
SUCCESS AT A GLANCE



ANNUAL REPORT 2019



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At ÜNLÜ & Co, we are committed to becoming the leading investment services and asset management group in the region. Towards that goal, we are assessing all growth opportunities in financial advisory services.

We delivered a robust growth performance in 2019, whereby we continued to present value-added solutions to corporates and individual investors alike. As always, we continue to stand by our clients, and tend to their needs. With meticulous attention to detail being our forte, the expert touch of our teams made crucial differences in our products and services.

We invite you to review our 2019 Annual Report where you can take a close-up look at our approach that fosters success.

EXPERTISE INSPIRING TRUST

Since 2010, ÜNLÜ & Co has completed 57 transactions totalling USD 10 billion. The Company also facilitated one of the largest foreign capital inflows in Turkey this year. No matter how challenging the years may prove to the economy, ÜNLÜ & Co will continue to attract capital to Turkey.





*Our growth strategies have enhanced
ÜNLÜ & Co's reputation as Turkey's leading
investment services and asset management group.*

Corporate Profile

A leading financial advisory inspiring trust through its experience

Established as an independent financial advisory company in 1996, ÜNLÜ & Co provides value-added services and solutions concerning

- Investment Advisory,
- Capital Markets Advisory,
- Investment Advisory and Brokerage Services,
- Non-Performing Loans (NPL) Management,
- Alternative Investments,
- Asset Management,
- Fund and Portfolio Management,

all under a single roof, to domestic and foreign individual investors, as well as to corporates, backed by a professional team and strong technological infrastructure. A visionary spirit, sturdy financial structure, and successful organic and inorganic growth strategies pursued since inception have been instrumental in ÜNLÜ & Co's becoming Turkey's leading investment services and asset management group.

With full-fledged domestic investment banking services and product variety, ÜNLÜ & Co continuously expands its customer portfolio comprised of corporates and qualified individual investors, to whom it provides world class services. ÜNLÜ & Co's more than 400 expert staff is guided by its philosophy that places client interests and satisfaction at the core of all its endeavours.

A preferred business partner

ÜNLÜ & Co has developed global "know-how" in investment services, thanks to long-running collaboration and strategic partnerships it has forged with investment companies active on a global scale.

Expanding its global sphere of influence through subsidiaries and affiliates established in the world's most prominent financial centres, ÜNLÜ & Co is able to keep abreast of changes in foreign investor profile and investment trends.

Closely monitoring the Turkish economy and Turkish companies active in various sectors, ÜNLÜ & Co effectively blends its global know-how with its experience in local markets, hence implementing an efficient business model in all its service areas. All these attributes serve to differentiate ÜNLÜ & Co from competition, solidifying its status as a reliable business partner.

Respected in the international arena

A resounding success in advisory services in the realm of mergers and acquisitions, IPOs and privatizations, built on long years of experience, and solid partnerships forged between corporate clients and global fund sources have earned a well-warranted reputation to the ÜNLÜ & Co in local and international markets.

In the scope of financial advisory services in Turkey, ÜNLÜ & Co boasts extensive experience across all sectors, and is the preferred business partner for foreign companies, public and private equity funds looking to invest in Turkish capital markets and companies.

TL 2.3 Billion Assets Under Management

*The total size of the
portfolio managed by
ÜNLÜ & Co reached
TL 2.3 billion in 2019.*



Core values

ÜNLÜ & Co is guided by its core values. These values - including, ethical, entrepreneurial, pioneering and distinctive with knowledge, one team, mindful and reliable, and success-oriented - have been the cornerstones of ÜNLÜ & Co's 24-year corporate success story. These values, shared by a common belief by leaders and employees alike, in all facets of the service cycle, translate into a powerful corporate culture, whilst being key for sustainable growth and success.

Service committed to legal compliance and ethical values

ÜNLÜ & Co is committed to a modern approach to investment banking, and its high regard for ethical values can be seen in its customer relations and market activity. ÜNLÜ & Co employees embrace an honest and consistent service approach to their clients, and pay great attention to developing and implementing a business discipline that respects the legal regulations in force and adheres to the corporate culture.

Pioneering development in capital markets

Since its inception as an independent financial advisory, ÜNLÜ & Co has completed a host of highly successful transactions, featuring distinctive financial solutions structured to fit client needs. With tailored investment advisory and financial products based on customers' needs, ÜNLÜ & Co creates substantial added value to its clients, whilst playing a pivotal role in the deepening of Turkish capital markets.

Expanding its operational reach

ÜNLÜ & Co resolutely maintains its leadership in the Turkish market and takes concrete steps to extend its initiative to the international sphere. In addition to domestic offices, ÜNLÜ & Co provides services abroad through its representative office in New York, as well as its London office.

ÜNLÜ & Co delivers high quality financial advisory services to its clients with its wide product portfolio.

Products, Services and Solutions

INVESTMENT SERVICES

INVESTMENT ADVISORY

Corporate Finance Advisory

- Mergers & Acquisitions
- Privatization advisory
- Initial/Secondary public offerings

Debt Capital Markets Advisory

- Foreign and local currency bond issuance
- CLN, Eurobonds, private placement, convertible bonds, asset backed securities
- Syndicated loans

Debt Advisory

- Acquisition and project finance
- Structured equity like financing
- Financial restructuring

CAPITAL MARKETS

- Corporate sales
 - Equity placement
 - Block sales
 - Fixed-income instruments
- Research
- Treasury
- UNLU Securities Inc. (USA)
- UNLU Securities UK Limited

DAHA INVESTMENT ADVISORY AND BROKERAGE SERVICES

- Customised investment advisory in organized and over-the-counter markets
- Brokerage of equities (Istanbul Stock Exchange) and derivatives (VIOP)
- Structured debt instruments that offer personalised investment strategies
- Fixed-income, principal-protected, real estate, Eurobonds or stock- mutual funds
- Brokerage services for trading of over-the-counter derivatives
- Brokerage in trading on foreign exchange and CFD markets
- Brokerage for equities and derivatives trading on global markets
- Brokerage in trading of government bonds, treasury bills, private sector bonds and Eurobonds
- Portfolio management services
- Corporate risk management (hedging) advisory
- Public offerings brokerage

ÜNLÜ & Co differentiates itself in the asset management industry through offering a diverse range of funds and products.



ASSET MANAGEMENT SERVICES

Non-Performing Loans (NPL) Management

- Portfolio Investments
- İSTANBUL Varlık
- Restructuring
- NPL Management

Alternative Investments

- ÜNLÜ Private Equity
- ÜNLÜ LT Investments

212 Capital Partners – Technology Fund

- Internet, mobile, e-commerce venture capital
- Turkey's pioneering technology-focused equity fund

Asset Management

- Mutual funds
- Hedge funds
- Real estate investment funds
- Discretionary portfolio management

METICULOUSLY PLANNING FOR THE FUTURE

We have pioneered the development of investment services and nurtured its growth in Turkey for the past 24 years. Our new products and services are the results of an innovative and dynamic service approach. ÜNLÜ & Co's unique product and service offering moves us forward to achieve our ambitious plans for the future.





Sustaining its strong performance in 2019, ÜNLÜ & Co increased operating profit before financial expenses by 366% year-on-year to TL 46 million.

Key Financial Indicators

ÜNLÜ YATIRIM HOLDİNG A.Ş.

Shareholders' Equity (TL Million)



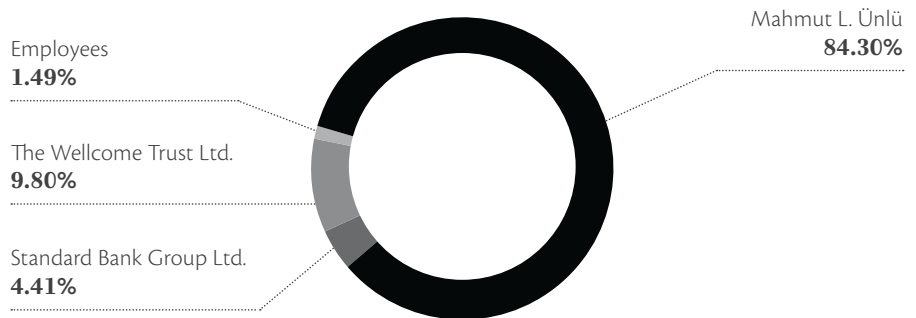
Total Comprehensive Income (TL Million)



Operating Profit Before Financial Expenses (TL Million)



Capital Structure



ÜNLÜ & Co'S LEADERSHIP

Number of Transactions in Mergers and Acquisitions*

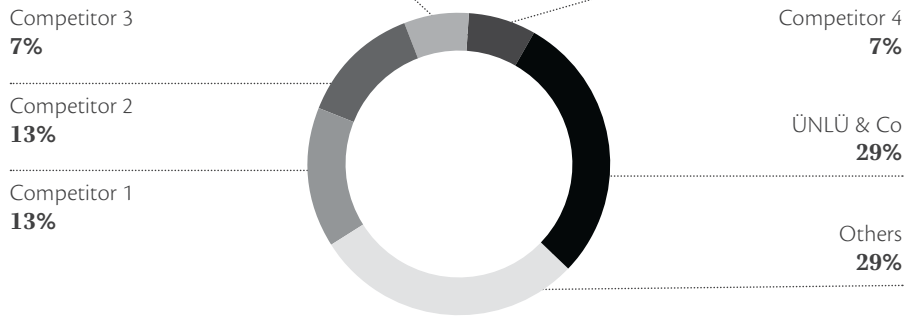
Competitor 4	23
Competitor 3	27
Competitor 2	39
Competitor 1	40
ÜNLÜ & Co	52

Source: Mergermarket

*Over USD 30 million of transactions completed between 2006 and 2019.

Capital Markets Transactions

ÜNLÜ & Co ranks first with a 29% market share in initial and secondary public offerings and block sales transactions, and USD 3.02 billion in sales between 2010 and 2019.*



Source: Bloomberg

*Excluding privatizations and intra-group transactions.



ÜNLÜ & Co'S AWARDS

Bonds & Loans – 2020

“Structured Bond Deal of the Year Nominee – ÜNLÜ Menkul Hasat Asset Finance Fund/Tarfin Tarım A.Ş.”

“Project Finance Deal of the Year Nominee – Unifree Duty Free A.Ş. Third Airport Project”

Euromoney Excellence – 2019

“Turkey’s Best Investment Bank”

Bonds & Loans – 2019

“IPO/Equity Capital Markets Deal of the Year”

Global M&A Atlas Awards - 2019

“M&A Deal of the Year in Emerging Markets”
“Emerging Markets Leadership Success Award – (Mahmut L. Ünlü)”

Turkish Capital Markets Association (TSPB) Fourth Capital Markets Awards – 2019

“Leader of Mergers and Acquisitions”
“Most Innovative Capital Markets Project”

Turkish Capital Markets Association (TSPB) Third Capital Markets Awards – 2018

“Leader of Mergers and Acquisitions”

Global M&A Atlas Awards – 2018

“Global Infrastructure Deal of the Year in Emerging Markets”
“Investment Banker of the Year in Emerging Markets” (Ibrahim Romano)

ARC Awards (Annual Report Competition) – 2018

Our Annual Report 2017 received the Gold prize in the categories “Non-Traditional Annual Reports,” “Best Illustrations” and “Printing & Production” as well as the Grand prize in the categories “Non-Traditional Annual Reports” and “Best Illustration.”

Euromoney – 2016

“Turkey’s Best Investment Bank”

ACQ5 Magazine Awards - 2016

“Investment Bank of the Year”

Mergermarket – 2015

“Turkey’s Best Financial Advisory of the Year”

Euromoney – 2015

“Advisory Best M&A House”

Deal Makers Global Awards – 2015

“Best Debt Financing Advisor of the Year”

AI International Finance Awards – 2015

“Independent Financial Advisory of the Year & Best MENA Expert”
“Investment Bank of the Year”

Business Worldwide M&A Awards – 2015

“Best Independent M&A Advisory Company”
“Investment Bank of the Year”

Our Vision, Mission and Strategy



OUR VISION

To become the leading investment services provider and asset management group in the region.

OUR MISSION

To continuously work to achieve our vision with entrepreneurial spirit and expertise of local markets and to grow the business while adding value and profit to our clients' businesses.

OUR STRATEGY

To keep our leading position in the market, and achieve our goals and ensure sustainable success by improving our corporate principles and management approach.

— Our Values



ETHICAL

Embraces integrity, clarity and openness.

ENTREPRENEURIAL

Freely shares ideas and executes them boldly.

PIONEERING AND DISTINCTIVE THROUGH KNOWLEDGE

Remains one step ahead with knowledge, experience, and self-confidence.

ONE TEAM

Moves forward to achieve a common goal with a shared purpose.

MINDFUL AND RELIABLE

Empathizes with others and inspires trust with actions.

SUCCESS-ORIENTED

Consistently pursues and remains motivated by success.



SUCCESS-ORIENTED PERFORMANCE

ÜNLÜ & Co was granted the prestigious Euromoney Award for Excellence at a ceremony held by Euromoney, which has been recognizing the best players of finance sector in every country for 25 years. The exceptional achievements of ÜNLÜ & Co in the sector were once again recognised on a major international platform.



ÜNLÜ & Co, has taken a significant leap forward towards its international aspirations by opening a new office in London, the heart of the global financial sector.

Milestones

1996

- Dundas Ünlü commences operations as a small and exclusive mergers & acquisitions advisory firm.
- Founded in Istanbul as Dundas Ünlü at its establishment, the Company started out by providing advisory services to international investors wishing to invest in the Turkish market. Positioning itself in financial markets as a leading provider of M&A advisory services, Dundas Ünlü contributed significantly to the growth and development of this market in Turkey.

2002

- Having acquired a local brokerage house, Dundas Ünlü ventures into investment services. Dundas Ünlü entered Equity Capital Markets when, in 2002, it acquired Işıklar Menkul, a small brokerage house. With this acquisition, the Company added to its portfolio an array of investment products and services addressing the needs of different clients.

2003

- Dundas Ünlü begins providing asset management services and sets up an in-house non-performing loan unit.
- This period was highlighted by a deluge of new ventures. A fixed-income unit was established in 2003, followed by an asset management unit in 2004 and the launch of an equity fund (called "DUA") and a fixed-income fund (called "DUB") in 2005. As a result of these undertakings, Dundas Ünlü not only expanded the scope of the products and services it offered but also became the first stop for clients to consult for their investment financing needs.

