2.940.082)	(34.590.952)
Net book value at 1 January 2020	43.163.878	2.213.711	2.562.815	47.940.404
Net book value at 31 December 2020	31.722.100	2.117.352	2.105.982	35.945.434
Cost Value				
Opening balance	-	-	-	-
Effect of change in accounting policies	51.987.046	2.536.926	3.838.964	58.362.936
Additions	8.179.931	1.094.555	-	9.274.486
Currency Translation Differences	151.188	13.719	-	164.907
Closing balance on 31 December 2019	60.318.165	3.645.200	3.838.964	67.802.329
Accumulated depreciation				
Opening Balance	-	-	-	-
Effect of change in accounting policies	-	-	-	-
Charge for the period	(17.127.733)	(1.258.002)	(1.276.149)	(19.661.884)
Currency Translation Differences	(26.554)	(173.487)	-	(200.041)
Closing balance on 31 December 2019	(17.154.287)	(1.431.489)	(1.276.149)	(19.861.925)
Net book value at 1 January 2019	51.987.046	2.536.926	3.838.964	58.362.936
Net book value at 31 December 2019	43.163.878	2.213.711	2.562.815	47.940.404

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19. RIGHT TO USE ASSETS (cont'd)

Leasing Payables

Opening balance on 1 January 2020	51.920.902
Recorded on 1 January	3.502.410
Interest expense	7.862.293
Paid rent	(23.559.526)
Closing balance on 31 December 2020	39.726.079

Short-term lease payables	3.869.012
Long-term lease payables	35.857.067
Total	39.726.079

Leasing Payables

Opening balance on 1 January 2019	
Recorded on 1 January	58.362.936
Interest expense	18.310.027
Paid rent	(24.752.061)
Closing balance on 31 December 2019	51.920.902

Short- term lease payables	13.518.939
Long-term lease payables	38.401.963
Total	51.920.902

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20. TANGIBLE ASSETS

Cost	Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Assets	Leasehold Improvements	Total
Opening balances on 1 January 2020	15.969.754	1.870.478	52.154.358	387.208	40.486.667	110.868.465
Foreign currency translation differences	170.034	-	321.244	-	828.602	1.319.880
Classification	-	-	(8.978.024)	-	(6.014.926)	(14.992.950)
Additions	3.641.822	1.032.002	3.893.488	-	4.767.397	13.334.709
Disposals	(179.931)	(356.752)	(1.170.284)	-	(120.234)	(1.827.201)
Closing balances on 31 December 2020	19.601.679	2.545.728	46.220.782	387.208	39.947.506	108.702.903
Accumulated depreciation						
Opening balances on 1 January 2020	(11.282.450)	(593.301)	(36.786.201)	(252.965)	(25.423.089)	(74.338.006)
Foreign currency translation differences	(185.486)	-	(311.209)	-	(615.676)	(1.112.371)
Classification	-	-	7.393.017	-	4.147.818	11.540.835
Charge for the period	(2.779.963)	(434.994)	(5.603.022)	(1.797)	(5.078.935)	(13.898.711)
Disposals	139.751	242.538	1.053.723	-	119.893	1.555.905
Closing balance on 31 December 2020	(14.108.148)	(785.757)	(34.253.692)	(254.762)	(26.849.989)	(76.252.348)
Carrying value at 1 January 2020	4.687.304	1.277.177	15.368.157	134.243	15.063.578	36.530.459
Carrying value at 31 December 2020	5.493.531	1.759.971	11.967.090	132.446	13.097.517	32.450.555
Cost						
Opening balances on 1 January 2019	13.279.943	1.034.967	48.768.433	681.757	38.829.714	102.594.814
Foreign currency translation differences	74.375	-	(92.170)	-	126.086	108.291
Classification	-	-	294.549	(294.549)	-	-
Additions	2.644.087	949.365	4.080.756	-	6.141.783	13.815.991
Disposals	(28.651)	(113.854)	(897.210)	-	(4.610.916)	(5.650.631)
Closing balances on 31 December 2019	15.969.754	1.870.478	52.154.358	387.208	40.486.667	110.868.465
Accumulated depreciation						
Opening balances on 1 January 2019	(9.516.951)	(457.188)	(33.695.210)	(251.173)	(23.505.403)	(67.425.925)
Foreign currency translation differences	(75.302)	-	97.720	-	(312.066)	(289.648)
Charge for the period	(1.713.002)	(229.220)	(4.033.891)	(1.792)	(4.209.779)	(10.187.684)
Disposals	22.805	93.107	845.180	-	2.604.159	3.565.251
Closing balance on 31 December 2019	(11.282.450)	(593.301)	(36.786.201)	(252.965)	(25.423.089)	(74.338.006)
Carrying value at 1 January 2019	3.762.992	577.779	15.073.223	430.584	15.324.311	35.168.889
Carrying value at 31 December 2019	4.687.304	1.277.177	15.368.157	134.243	15.063.578	36.530.459

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21. INTANGIBLE ASSETS

Cost	Distribution Network, Patent, License and Leasing Agreements	Computer software and Licenses	Total
Opening balance on 1 January 2020	27.098.697	44.089.957	71.188.654
Exchange differences	-	1.699.500	1.699.500
Classification	(79.560)	(146.646)	(226.206)
Disposals	(56.651)	(1.021.307)	(1.077.958)
Additions	-	6.916.808	6.916.808
Closing balance on 31 December 2020	26.962.486	51.538.312	78.500.798
Accumulated amortization			
Opening balance on 1 January 2020	(23.074.101)	(28.462.823)	(51.536.924)
Exchange differences	-	(1.602.400)	(1.602.400)
Classification	69.506	65.377	134.883
Disposals	27.724	826.087	853.811
Charge for the period	(9.503)	(7.189.211)	(7.198.714)
Closing balance on 31 December 2020	(22.986.374)	(36.362.970)	(59.349.344)
Carrying value at 1 January 2020	4.024.596	15.627.134	19.651.730
Carrying value at 31 December 2020	3.976.112	15.175.342	19.151.454
Cost	Distribution Network, Patent, License and Leasing Agreements	Computer software and Licenses	Total
Opening balance on 1 January 2019	27.090.893	32.795.372	59.886.265
Exchange differences	-	880.836	880.836
Disposals	(13.559)	(1.157.717)	(1.171.276)
Additions	21.363	11.571.466	11.592.829
Closing balance on 31 December 2019	27.098.697	44.089.957	71.188.654
Accumulated amortization			
Opening balance on 1 January 2019	(20.855.607)	(22.532.765)	(43.388.372)
Exchange differences	-	(1.443.791)	(1.443.791)
Disposals	-	813.417	813.417
Charge for the period	(2.218.494)	(5.299.684)	(7.518.178)
Closing balance on 31 December 2019	(23.074.101)	(28.462.823)	(51.536.924)
Carrying value at 1 January 2019	6.235.286	10.262.607	16.497.893
Carrying value at 31 December 2019	4.024.596	15.627.134	19.651.730

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22. GOVERNMENT INCENTIVES AND GRANTS

None (December 31, 2019: None).

23. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Current provisions	31 December 2020	31 December 2019	
Legal claims	21.905.327	10.349.297	
Other liabilities and expense accruals	39.414.578	1.417.337	
	61.319.905	11.766.634	
1 January - 31 December 2020			
	Legal claims	Other	Total
Opening balance	10.349.297	1.417.337	11.766.634
Additional provisions	13.092.230	38.003.741	51.095.971
Canceled provisions	(1.089.827)	(6.500)	(1.096.327)
Payments	(446.373)	-	(446.373)
Closing balance	21.905.327	39.414.578	61.319.905
1 January - 31 December 2019			
	Legal claims	Other	Total
Opening balance	3.210.724	507.442	3.718.166
Additional provisions	7.552.021	1.140.817	8.692.838
Canceled provisions	(107.520)	(230.922)	(338.442)
Payments	(305.928)	-	(305.928)
Closing balance	10.349.297	1.417.337	11.766.634

In relation to the Company's subsidiary, Toksöz Spor Malzemeleri Ticaret A.Ş., within the case no 2018/372, which was opened in the 3rd Commercial Court of First Instance, a decision of capital reduction dated April 7, 2018, has been taken by the extraordinary general assembly and the decision of capital increase by the extraordinary general assembly has been cancelled. Against the decision Toksöz Spor Malzemeleri Ticaret A.Ş. has been appealed to the Istanbul Regional Court of Justice in the 12th Legal Department.