2005

- The product and service line-up continues to expand with new launches.
- A milestone was reached when Dundas Ünlü teamed up with the US-based investment bank Lehman Brothers.
- Another important step toward becoming more institutional was taken when Tahincioğlu Holding acquired a stake in the Company.
- By setting up an institutional sales unit, Dundas Ünlü began providing clients with equity sales and capital market services. This unit's successful performance positioned Dundas Ünlü as the leader among the top brokers servicing international institutional clients in Turkey.

2006/2007

- The Company expands into the alternative investments business line with the launch of the SU Private Equity Fund. It also enters into a strategic partnership with South-Africa based Standard Bank.
- SU Private Equity, one of Turkey's largest private equity funds, was set up in 2006.
- The same year saw the establishment of DUFEDAS, an adjunct to the Company's NPL unit and a ground-breaking service provider in the corporate collections business line.
- In 2007, the Company underwrote the first private-sector corporate bond issue initiated in Turkey in nearly a decade. The same year, South Africa-based Standard Bank became a shareholder in the Company by acquiring the majority of shares previously belonging to Alasdair Dundas and Tahincioğlu Holding.
- With this change in the shareholder structure, the Company underwent reorganization as well. The Company's name was changed to Standard Ünlü while the arrival of a new

shareholder gave the Company access to extensive global financial services network and the ability to diversify its debt-financing products. This consolidation of strengths transformed Standard Ünlü into Turkey's leading provider of investment services and asset management products and services.

2009

- Standard Varlık and PLATO Finansal Danışmanlık Servisleri A.Ş. are set up.
- With PLATO Finansal Danışmanlık Servisleri A.Ş., a financial advisory services provider the Company began providing collections management services for retail and SME NPL portfolios.

2011

- Standard Varlık, founded in 2009, was acquired by the Group and renamed İSTANBUL Varlık. The same year also saw the establishment of 212 Capital Partners, a firm set up to provide early-stage venture capital to technology, internet and communication companies in Turkey.
- A joint venture in which some of the country's leading technology companies, investors and managers took part, 212 Capital Partners began supplying financial support to start-ups seeking to enter vertical markets in software, social gaming, e-commerce, mobile apps, social media and cloud computing.

2012/2013

- The Group is renamed ÜNLÜ & Co and MENA Finans commences operations.
- In 2012, ÜNLÜ & Co (ÜNLÜ Finansal Yatırımlar A.Ş.) acquired a 67% stake in Standard ÜNLÜ. With this change in its majority shareholder, the company also underwent restructuring.
- Later the same year, MENA Finans was set up and began serving investors in keeping with the Group's regional expansion plans.
- Following its acquisition by the Group, İSTANBUL Varlık, formerly Standard Varlık, achieved 40% asset growth in two years.

2014

- While maintaining its leading position in Turkey, ÜNLÜ & Co took steps toward providing regional investment services. The Singapore office was established. Concrete steps were taken towards regional expansion in the Middle East.
- During this period, ÜNLÜ & Co rose to the top of Turkey's M&A league table with USD 3.7 billion worth of M&A deals, while

intermediating the largest foreign company acquisition ever in Turkey.

- In debt capital markets and advisory, ÜNLÜ & Co underwrote the country's biggest private-sector corporate bond issue, totalling TL 805 million and captured a 24% market share. ÜNLÜ & Co's performance in 2014 elevated it to first place among Turkey's brokerage houses.
- The ÜNLÜ Long-Term Investment Fund, which invests in various asset classes, was launched.
- ÜNLÜ Asset Management's 474.8% rate of year-on-year growth made it the fastest-growing portfolio management company in Turkey in 2014.

2015

- The Group's business partnership with Standard Bank was restructured.
- The brand name ÜNLÜ Finansal Yatırımlar A.Ş., which unites Group companies under one roof, was revised to ÜNLÜ Yatırım Holding A.Ş. (ÜNLÜ & Co).
- ÜNLÜ & Co established the Private Brokerage and Financial Advisory Department to provide top quality Capital Markets products and services to qualified individual investors, thus extending its service area.

2016

- The Wellcome Trust, one of the world's largest trust funds, became a 9.9% shareholder in ÜNLÜ & Co. Having strengthened its capital structure with this partnership, ÜNLÜ & Co created resources for its regional investments. After obtaining its brokerage licence, UNLU Securities Inc. was launched in New York. UNLU Securities Inc. started its investment services operations as the only Turkish brokerage house in the United States.
- New fund organisations and structured debt instruments were issued as the product range continued to expand.

2017

- ÜNLÜ & Co started to utilize its experience and know-how with corporate clients to serve qualified individual investors via "DAHA."
- Over the UTrade online platforms specially designed for DAHA Investment Advisory and Brokerage Services, investors now have the opportunity to perform transactions in domestic and foreign capital markets in a reliable, swift and practical fashion.
- ÜNLÜ THE CLUB YouTube channel is now on air, complete with next-generation products for individual investors, the latest sector analyses, finance agenda, and self-development opportunities for women entrepreneurs.

- ÜNLÜ & Co provided advisory services to mergers and acquisitions with a total nominal value of USD 1.7 billion.
- ÜNLÜ & Co's affiliate ÜNLÜ Asset Management First Real Estate Investment Fund invested a total of TL 45 million in the Nidapark Küçükyalı project, created by Tahincioğlu under the guarantee of Emlak Konut REIT.

2018

- ÜNLÜ & Co acted as a joint global coordinator in the public offering of ŞOK Marketler, one of the biggest public offerings of the last 10 years at a value of USD 538 million.
- ÜNLÜ & Co issued Turkey's first convertible bond deal.
- ÜNLÜ & Co provided advisory services for İC İbrahim Çeçen Investment Holding A.Ş. and its group companies' transfer of shares in Antalya Airport to TAV Airports Holding.
- ÜNLÜ & Co issued Turkey's first agricultural income-based asset-backed securities.
- ÜNLÜ & Co completed the necessary infrastructure and license applications for its London office.

2019

- ÜNLÜ & Co provided advisory services to shareholders of Betek Boya A.Ş. in their 99.8% stake sale to Nippon Paint.
- ÜNLÜ & Co provided advisory services to shareholders of Ekin Kimya A.Ş. in their 100% stake sale to Azelis.
- ÜNLÜ & Co provided advisory services to Eczacıbaşı Holding in its 49.6% stake sale of Kaynak Tekniği Sanayi ve Ticaret A.Ş. to Lincoln Electric.
- ÜNLÜ & Co provided advisory services to Tarfin Tarım A.Ş. in its Asset Backed Security issuance.
- ÜNLÜ & Co has taken a significant leap forward towards its international aspirations by opening a new office in London, the heart of the global financial sector. Following New York, ÜNLÜ & Co received permission in the UK and commenced operations through its new office in London. UNLU Securities UK Limited aims to expand the Group's services and funding alternatives.

ÜNLÜ & Co's offering of Turkey's second asset-backed securities based on agricultural receivables garnered strong investor demand.

2019 at a Glance

ÜNLÜ & Co ADVISED BETEK AND SUBSIDIARIES ON SHARE TRANSFER TRANSACTION TO NIPPON

A leading transaction by ÜNLÜ & Co
ÜNLÜ & Co, advised Betek Boya ve Kimya Sanayi A.Ş. ("Betek"), the market leader in Turkish decorative paints and external thermal insulation coating systems ("ETICS"), in its share sale to Nippon Paint Holdings Co., Ltd ("Nippon Paint").

Betek will solidify its market-leading position in Turkey and grow its presence in the region under Nippon's global market leadership.

ÜNLÜ & Co ADVISED EKIN KIMYA ON SHARE SALE TO AZELIS

ÜNLÜ & Co secured another cross-border investment deal for Turkey

ÜNLÜ & Co advised the shareholders of Ekin Kimya A.Ş., the market-leading company in Turkish chemical distribution, in their 100% stake sale to Azelis, a global supplier and distributor of specialty chemicals.

Azelis will further bolster its industry-leading position in the Turkish market with this acquisition.

ÜNLÜ & Co CONDUCTED TURKEY'S SECOND AGRICULTURAL INCOME-BASED ASSET-BACKED SECURITY ISSUANCE

Turkey's second agricultural income-based asset-backed security issuance

was two times oversubscribed by investors

Turkey's second asset-backed security issuance based on agricultural receivables was conducted by ÜNLÜ & Co, turning Tarfin Tarım A.Ş.'s agricultural receivables into a high-yield investment instrument. The offering was two times oversubscribed reflecting high demand from investors in an environment of falling interest rates.





Assets subject to issuance included Tarfin's receivables arising from sales of fertilizer, feed and similar agricultural inputs to producers in Tekirdağ, Bursa, İstanbul, Edirne and Sakarya. Asset-backed securities offer investors a high-yield investment option via a diversified portfolio with a secured structure.

Due to its innovative structure, this deal was "Structured Bond Deal of the Year Nominee" at the 2020 Bonds & Loans Awards.

ÜNLÜ & Co RECEIVED "TURKEY'S BEST INVESTMENT BANK" AWARD FROM EUROMONEY

ÜNLÜ & Co Recognized as "Turkey's Best Investment Bank" for the second time
ÜNLÜ & Co received yet another international award. Having named Turkey's "Best Merger & Acquisition Advisory House" by Euromoney, an influential and respected publication of international financial circles, in 2015, ÜNLÜ & Co was, once again, recognized as "Turkey's Best Investment Bank" after 2016, evidencing its success on the international platform.

ÜNLÜ & Co RECOGNIZED AS A LEADER IN MERGERS AND ACQUISITIONS

ÜNLÜ & Co receives major award from Turkish Capital Markets Association

Since its establishment, ÜNLÜ & Co has helped generate foreign exchange inflows to the country's economy via the merger and acquisition transactions it has advised. The Company's accomplishments were once again recognized with awards in this field in 2019. At the 4th Turkish Capital Markets Association Awards ceremony, ÜNLÜ & Co was named "Merger and Acquisition Transactions Leader" in "Corporate Finance Transactions" category. ÜNLÜ & Co also won the "Most Innovative Capital Markets Project" award with the issuance of the debut Asset Backed Securities ("ABS") based on agricultural receivables.

EQUITY CAPITAL MARKETS AWARD OF THE YEAR GOES TO ÜNLÜ & Co

ÜNLÜ & Co garners award from ŞOK IPO
ŞOK Marketler A.Ş.'s public offering in May 2018 came first in the public offering category at the Bonds & Loans Turkey Awards organized by Global Financial Conferences (GFC). The transaction, USD 538 million in size, for which ÜNLÜ & Co served as co-global coordinator, was deemed worthy of "Equity Capital Markets Award of the Year" accolade.

6 National and International Awards

ÜNLÜ & Co received six national and international awards in 2019.

TWO MORE MAJOR AWARDS TO ÜNLÜ & Co FROM ABROAD

ÜNLÜ & Co honoured by M&A Atlas Awards

ÜNLÜ & Co returned with two awards from 11th M&A Atlas Awards organized by Global M&A Network. The Company was honoured with "M&A Transaction of the Year in Emerging Markets" at M&A Atlas Awards, where most successful mergers and acquisitions worldwide are recognized, while Mahmut L. Ünlü was granted the "Emerging Markets Leadership Success Award."

ÜNLÜ & Co EXPANDED TO LONDON TO CONNECT GLOBAL FUNDS WITH TURKISH COMPANIES

Another giant leap towards globalisation

Following the launch of the New York representative office, ÜNLÜ & Co started operating in London upon the approval of FCA. Registered as UNLU Securities UK Limited, the Group aims to expand its range of services and funding capabilities on an international scale.

UNLU Securities UK Limited plans to provide services under three main business lines: Debt Financing Advisory, Capital Markets, and Corporate Finance. With debt financing advisory on its primary focus, the Company will prioritize the establishment of a distribution network of alternative investors to meet the funding needs of clients.

TURKEY’S “INVESTMENT AMBASSADOR”

We act with the mission of being Turkey’s “investment ambassador.” To that end, we have opened an office in London, at the heart of global financial markets, in order to diversify funding sources and channel global funds to Turkish companies.





At ÜNLÜ & Co, we are dedicated to generating fund flows for our country while promoting Turkey overseas as an “Investment Ambassador.”

Letter from the Chairman and CEO

Dear Stakeholders,

The world experienced a synchronized economic slowdown in 2019. Rising customs duties and growing political uncertainties inflicted a heavy blow on financial stability and consumer spending; production, investment and trade all declined during the year. Recently, the spreading economic recession was also felt in the service industry, a sector relatively more resilient to financial crises, causing a wide outcry of stagnation concerns.

A series of precautionary measures and improvements were undertaken in response to growing signs of stagnation to prevent the situation from deteriorating further. Central banks of advanced economies, primarily America's Federal Reserve (Fed), started a new monetary expansion push. In the trade negotiations between the USA and China, ongoing for more than a year, the negotiators have lately taken a more flexible and moderate stance to reach a progressive agreement.

Trade tensions hit economies around the globe – without exception.

Demonstrating steady growth since the world financial crisis, the US economy started 2019 with an impressive performance. However, global vulnerabilities in addition to trade disagreements caused investment spending to further slow and contract. The primary reason for the Fed's interest rate cuts throughout the year was the adverse impact of global developments on the country's economy.

In addition, the Brexit process caused prolonged uncertainty. This increased pressure on the Eurozone, which had been losing momentum for a long time, further stifling growth in the third quarter. The European Central Bank (ECB)'s expansionary initiatives during the year had a limited effect on lifting the EU economy. As a result, unconventional financial policies were implemented to boost the region's economy.

The risks gripping global markets in 2019 predominantly impacted the sentiment towards already fragile developing economies. Emerging markets experienced major capital outflows and financial market losses especially in the first half of the year when global risk appetite was low. The attitude of central banks was a determining factor for the second half of 2019. With the start of interest rate cuts and bond purchases in developed markets, the dark clouds on developing countries were dissipated with this bloc seeing an improvement in investor interest for their financial assets as the year progressed.

Although it seems certain that the above-referenced issues will persist for the foreseeable future, the general consensus is that 2020 should be a brighter year. That said, given that monetary expansion is close to its limits, lower business confidence and investment due to the contraction in trade, may lead to intractable problems in the global economy.



TL 208 Million Shareholders' Equity

*In 2019, ÜNLÜ & Co's
equity capital reached
TL 208 million,
up by 9.5%.*

Turkey's economy has returned to positive growth after taking a break for three fiscal quarters.

After experiencing currency shocks in 2018, Turkey went through a difficult time as indicated by all sources of data. The recession in the Turkish economy, which started in the fourth quarter of the previous year, was caused by a devalued TL, global volatility and increased regional geopolitical risks. The economic contraction appears to have ended in the second half of 2019. In the first two quarters of 2019, gross domestic product (GDP), which shrank by 2.3% and 1.6% compared to the same period of the previous year, increased by 1.0% in the third quarter and increased by 6.0% in the last quarter. While the contribution of net exports stood out in growth composition in 2019, domestic demand started to make a significant contribution to growth performance at the second half of the year.

Turkey recorded some improvements in key macroeconomic indicators during the year, as the country entered a rebalancing period following the relative stabilisation of the Lira. In September 2019, Turkey's CPI (Consumer Price Index) dropped to single digits for the first time since July 2017 and ended the full year at 11.84%. The relative reduction in inflationary pressure provided strong leverage to the Turkish Central Bank to cut interest rates four times during the year. Meanwhile, Turkey's current account balance started to post a surplus in June. The country recorded a current surplus of USD 1.7 billion for the year at end-2019 – the strongest figure since 2002. Despite these positive developments, Turkey's worsening budget deficit and rising unemployment rate remain causes for caution.

The awards that we received in 2019 serve as an affirmation of our domestic and global strategies as well as our business model, competences and value creation potential.

Letter from the Chairman and CEO

BIST (Borsa Istanbul) started the year with marked volatility, being adversely affected by the intense and prolonged election period. ISE indices compensated for that period in the third quarter with upward movement and demonstrated a strong performance by the year's end. The BIST-100 index concluded the year at 114,425, increasing 25.4% in 2019, following a 20.9% decline in 2018.

We believe that the Turkish economy, after successfully navigating the highly challenging environment of 2019, is likely to revert to its growth potential. Turkey is expected to attract investors in 2020 as a result of taking the precautionary measures in its New Economy Program (NEP).

We will remember 2019 in conjunction with the various prestigious awards that we won.

ÜNLÜ & Co took significant steps forward in pursuit of its sustainable success target thanks to an ability to adapt to change coupled with our corporate values in the face of the challenging conditions of 2019. We recorded impressive results by assessing risks and opportunities proactively during that tumultuous period marked by a volatile global and domestic economic environment and tougher competition.

Despite the turbulent operating conditions, we continue to pursue growth opportunities in investment services and moving forward in parallel with our strategy of becoming Turkey's leading investment services provider and asset management group. We design our products and solutions to make a difference. We develop our product and service portfolio in line with our mission of being the pioneering industry leader, growth driver and investment service innovator in Turkey as we have done in the last 24 years of our existence. For our exemplary efforts, we were deemed worthy of various noteworthy awards in 2019.

Being named "Best Investment Bank of Turkey" by Euromoney, one of the world's most prestigious financial publications, made us most proud in 2019, especially as an independent financial advisory firm. Receiving that award for the second time since 2016 is extremely meaningful for ÜNLÜ & Co. This award serves as an affirmation of our domestic and global strategies as well as our business model, competences and value creation potential.

We also received another important award at home in 2019. We came back from the 4th Annual TCMA (Turkish Capital Markets Association) Awards with the "Merger and Acquisition Transactions Leader" award in the "Corporate Financing Transaction" category. As a leading player in the corporate finance and advisory services market, recognition of our belief in Turkey's potential motivates us even more.



TL 20 Million Total Comprehensive Income

*ÜNLÜ & Co reported
total comprehensive
income of TL 20 million
in 2019.*

We executed the first issuance of asset based securities (ABS) based on agriculture receivables in the previous year, a transaction of strategic importance for Turkey. The transaction won the “Most Creative Capital Markets Project” designation in the “Special Award” category at the Fourth TSPB (Turkish Capital Markets Association) Awards in 2019. A year after the first issuance, we also executed two transactions that we believe are very important for the debt capital markets. By accessing more farmers, we enabled them to record more savings on their input purchases and provided a high-yielding investment alternative for investors.

In 2019, we also proved our success and leadership in the sector by winning the “M&A Transaction of the Year in Emerging Markets” award and the “Emerging Markets Leadership Achievement Award” from M&A Atlas Awards and the “Capital Markets Award of the Year” from Bonds & Loans.

At ÜNLÜ & Co, we are dedicated to generating fund flows for our country and promoting Turkey overseas as an investment ambassador at the same time. We had various initiatives in recent years to become a regional company by taking our experience

in investment services and asset management in Turkey to regional markets and other countries. We started providing services in London under the name of UNLU Securities UK Limited as approved by FCA as of March 2019. Diversification of funding sources is of paramount importance for Turkey’s companies in today’s market conditions especially. With our London office, we will both contribute to the debt instruments placement of Turkish enterprises while bringing those companies together with new non-bank creditors.

We are focused on creating value for Turkey in 2020.

The increased risk appetite due to easing trade wars and loosening monetary policies create expectations of a rebound in 2020. However, many fear that the global economic slowdown will turn into a worldwide recession. Turkey once again can be a model economy to emerging markets if the country can overcome the fragilities and transform its rebalancing experience into consistent discipline. Significant responsibility must be undertaken by all to write the next remarkable growth story.

Embracing that awareness, ÜNLÜ & Co plans to continue creating value both for Turkey and all our stakeholders. We aim to stay one step ahead of the competition in all our business areas, bolstered by our belief in Turkey, our deep-rooted corporate values and innovative business models. I truly believe that we will achieve these goals with our expert staff of professionals, who are simply the best in the industry in terms of creativity and effort. I would like to take this opportunity to thank firstly our employees, valued clients and all our business partners on behalf of our Board and myself.

Yours respectfully,

Mahmut L. ÜNLÜ
Chairman and CEO

A TAILORED APPROACH

We adopt a personal approach while providing qualified individual investors with our experience and knowledge. With “DAHA,” we consider our clients’ financial investment requirements as a whole, delivering individualized analyses and solutions.





Our steady growth, as confirmed by our financials, continued in 2019, while our success was crowned with prestigious awards.

Letter from the Deputy Chairman and General Manager

Dear Stakeholders,

ÜNLÜ & Co – Turkey's leading investment advisory services and asset management group – moved forward on its journey with sustainable growth in 2019 despite the uncertainties and economic contraction in the markets.

Once again, we recorded a strong performance in 2019.

Our many significant achievements in 2019 demonstrated ÜNLÜ & Co's ever-strengthening market position and reputation. In addition, our strong results proved that we are utilizing our resources and competences to develop Turkey's economy. In 2019, ÜNLÜ & Co's asset size reached TL 483 million, up 1% year-on-year as per consolidated financial results. Our operating revenues rose to TL 34 million, up 3%. Meanwhile, our equity capital went up 9.5% to more than TL 208 million.

Since its establishment in 1996, ÜNLÜ & Co has completed a total of 117 successful transactions (with a value exceeding USD 13 billion) in M&A transactions. We have successfully maintained our leading position in share placements since 2010 with a 29% market share in public offerings, private placements and block sales with 31 transactions, and a USD 3.02 billion transaction volume, excluding privatizations and downstream transactions. Additionally, by the end of 2019, we mediated 19 debt instrument issuances amounting to TL 1.8 billion, which helped us secure our leading position among brokerage firms.

We continue creating value for Turkey.

We were proud to intermediate foreign capital inflows to Turkey in maximum amounts via corporate financing transactions in 2019 while boosting our systematic contribution to ensure the sustainable growth of our country.

The share transfer of Betek Boya ve Kimya Sanayi A.Ş. affiliates for TL 1.4 billion to Nippon Paint Holdings Co. – the world's fourth-biggest paint producer – was one of our most outstanding transactions. ÜNLÜ & Co provided advisory for the merger of Ekin Kimya to Azelis in 2019. Despite major economic uncertainties, Turkey's domestic market dynamics and regional attraction for global giants enhanced the importance of these sales transactions. We believe that this type of transaction will be the driving force to improve investment perception abroad and foster a confident environment.

We executed the first asset-backed security issue based on agriculture receivables for the first time in 2018, attracting the attention of both local and foreign investors. Two issues in 2019 by TARFİN Tarım A.Ş., a rapidly growing brand in the agricultural market, were also concluded by ÜNLÜ & Co. We plan to continue focusing on transactions of major importance for Turkey's agriculture industry and loan capital markets. In 2019, we also established ÜNLÜ Harvest Securities Asset Financing Fund with that aim.

2019 was a growth year for our DAHA business. We expanded our investment advisory staff of experienced professionals. We managed to increase the portfolio under management by 30% and the client base by 55%.

USD 500 Million Size of M&A Transactions

In 2019, ÜNLÜ & Co acted as an advisor for mergers and acquisitions with an approximate value of USD 500 million.



ÜNLÜ & Co also took also concrete steps towards our globalization efforts in our busy agenda in 2019. We opened an office in London, following the New York representative office, and expanded our service network by launching operations under the name UNLU Securities UK Limited by obtaining FCA approval, thus enriching our funding resource options for Turkish corporates. We aim to capture share from the high-potential British funding market and transform that into a distribution platform with sufficient capacity and depth to meet the debt and capital requirements of our clients.

Our steady growth, as confirmed by our financials, continued in 2019, while our success was crowned with prestigious awards. Euromoney named ÜNLÜ & Co the “Best Investment Bank of Turkey” for the second time. In addition, we received the “Mergers & Acquisitions Transactions Leader” and “Most Innovative Capital Markets Project” awards at the fourth TSPB Awards held by the Turkish Capital Markets Association (TSPB). During the year, we were deemed worthy of the “M&A Transaction of the Year in Emerging Markets” award and the “Emerging Markets Leadership Success Award” at the M&A Atlas Awards, and the “Equity Capital Markets Award of the Year” at the Bonds & Loans Awards.

We will work even harder in 2020.

At ÜNLÜ & Co, we plan to strengthen our market position across all our operational areas in the coming year. We aim to work harder than ever in the intense and increasingly competitive environment in 2020. We will continue to move forward on our journey first of all with our valued employees together with all our stakeholders toward our common goal of serving our country.

I would like to take this occasion to thank all my colleagues and co-workers who raise the bar of our success higher each day, our clients who accompany us on our journey and our business partners who empower ÜNLÜ & Co with their support.

Yours respectfully,

Can ÜNALAN

Deputy Chairman and General Manager

Maintaining foreign demand and expanding banking system credit under the leadership of state-owned banks helped turn Turkey's growth outlook positive in 2019.

Markets Overview - 2019 Highlights and Future Outlook

In 2019, the most critical issues facing Turkey were local elections and relations with the United States. Before the local elections, markets were projecting a more stable political environment post local elections that would lead to economic reforms, as there was no major election for several years. However, this expectation was short-lived after a revote was called for the close Istanbul mayoral election. During the year, tensions also grew with the United States. The S-400 issue remained on the political agenda, causing increased strife with the US government and NATO allies. In addition, the threat of CAATSA sanctions loomed over Turkish markets. Operation Peace Spring against SDF and SAA in northeast Syria and the subsequent ceasefire were other major events impacting both Turkey's diplomatic relations and capital markets during 2019.

Throughout much of the year, the Turkish economy continued to reel from the foreign exchange rate shock of 2018. Economic activity and employment suffered due to this lagging adverse effect. Against these headwinds, Turkey's economy managed to show a significant recovery in the second half of the year and registered growth of 0.9% for full year 2019. The recovery in growth, in spite of the non-performing loans problem, was attributable mainly to foreign demand remaining robust until the final months of 2019, unlike in prior crises, as well as banking system loan volumes, led by public banks. The CBRT, BRSA and Economy Administration supported the recovery process with reserve requirement implementations and other expansionary measures. Meanwhile, exchange rate volatility and TL depreciation remained

limited due to a variety of factors. These included significant improvements in the current account balance during recessionary periods and the declining FX requirements in the economy. Limits were also imposed on swap transactions with foreign investors and public banks. At the same time, CBRT played an active role in the FX market, paving the way for the eventual elimination of the exchange rate impact on inflation. Consequently, inflation eased to single-digit levels within the year, thanks in part to the base effect. At year's end, Turkey recorded 11.84% inflation for 2019, significantly lower than a year earlier. This allowed the CBRT to implement sizable front-loaded rate cuts.

2020 will mark a critical threshold: Will Turkey's economic recovery be achieved without curbing favourable trends in inflation and external balances? We expect GDP to expand 4% in 2020, with risks tilted to the upside. Alongside the rebound in financial conditions, CBRT's loose macro-prudential policies and public-supported lending packages have boosted – and may yet further propel – loan supply and demand. Given that this increase has been derived largely from consumer loans to date, growth is forecast to shift from foreign- to domestic demand-driven, once again setting the stage for a widening current account deficit. Moreover, weakness in global growth warrants caution from an export (foreign demand) perspective. On the other hand, the restrictive effect on the current account deficit of a more competitive Turkish lira compared to prior months, as implied by real foreign exchange rates, is also notable in this environment.



In 2019, Turkey's annual CPI came in at 11.84%, slightly under CBRT's year-end estimate. Meanwhile, the annual change in domestic PPI went up to 7.6%, signalling a shift to growing cost pressures. As for the year ahead, the base effect resulting from subdued inflation in the first quarter last year will have a slightly upward impact. Along with the recent increase in foreign exchange rates, the momentum in inflation dynamics signals upward pressure on the headline figure. As a result, annualized inflation seems likely to tick higher in the first quarter of 2020, however, it should gradually retreat thereafter, closing the year within the 10.0-11.0% range.

Turkey's budget registered a deficit of TL 124 billion in 2019. This result marked a significant deterioration in the budget's performance compared to a year earlier and amounted to 3% of GDP. In 2020, the Turkish budget deficit to GDP ratio is projected by the government to be 3% once again, despite one-off revenues falling short of target in 2019 and with no tax restructuring on the horizon. This projection suggests that the budget balance may continue to be weak during the year unless solid measures are taken by the government.

In 2019, CBRT scaled back the one-week repo rate by a total of 1,200 basis points to 12.0%. At its January and February meetings, the Central Bank delivered an additional 125 bps cut. However, inflation is poised to uptrend somewhat above its year-end levels, at least in the first quarter. In this context, CBRT will likely introduce more gradual and limited cuts in the coming quarters.