Details of the nominal amounts of government bonds and treasury bills, equity shares, eurobonds and mutual funds belonging to customers and held for custody purposes are as follows:

	31 December 2020	31 December 2019
Customer portfolio-Debt Instruments	2.516.484.139	2.216.559.787
Eurobond	1.869.870.363	655.964.726
Equity shares	18.665.538.296	10.295.082.521
Mutual funds - units	23.564.179.907	33.761.111.616

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23. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

As of December 31, 2019, and 2018, letters of guarantee and promissory notes given by the Group are as follows:

	31 December 2020	31 December 2019
İstanbul Takas ve Saklama Bankası AŞ	295.000.000	431.500.000
Borsa İstanbul AŞ	135.000	20.135.000
Sermaye Piyasası Kurulu	1.776	1.776
Other	152.595.836	120.517.976
	447.732.612	572.154.752

As of December 31, 2020, letters of guarantee and promissory notes amounting to TL 447.732.612 given by the Group contains USD 13.000.000 that equals to TL 95.426.500 and GBP 5.000.000 that equals to TL 49.719.000 (December 31, 2019: letters of guarantee and promissory notes amounting to TL 572.154.752 given by the Group contains USD 13.000.000 that equals to TL 77.222.600 and GBP 5.000.000 that equals to TL 38.882.500).

Guarantee/pledge/mortgage ("GPM") position of the Group as at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Guarantees/Pledges/Mortgages given by the Company		
A. GPM given on behalf of its own legal entity	302.587.112	452.039.173
GPM	302.587.112	452.039.173
Financial investments	-	-
B. GPM given on behalf of consolidated subsidiaries	145.145.500	116.105.100
GPM	145.145.500	116.105.100
Financial investments	-	-
C. Total amount of GPM given on behalf of other third parties' debt	-	-
D. Other GPM	-	-
i. Total amount of GPM given on behalf of the Parent	-	-
ii. Total amount of GPM given on behalf of other	-	-
iii. Total amount of GPM given on behalf of third parties not covered	-	-
TOTAL	447.732.612	568.144.273

As of December 31, 2020, GPM, amounting to TL 145.145.500 given for fully consolidated subsidiaries, contains USD 13.000.000 that equals to TL 95.426.500 and GBP 5.000.000 that equals to TL 49.719.000 (As of December 31, 2019, GPM, amounting to TL 116.105.100 given for fully consolidated subsidiaries, contains USD 13.000.000 that equals to TL 77.222.600 and GBP 5.000.000 that equals to TL 38.882.500). Proportion of GPM to the Group's equity as of December 31, 2020 is 20,50% (December 31, 2019: 41%).

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24. COMMITMENTS

Derivative commitments and option agreements of the Group as at December 31, 2020 and 2019 are as follows:

Derivatives instrument description	31 December 2020			
	SHORT POSITION		LONG POSITION	
	Notional Amount	Notional Amount (TL)	Notional Amount	Notional Amount (TL)
Foreign currency based				
Option agreements	253.846	2.524.195	47.555.284	66.700.480
Forward and swap agreements	458.753.459	4.583.391.564	490.090.609	5.888.981.224
Futures agreements	30.267.412	665.346.376	72.327.000	606.539.736
Index based				
Option agreements	3.000.098	14.844.780	26.620.205	259.930.040
Futures agreements	98.394.200	1.059.894.799	1.205.700	1.057.698.481
Other	2.000	14.681	51.000	374.366
Derivatives instrument description	31 December 2019			
	SHORT POSITION		LONG POSITION	
	Notional Amount	Notional Amount (TL)	Notional Amount	Notional Amount (TL)
Foreign currency based				
Option agreements	124.642.254	192.672.431	137.795.144	270.933.381
Forward and swap agreements	529.356.494	4.021.031.723	296.662.702	2.465.181.260
Futures agreements	8.978.541	57.829.940	2.696.000	3.447.365
Index based				
Option agreements	19.300	2.566.600	2.513.300	58.186.800
Futures agreements	1.608.700	105.078.109	288.475	106.391.399
Other	15.500	6.076.825	2.000	784.106

25. PROVISIONS RELATED TO EMPLOYEE BENEFITS

Short-term employee benefits:

	31 December 2020	31 December 2019
Unused vacation pays liability and miscellaneous bonus provision	44.035.357	29.533.873

In accordance with the existing social legislation in Turkey, the Group is required to make payments for unused vacation days when the personnel leave from the company. Vacation pay liability is the undiscounted amount calculated over the unused vacation days of the employees.

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25. PROVISIONS RELATED TO EMPLOYEE BENEFITS (cont'd)

	1 January - 31 December 2020	1 January - 31 December 2019
	Provision Amount	Provision Amount
Opening balance	29.533.873	24.300.246
Additional provisions	44.035.357	29.533.873
Payments	(29.533.873)	(24.300.246)
Closing balance	44.035.357	29.533.873

Long-term employee benefits:

	31 December 2020	31 December 2019
Employee severances pay liability	13.308.332	13.949.382
Total	13.308.332	13.949.382

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each entitled employee to receive such benefits.

The applicable retirement pays provision ceiling as at December 31, 2020 is TL 7.117 for the calculation of employment termination benefits (December 31, 2019: TL 6.380). The retirement pay provision ceiling is revised semi-annually, and TL 7.117, which is effective from July 2020, is taken into consideration in the calculation of provision for employment termination benefits (December 31, 2019; The retirement pay provision ceiling effective from July 1, 2019 amounts to TL 6.380).

The liability is not funded, as there is no funding requirement. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying statement of financial position as of December 31, 2016, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. The provision at the respective balance sheet date has been calculated assuming an annual inflation rate of 8,00% (December 31, 2019: 7,20%) calculated by the average of inflation rate 12,40% (December 31, 2018: 11,70%) and discount rate assumptions 4,07% (December 31, 2018: 4,20%). The estimated rate of severance indemnity amounts to be retained in the Group is also taken into account.

	31 December 2020	31 December 2019
Opening balance, 1 January	13.949.382	10.856.658
Service cost	1.981.524	2.046.049
Interest cost	1.742.101	1.348.291
Payments made during the year	(3.001.838)	(3.435.117)
Actuarial difference	(1.362.837)	3.133.501
Provision for employee benefits	13.308.332	13.949.382

Retirement Benefits

Beginning from 2006, the Group has started to contribute certain amount of private pension payments for its employees. In the current year, total contributions paid amount to TL 674.221. (Contributions paid as of December 31, 2019 is TL 575.648).

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26. OTHER ASSETS and LIABILITIES

Other current assets	31 December 2020	31 December 2019
Income accruals	2.179.708	650.146
Deferred VAT	4.381.656	5.614.410
Advances given for purchases	833.875	87
Business advances	81.851	1.799.721
Personnel advances	898.542	410.624
Other	2.306.001	5.239.818
	10.681.633	13.714.806
Other short-term liabilities	31 December 2020	31 December 2019
Expense accruals	20.881.659	7.254.772
Advances received	1.489.167	2.376.080
Deferred Income	2.478.893	4.301.717
Other	341.186	5.232.025
	25.190.905	19.164.594
Other long-term liabilities	31 December 2020	31 December 2019
Income related to future years	16.500.000	5.500.000
Income for the coming years	76.341	2.722.163
	16.576.341	8.222.163

27. EQUITY

a. Capital

The capital structure of the Company as of December 31, 2020 and December 31, 2019 are as follows:

	31 December 2020		31 December 2019	
	Share (%)	Amount	Share (%)	Amount
Shareholders				
Türkiye İş Bankası AŞ (Group A)	0,05	150.000	0,05	150.000
Türkiye İş Bankası AŞ (Group B)	65,70	233.243.379	67,18	238.503.549
Other (Group B)	34,25	121.606.621	32,77	116.346.451
Total	100,00	355.000.000	100,00	355.000.000

The authorized share capital ceiling of the Company is TL 750.000.000 and paid-in capital of the Company is TL 355.000.000 (December 31, 2019: TL 355.000.000 TL).