LONG-STANDING EMERGING - DEVELOPED MARKET DIVERGENCE MAY REVERSE IN 2020

The most significant global developments of 2019 included the US-China trade war negotiations, the Fed's change of course from rate hikes to rate cuts, escalation of the conflict between Iran and the USA, ongoing civil wars in Syria and Libya, and the turbulent Brexit process. Furthermore, environmental problems, including massive fires in the Amazon and Australia, heightened sensitivity to climate change and social problems. As a result, ESG issues rose to prominence as a recurring theme in global politics and the world economy. Growing social unrest in developing countries marked 2019 as a year of mass protests. Confrontations between peoples and their governments occurred in many places around the world, such as Hong Kong, Algeria, Iraq, Chile and Iran.

11.84% **Inflation Rate**

In 2019, the CPI dropped substantially from a year ago to 11.84%.

In the coming year, we see a positive outlook for financial markets. Following years of underperformance, the long trend of EM underperforming DM may come to an end in 2020. This forecast is due to many reasons, including an accommodative Fed and low global rates, which may encourage investors to look at higher-yielding assets; the widening EM-DM economic growth differential; the weak outlook for the USD; a potential de-escalation in global trade tensions; cheap asset valuations; and stronger EPS growth potential in the EM market. Despite several Turkey-specific risks, fund inflows into EM should also help Turkish equities to continue recovering. We believe that the favourable global backdrop, coupled with a bottoming out in Turkey's economy, may potentially act as a catalyst for a re-rating in Turkish markets in 2020.





WHERE EXPERIENCE MEETS DYNAMISM

We offer our employees tailor-made development programs in order to help them improve their competencies and productivity. Moreover, our young team members work with our experienced staff members to jointly develop projects, with the resulting synergy leading to success.

ÜNLÜ & Co continuously expands its client portfolio comprising corporate and qualified individual investors, with world class services.

Investment Services

INVESTMENT ADVISORY

Corporate Finance Advisory

- Mergers & Acquisitions
- Privatization advisory
- Initial/Secondary public offerings

Debt Capital Markets

- Foreign and local currency bond issuance
- CLN, Eurobonds, private placement, convertible bonds
- Syndicated loans

Debt Advisory

- Acquisition and project finance
- Structured equity like financing
- Financial restructuring

CAPITAL MARKETS

- Institutional sales & trading
- Equity placements
- Block sales
- Fixed-income instruments
- Equity research
- Treasury

DAHA INVESTMENT ADVISORY AND BROKERAGE SERVICES

- Customised investment advisory in organised and over-the-counter markets
- Brokerage of equities (Istanbul Stock Exchange), and derivatives (VIOP)
- Structured debt instruments that offer personalised investment strategies
- Fixed-income, principal-protected, real estate, Eurobonds or stock-mutual funds
- Brokerage services for trading of over-the-counter derivatives
- Brokerage in trading on foreign exchange and CFD markets
- Brokerage for equities and derivatives trading on global markets
- Brokerage in trading of government bonds, treasury bills, private sector bonds and Eurobonds
- Portfolio management services
- Corporate risk management (hedging) advisory
- Public offerings brokerage

50% Increase in Qualified Individual Clients

The number of individual clients served by ÜNLÜ & Co increased by 50% in 2019.



In 2019, ÜNLÜ & Co was named as “Merger and Acquisition Transactions Leader” in “Corporate Finance Transactions” category for 2018 by the Turkish Capital Markets Association.

Investment Services

INVESTMENT ADVISORY

CORPORATE FINANCE ADVISORY

ÜNLÜ & Co Corporate Finance Advisory team aims to provide high value-added financial solutions designed to meet the requirements of its clients, and has produced countless resounding success stories in its field. Being one of the main business lines, it makes a crucial contribution to the branding of the Group in Turkey. Corporate Finance Advisory services include:

- Mergers and acquisitions
- Privatization advisory
- Initial/Secondary public offerings

A service approach recognized for its excellence in Turkey and abroad

Since its establishment in 1996, ÜNLÜ & Co has facilitated 117 successful merger and acquisition transactions as of 2019.

In mergers and acquisitions, the team has experience in a range of sectors in Turkey and enjoys a balanced customer portfolio thanks to its buy- and sell-side advisory services.

The Corporate Finance team consists of 19 professionals who are the best in the sector. They shape the financial solutions best suited to the needs and interests of their clients within the framework of global ethical standards.

Since its establishment, ÜNLÜ & Co has built and developed its reputation in the market through its success. The Company has played an important role in bringing together Turkey's leading industrial organisations, service providers and manufacturers with leading international groups, and helping them develop strategic partnerships.

A strong local brand in IPOs focused on Turkish companies

ÜNLÜ & Co offers advisory services in initial public offerings and secondary public offerings to large international investors.

The department closely follows Turkey's leading companies, and in line with market conditions, provides the most appropriate solutions to address their financing needs.

ÜNLÜ & Co competes with international investment banks, but as a local company itself, it focuses exclusively on Turkish companies.

Thanks to its competence, understanding of local market conditions, and dedication to work, ÜNLÜ & Co creates value for its clients and has earned trust and respect of Turkey's largest corporations.

ÜNLÜ & Co garnered additional major corporate finance awards in 2019.

The outstanding success of ÜNLÜ & Co Corporate Finance Advisory team over the years has been recognized by internationally renowned organisations.

In 2019, ÜNLÜ & Co received the “Best Investment Bank – Turkey” honour at the Euromoney Excellence Awards. During the year, the Turkish Capital Markets Association named ÜNLÜ & Co the “Leader in Mergers and Acquisitions – 2018.” Also in 2019, the Company returned home from the M&A Atlas Awards with the “M&A Transaction of the Year Award,” and the “Emerging Markets Leadership Achievement Award,” and the “Equity Capital Markets of the Year Award” from the Bonds & Loans Awards. These major awards once again demonstrate ÜNLÜ & Co's exceptional success in the sector.



ÜNLÜ & Co'S LEADERSHIP

Leading position in the league tables

Number of deals with a with value in excess of USD 30 million.

Source: Mergermarket

Total # of Transactions 2006-2019 YTD	
ÜNLÜ & Co	52
Competitor #1	40
Competitor #2	39
Competitor #3	27
Competitor #4	23
Total # of Cross - Border Transactions 2006-2019 YTD	
ÜNLÜ & Co	34
Competitor #1	25
Competitor #2	20
Competitor #3	20
Competitor #4	20
Total # of Private Equity Transactions 2006-2019 YTD	
ÜNLÜ & Co	17
Competitor #1	9
Competitor #2	9
Competitor #3	7
Competitor #4	5

Below are major transactions to have propelled ÜNLÜ & Co to market leadership:

MAJOR TRANSACTIONS

Role	Target Company	Acquirer Company	Significance	Year
Sell-Side Advisor	Ekin Kimya	Azelis	Leading Chemicals Distributor in Turkey	2019
Sell-Side Advisor	Betek Boya	Nippon Paint	Leading paint company in Turkey, Largest deal of the Year	2019
Sell-Side Advisor	Askaynak	Lincoln Electric	Leading Welding consumables producer in Turkey	2019
Sell-Side Advisor	Antalya Airport	TAV Airports	Share sales in Turkey's third-largest airport	2018
Joint-Global Coordinator	ŞOK Marketler	-	Largest public offering transaction on Borsa Istanbul since 2010	2018
Buy-Side Advisor	Peak Games	Zynga	Sale of Turkey's biggest online gaming business	2017
Sell-Side Advisor	Mersin	IFM Investors	One of Turkey's largest infrastructure deals	2017
Sell-Side Advisor	Koroza	Actera	Sale of Turkey's largest packaging company	2016
Sell-Side Advisor	Solventaş	Yilport Group	Sale of Turkey's largest chemical storage terminal	2016
Sell-Side Advisor	Yıldız Holding A.Ş.-AK Gıda	Lactalis Group	Sale of one of Turkey's largest food companies	2015
Buy-Side Advisor	United Biscuits	Yıldız Holding A.Ş.	Largest foreign acquisition made by a Turkish company	2014
Buy-Side Advisor	YKM	Boyer Group	Acquisition of Turkey's largest department store group	2012
Buy-Side Advisor	Defy	Koç Holding A.Ş.-Arçelik	Koç Group's largest foreign acquisition	2011
Buy-Side Advisor	Intergum	Cadbury Schweppes	Acquisition of one of Turkey's largest confectionery companies	2007
Buy-Side Advisor	Kent Gıda	Cadbury Schweppes	Acquisition of one of Turkey's largest gum producers	2002
Buy-Side Advisor	Güven Plastik	Huhtamaki	First merger and acquisition transaction	1997

In 2019, ÜNLÜ & Co served as an advisor in three high-profile transactions with a total value of USD 500 million.

Investment Services

2019 TURKISH M&A MARKET AT A GLANCE

Turkey's M&A transactions totalled c. USD 4 billion in 2019, down 60% due to the country's slowing economy and rising levels of uncertainty worldwide from ongoing trade wars. Twenty-four of those M&A transactions in Turkey, with a total value of about USD 3.7 billion, involved a sell-side and/or buy-side financial advisor.

TRANSACTIONS ADVISED BY ÜNLÜ & Co CORPORATE FINANCE IN 2019

Target Company	Sector	Buyer	Shareholding	ÜNLÜ & Co Advisory
Betek Boya	Paint	Nippon Paint	99.8%	Sell-Side
Ekin Kimya	Chemicals distribution	Azelis	100%	Sell-Side
Askaynak	Welding consumables	Lincoln Electric	49.6%	Sell-Side

ÜNLÜ & Co Corporate Finance delivered an impressive performance in 2019 as well, acting as advisor in the successful completion of three high-profile transactions. The total monetary value of those transactions was around USD 500 million.

A summary of selected transactions is presented below:

ÜNLÜ & Co Advised Betek and Its Subsidiaries on Transfer of Shares to Nippon

ÜNLÜ & Co, Turkey's leading investment services and asset management group, advised Betek Boya ve Kimya Sanayi A.Ş. ("Betek"), the market leader in Turkish decorative paints and external thermal insulation coating systems ("ETICS"), in its share sale to Nippon Paint Holdings Co., Ltd ("Nippon Paint"). Betek will solidify its market-leading position in Turkey and will grow its presence in the region under Nippon's global market leadership.

ÜNLÜ & Co Advised Ekin Kimya on Its Share Sale to Azelis

ÜNLÜ & Co advised the shareholders of Ekin Kimya A.Ş., the market-leading company in Turkish chemical distribution, in their 100% stake sale to Azelis, a global supplier and distributor of specialty chemicals. Azelis will further bolster its industry-leading position in the Turkish market with this acquisition.

In 2019, ÜNLÜ & Co established “ÜNLÜ Menkul Hasat Asset Finance Fund” for asset-backed security issuances.

DEBT CAPITAL MARKETS AND ADVISORY

With its experience and unrivalled financial expertise, ÜNLÜ & Co's Debt Capital Markets and Advisory is one of the leading service providers in the ever-changing and evolving field of debt capital markets. The focus of its activities is to provide structured solutions to meet the financing needs of its clients and to provide alternative financing sources. It provides structured solutions to address the financing needs of companies in two main areas, namely, advisory, and brokerage of securities in debt capital markets.

ÜNLÜ & Co's Debt Capital Markets and Advisory comprises a team with expertise in accurate and timely assessment of clients' financing needs and in providing the necessary financing under the most suitable structures and conditions, resulting in enduring solution partnerships with clients.

A wide range of financial advisory services, including:

- Syndicated/club loans,
- Project financing,
- Subordinated loans (mezzanine financing),
- Securitisations,
- Acquisition financing,
- Financial restructuring,
- Debt Capital Markets (TL and foreign currency bonds, asset backed securities, convertible and exchangeable bonds, lease certificates)

as well as arrangement and provision of all varieties of debt financing and restructuring of existing debt.

Independent debt advisor

The lack of any partnership relationships with banks or other financial institutions operating in Turkey is one of the most important factors that sets ÜNLÜ & Co apart from the competition. ÜNLÜ & Co has a structure that positions itself at arm's length to all domestic and foreign sources of finance and does not allow conflicts of interest. Thus, it is able to act with a service approach that upholds the interests of clients in their pursuit of financing under the most favourable terms and conditions.

ÜNLÜ & Co acts as a bridge between its corporate clients and global funding sources. Since its establishment, it has arranged debt financing in excess of USD 10 billion from various sources to its clients.

A vision that always aims to lead

ÜNLÜ & Co's Debt Capital Markets and Advisory team also offers brokerage and advisory services in the issuance of Turkish lira bonds/bills, foreign currency bonds, credit-linked notes, convertible bonds, lease certificates and asset-backed securities in debt capital markets, providing private sector companies direct access to investors to facilitate their borrowing needs.

Featured transactions of 2019

One of ÜNLÜ & Co's major transactions of 2019, and indeed an innovative product, was the issuance of the second asset-backed security by TARFIN Tarım A.Ş., backed by agricultural receivables. The assets subject to the issuance included receivables arising from the sales of fertiliser, feed and similar agricultural inputs to farmers in Tekirdağ, Bursa, Istanbul, Edirne and Sakarya. Asset-backed securities utilise the cash flows of underlying assets and are significant as they allow investors to differentiate the credit quality of issuances and obtain high returns while providing issuers with low-cost funding. Hence, in 2019, ÜNLÜ & Co established the asset financing fund “ÜNLÜ Menkul Hasat Asset Finance Fund” in order to issue the asset-backed securities. The asset-backed securities issued on the back of the assets taken on by the asset financing fund have attracted interest, since the asset-backed securities are secured by an asset pool rather than a company balance sheet. On the other hand, asset-backed securities are attractive as an off-balance sheet instrument for issuers, allowing them to discount and cash out their term receivables before maturity.

Amongst 87 equity capital market transactions which include public offerings and block placements conducted in the Turkish market between 2010 and 2019, 31 were advised by ÜNLÜ & Co.

Investment Services

CAPITAL MARKETS ADVISORY

INSTITUTIONAL SALES

ÜNLÜ & Co's Institutional Sales team serves international and domestic institutional investors that are active in Turkish capital markets. Over the years, the Department's reach has expanded to mutual funds, hedge funds and pension funds across the US, Europe and Asia. In Turkey, the institutional sales team's coverage focuses on pension funds, family offices and insurance companies, with an expanding product offering.

In collaboration with the Research team, the Institutional Sales Department provides top-down macroeconomic and political updates to clients, as well as bottom-up analysis of securities and investment recommendations. The staff of six has an average experience of nearly 20 years, which sets the team apart from the competition. This deep experience helps the Institutional Sales Department provide investors with value-added analysis of developments on the ground, during a time of shrinking dedicated sales coverage from global investment banks.

ÜNLÜ & Co connects investors with leading companies

As part of its marketing activities, the Institutional Sales Department organized roadshows to connect top managements of blue-chip Turkish companies with institutional investors in the US and Europe. To that end, the team conducted roadshows for Turkey's leading companies – such as Akbank, Turkcell and Yapı Kredi Bankası – in major investment centres.

Reverse roadshows were also organized to provide tailor-made access to institutional investors visiting Turkey, to better understand the country's macroeconomic and corporate landscape.

BLOCK SALES

ÜNLÜ & Co offers advisory and brokerage services in block sales carried out on Borsa Istanbul.

The Capital Markets Department closely monitors Turkey's leading companies, and in line with market conditions, provides the most appropriate solutions to the financing needs of those companies, and ensures the completion of transactions.

A market leader for nine years

In the Turkish block sales transactions market, in which most international investment banks actively participate, ÜNLÜ & Co reached a market share of 29% between 2010 and 2019, excluding privatisation and inter-group transactions.

Amongst 87 equity capital market transactions which include public offerings and block placements conducted in the Turkish market between 2010 and 2019, 31 were advised by ÜNLÜ & Co.

A strong local brand focused on Turkish companies

ÜNLÜ & Co competes with international investment banks; however, as a local company itself, it focuses exclusively on Turkish companies.

Thanks to its professional competence, understanding of local market conditions, and dedication to work, ÜNLÜ & Co's Capital Markets Department is able to create value for its clients. The Department has earned trust and reputation among Turkey's largest companies.

Expansion to new business areas

In 2019, ÜNLÜ & Co's Institutional Sales Department expanded its services to deliver electronic trading to high-frequency trading (HFT) clients. The Department became certified by Borsa Istanbul (BIST) and started using BIST's co-location facilities to provide high-speed access to equities and derivatives markets.

RESEARCH

ÜNLÜ & Co Research Department produces reports based on objective analysis to help domestic and foreign investors in their investment decisions with access to accurate market information. Written by the Department's expert staff, the reports provide the latest information on sectors and companies within Turkey and investment ideas in light of national and global political and economic developments.

The most accurate and reliable way to identify market-leading developments

ÜNLÜ & Co's Research Department generates world-class thematic reports that aim to provide investors with a distilled understanding of complex data on economics and markets while delivering the timely and accurate information they need.

ÜNLÜ & Co's dynamic approach to research reports is based on monitoring and reporting of investment opportunities offered by a wide range of companies.

In 2019, the Research Department's team of five highly skilled analysts followed 13 sectors and 40 companies. The 40 companies covered by the Research Department account for 81% of the total market value of the Borsa Istanbul 100 Index. The Department produced reports based on independent analyses of stocks and provided investors buy-sell recommendations.

All Research Department reports that offer stock analysis, credit analysis and economic analysis are published in English after undergoing a rigorous compliance check. Reports meeting high internationally accepted standards are distributed electronically to foreign and domestic investors.

With its content-rich, high-quality reports and publications, the Research Department aims to provide investors with accurate advice based on new investment ideas and strong analysis.

ÜNLÜ & Co conveys extensive knowledge and experience to its clients via a wide range of reports

Top Picks

A monthly report highlighting the top-recommended companies and trade ideas in the stock market.

Banking sector report

A report examining weekly and monthly banking sector data while presenting company valuations alongside current opinions.

Sector and company reports

A report containing investment recommendations and detailed analysis of the 13 sectors covered and companies in those sectors.

Macroeconomic Insight

A report analysing monthly macroeconomic data with future outlook and forecasts.

Istanbul Calling

A daily bulletin that includes economic and political developments as well as current company and sector news presented alongside commentary by the Research Department.

Excluding daily bulletins, the Research Department published a total of about 70 reports in 2019.

ÜNLÜ & Co's Research Department also contributes to investor meetings (roadshows) organized for institutional foreign investors with its in-depth analyses and presentations. In 2019, the Research Department reached out to 100 different investors and participated in about 200 one-to-one investor meetings.

The Research Department together with the Institutional Sales Department organized trips for fund managers to visit the publicly traded companies they track. In 2019, around 200 company meetings were held on investor trips for 12 investor groups.

ÜNLÜ & Co's dynamic approach to research reports is based on monitoring and reporting of investment opportunities offered by a wide range of companies.

ÜNLÜ & Co's horizontal organisation and ability to rapidly access information facilitates fast decision-making processes.

Investment Services

TREASURY

The Treasury Department manages the Group's balance sheet and conducts studies in order to develop products that meet the needs of various departments.

ÜNLÜ & Co Treasury Department's main duties include:

- Effective asset-liability management in line with company strategies
- Finding alternative investment and funding channels by tracking markets
- Developing new products
- Optimising risks and costs
- Complying with legal obligations

The Treasury Department has access to a wide range of investment resources thanks to ÜNLÜ & Co's extensive experience in financial markets. The Department applies an effective capital management approach and invests in mainly Turkish underlyings in line with the Group's market view and balance sheet composition. The main active products include:

- Government bonds, treasury bills, private bonds, Eurobonds
- Repo/reverse repo
- Futures and options
- Over-the-counter derivative products (forward, option and swaps)
- Structured products
- Equities currency transactions

It works in coordination with the Group's other departments, primarily DAHA, to produce new, innovative products.

ÜNLÜ & Co's horizontal organisation and ability to rapidly access information facilitates fast decision-making processes, which bolsters the effectiveness of the Department and ensures diversification in its areas of activity. The strong relationships which ÜNLÜ & Co has established with a range of business partners, both in Turkey and abroad, is a key factor in increasing the Treasury Department's investment options and ability to create value.

UNLU SECURITIES INC

UNLU Securities Inc., established by ÜNLÜ & Co to provide services to investors in the United States, was commissioned by the FINRA in 2015. Through the company established in New York, institutional investors in the United States are provided services from all branches of the business. Given that US funds account for 1/3 of publicly traded shares on the Borsa Istanbul Stock Market held by foreign corporate investors, UNLU Securities Inc plays an important role in Turkey's capital markets. This office facilitates contact between the corporate sales, research and capital markets departments to be in contact with US investors, providing significant opportunities.

UNLU SECURITIES UK LIMITED

UNLU Securities UK Limited was founded in 2018 to expand ÜNLÜ & Co's service and resource network globally. In 2019, UNLU Securities was authorized in the United Kingdom by the Financial Conduct Authority to provide three main business functions: Debt Financing, Capital Markets, and Corporate Finance.



Based in London, UNLU Securities UK Limited focuses on debt financing in line with ÜNLÜ & Co's strategic priorities. The company also aims to establish a distribution network of alternative investors to meet the funding needs of Turkish companies.

The alternative asset management industry, which includes various forms of private capital, continues to have a strong growth trajectory. Global AUM is forecast to reach

USD 21.1 trillion by 2025, up from USD 9.2 trillion in June 2018. Private debt funds raised USD 110 billion in 2018, with AUM totalling USD 769 billion. As of March 2019, private debt dry powder amounted to USD 286 billion. Continued expansion of the global asset management market increases opportunities across a wide range of investment segments. In line with ÜNLÜ & Co's vision of being a world-class

service provider, UNLU Securities UK Limited moves forward to capitalise on this positive environment to become a distribution platform in the widest sense. The company aims to provide capacity and depth to meet diverse levels of capital needs for its clients.

DAHA delivers value-added solutions to investors with its higher return target, advanced technology and exceptional service quality.

Investment Services

DAHA INVESTMENT ADVISORY AND BROKERAGE SERVICES

Following the completion of the license renewal process in 2015, ÜNLÜ & Co established the DAHA Investment Advisory and Brokerage Services Department in 2016 to provide investment management and brokerage services for capital markets to qualified individual and institutional investors. DAHA considers all the financial needs of its investors in investment advisory in a holistic way. It offers tailor-made investment advice, considering the risk profiles, goals, return expectations and asset status of its qualified investors.

DAHA Investment Advisory and Brokerage Services offers the following services:

- Customized investment advisory in organised and over-the-counter markets,
- Brokerage of equities (Borsa Istanbul), and derivatives (VIOP),
- Structured debt instruments that offer personalised investment strategies (YBA),
- Fixed-income, capital-protected, real estate, Eurobonds or stock-mutual funds,
- Brokerage and advisory services for over-the-counter derivative products,
- Brokerage services for Leveraged Products (FX) and Contracts for Differences (CFD),
- Brokerage for equities and derivatives trading in global markets,
- Brokerage and advisory services for government bonds, treasury bills, private sector bonds and Eurobonds,

- Portfolio management services,
- Institutional risk management (hedging) advisory,
- Intermediation for public offerings.

In addition to the brokerage services it offers, DAHA also provides individual portfolio management services and financial planning services to its qualified investors.

DAHA delivers services to nearly 2,000 investors with a team of investment advisors that have doubled in number within the last two years. In addition, DAHA has expanded its portfolio size by 30% and boosted revenues by 84%.

DAHA Financial Advisory Services

Working in coordination with the Research Department, the DAHA Financial Advisory Department provides short-, medium- and long-term investment solutions to meet the needs of individual and corporate investors, each with different risk and return preferences. It also offers short-, medium- and long-term investment advice in financial instruments such as parities, fixed-income securities and gold.

The periodic reports it publishes in Turkish on domestic capital markets for its investors are listed below:

ÜNLÜ & Co'mment: This clear, concise daily bulletin published each morning covers current developments in the domestic and foreign markets, potential impacts on the market, product-based recommendations, and company news.

U-Alert: A short note covering market monitoring and information notes, company/sector notes, macro analysis, and ÜNLÜ & Co's top shares and strategy suggestions.

U-Call: Considering market dynamics, this product includes ÜNLÜ & Co's recommendations on the Borsa Istanbul and Derivatives Exchange which are attractive in the short term and are in accordance with the Company's trade strategies. The positions offered by U-Call are continuously monitored and information is provided via e-mail in case of possible profit sale or stop-loss.

U-Tech: This weekly technical analysis bulletin provides actionable information on the short-term outlook of the various product groups and their support-resistance levels.

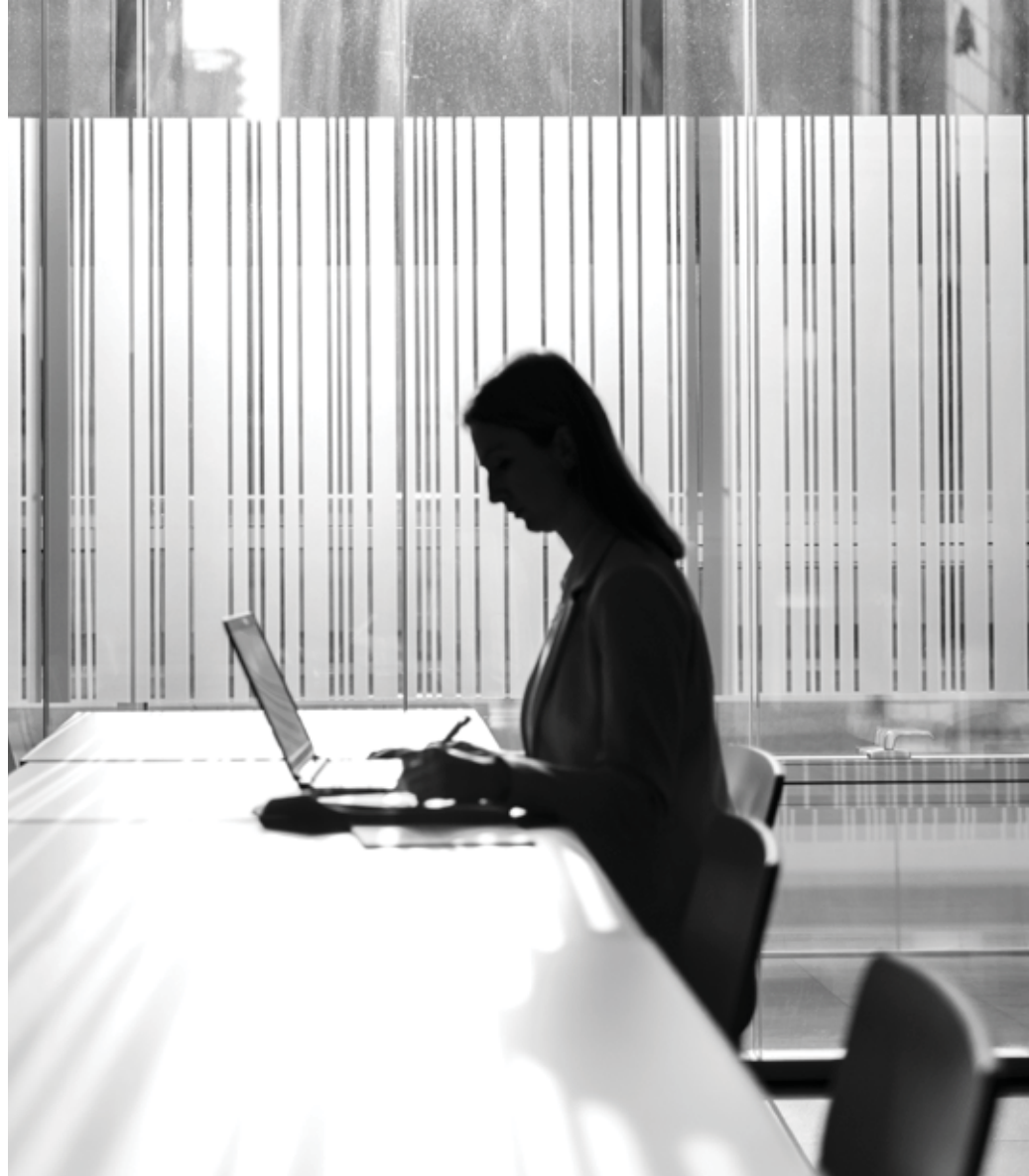
Fast, User-Friendly Online Trading Services

With UTrade online trading platform specially designed for DAHA Investment Advisory and Brokerage Services, UTrade Mobile app (iOS/Android), and UTrade Trading System Windows desktop app, investors can easily send their orders to the Borsa Istanbul Equity Market (equities) and Derivatives Market (VIOP), perform cash and collateral transactions quickly and instantly monitor their portfolio status and market data. In addition to trading transactions, investors can also access ÜNLÜ & Co's research reports, model portfolio, market calendar, investment strategy and company news via the UTrade platforms.