The capital has been divided into 3 55.000.000 (Three Hundred Fifty Five Million) shares each having a value of TL 1.00 (December 31, 2019: 355.000.000). TL 150.000 of the shares is Group A (December 31, 2019: 150.000 TL), and TL 354.850.000 is Group B shares (December 31, 2019: TL 354.850.000). According to the Articles of Association, additional Group A shares cannot be issued during new capital increases. Six members of the Board of Directors out of nine are elected among the nominees determined by Group A shareholders and three members by Group B shareholders.

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27. EQUITY (cont'd)**b. Fair Value Reserve**

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	28.479.669	19.040.071
Change in non-controlling interests	1.210.715	1.108.652
Increase/(decrease) in value of assets available for sale	7.906.538	10.602.046
Defined benefit plans re-measurement gains and losses	841.641	(2.271.100)
Closing balance	38.438.563	28.479.669

Fair Value Reserve:

Fair value reserve arises from the measurement of available-for-sale financial assets at their fair value. In case of disposal of assets carried at fair value, the cumulative gain or loss related to that assets previously recognized in equity is included in the statement of profit or loss for the period. Gains and losses arising from changes in fair value are recognized directly in equity, until the asset is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the statement of profit or loss for the period.

c. Foreign Currency Translation Differences

Foreign currency translation differences consist of foreign currency exchange rate differences arising from remeasurement of foreign currency financial statements into Turkish Lira.

d. Restricted Reserves

	31 December 2020	31 December 2019
Legal reserves	139.452.620	104.798.401
Statutory reserves	50.862	50.862
Total	139.503.482	104.849.263

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code, are not distributable to shareholders. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

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27. EQUITY (cont'd)

e. Prior Year's Profit

The prior year's profit and extraordinary reserves disclosed in prior year's profit in the statement of financial position of the Group as of December 31, 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Extraordinary reserves	325.979.808	167.757.367
Prior year's profit	11.480.404	26.099.406
Total	337.460.212	193.856.773

Profit Distribution:

In accordance with the Capital Markets Board's "Profit Distribution Communiqué" Serial: II No:19.1 distributable profit will be determined by the General Assembly in accordance with the dividend policy and provisions of the relevant legislation dispenses with the decision of the General Assembly.

At the Ordinary General Assembly Meeting of the Company held on March 20, 2020 the Company decided to distribute dividend to shareholders TL 140.000.000. Dividend was paid on March 24 and 26, 2020.

f. Other Reserves

Other reserves comprised of profit or loss related with the sale of shares while retaining control and increase in share capital (non-reciprocal capital contributions made by a parent or NCI to non-wholly owned subsidiary) after obtained control of a subsidiary which changes its ownership interest in that subsidiary without losing control by buying shares from the non-controlling interest at the beginning of the period. The effects of these transactions on the non-controlling interests in the accompanying consolidated financial statements are allocated to proportionally to non-controlling interest and classified as "non-controlling interests".

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance	33.758.962	8.761.518
Change in non-controlling interests	(5.114)	(2.556)
Reserve for venture capital fund	50.000.000	25.000.000
Closing Balance	83.753.848	33.758.962

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27. EQUITY (cont'd)

g. Change in Non-Controlling Interests

Shares of net assets of the subsidiaries that are directly or indirectly not under control of the equity holders of the Company are classified as "non-controlling interests" in the statement of financial position.

	1 January - 31 December 2020	1 January - 31 December 2019
Opening balance	286.142.460	279.807.431
Profit for the year attributable to non-controlling interest portion	35.330.865	38.101.277
Re-measurement gains of defined benefit plans (including tax effect)	248.628	(235.701)
Revaluation and classification gains/losses	1.183.476	935.518
Foreign currency translation differences	(5.081.003)	(3.323.613)
Changes in non-controlling interest	2.058.427	(3.005.530)
Dividends paid	(43.367.722)	(26.136.922)
Corrections	(1.358.328)	-
Closing balance	275.156.803	286.142.460

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28. SALES AND COST OF SALES

	1 January - 31 December 2020	1 January - 31 December 2019
Sales revenue		
Sales of equity shares and certificates	19.753.047.213	21.392.693.658
Sales of private sector bonds	25.689.787.075	10.128.064.305
Sales of government bonds	52.711.104.823	209.541.206.402
Sales of warrants	10.018.157.593	4.344.884.214
Sales of mutual funds	28.317.073	70.659.847
Other	303.593.797	371.917.184
Treasury bill sales	-	24.106.715
Total	108.504.007.574	245.873.532.325
Cost of Sales		
Purchase of equity shares and certificate	(19.742.471.458)	(21.379.672.558)
Purchase of private sector bonds	(25.559.289.545)	(10.077.245.332)
Purchase of government bonds	(52.685.072.831)	(209.481.876.003)
Purchase of warrants	(9.527.197.826)	(4.233.198.733)
Purchase of mutual funds	(17.504.419)	(57.809.991)
Depreciation and amortization expenses	(2.659.356)	(2.057.234)
Other	(180.029.134)	(249.262.633)
Treasury bill purchases	-	(24.100.000)
Total	(107.714.224.569)	(245.505.222.484)
Interest income from operating and derivative activities, (net)		
Interest income/(expenses) (net)	111.577.050	155.394.345
Forward transaction revenues/(expenses) (net)	125.997.338	603.126.514
Leveraged foreign exchange transaction income/(expense) (net)	65.159.714	41.612.639
Government and private sector bond income	22.575.508	18.801.255
Interest expenses on bank loans	(8.792.873)	(23.813.949)
Interest on financing bonds	(59.906.715)	(397.361.593)
Interest on Stock Exchange Money Market transactions	(23.817.443)	(83.125.460)
Total	232.792.579	314.633.751
Service income		
Commission income on trading of derivative transactions	146.699.927	74.840.038
Commission income on trading of equity shares	429.886.977	105.635.581
Portfolio management fees	123.461.084	78.112.644
Corporate finance income	20.345.434	20.475.523
Commission income on trading of mutual funds	23.096.920	13.743.716
Commission income on trading of repurchase agreements	4.781.916	4.909.448
Purchase/sale brokerage commissions of debt securities	8.063.477	1.711.911
Commission income on trading of debt securities	1.181.858	914.471
Other commissions and income	11.596.395	6.488.694
Deductions from service income		
Commission returns	(25.513.559)	(6.344.694)
Service income (net)	743.600.429	300.487.332
Interest income from customers	95.620.564	43.726.328
Other operating income	7.670.969	10.671.697
Other operating income (net)	103.291.533	54.398.025

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29. RESEARCH AND DEVELOPMENTS EXPENSES, MARKETING EXPENSES AND ADMINISTRATIVE EXPENSES

	1 January - 31 December 2020	1 January - 31 December 2019
Research and development expenses	(2.932.629)	(1.933.425)
Marketing expenses	(157.136.277)	(114.052.242)
Administrative expenses	(367.208.882)	(306.457.035)
	(527.277.788)	(422.442.702)
Research and development expenses		
Personnel expenses	(1.172.475)	(1.518.972)
Amortization expenses	(1.217.274)	(111.795)
Transportation expenses	(6.617)	(40.357)
Other expenses	(536.263)	(262.301)
	(2.932.629)	(1.933.425)
Marketing expenses		
Foreign marketable securities transaction fees	(36.465.792)	(9.877.817)
Personnel expenses	(18.231.365)	(21.376.935)
Rent warehouse and store expenses	(9.363.084)	(13.636.163)
Custody expenses	(19.356.241)	(11.669.800)
Publication and advertisement expenses	(7.169.134)	(4.874.078)
Future derivative exchange transaction fees	(18.251.719)	(11.093.968)
Depreciation and amortization expenses	(3.925.338)	(13.475.084)
Equity shares transaction and registration fees	(17.670.144)	(7.264.823)
Fixed income securities transaction and registration fees	(1.837.278)	(3.700.012)
Transportation expenses	(502.644)	(1.285.314)
Securities lending commission expenses	(552.549)	(44.641)
Other marketing expenses	(23.810.989)	(15.753.607)
	(157.136.277)	(114.052.242)
Administrative expenses		
Personnel expenses	(193.358.962)	(164.517.704)
Communication expenses	(41.357.164)	(31.680.358)
Taxes and dues	(52.467.324)	(35.228.616)
Rent expenses	(21.540.430)	(21.435.264)
Outsourcing expenses	(5.304.266)	(5.443.824)
Depreciation and amortization expenses	(30.490.633)	(21.723.632)
Operating expenses	(8.243.605)	(7.959.896)
Board of Directors attendance fees	(4.467.600)	(3.913.650)
Transportation expenses	(1.713.762)	(3.376.564)
Other administrative expenses	(8.265.136)	(11.177.527)
	(367.208.882)	(306.457.035)
Total operating expenses	(527.277.788)	(422.442.702)