UTrade Online Product Family

UTrade web platform - www.utrade.com.tr

- Simple trade order transmission to equity, futures and options markets
- Transmission types of conditional orders, chain orders, park orders and stop-loss orders
- Cash transactions, funds (TEFAS), and Derivatives Market collateral deposit/withdrawal transactions
- Screen for monitoring account portfolio, order status, historic transactions
- Access to research reports, trading advice, model portfolios
- Access to BIST market data, news, company financial statements and statistics



UTrade Mobile (iPhone, iPad and Android devices)

- Easy order transmission to stocks, stock exchange mutual funds, warrants and derivatives markets
- Instant portfolio information, cost and profit/loss monitoring
- Free access to real-time BIST and derivatives market (VIOP) data and news
- Personalised user interface for a market watch with favourite lists
- Fast, secure login with "Touch ID / Face ID" technologies for iOS and iPadOS platforms

UTrade Trading System (TS)

- "Cockpit" screen designed for professional investors
- Easy monitoring of BIST market data with customisable screens
- Fast order transmission to stock, futures and option markets

Foreign Markets - UTradeFX and UTrade International

With its experienced broker teams and modern online platforms, DAHA Investment Advisory and Brokerage Services provides brokerage services to investors in domestic and foreign capital markets. Under the UTradeFX brand, investors are provided with trading opportunities in Forex-parity pairs, precious metals (including gold, silver, palladium, and copper), as well as contracts for difference written on indexes, equities and commodities. In addition to FX and CFD services, with the help of UTrade International (ÜNLÜ & Co's application which opens access to international markets), investors can instantly monitor stock exchange data, and execute stock, futures and exchange-traded funds transactions on global stock exchanges, both reliably and easily.

WE LOOK BEYOND BORDERS

ÜNLÜ & Co is committed to becoming the leading investment services and asset management group in the region. While focusing on maintaining our leadership in the Turkish market, we take confident steps toward replicating our success beyond national borders.





ÜNLÜ & Co continuously bolsters its stewardship in asset management with its innovative and customized solutions.

Asset Management Services



Non-Performing Loans (NPL) Management

- Portfolio investments
- ISTANBUL Varlık
- Restructuring
- Non-performing Loans (NPL) Management

Alternative Investments

- ÜNLÜ Private Equity
- ÜNLÜ LT Investments

212 Capital-Technology Fund

- Internet, mobile and e-commerce venture capital
- Turkey's most pioneering technology-focused equity fund

Asset Management

- Mutual funds
- Hedge funds
- Real estate investment funds
- Discretionary Portfolio Management

One of the most active players in the NPL sector, İSTANBUL Varlık raised its total number of portfolios to 33, with seven retail/SME NPL portfolio purchases in 2019.

NON-PERFORMING LOAN MANAGEMENT

ÜNLÜ & Co provides value-added services in the non-performing loans (NPL) market, where it has operated since 2003. The Company realizes its NPL investments via İSTANBUL Varlık, a subsidiary that has become one of the leading Turkish asset management companies in a short time. Two other Group companies – DUFDAŞ and PLATO Finansal – provide collection management of the portfolios acquired by İSTANBUL Varlık.

Predicating its NPL market strategy on the triple pillars of efficiency, flexibility and reliability for the past 16 years, ÜNLÜ & Co produces fast, creative and effective solutions in NPL collections with approximately 250 employees and its national capital.

Aiming to boost collection performance via effective management of NPL portfolios, ÜNLÜ & Co will continue to support its customers with a tailored and constructive approach, and a view to channelling them back to the economy.

İSTANBUL VARLIK

After the Group's foreign partnership ended in 2009, İSTANBUL Varlık started to operate as a local brand with 100% local capital. Bolstered by the synergy with ÜNLÜ & Co and cognizant of local market conditions, İSTANBUL Varlık gets one step closer to its clients with effective solutions.

DUFDAŞ, a group company of İSTANBUL Varlık, manages commercial and corporate NPLs. In the face of rising retail NPLs following the 2008 crisis, PLATO Finansal was established to enhance the Group's retail and micro-SME NPL management capacity.

İSTANBUL Varlık currently manages two corporate and 31 retail/SME NPL portfolios with more than TL 290 million in investments to date.

One of the most active players in the NPL sector, İSTANBUL Varlık raised its total number of portfolios to 33, with seven retail/SME NPL portfolio purchases in 2019. As of year-end 2019, İSTANBUL Varlık manages a total unpaid principal balance of TL 3.4 billion and services around 471 thousand customers.

ALTERNATIVE INVESTMENTS

ÜNLÜ Alternative Asset Management was established to advise Private Equity and Alternative Investment funds making investments in Turkish companies or alternative assets. In 2019, it continued to serve two separate funds with a total size of USD 225 million.

Established as a private equity fund in partnership with domestic and foreign investors, Fund 1 has realized more than USD 100 million of investment. The Fund currently has one investment, ŞOK Marketler. After its successful IPO in 2018, ŞOK Marketler continued to grow by adding more than 851 retail chain stores across Turkey, bringing its total number of stores to over 7,215 in 2019.

ÜNLÜ Long-Term Investments Fund focuses on long-term investments in shares of public or private companies, non-performing loans, infrastructure and real estate asset classes. As of the end of 2019, the total size of this fund was USD 126 million, and its investment amount reached USD 110 million.

With a staff of six, ÜNLÜ Alternatives continues to grow with the companies it has advised to invest in funds.

212 CAPITAL-TECHNOLOGY FUND

In Turkey, several factors have played an important role in the development of the Internet and advanced technology. Demographic data (large young population, areas of interest), an emerging risk-capital ecosystem, high Internet and mobile usage penetration, the emergence of the Internet and e-commerce ecosystem, and robust online and offline consumer habits have all come together to render Turkey an attractive prospect.

ÜNLÜ & Co has become a partner of 212 Ltd, which in turn provides consultancy to 212 Capital Partners (212), a fund that provides venture capital to Turkey's leading technology and Internet companies in their early stages.

212 Capital Partners continues to be one of the largest funds to provide support to companies that seek to establish a venture in the vertical market such as software, social games, e-commerce, mobile, social media and cloud computing.

ÜNLÜ & Co Asset Management boosted assets under management by 164% in 2019.

Asset Management Services

FUND AND PORTFOLIO MANAGEMENT

Portfolio Management

ÜNLÜ Asset Management offers qualified portfolio management services to corporate and individual investors, mainly consisting of bonds, shares and structured products traded on the Turkish markets. With a wide range of products and expertise in investment management. ÜNLÜ Asset Management is one of Turkey's leading asset management companies.

A Wide Range of Products Managed by Skilled Professionals

In 2019, ÜNLÜ Asset Management ramped up its fund activities, aimed at individual and corporate investors, in line with ÜNLÜ & Co's strategic targets, with added momentum. As a result, ÜNLÜ Asset Management boosted its assets under management by 164% year-on-year.

ÜNLÜ Asset Management aims to provide superior portfolio management services based on fair pricing, in order to generate high added value for investors, in line with their risk-return preferences. It has expanded its product range with variable, stock and debt instruments, free investment funds and real estate investment funds.

With the money market fund established in 2019, ÜNLÜ Asset Management offers a low-risk profile investment alternative with stable return and liquidity for investors.

High Yield

ÜNLÜ Asset Management's variable funds based on a multi-asset strategy were established for investors with low and medium risk profiles who tend to channel their savings to deposits and other similar traditional instruments. These funds provide investors with the opportunity to invest in various asset classes, based on certain risk criteria, with a view to generating a rate of return that exceeds that on deposits.

Proactive Marketing Strategies Bringing Innovative Products and Services to a Broader Range of Clients

ÜNLÜ Asset Management aims to become the largest independent portfolio company in Turkey. It diversified its product range in 2019 with new financial instruments and funds. In 2019, ÜNLÜ Asset Management focused on client visits and marketing activities with the aim of introducing new products to investors and expanding its client portfolio.



ÜNLÜ ASSET MANAGEMENT INVESTMENT PRODUCTS

Investment Instrument Type	Investment Instrument Name	Investment Strategy
Variable Funds	First Variable Fund (SUA)	Designed as an alternative to deposits for low-risk appetite investors with medium-to-long term investment target. The fund aims to generate a consistent positive return, providing an income that is meaningfully above that of deposits.
	Third Variable Fund (SUC)	An actively traded fund, managed with a high return target. The objective is to generate a return that exceeds that of deposits and to rank high on the list of variable funds.
	SUB	Offers a higher return level compared to deposits, thanks to the fixed income products inside the fund that are issued by the government and private sector. Therefore, the market risk of the fund is significantly lower than other comparable asset classes while carrying a natural credit risk exposure due to its credit product holdings.
Equity Funds	Stock-Intensive Fund (UPH)	An investment alternative with high return and relatively high volatility for investors planning to make long-term investments in the Turkish stock market.
Short Term Fixed Income Funds	Money Market Fund (UPP)	A short term tool for cash management purposes that invests in highly liquid capital market instruments that mature in under 184 days. The portfolio must maintain a weighted average maturity of 45 days or less. UPP can invest in short term government bonds, commercial paper and money market instruments. The fund is managed to maintain highly stable asset value via liquid investments and low risk.
Hedge (FX) Funds	Eurobond Based Fourth Hedge Fund (UPD)	This fund is suitable for investors seeking an alternative to time deposits for their foreign currency savings. The fund is priced both in TL and USD. Therefore, investors can invest in and/or exit the fund in USD terms.
Free Funds	Absolute Return Targeted Hedge Fund (USY)	A fund intended to generate long-term and stable absolute return based on exploitation of opportunities emerging from different cycles in markets where Turkish and foreign financial assets are traded. It has the flexibility to benefit from both the medium- and long-term opportunities offered by the market.
Real Estate Investment Funds	First Real Estate Investment Fund (UPG)	This fund provides an attractive return to investors through making large purchases of discounted real estate projects with high levels of unsold housing and office stock in premium areas.
	Second Real Estate Investment Fund (UG2)	Real estate investment is a fund suitable especially for qualified investors who are interested in office projects but do not want to deal with transactions such as buying, selling and renting real estate.

THE POWER OF INITIATIVE

Behind our exceptional service quality lies our bold entrepreneurial approach. ÜNLÜ & Co team members are encouraged to take the initiative at the right time and in the right place. Celebrating the accomplishments we achieve together, we record success after success.





In 2019, ÜNLÜ & Co finalized efficiency- and flexibility-driven organisational changes initiated in 2018.

Technology and Operational Services

In 2019, ÜNLÜ & Co conducted its business operations with an approach based on efficiency and client focus while moving forward with infrastructure investments in the realm of Technology and Operational Services. During the year, ÜNLÜ & Co finalized efficiency- and flexibility-driven organisational changes initiated in 2018. The Technology and Operational Services Department achieved all its financial and technological investment objectives 6% below budget. Thanks to rapid and agile operational processes enabled by technological investments, work efficiency improved well beyond targets.

OPERATIONS

In addition to daily routine activities, the Operations Department delivered the following competitive services with a focus on service quality:

- Allocated TL 150 million YBA issue limit.
- Provided operational support services to 12 issuers via e-receipt system (CMB application), significantly boosting client satisfaction.
- Successfully completed Hasat Fund's amortization and issuing process in a short time as part of Asset-Backed Securities (ABS) efforts.
- Actively supported capital increase and partnership business for publicly traded companies.
- Conducted liquidity providing transactions on behalf of Yıldız Group's issuer company.

FINANCIAL AFFAIRS AND PROCUREMENT

- During the year, the Financial Affairs and Procurement Department primarily focused on more effective use of capital.

ÜNLÜ & Co's financial efficiency has been boosted while responsibilities to regulators were fulfilled with utmost precision.

- As another aspect of financial efficiency, savings worth TL 300,000 were recorded on an annual basis via effective expense management in various areas.

INFORMATION TECHNOLOGIES

- In 2019, network, security and system investments were realised 8.6% below budget. Initiated at year-end 2018, these capital investments implemented using the most convenient alternatives in finance sector standards.
- 2019 has been a year of compliance for broadly authorized brokerage firms, as per CMB Information Systems Communiqué. ÜNLÜ & Co has undertaken all investments in this area in the most modern and safe methods for business continuity, even exceeding legal requirements, thereby having met all the requirements of compliance.
- The Disaster Recovery Centre in Ankara has become operational.
- With investments in HFT infrastructure, the Information Technologies Department has started to serve clients in this area as well. As of 2019, ÜNLÜ & Co is listed among OUCH certified brokerage companies on the BIST.

Project Management

- Electronically signed document automation has begun to be effectively used in daily operations.
- Cost-free, ad hoc solutions were implemented to eliminate operational workloads, resolve process disruptions and meet clients specific reporting requirements its beneficial effects on employee and client satisfaction.

ÜNLÜ & Co's advanced technology investments in addition to its fast and agile operational processes have increased work efficiency beyond set targets.



ÜNLÜ & Co regularly reviews all business areas and potentially high-risk compliance issues to assess its exposure within its risk-based approach, and based on its findings takes the necessary measures.

Corporate Governance and Risk Management

Corporate governance is the practice of maintaining relationships between the board, partners, employees, suppliers and the community—in other words, all stakeholders—and ensuring that those relationships are conducted in accordance with the principles of equality, transparency, accountability and responsibility. Since shares of ÜNLÜ & Co Group companies are not traded on the stock exchange, there is no obligation to produce Principles of Corporate Governance Compliance Reports. However, ÜNLÜ & Co endeavours to carry out its work in compliance with the principles of corporate governance.

Transparent disclosures are made through the Trade Registry, press releases and disclosures, announcements on ÜNLÜ & Co's corporate website, and publication of annual reports containing its audited financial statements.

Departments within the scope of ÜNLÜ & Co's internal systems (Internal Audit, Internal Control, Compliance and Risk Management) undertake necessary measurement, evaluation and reporting works, under the ultimate responsibility of the Board of Directors.