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30. OTHER OPERATING INCOME/(EXPENSE)

	1 January - 31 December 2020	1 January - 31 December 2019
Other operating income		
Commission from cash and marketable securities transactions	4.439.025	3.440.504
Reversals of provisions	5.503.300	6.700.927
Gain on sale of tangible assets	309.536	1.076.440
Other	11.365.905	4.807.136
Total	21.617.766	16.025.007

	1 January - 31 December 2020	1 January - 31 December 2019
Other operating expenses		
Provisions for doubtful trade receivables	-	(964.933)
Paid commission and charges	(1.631.699)	(1.977.501)
Write-off expenses	(9.482.352)	(3.524.233)
Provisions	(72.920.037)	(19.135.632)
Other	(10.706.555)	(5.291.993)
Total	(94.740.643)	(30.894.292)

31. NON-OPERATING FINANCE INCOME

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign currency gains	31.449.312	14.537.871
Interest income on	21.226.041	16.302.040
<i>Times deposits</i>	9.312.110	14.406.721
<i>Private sector bonds</i>	569.323	1.428.319
<i>Government bonds and Treasury bills</i>	11.344.608	467.000
Dividend income from associates	3.383.228	1.409.327
Interest income on guarantees	23.545.698	16.822.139
Reverse repo interest income	691.912	1.259.185
Other financial income	3.438.384	778.990
Total	83.734.575	51.109.552

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32. NON-OPERATING FINANCE COST

	1 January - 31 December 2020	1 January - 31 December 2019
Interest expenses	(45.111.422)	(80.951.128)
<i>Bank borrowings</i>	(45.111.422)	(80.951.128)
Factoring and Leasing Expenses	(1.249.574)	(4.600.848)
Leasing transactions TFRS 16	(6.005.698)	(4.430.538)
Foreign currency losses	(37.077.224)	(16.681.769)
Commission expenses on letters of guarantee	(1.130.661)	(5.693.096)
Commission and interest expenses paid for sales	(4.075.856)	(1.432.214)
Other financial expenses	(3.052.609)	(1.570.391)
Total	(97.703.044)	(115.359.984)

33. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets Held for Sale

	31 December 2020	31 December 2019
Buildings	2.330.660	11.320.599
Other tangible assets	4.378.534	-
	6.709.194	11.320.599

34. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

As of 31 December 2020 and 2019, other comprehensive income accounted in financial income/(expenses) are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Changes in fair value of available for sale	9.568.436	12.144.804
Changes in foreign currency translation differences	(148.233)	(4.292.119)
Tax income/expenses relating to other comprehensive income	(478.421)	(607.240)
	8.941.782	7.245.445

For the years ended December 31, 2020 and December 31, 2019, defined benefit plans accounted in other comprehensive income are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Re-measurement gains/losses in defined benefit plans	1.362.837	(3.133.501)
Tax income/expenses relating of other comprehensive income	(272.567)	626.700
	1.090.270	(2.506.801)

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35. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

The Group is subject to taxation in accordance with the tax regulation and the legislation effective in Turkey.

In Turkey, the corporate tax rate is 20%. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 22% corporate tax rate will be applied to the profits of the entities related to their 2019, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 20%. This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 20% (will be applied as 22% for 2019, 2019 and 2020 tax periods) to be calculated based on earnings generated for each quarter. Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

As of December 31, 2020 and 2019, provision for tax legislation has been calculated within the scope of legislation.

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35. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Tax liability includes current period tax liability and deferred tax liability. If the tax is not directly related to a transaction that is accounted under equity, it is included within the statement of income.

Nevotek, the subsidiary of the Group, is subject to current income and corporate income tax in Turkey. However, according to provisional second article of Law 4691 Technology Development Zones and Law 5035, gains from software and R&D activities in technology development zones of income and corporate income taxpayers operating in that zone are exempted from income and corporate taxes until December 31, 2013. Also, researchers, programmers and R&D personnel working in these regions, and related fees are exempted from all taxes until December 31, 2013. On March 12, 2011, in accordance with the Law No 6170 Amendments to the Technology Development Zones Law, the date has been extended until 31 December 2023. No tax liability has been recognized in the accompanying financial statements relating to Nevotek since it does not have any tax liability estimation from activities other than software and R&D activities.

The subsidiary's income in California, the United States of America is exposed to both federal and state income tax. The federal tax rate is gradual and between 15% - 35%, the state tax rate is 8,84%.

Taxation for Investment Trusts:

In accordance with the Clause (1) (d) in Article 5 of the Corporate Tax Law No: 5520 and dated June 21, 2006 in effect from January 1, 2006, portfolio management income of the securities investment funds and trusts in Turkey is exempt from tax. This exemption is also applied to the advance corporate tax.

Based on the Clause (3) in Article 15 of the same law, 15% withholding tax is applied on the portfolio management income of the securities investment funds and trusts in Turkey, which is exempt from tax, whether it is distributed or not. In accordance with the Clause (4) of the same article, the Council of Ministers is authorized to reduce this withholding rate to 0% or to increase it up to the corporate tax rate.

In accordance with the Law No: 5527 and the Provisional Article 67 the Clause (1) which were introduced in the Income Tax Law No: 193 with the Law No: 5281 to be applied from January 1, 2006 to December 31, 2015 effective from January 1, 2006, 15%, 10% and 0% withholding tax is applied for securities mutual funds' and trusts' purchase and sale income from securities and other capital market instruments and periodical returns through banks and brokerage companies for the periods of January 1, 2006 - July 22, 2006, July 23, 2006 - September 30, 2006 and subsequent to October 1, 2006, respectively. The effective date of Temporary Article 67 of the Income Tax Law has been extended until December 31, 2025.

As per the Clause (8) of the Provisional Article 67, 15% withholding tax is applied on the securities investment funds established in accordance with the Capital Markets Law (including funds traded on stock exchange, mortgage finance funds and asset finance funds) and securities investment trusts' portfolio income that is exempt from corporate tax, whether distributed or not. There is no further withholding tax for the related income under the Article 94. Upon the decision made by the Council of Ministers numbered 2006/10731 and dated 23 July 2006, the related withholding tax rate was applied as 10% for the period July 23, 2006 - September 30, 2006 and 0% subsequent to October 1, 2006.

Income Withholding Tax:

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from April 24, 2003. This rate was increased from 10% to 15% effective from July 22, 2006 with the decision made by the Council of Ministers numbered 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

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35. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Income Withholding Tax: (cont'd)

Current tax payable	31 December 2020	31 December 2019
Current tax liability	226.945.843	120.855.686
Prepaid taxes and funds	(152.232.032)	(82.095.649)
	74.713.811	38.760.037
Tax expense	1 January - 31 December 2020	1 January - 31 December 2019
Current tax expense	(238.415.857)	(126.937.576)
Deferred tax income/(expense)	(30.291.130)	16.515.552
Total	(268.706.987)	(110.422.024)
Tax expense from continuing operations	(268.706.987)	(110.422.024)
	(268.706.987)	(110.422.024)
Income tax recognized directly in equity	1 January - 31 December 2020	1 January - 31 December 2019
Valuation of available-for-sale financial assets	(478.421)	(607.240)
Re-measurement gains of defined benefit plans	(272.567)	626.700
	(750.988)	19.460

Current Tax Assets:

As of December 31, 2020 and 2019, the current tax assets of the Group consist of taxes paid in advance through withholding tax amounting to TL 208.742 and TL 450.943, respectively.

Deferred Tax:

Deferred tax is calculated by using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized 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 liabilities are offset in case where there is a legally enforceable right to set off current tax assets against current tax liabilities, provided that they are subject to the tax legislation of the same country.

20% of taxes are applied in the calculation of deferred tax assets and liabilities (2019: 22%).

	31 December 2020	31 December 2019
Deferred tax assets	13.760.181	22.893.862
Deferred tax liabilities	(24.991.789)	(1.918.063)
Deferred tax assets/(liabilities) (net)	(11.231.608)	20.975.799

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35. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred Tax: (cont'd)

Temporary differences subject to deferred tax	31 December 2020	31 December 2019
Income accruals on derivative transactions, net	31.033.865	(26.476.864)
Useful life differences on tangible and intangible assets	5.618.825	(3.251.709)
Fair value reserve on financial assets	23.739.270	(427.286)
Provisions	47.828.995	(471.045)
Subsidiary valuation differences	35.282.900	35.289.880
Retirement pay provision	(13.308.332)	(10.996.392)
Employee benefits	(8.483.985)	(6.798.091)
Valuation of marketable securities and loans	24.213.625	(703.891)
Provision for doubtful receivables	(755.445)	(1.648.482)
Provision for impairment of inventories	(2.016.770)	(824.123)
Accrued expenses	(23.309.550)	(5.759.241)
Total	119.843.398	(22.067.244)
Statuary losses carried forward	(37.780.175)	(33.904.385)
General Total	82.063.223	(55.971.629)
Deferred tax assets/(liabilities)	31 December 2020	31 December 2019
Income accruals on derivative transactions, net	(6.206.773)	5.824.910
Useful life differences on tangible and intangible assets	(1.123.765)	715.376
Fair value reserve on financial assets	(4.747.854)	126.496
Provisions	(9.565.799)	3.411.986
Subsidiary valuation differences	(1.764.145)	(1.764.494)
Retirement pay provision	2.550.268	2.419.206
Employee benefits	1.696.797	1.495.580
Valuation of marketable securities and loans	(4.842.725)	154.856
Provision for doubtful receivables	151.089	362.666
Provision for impairment of inventories	403.354	181.307
Accrued expenses	4.661.910	1.267.033
Statuary losses carried forward	7.556.035	6.780.877
Deferred tax assets/(liabilities), net	(11.231.608)	20.975.799
Movement of deferred tax assets/(liabilities)	31 December 2020	31 December 2019
Opening balance, 1 January ^(*)	20.975.799	3.829.239
Deferred tax income/(expense)	(30.291.130)	16.515.552
Other Corrections	(1.165.289)	611.548
Deferred tax income/(expense) recorded in equity	(750.988)	19.460
Closing balance	(11.231.608)	20.975.799

Tax legislation in Turkey does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, are calculated on a separate-entity basis. Deferred tax assets are recognized when it is probable that the tax benefit will be utilized in the future.

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35. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Total tax charge for the period can be reconciled to the accounting profit as follows:

Reconciliation of tax provision	1 January - 31 December 2020	1 January - 31 December 2019
Profit from operating activities	1.246.012.171	531.397.463
Taxable profit	1.246.012.171	531.397.463
Income tax using the Company's domestic tax rate	(274.122.678)	(116.907.442)
Tax exempt income	31.941.552	23.280.623
Disallowable expenses	(17.289.082)	(25.090.633)
Dividends and other tax-exempt income	5.511.938	5.518.988
Others	(14.748.717)	2.776.440
Tax expense	(268.706.987)	(110.422.024)

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. In this context, The Group, according to the best estimates, with the profit that is predicted for the next years, deferred tax assets calculated on tax losses that can be deducted. Accordingly, the Company has calculated deferred tax assets in the amount of TL 37.780.175 as of December 31, 2020 (December 31, 2019: TL 33.904.385) deferred tax has been subject that can be offset against tax losses amount of TL 7.556.035 (December 31, 2019: TL 6.780.877). In the future, due to lack of probable that taxable profits will be used for the realization of the temporary differences and deferred tax assets have not been recognized for these items.

Law No. 6736 on Restructuring Certain Receivables came into force with the publication of Official Gazette dated 19/08/2016 and numbered 29806. With mentioned law, conveniences of payment of finalized taxes and other debts, privileges for tax base for prior periods, unpunished correction of the commodities, machinery, equipment and fixtures of enterprises in the enterprises, unpaid and interest free correction of cash and accounts receivable from shareholders, termination of disputed debts in peace, privileged opportunities to gain in national economy domestic and foreign assets with tax free, declaration of undeclared or underperformed income and gains with interest and unpaid repentance and restructuring of the ongoing debt under Law No. 6552 are facilitated. Within the scope of the related law, subsidiaries of İş Girişim and Efes Varlık Yönetimi AŞ have benefited by increasing their tax base.

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36. EARNINGS PER SHARE

As of December 31, 2020 and 2019, the Company's weighted average number of shares and computation of earnings per share are as follows:

Earnings per share	1 January - 31 December 2020	1 January - 31 December 2019
Average number of shares in circulation throughout the period (total)	355.000.000	355.000.000
Profit for the year attributable to equity holders of the Company	941.974.320	382.874.162
Basic and diluted earnings per share from continuing operations	2,6534	1,0785
Total discontinued operations attributable to equity holders of the Company	-	-
Basic and diluted earnings per share obtained from discontinued operations	-	-

37. EFFECTS OF EXCHANGE RATE CHANGES

Analysis of the effects of changes in foreign exchange on December 31, 2020 and December 31, 2019 is disclosed in Note 40.

38. REPORTING IN HYPERINFLATIONARY PERIODS

In accordance with the CMB's resolution No: 11/367 issued on March 17, 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards from January 1, 2005 (including the application of IFRS) are not subject to inflation accounting effective.

Therefore, since January 1, 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements.

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39. DERIVATIVE INSTRUMENTS

The details of the derivative instruments as of December 31, 2020 and 2019 are as follows:

		31 December 2020	
Derivative instruments	Maturity Date	Assets	Liabilities
Swap agreements	04.01.2021-17.02.2021	77.134.382	58.358.790
Forward contracts	04.01.2021-02.03.2021	29.051.907	28.084.538
Options	08.01.2021-29.03.2021	3.065.600	479.986
Warrants	29.01.2021-30.04.2021	41.618	98.003.670
		109.293.507	184.926.984

		31 December 2019	
Derivative instruments	Maturity Date	Assets	Liabilities
Swap agreements	02.01.2020-22.06.2020	20.263.359	47.216.604
Forward contracts	02.01.2020-22.06.2020	4.539.714	4.298.218
Options	03.01.2020-09.06.2020	1.793.079	1.228.491
Warrants	28.01.2020-28.02.2020	32.928	14.691.998
		26.629.080	67.435.311

40. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS

Capital Risk Management:

In its capital management, while the Group maintains to continue its operations on a going concern basis, it also maximizes its return through the optimization of the debt and equity balance.

The funding structure of the Group consists of debt, which includes the borrowings disclosed in Note 9, cash and cash equivalents and equity comprising issued capital, reserves and retained earnings.

The Group's Board of Directors reviews the capital structure on a monthly basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of equity. Based on the recommendations of the Board of Directors, the Group balances its overall capital structure through the payment of dividends, new share issues and investment in shares of associates and subsidiaries as well as issuance of a new debt or the redemption of an existing debt.

The Group continues its general capital risk management strategy since 2007.

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40. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Factors:

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the uncertainty of financial markets and seeks to minimize the potential negative effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Risk Management Department, which is independent from steering, under policies approved by the Board of Directors. The Group's Risk Management Department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board sets out written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Credit Risk:

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit risk is mitigated by receiving equity shares of listed entities as collateral in accordance with the legal requirements of the CMB against credit lines utilized by customers. The Group's credit risk is predominantly in Turkey, where it operates.

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40. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Credit Risk (cont'd):

Exposed credit risks through types of financial instruments:

	31 December 2020			
	Receivables			
	Trade Receivables		Other Receivables	
	Related Parties	Third Parties	Related parties	Third parties ⁽¹⁾
Maximum credit risk exposure as at report date	23.211.338	5.546.817.157	59.711	4.766.688
- The part of maximum risk under guarantee with collateral etc.	-	4.182.991.222	-	-
A. Net book value of financial assets that are neither past due nor impaired	23.211.338	5.546.817.157	59.711	4.766.688
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-
- the part under guarantee with collateral etc.	-	-	-	-
D. Net book value of impaired assets	-	-	-	-
- Past due (gross carrying amount)	-	22.911.024	-	-
- Impairment (-)	-	(22.911.024)	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-
- Impairment (-)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-
E. Elements including credit risk on off balance sheet	-	-	-	-

⁽¹⁾ Deposits and guarantees and collaterals are excluded since they are not financial assets.