Management and monitoring of compliance risk is defined as the risk of being subject to legal sanctions, financial loss or loss of reputation as a result of non-compliance with applicable laws, regulations, codes of conduct or good practice standards. These tasks are carried out by the Compliance Department.

The Compliance Department develops policies for compliance risks that ÜNLÜ & Co Group companies may be exposed to, and regularly reviews and updates these policies in parallel with changes in legislation, operations and market conditions. The Department also monitors their implementation.

ÜNLÜ & Co regularly reviews all business areas and potentially high-risk compliance issues that it could be exposed to within the framework of its risk-based approach. The Company takes the necessary measures as a result of these reviews.

Taking great care to act fairly and honestly while also taking into consideration the interests of its clients and the integrity of the market as it conducts its activities, ÜNLÜ & Co implements necessary administrative measures by creating an organisational structure to prevent possible conflicts of interest.

The Compliance Department also fulfils the obligations of ÜNLÜ & Co Group to comply with legislation on the Prevention of Laundering Proceeds of Crime, Financing of Terrorism, and Prevention of Terrorism Financing. The Department reports the results of the checks and risk monitoring to the Board of Directors on a regular basis.



As they perform their duties, ÜNLÜ & Co Group employees consider the Handbook on Compliance with Regulatory Authorities and the Code of Conduct, which reflects all the policies of ÜNLÜ & Co. Regular training is provided in this regard.

ÜNLÜ & Co's risk management approach covers the identification, measurement, evaluation, monitoring and mitigation of risks that it may be exposed to/is exposed to, independently of the executive units. Basically, the Risk Management Department carries out proactive control and management activities for the market, credit, liquidity and operational risk classes. Responsibility and accountability in relation to these risks are at the discretion of the executive business lines. ÜNLÜ & Co aims to understand the internal risks of its business lines and reduce those risks in line with the Group's risk tolerance. The Company considers possible risk and return dimensions in corporate business decisions. Meanwhile, the Senior Management defines the limits to risks to be taken based on ÜNLÜ & Co's risk appetite, thereby sets ÜNLÜ & Co's limits, and takes the necessary actions for their monitoring and control.

Serving under the Board of Directors, ÜNLÜ & Co Internal Audit Department carries out internal audit activities covering all ÜNLÜ & Co businesses. Internal audit is an independent, objective assurance and consultancy activity, designed to improve and to add value to an organization's operations. ÜNLÜ & Co Internal Audit Department helps the organization accomplish its objectives by bringing a systematic, and disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.

ÜNLÜ & Co Internal Audit Department conducts risk-based audits, observing regulatory requirements, corporate objectives, and corporate policy and procedures.

The ÜNLÜ & Co Internal Control system is designed to: preserve the Company's and clients' assets; regularly, efficiently, and productively carry out all business and procedures in compliance with the corporate management strategy and policies in accordance with current regulations and rules; and to prevent and detect any errors, fraud, and irregularities in the integrity and reliability of the accounts and records.

ÜNLÜ & Co Internal Audit Department conducts risk-based audits pursuant to legal and regulatory requirements, corporate policy and procedures and in line with company objectives.





AN EXCLUSIVE PLATFORM FOR SUCCESS

We are regarded as one of the most reputable companies in our industry. Operating as a de facto school in capital markets, ÜNLÜ & Co is an ideal platform for talented, high performing employees with ambition to distinguish themselves.

ÜNLÜ & Co supports initiatives to foster development in three main areas: Entrepreneurship, women and education.

Corporate Communications and Marketing

ÜNLÜ & Co focuses on creating value for the Turkish economy, the financial sector and its stakeholders. The Company makes every effort to promote the wide range of products and services it offers through internal and external communication. Through corporate communication activities it conducts to support its marketing strategies, ÜNLÜ & Co aims to manage interaction with all stakeholders in the most effective manner.

ÜNLÜ & Co has expanded continuously with its experience and entrepreneurial spirit in local markets. Meanwhile, the Corporate Communications and Marketing Department has contributed to reputation management by promoting the added value created by the Company over many years to the public through its communication and marketing activities.

Press & Public Relations, Internal Communication, Event Management, Corporate Social Responsibility, Brand Management, Media Planning and Digital Marketing departments all serve under Corporate Communications and Marketing Department.

CORPORATE SOCIAL RESPONSIBILITY PROJECTS

ÜNLÜ & Co supports initiatives to achieve sustainable and ethical results in three main areas: Entrepreneurship, women and education.

In addition to the corporate contributions and sponsorships provided by its corporate social responsibility projects, ÜNLÜ & Co employees also make personal contributions as mentors and by providing training and seminars in these projects to increase social awareness.

ENTREPRENEURSHIP

Turkish Entrepreneurship Foundation (TEF)

Founded by Turkey's leading entrepreneurs and opinion leaders, Turkish Entrepreneurship Foundation aims to promote a culture of entrepreneurship. TEF strives to leverage this entrepreneurship in attaining the country's long-term development goals.

TEF's Fellows Program allows young people to meet with entrepreneurs and experience entrepreneurship through participation in various entrepreneurship activities. It also provides them with the opportunity to develop networks and take inspiration from role models. The Fellows Program aims to enable young people to leave their mark on the world of business in their own way. To date, the Turkish Entrepreneurship Foundation has facilitated 52 start-ups and reached 4.5 million individuals. In addition to the Fellows Program, the Turkish Entrepreneurship Foundation promotes a culture of giving back to the community by conducting various projects and producing information on specific topics.

As a member of the Board of Trustees of the Foundation, ÜNLÜ & Co Board Member Şebnem Kalyoncuoğlu Ünlü shares her own experience and provides guidance to young people at TEF Fellow UP events.

www.girisimcilikvakfi.org



Endeavor

Launched in 1997, Endeavor has established a presence in nearly 40 markets across Latin America, Asia, Africa, the Middle East and underserved areas of Europe and the United States. Endeavor is a mission-driven, global organization leading the high-impact entrepreneurship movement. Endeavor was founded on the belief that job creation, innovation and overall prosperity flourish where there is robust support for high-impact entrepreneurs. Endeavor defines high-impact entrepreneurs as those with the biggest ideas; the greatest potential to achieve meaningful scale; and the ability to inspire, mentor and reinvest in the next generation.

Today's high-impact entrepreneurs often innovate through tech-enabled platforms, products, and services, thereby creating the jobs of the future. For a carefully curated group of these entrepreneurs ("Endeavor Entrepreneurs"), Endeavor offers a best-in-class seal of approval, unrivalled personal and professional network, frictionless co-investment capital, and peer-to-peer idea exchange in a truly global setting. Endeavor also serves as a global thought leader, demonstrating why high-impact entrepreneurship matters and how important innovations can come from anywhere in the world. Successful high-impact entrepreneurs generate a multiplier effect: Young people everywhere, regardless of birthplace or background, hear their stories and begin to believe that they too can dream big, scale-up, and pay their success forward.

www.endeavor.org.tr

Women Entrepreneurs Association of Turkey (KAGİDER)

KAGİDER is a non-governmental organisation aimed at strengthening women entrepreneurs. Our goal is not to strengthen women only economically but also socially and politically.

In partnership with national and international public, private and civil organizations KAGİDER has developed and continue to work on several projects and activities. KAGİDER, which membership includes 350+ members, is engaged in training, counselling and mentorship activities towards economically empowering and strengthening women entrepreneurs. KAGİDER advocates for equal opportunities for men and women where it is engaged in a number of activities directed towards this issue.

ÜNLÜ & Co, standing by young women leaders of the future who work, produce and actively participate in life, has been supporting KAGİDER since 2014.

Corporate Communications and Marketing

In their 15th anniversary, KAGİDER brought to life Women Entrepreneurs' Support Program named "Project 15." Within the scope of this project, 15 women entrepreneurs receive support for the growth of their businesses such as, meetings with angel investors, meetings with entrepreneurship ecosystem, PR Support, mentorship support for 6 months and support from KAGİDER expert advisory board. As a part of this program, senior executives at ÜNLÜ & Co provided the firm Manibux, one of ÜNLÜ & Co Women Entrepreneurs Academy's participants, with Advisory Board support in 2019.

ÜNLÜ & Co, standing by young women leaders of the future who work, produce and actively participate in life, has been supporting KAGİDER since 2014.

www.geleceginkadinliderleri.org

WOMEN

Supporting women's participation in business at all levels of the Group has been a priority of ÜNLÜ & Co since its establishment. It is committed to providing equal conditions to female employees with a proactive approach in recruitment and promotion processes. ÜNLÜ & Co plans to continue supporting women in all areas and raising awareness on the issue of equality.

HeForShe

Launched in 2010 by UN Global Compact and UN Gender Equality and Women's Empowerment Unit, "Women's Empowerment Principles" are aimed at empowering women to take part in life, in all sectors and at all levels.

ÜNLÜ & Co believes that increased presence by women in economic life is imperative for sustainable growth and social welfare. Addressing women's issues and supporting women in all aspects of life at the core of its corporate social responsibility approach, ÜNLÜ & Co has been Women's Empowerment Principles' "HeForShe" supporters since 2016.

United Nations Women's Empowerment Principles

As a signatory to the UN Women's Empowerment Principles, ÜNLÜ & Co has made seven central commitments:

- Providing high-level corporate leadership for gender equality,
- Treating all men and women fairly at the workplace, respecting human rights and principles of non-discrimination and supporting these principles,
- Ensuring health, security and prosperity for all women and men,
- Supporting women through education, courses and professional development opportunities,
- Implementing entrepreneurial development, supply chain and marketing methods that empower women,
- Encouraging equality through social initiatives and support,
- Measuring the development to ensure gender equality and reporting it publicly.

Women on Board Association Turkey (WBAT)

Established on January 2017, the Women on Board Association Turkey aims to promote social development by increasing female representation on boards of directors.

Many studies indicate that diversity on Boards of Directors has a major positive impact on the performance of institutions, making this a requirement for social development. However, the rate of women in top decision making positions at institutions that lead our economy is quite low.

The Women on Board of Directors Program was created in 2012 by Managing Partner of Mentor Consulting, Hande Yaşargil and Chief Editor of Forbes Turkey Burçak Güven.

The Women on Board of Directors Program was initiated to expand the pool of women “ready” to boost female representation on boards. It is Turkey’s first and only certificate program in the field of Board Membership,

accredited by respected academic institutions. One of the main elements of the program is the mentoring system between companies. This system gives participants the opportunity to be mentored by the country’s most effective business people and thought leaders. During each 18 month period, mentors play an important part by working with new female mentees and helping them prepare for their role on Boards of Directors.

The 4th phase of the Women on Board Program will begin in January 2020. To date, the first three phases have been completed with the participation of 137 high level women directors as mentees.

The Women on Board Association Turkey continues to implement this unique program while carrying out activities as a communication, cooperation, awareness and information sharing platform to increase the representation rate of women on boards.

Mahmut L. Ünlü has been contributing to the program as mentor for four years now. As of 2019, two female senior executives of ÜNLÜ & Co have graduated from the Women on Board of Directors program.

www.yonetimkurulundakadin.org



ÜNLÜ & Co regularly contributes to Koruncuk Foundation to cover the the costs of education, healthcare and living of young girls in need of protection and being raised at the Foundation.

Corporate Communications and Marketing

EDUCATION

Koç University Anatolian Scholarship Program

The Anatolian Scholarship Program was initiated by Koç University in 2011 to provide high quality education opportunities to students from underprivileged backgrounds, who are not eligible for a full scholarship under the public national scholarship system but who are high achievers and exceptional individuals in all regards. The Program continues and grows with the contributions of grantors.

ÜNLÜ & Co is a member of this program that enables young people to access a high quality education. The Group provides scholarship support to a student at Koç University who graduated from the Department of Computer Engineering as of June 2019 and successfully continues her education at the Department of Archaeology thanks to the Anatolian Scholarship Program.

anadolubursiyerleri.ku.edu.tr

Robert College Scholarship Program

The Robert College Scholarship Program provides life-long educational support to students with the backing of Robert College graduates and volunteers.

Since 2014, ÜNLÜ & Co has contributed to this area to ensure that young people receive a high quality education and grow up as individuals beneficial to their society and country. A “lifetime” scholarship was established on behalf of ÜNLÜ & Co.

webportal.robcol.k12.tr

The Duke of Edinburgh Fellowship Program

The Duke of Edinburgh's International Award Fellowship is a personal development program for young people. The Program aims to equip young people with skills that will enable them to stand out in the society where they live in and around the world. The Program, launched in 1987, has 400 active grantors and members from 42 countries.

Since 2015, ÜNLÜ & Co has contributed to the fellowship program to ensure that Turkey's youth become adults that benefit society and their country. A lifetime scholarship was established on behalf of ÜNLÜ & Co.

www.intaward.org

Turkish Foundation for Children in Need of Protection (Koruncuk Foundation)

Founded in 1979, Koruncuk Foundation aims to establish and maintain “Children's Villages” for youth who have no families or whose personal existence is at risk. This effort ensures that these children can live to have a healthy development in a family environment, receive education and training and develop their personal skills.

Each year, ÜNLÜ & Co regularly contributes to Koruncuk Foundation through its volunteers and donations with the intent to cover the costs of education, healthcare and living of young girls in need of protection and being raised in the loving environment of the Foundation's Children's Villages.

www.koruncuk.org

Celebrating its fourth year in 2019, Women Entrepreneurs Academy admits 20 women entrepreneurs to the program each year. ÜNLÜ & Co is immensely proud to support these women in their entrepreneurial pursuits.

ÜNLÜ & Co WOMEN ENTREPRENEURS ACADEMY

ÜNLÜ & Co established the Women Entrepreneurs Academy in 2016 in collaboration with the Turkish Entrepreneurship Foundation and Endeavor Turkey. The Academy aims to train and support 100 women entrepreneurs over five years, bringing more women into the entrepreneurial ecosystem.

Women Entrepreneurs Academy, celebrating its fourth year in 2019, accepts 20 women entrepreneurs to the program each year. ÜNLÜ & Co is immensely proud to support these women in their entrepreneurial pursuits. In 2019, after a four-step assessment process, 20 women entrepreneurs were accepted from among numerous applicants and started the program in October.

During the nine-month program, participants are provided with training in core areas that entrepreneurs need competence in, from cash flow management, leadership and human resources management to business plan development and digital marketing. In addition to core competency trainings, Women Entrepreneurs Academy provides mentor-mentee support, networking and investor meetings. In 2019, for the first time, the program started providing six months of business coaching.