⁽²⁾ Equity securities are excluded since they do not expose any credit risk

⁽³⁾ Contains USD 13.000.000 that equals to TL 95.426.500, and GBP 5.000.000 that equals to TL 49.719.000).

31 December 2020
Cash and Cash Equivalents

Financial investments⁽²⁾	Bank deposits	Repurchase agreements	Type B liquid mutual funds	Other⁽³⁾
628.421.095	253.288.816	206.890.922	2.642.353	145.145.500
7.930.665	-	206.890.922	-	145.145.500
628.421.095	253.288.816	206.890.922	2.642.353	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	145.145.500

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40. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Credit Risk: (cont'd)

Credit risks exposed by types of financial instruments:

	31 December 2019			
	Receivables			
	Trade Receivables		Other Receivables	
	Related Parties	Third Parties	Related parties	Third parties ⁽¹⁾
Maximum credit risk exposure as at report date	18.793.538	3.120.261.610	23.321.183	598.670
- The part of maximum risk under guarantee with collateral etc.	-	2.314.931.468	-	-
A. Net book value of financial assets that are neither past due nor impaired	18.793.538	3.120.261.610	23.321.183	598.670
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-
- the part under guarantee with collateral etc.	-	-	-	-
D. Net book value of impaired assets	-	-	-	-
- Past due (gross carrying amount)	-	23.569.232	-	-
- Impairment (-)	-	(23.569.232)	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-
- Impairment (-)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-
E. Elements including credit risk on off balance sheet	-	-	-	-

⁽¹⁾ Deposits and guarantees and collaterals are excluded since they are not financial assets.

⁽²⁾ Equity securities are excluded since they do not expose any credit risk

⁽³⁾ Contains USD 13.000.000 that equals to TL 77.222.600, and GBP 5.000.000 that equals to TL 38.882.500).

31 December 2019
Cash and Cash Equivalents

Financial investments⁽²⁾	Bank deposits	Repurchase agreements	Type B liquid mutual funds	Other⁽³⁾
1.470.064.972	1.090.310.392	442.095.026	8.235.271	116.105.100
209.295.113	-	442.095.026	-	116.105.100
1.470.064.972	1.090.310.392	442.095.026	8.235.271	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	116.105.100

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40. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Interest rate risk:

The Group is exposed to interest rate risk due to volatile market prices of its financial assets at both fixed and floating interest rates. The Group's exposure to interest rate risk sensitivity depends on the mismatch among maturities of interest rate sensitive assets and liabilities. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate assets and liabilities.

The Group's interest rate sensitive financial instruments' allocations on respective statement of financial position dates are presented below:

		Interest Risk Position Table	
		31 December 2020	31 December 2019
Fixed interest rate instruments			
Cash and Cash Equivalents	Cash at banks - time deposits	180.997.054	1.828.779.901
	Receivables from Stock Exchange Money Market	41.787.912	19.406.453
	Receivables from reverse repurchase agreements	206.890.922	442.095.026
Financial assets	Financial assets at fair value through profit or loss	285.700.313	159.334.884
Financial liabilities	Payables to Stock Exchange Money Market	(667.397.320)	(300.092)
	Bank borrowings	(321.311.417)	(364.400.666)
	Finance lease liabilities	(39.726.079)	(51.920.902)
	Payables from financial leasing transactions	-	(832.928)
	Payables from commercial paper	-	(1.619.973.575)
	Short-term factoring liabilities	(9.530.215)	(13.657.919)
Floating interest rate instruments			
Cash and Cash Equivalents	Type B mutual funds	2.642.353	8.235.271
Financial assets	Financial assets at fair value through profit or loss	72.316.938	75.015.000
	Held-to-maturity financial assets	-	228.254.583
Trade receivables	Receivables from customers on margin trading	770.538.467	259.971.666
Financial liabilities	Bank borrowings	(2.613.787)	(4.610.936)

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40. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)**Interest rate risk: (cont'd)**

The Group's exposure to interest rate risk and market price risk are related to fixed income financial assets classified as financial assets at fair value through profit or loss. Based on the analysis calculated by the Group, if the interest rate for TL were increased/decreased by 1% with the assumption of keeping all other variables constant, the effect on the fair value of fixed income financial assets and net profit/loss for the period ended as of December 31, 2020 and 2019 would have been as follows:

31 December 2020				
Type of risk	Risk rate	Direction of risk	Effect on net profit	Effect on equity
Interest rate risk	1%	Increase	(746.250)	(746.250)
		Decrease	845.251	845.251
31 December 2019				
Type of risk	Risk rate	Direction of risk	Effect on net profit	Effect on equity
Interest rate risk	1%	Increase	(5.522.819)	(5.522.819)
		Decrease	6.285.439	6.285.439

Stock price risk:

If Borsa İstanbul Index were increased/decreased by 10% with the assumption of keeping all other variables constant, the effect on the fair value of equity shares and net profit/loss of the Group for the period ended as of December 31, 2020 would have been as follows:

31 December 2020				
Type of risk	Risk rate	Direction of risk	Effect on net profit	Effect on equity
Stock price risk	10%	Increase	(14.403.738)	(13.263.257)
		Decrease	(14.906.116)	(16.046.597)
31 December 2019				
Type of risk	Risk rate	Direction of risk	Effect on net profit	Effect on equity
Stock price risk	10%	Increase	(6.774.138)	(6.344.060)
		Decrease	(2.826.847)	(3.256.925)

Liquidity risk:

Liquidity risk is the Group's default in meeting its net funding liabilities. Events causing a decrease in funding resources such as market deteriorations or decrease in credit ratings are major reasons of liquidity risk. The Group manages its liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities through a constant monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

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40. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk (cont'd):

The following table details the Group's expected maturity for its non-derivative financial liabilities. The table below has been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will accrue for those liabilities except where the Group is entitled and intense to repay the liability before its maturity.

	31 December 2020						Total
	Current	Less than 1 month	1 - 3 months	3 - 12 months	1 year and thereafter	Undistributed	
ASSETS							
Cash and cash equivalents	71.942.196	369.921.494	58.873.330	-	-	10.000	500.747.020
Financial investments	1.342.953.537	14.164.876	5.825.515	310.880.497	82.469.269	106.811.343	1.863.105.037
Trade receivables	6.768.899	5.297.600.405	24.277.486	25.326.531	42.665	216.012.509	5.570.028.495
Other receivables	38.687	412.794.630	-	-	-	1.600.780	414.434.097
Other long-term receivables	116.686	-	-	-	1.122.407	31.293	1.270.386
Other current/non-current assets	53.276.357	564.221	4.279.108	2.239.955	420.834	32.703.944	93.484.419
Long-term financial investments	-	-	-	-	10.678.693	62.831.573	73.510.266
Derivative instruments	-	100.048.121	9.245.386	-	-	-	109.293.507
Total assets	1.475.096.362	6.195.093.747	102.500.825	338.446.983	94.733.868	420.001.442	8.625.873.227
LIABILITIES							
Financial liabilities	70.493.006	684.123.433	139.756.260	100.784.313	21.114.792	24.307.013	1.040.578.818
Other financial liabilities	-	32.144.533	-	-	-	104.944	32.249.477
Trade payables	11.945.255	4.978.846.536	29.614.514	7.223.995	2.872.021	1.545.344	5.032.047.665
Other payables	36.876	30.802.751	-	3.038.983	-	3.645.428	37.524.038
Derivative instruments	-	105.304.531	79.245.038	377.415	-	-	184.926.984
Liabilities related to employee benefits	1.383.288	57.768	1.575.691	466.367	-	82.739	3.565.853
Provisions (short-term)	227.523	-	41.357.254	3.470.402	-	60.300.083	105.355.262
	84.085.948	5.831.279.552	291.548.757	115.361.476	23.986.813	89.985.551	6.436.248.097
Liquidity surplus/(gap)	1.391.010.414	363.814.195	(189.047.932)	223.085.507	70.747.055	330.015.891	

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40. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk (cont'd):

	31 December 2019						Total
	Current	Less than 1 month	1 - 3 months	3 - 12 months	1 year and thereafter	Undistributed	
ASSETS							
Cash and cash equivalents	64.895.123	454.343.227	1.040.484.275	-	-	530.261	1.560.252.886
Financial investments	200.623.176	115.008.583	37.193.991	821.431.985	127.129.374	40.339.369	1.341.726.478
Trade receivables	16.418.934	2.823.604.887	29.626.532	18.817.344	-	250.587.451	3.139.055.148
Other receivables	116.927	36.047.392	-	44.280.400	-	25.005.445	105.450.164
Other long-term receivables	92.335	-	-	-	977.089	25.323	1.094.747
Other current/non-current assets	42.221.255	7.918	-	391.853	12.467	44.406.150	87.039.643
Long-term financial investments	-	-	-	-	215.831.342	53.327.263	269.158.605
Derivative instruments	-	15.168.847	8.205.525	3.254.708	-	-	26.629.080
	324.367.750	3.444.180.854	1.115.510.323	888.176.290	343.950.272	414.221.262	6.530.406.751
LIABILITIES							
Financial liabilities	74.929.747	983.902.102	583.162.272	352.744.812	60.181.905	776.180	2.055.697.018
Other financial liabilities	14.865.116	-	-	-	-	-	14.865.116
Trade payables	9.220.035	2.970.607.601	31.087.833	7.772.649	-	15.710.141	3.034.398.259
Other payables	385.063	20.583.759	61.238	-	-	1.835.822	22.865.882
Derivative instruments	-	33.177.658	29.267.831	4.989.822	-	-	67.435.311
Liabilities related to employee benefits	2.029.664	1.384.936	-	-	520.333	1.459.374	5.394.307
Provisions (short-term)	2.128.535	2.661.929	-	833.807	-	35.676.236	41.300.507
	103.558.160	4.012.317.985	643.579.174	366.341.090	60.702.238	55.457.753	5.241.956.400
Liquidity surplus/(gap)	220.809.590	(568.137.131)	471.931.149	521.835.200	283.248.034	358.763.509	-

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40. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk (cont'd):

31 December 2020						
Contractual maturities	Carrying value	Total contractual cash outflows (I+II+III+IV)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank loans	323.925.203	329.537.776	164.636.002	142.924.595	21.132.287	844.892
Trade payables	5.032.047.665	5.040.094.260	5.029.998.244	10.096.016	-	-
Payables to Stock Exchange Money Markets	37.524.038	37.573.540	34.662.655	-	2.910.885	-
Funds from commercial paper	667.397.320	669.007.876	669.007.876	-	-	-
Payables from leases	-	-	-	-	-	-
Financial lease and factoring payables	39.726.079	43.374.201	1.119.824	9.105.591	33.148.786	-
Total Liability	9.530.215	9.583.349	1.513.894	8.069.455	-	-
	6.110.150.520	6.129.171.003	5.900.938.495	170.195.657	57.191.958	844.892
Contractual maturities	Notion amount	Total contractual cash outflows (I+II+III+IV)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Derivative financial instruments						
Derivative cash inflows	5.134.746.644	6.326.016.395	6.322.558.964	3.457.431	-	-
Derivative cash outflows	4.986.549.572	7.886.724.327	7.886.724.327	-	-	-

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40. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk (cont'd):

31 December 2019						
Contractual maturities	Carrying value	Total contractual cash outflows (I+II+III+IV)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank loans	369.011.602	369.474.511	111.796.330	228.939.775	28.738.406	-
Trade payables	3.034.398.259	3.035.278.333	3.002.888.401	32.389.932	-	-
Payables to Stock Exchange Money Markets	300.092	300.184	300.184	-	-	-
Funds from commercial paper	1.619.973.575	1.638.426.000	1.471.526.000	166.900.000	-	-
Payables from leases	51.920.902	63.984.436	2.764.011	18.028.602	43.191.823	-
Financial lease and factoring payables	14.490.847	14.545.598	10.414.722	3.725.323	405.553	-
Total Liability	5.090.095.278	5.122.009.062	4.599.689.648	449.983.632	72.335.782	-
Contractual maturities	Notion amount	Total contractual cash outflows (I+II+III+IV)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Derivative financial instruments						
Derivative cash inflows	664.620.789	4.385.255.627	3.828.272.428	556.983.199	-	-
Derivative cash outflows	(439.957.622)	(2.904.924.311)	(2.491.275.548)	(413.256.709)	(392.053)	-

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40. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk:

Foreign currency risk is the risk of volatility in the foreign currency denominated monetary assets, monetary liabilities and off-balance sheet liabilities due to changes in currency exchange rates. The breakdown of the Group's foreign currency denominated monetary assets and monetary liabilities as of December 31, 2020 and 2019 are as follows:

		31 December 2020					
		TL Equivalent (Functional currency)	USD	EURO	GBP	JPY	OTHER
1.	Trade receivables	1.241.253.639	151.869.688	13.697.959	278.123	399.507	48.318
2a.	Monetary financial assets	344.174.218	44.588.219	1.408.409	87.324	1.687.340	1.641.074
2b.	Non-monetary financial assets	-	-	-	-	-	-
3.	Other	58.841.418	704.236	5.955.531	-	-	-
4.	Current assets	1.644.269.274	197.162.143	21.061.899	365.447	2.086.846	1.689.392
5.	Trade receivables	-	-	-	-	-	-
6a.	Monetary financial assets	10.678.693	1.500.000	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-	-
7.	Other	528.223	5.076	53.396	-	-	5.000
8.	Non-current asset	11.206.916	1.505.076	53.396	-	-	5.000
9.	Total Assets	1.655.476.190	198.667.219	21.115.295	365.447	2.086.846	1.694.392
10.	Trade payables	1.157.360.230	145.252.628	9.759.119	279.933	399.507	119.398
11.	Financial Liabilities	58.965.151	8.018.801	-	-	-	-
12a.	Other monetary liabilities	15.685.461	1.344.759	339.396	5.286	-	196
12b.	Other non-monetary liabilities	1.508.964	205.561	5	-	-	-
13.	Short Term Liabilities	1.233.519.805	154.821.749	10.098.520	285.219	399.507	119.595
14.	Trade payables	-	-	-	-	-	-
15.	Financial liabilities	1.086.234	147.978	-	-	-	-
16a.	Other monetary liabilities	-	-	-	-	-	-
16b.	Other non-monetary liabilities	179.328	24.430	-	-	-	-
17.	Long Term Liabilities	1.265.562	172.408	-	-	-	-
18.	Total Liabilities	1.234.785.367	154.994.157	10.098.520	285.219	399.507	119.595
19.	Off-balance sheet derivative instruments' net asset/ (liability) position (19a - 19b)	(456.990.369)	(85.673.369)	14.769.591	1.418.673	111.856.760	9.812.090
19a.	The amount of long-position off-balance sheet derivative instruments denominated in foreign currency	8.145.636.755	558.911.757	188.914.730	36.810.676	1.631.552.235	1.913.481.625
19b.	The amount of short-position off-balance sheet derivative instruments denominated in foreign currency	8.602.627.124	644.585.127	174.145.139	35.392.003	1.519.695.474	1.903.669.534
20.	Net foreign currency asset/ (liability) position	(36.299.546)	(42.000.308)	25.786.366	1.498.901	113.544.100	11.386.888
21.	Net foreign currency asset/ (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	363.009.474	43.193.741	5.007.853	80.228	1.687.340	1.569.798
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-	-
23.	Export	11.972.553	1.596.949	105.547	-	-	-
24.	Import	62.010	-	7.850	-	-	-

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40. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk: (cont'd)

		31 December 2019					
		TL Equivalent (Functional currency)	USD	EURO	GBP	JPY	OTHER
1.	Trade receivables	474.813.583	75.467.153	3.925.491	47.047	69.459	8.913
2a.	Monetary financial assets	2.064.802.597	65.814.945	251.244.488	129.948	889.061	1.304.029
2b.	Non-monetary financial assets	-	-	-	-	-	-
3.	Other	30.013.577	940.149	3.672.019	-	-	-
4.	Current assets	2.569.629.756	142.222.247	258.841.998	176.995	958.520	1.312.942
5.	Trade receivables	-	-	-	-	-	-
6a.	Monetary financial assets	-	-	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-	-
7.	Other	842.323	79.047	54.836	-	-	5.000
8.	Non-current asset	842.323	79.047	54.836	-	-	5.000
9.	Total Assets	2.570.472.079	142.301.294	258.896.834	176.995	958.520	1.317.942
10.	Trade payables	737.861.465	119.783.650	3.887.153	47.047	69.459	93.711
11.	Financial Liabilities	44.282.421	7.139.033	199.353	-	-	-
12a.	Other monetary liabilities	4.578.631	434.580	107.508	-	-	54.322
12b.	Other non-monetary liabilities	3.105.811	522.846	-	-	-	-
13.	Short Term Liabilities	789.828.328	127.880.109	4.194.014	47.047	69.459	148.033
14.	Trade payables	-	-	-	-	-	-
15.	Financial liabilities	-	-	-	-	-	-
16a.	Other monetary liabilities	132.174	22.251	-	-	-	-
16b.	Other non-monetary liabilities	1.545.147	260.117	-	-	-	-
17.	Long Term Liabilities	1.677.321	282.368	-	-	-	-
18.	Total Liabilities	791.505.649	128.162.477	4.194.014	47.047	69.459	148.033
19.	Off-balance sheet derivative instruments' net asset/ (liability) position (19a - 19b)	(1.876.270.000)	(31.177.906)	(263.353.682)	124.735	(49.271.518)	37.010.188
19a.	The amount of long-position off-balance sheet derivative instruments denominated in foreign currency	3.314.946.000	272.801.421	150.377.710	5.030.798	59.752.077	45.133.643
19b.	The amount of short-position off-balance sheet derivative instruments denominated in foreign currency	5.191.216.000	303.979.327	413.731.393	4.906.063	109.023.595	8.123.455
20.	Net foreign currency asset/ (liability) position	(97.303.570)	(17.039.090)	(8.650.863)	254.683	(48.382.457)	38.180.097
21.	Net foreign currency asset/ (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	1.398.965.932	(45.656.953)	250.975.965	129.948	889.061	1.164.909
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-	-
23.	Export	10.824.148	1.792.883	106.526	-	-	-
24.	Import	123.600	-	20.320	-	-	-

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40. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk: (cont'd)

Based on the positions of statements of financial position as of December 31, 2019 and 2018, if the value the Turkish Lira would increase or decrease by 10% against other hard currencies assuming each other variables remained constant, the Group's net profit or loss would change due to foreign currency gains or losses of financial assets and liabilities denominated in foreign currencies as follows:

31 December 2020				
Type of risk	Risk rate	Direction of risk	Effect on net profit	Effect on equity
Foreign currency risk	10%	Increase	17.276.084	17.276.084
		Decrease	(26.487.317)	(26.487.317)
31 December 2019				
Type of risk	Risk rate	Direction of risk	Effect on net profit	Effect on equity
Foreign currency risk	10%	Increase	26.278.321	26.278.321
		Decrease	(25.713.491)	(25.713.491)

Capital adequacy requirement

As of December 31, 2020, under the "V Series No. 34" communique the wide authority brokerage company must have minimum equity of TL 28.693.544 (As of December 31, 2019, TL 27.453.733), to perform portfolio management, investment advisory, to take back the securities (repo) or sell (reverse repo) and purchase and sale, credit securities lending, short selling and securities import and export transactions, IPO underwriting, trading through, leveraged trading intermediation and brokerage of derivatives in derivatives market. Furthermore, the required capital adequacy base within the framework of the valuation rules set in the Communiqué 34, prepared as of the valuation date and is unconsolidated balance sheet the Company's total net assets of unconsolidated equity representing the portion covered by the partnership represents the amount by which the deduction of the items being listed below.

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41. FINANCIAL INSTRUMENTS

Categories of Financial Instruments:

31 December 2020	Other financial assets measured with effective interest method	Loans and receivables	Available for sale financial assets	Financial assets and liabilities at fair value through profit or loss	Other financial liabilities measured with effective interest method	Carrying amount	Fair value	Note
Financial assets								
Cash and cash equivalents	498.104.667	-	-	2.642.353	-	500.747.020	500.747.020	7
Trade receivables	-	5.570.028.495	-	-	-	5.570.028.495	5.570.028.495	11
Financial investments	-	-	62.831.573	1.873.783.730	-	1.936.615.303	1.936.615.303	8
Derivatives	-	-	-	109.293.507	-	109.293.507	109.293.507	39
Financial liabilities								
Financial liabilities	-	-	-	-	1.040.578.818	1.040.578.818	1.040.578.818	9
Trade payables	-	-	-	-	5.032.047.665	5.032.047.665	5.032.047.665	11
Other financial liabilities	-	-	-	32.249.477	-	32.249.477	32.249.477	10
Derivatives	-	-	-	184.926.984	-	184.926.984	184.926.984	39
31 December 2019								
Financial assets								
Cash and cash equivalents	1.552.017.615	-	-	8.235.271	-	1.560.252.886	1.560.252.886	7
Trade receivables	-	3.139.055.148	-	-	-	3.139.055.148	3.139.055.148	11
Financial investments	1.023.702.367	-	53.327.263	533.855.453	-	1.610.885.083	1.611.311.689	8
Derivatives	-	-	-	26.629.080	-	26.629.080	26.629.080	39
Financial liabilities								
Financial liabilities	-	-	-	-	2.055.697.018	2.055.697.018	2.055.697.018	9
Trade payables	-	-	-	-	3.034.398.259	3.034.398.259	3.034.398.259	11
Other financial liabilities	-	-	-	14.865.116	-	14.865.116	14.865.116	10
Derivatives	-	-	-	67.435.311	-	67.435.311	67.435.311	39

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41. FINANCIAL INSTRUMENTS *(cont'd)*

Fair Value of Financial Instruments:

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

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

There is no active market for loans in order to obtain available comparative market price and these instruments are discounted or subject to transaction costs when they are sold or utilized before their maturities. Fair value of these instruments could not be estimated due to the lack of necessary reliable market data. Accordingly, the carrying amount of such instruments is deemed to be a consistent indicator of the fair value.

The following methods and assumptions are used to estimate the fair value of each class of financial instrument for which it is practicable to estimate fair value:

Financial Assets:

Carrying amounts of financial assets measured at amortized cost including cash and cash equivalents and other financial assets approximate their fair values due to their short-term nature and the assumption of immaterial potential losses in exchange of these assets.

Market prices are used in determination of fair values of government bonds, treasury bills and equity shares.

Financial Liabilities:

The carrying amount of monetary liabilities approximates their fair values due to their short-term nature. Variable rate long-term bank loans in recent history have been recently repriced therefore fair value is assumed to approximate their carrying values.

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41. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Instruments: (cont'd)

Valuation methods of the financial instruments carried at fair value:

31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Equity shares	1.308.194.208	-	-	1.308.194.208
Government bonds and treasury bills	7.930.665	-	-	7.930.665
Private sector bonds	140.677.915	-	-	140.677.915
Mutual funds	141.570.680	-	-	141.570.680
Foreign currency securities	275.410.262	-	-	275.410.262
Income accruals of derivative instruments	-	109.293.507	-	109.293.507
Financial assets at fair value through profit or loss	36.174.621	26.640.068	-	62.814.689
Financial liabilities				
Other financial liabilities				
Liabilities of derivative instruments	-	184.926.984	-	184.926.984

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41. FINANCIAL INSTRUMENTS (cont'd)

Fair Value of Financial Instruments: (cont'd)

31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Equity shares	128.396.870	-	-	128.396.870
Government bonds and treasury bills	13.452.198	-	-	13.452.198
Private sector bonds	134.543.881	-	-	134.543.881
Mutual funds	111.068.180	-	-	111.068.180
Foreign currency securities	146.394.324	-	-	146.394.324
Income accruals of derivative instruments	-	26.629.080	-	26.629.080
Financial assets at fair value through profit or loss	25.130.266	26.640.068	-	51.770.334
Financial liabilities				
Other financial liabilities				
Liabilities of derivative instruments	-	67.435.311	-	67.435.311

The fair value of financial assets and liabilities are determined as follows:

First level: Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes.

Second level: Implies that in determining the fair values of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes.

Third level: Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.

42. EVENTS AFTER THE REPORTING PERIOD

None.

43. OTHER ISSUES THAT SIGNIFICANTLY EFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF CONSOLIDATED FINANCIAL STATEMENTS

None.