ÜNLÜ & Co employees contribute to the Women Entrepreneurs Academy by providing guidance and expertise. This transfer of know-how and experience across generations empowers these women entrepreneurs and helps them contribute to the economy.

ÜNLÜ & Co CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In 2016, ÜNLÜ & Co's Corporate Social Responsibility Committee was established upon the request of its employees. The Committee continued to participate in projects selected by employees throughout the year. In 2019, ÜNLÜ & Co employees ran the 41st Istanbul Marathon for Koruncuk Foundation in cooperation with Adım Adım Initiative and raised donations for the girls in Koruncukköy. Embracing the motto of Equal Opportunity in Education, the Company organized Social Nights and donated yoga mats for students in EÇADEM (Koç University Support Centre for Disabled Children and Their Families) with the proceeds from these events. ÜNLÜ & Co employees ran a campaign to collect unused computers and spare parts. After repair, these laptops were donated to Dereçini Elementary School in Sultandağı, Afyon, which previously had no computers.

In 2019, ÜNLÜ & Co employees ran the 41st Istanbul Marathon for Koruncuk Foundation in cooperation with Adım Adım Initiative and raised donations for the girls in Koruncukköy.

STRIVING FOR MORE

We constantly strive to exceed our clients' expectations. Our current level of service quality is never enough for us. We are always looking to raise the bar and deliver more for our clients.





In 2019, a leaner set of basic competencies was established to measure employee performance more effectively.

Human Resources

The Human Resources Department steers the activities of ÜNLÜ & Co based on its vision of being the leading financial institution in the region. The Department's policies covering performance management, training, salary and benefits are updated in line with technological and recent developments. The goal is to create a fair working environment that is sensitive to the needs and demands of employees while supporting their training and development.

Guided by the recognition that high quality human capital is the most important driver in achieving corporate goals, ÜNLÜ & Co updated its set of values and competencies in accordance with its vision, mission and strategies in 2019.

ÜNLÜ & Co firmly believes that the values of its employees are the most important guide for daily life affecting ways of doing business, decision-making, communication and relationships.

The core values of "Ethical," "Entrepreneurial," "Pioneering & Distinctive with Knowledge," "One Team," "Mindful and Reliable" and "Success-Oriented" are values reflecting an ever-evolving and thriving company culture.

In 2019, ÜNLÜ & Co developed a lean competency system to structure a common code of business conduct and measure employee performance more effectively. The competencies that are expected from all ÜNLÜ & Co employees include:

- Taking an Active Role in Relationship Network Development,
- Leading Development and Change,
- Being Client-Oriented,

- Achieving Together,
- Progressing with a Target- and Result-Oriented Mindset
- Being Agile and Flexible in Decision Making and Management Processes.

In accordance with ÜNLÜ & Co's innovative perspective, the Human Resources Department designs its processes within a framework of ever-changing and developing approaches. Employee needs, expectations, and satisfaction are at the core of the Department's focus. ÜNLÜ & Co embraces fairness and flexibility, gives support to diverse ideas and values employee feedback.

The Human Resources Department is comprised of Recruitment, Business Partnership, and Compensation & Benefits functions. The Department has standardized processes to transfer experience and know-how from staff members to corporate memory while establishing a common culture. In line with the human resources strategy, employees are provided with personal and professional development opportunities to improve their competencies, increase their engagement and boost their productivity.

The ÜNLÜ & Co Promotion Committee was set up to conduct an objective assessment and rewarding of employee contributions to the Company's success. The Committee consists of EXCO members and the related business unit manager. In this scope, promotion decisions are made, taking into account objective criteria such as performance targets, competency assessment, and relevant experience.



The Human Resources Department is aware that attracting, developing and retaining talent within the institution can only be achieved through successful HR practices. ÜNLÜ & Co conducts ongoing efforts to enhance the human resources system and infrastructure. New projects have been launched to achieve measurable, convenient, effective and digital application standards with the latest technology.

ÜNLÜ & Co's 2020 HR Strategy is to set higher standards to increase employer brand recognition and become a great place to work. To that end, attracting and retaining high-quality talent lies at the core of our human resources efforts.

ÜNLÜ & Co plans to complete transformation initiatives in 2020 to make its organizational structure and business conduct models leaner, agile and effective.

PERFORMANCE EVALUATION

Employee performance evaluation is performed in an objective and fair manner via the ÜNLÜ & Co Performance Management System.

This approach aims to ensure comprehensive results on the basis of staff competencies, target realisation and performance with a 360-degree evaluation. Consequently, employees' development areas and progress processes are proactively determined. Subsequent to the evaluation, an action plan is prepared for staff members by their respective supervisors. To guide employees based on feedback, ÜNLÜ & Co has adopted feedforward management as part of the corporate culture.

With the systems developments and improvements in 2019, the evaluation flow has become faster and more user-friendly.

CAREER AND DEVELOPMENT PATH

A proactive, productive and efficient performance is acknowledged and rewarded at ÜNLÜ & Co. Employees can easily qualify for a higher position upon completing a successful performance period and gaining expertise in their current position.

In 2019, ÜNLÜ & Co initiated requiring project presentations be submitted to top management in addition to the procedure carried out by

the evaluation centre for critical management positions of director and above. This approach helps identify employee strengths and areas for development in terms of management skills and know-how. Within the year following a promotion, ÜNLÜ & Co employees are supported with coaching and tailor-made training programs to ensure they thrive in their new positions.

EMPLOYEE TRAINING

At ÜNLÜ & Co, training is a key part of the employee development path. Training programs are determined upon the recommendation of the Human Resources Department or at the request of corresponding departments based on results of needs analysis. Staff members are provided with a variety of career growth opportunities. These include international training conferences, teamwork oriented offsite activities and tailor-made training programs to enhance technical know-how/skill acquisition. These efforts aim to maintain a highly qualified staff with developed competencies and continuously improving productivity.

Supporting the greater participation of women in business life, ÜNLÜ & Co is committed to ensuring equal opportunity in women's employment.

Human Resources

Moreover, on-the-job training, defined as a "learning partnership," is designed to allow mutual information exchange. This practice reinforces the working environment where values are shared on a common platform and where the same corporate language is spoken.

In addition, financial support is provided to employees as they receive compulsory training, and earn certificates and licenses that are intended to help enhance their work performance.

MANAGEMENT TRAINEE PROGRAM

The ÜNLÜ & Co-Management Trainee (MT) Program is an exclusive executive development program for new graduates with bachelor's and master's degrees.

In 2019, ÜNLÜ & Co restructured the MT process. Out of 2,800 applicants, 235 were selected for the "Future Finance Generation" MT Program. These select applicants attended a special one-day talent camp. This event included an open panel discussion with board members, educational presentations, entertaining activities, and gamified digital applications to assess personal skills. Eleven applicants passed this phase of the evaluation process. These candidates started work at ÜNLÜ & Co in August, with an eight-week training period in various departments, as MTs, upon successful completion of case studies and one-to-one interviews.

Graduates of the ÜNLÜ & Co MT Program come from some of Turkey's and the world's leading educational institutions, including Oxford University, University of Pennsylvania, London School of Economics, King's College London,

Cornell University, University of Virginia, Purdue University, Koç University, Sabancı University, Boğaziçi University, Middle East Technical University, and Bilkent University.

By strengthening university relationships in 2019, ÜNLÜ & Co took part in 15 campus activities.

The Human Resources Department plans to continue raising the Company's profile by focusing on talent recruitment, employer brand efforts and campus activities in 2020. The Department also plans to make additional improvements in the coming year. These upgrades will include enhancing the special talent camp that takes place in the MT acceptance period to better meet attendee expectations.

INTERNSHIP PROGRAM FOR UNIVERSITY STUDENTS

Third-year, final year and master's students from leading universities in Turkey and abroad are employed at ÜNLÜ & Co as interns.

Students are offered two different internship Programs, one in parallel with the academic calendar and the other during the summer period. Interns are expected to work at the Company at least three days per week during the academic semester and full-time in the summer break.

Final year students who successfully complete their internship are directed to the MT process if they so wish.



At the “ÜNLÜ Bi’Gün” event, held for the first time this year, we met 65 internship applicants. It was a pleasant day, where the applicants found the opportunity to introduce themselves and to find out more about our Company. Exclusive to this program, 40 applicants were accepted as interns at ÜNLÜ & Co in the summer period.

In 2019, 54 students served their internship in our group companies and 26% was from Boğaziçi University, 26% was from universities abroad, 13% was from Koç University and 35% was from other reputable universities of Turkey.

ONBOARDING PROCESS

The onboarding process was enhanced to strengthen the recruitment experience of the employees and increase employee engagement. In this scope, tailor-made orientation programs are planned for employees.

ÜNLÜ & Co EMPLOYEE PROFILE

The number of employees of ÜNLÜ & Co, which brings young talents as well as experienced investment banking services and asset management professionals under the same umbrella, is above 400 as of the end of 2019.

ÜNLÜ & Co employee key statistics:

- 48% female, 52% male
- Average age is 34
- Average tenure is 4 years
- 64% have completed an undergraduate program; 26% a Master’s program; and 10% other study programs.

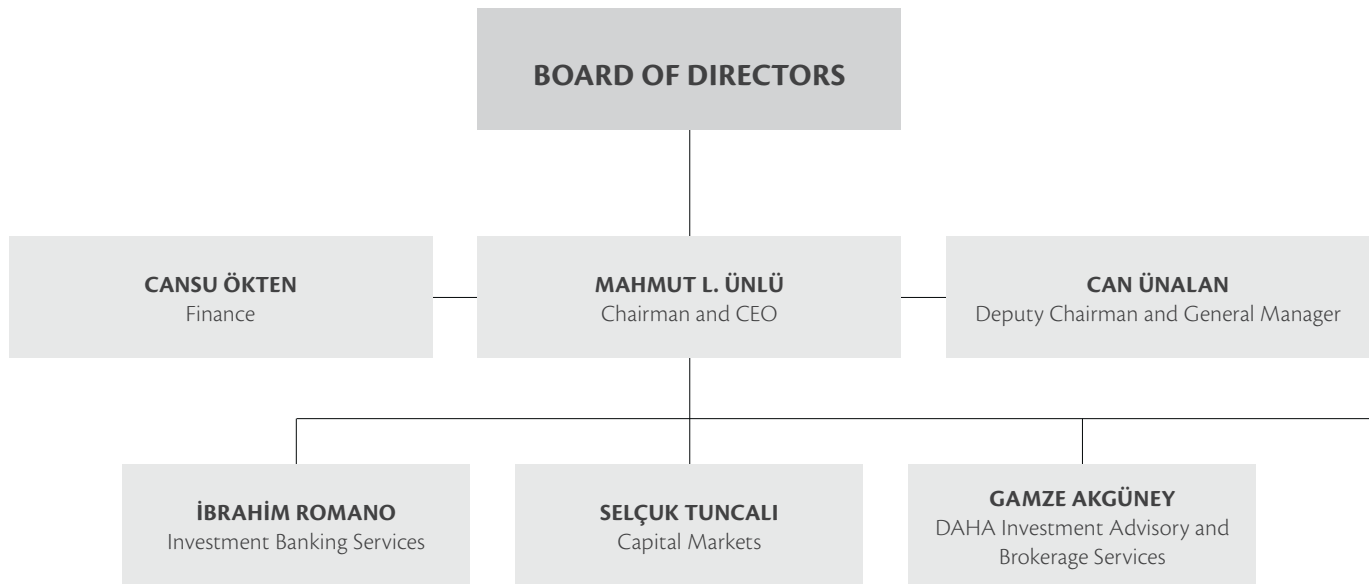
At ÜNLÜ & Co, a management approach that promotes higher women’s employment is adopted. As a result of this approach, strict attention is paid to ensure gender equality in recruitment as of recent years.

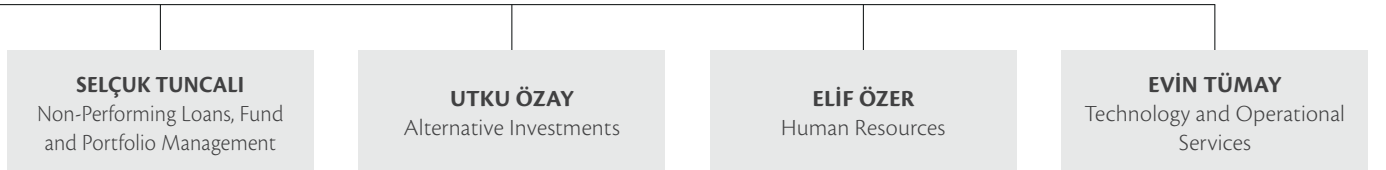
The percentage of women at ÜNLÜ & Co holding positions of manager or above has reached 45%, which is unmatched in the sector.

400+
Employees

*ÜNLÜ & Co ‘s workforce
totalled more than 400 as
of year-end 2019.*

Organisational Chart





Executive Board





(1) İbrahim Romano
(Investment Banking Services)

(2) Can Ünal
(Deputy Chairman and
General Manager)

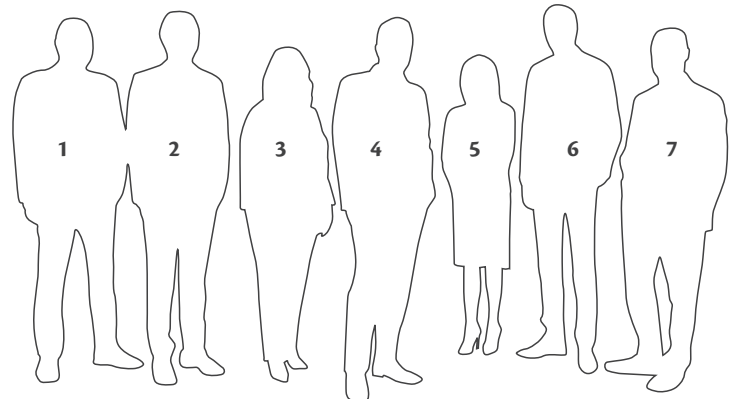
(3) Elif Özer
(Human Resources)

(4) Mahmut L. Ünlü
(Chairman and CEO)

(5) Gamze Akgüney
(DAHA Investment Advisory
and Brokerage Services)

(6) Selçuk Tuncalı
(Non-Performing Loans, Fund
and Portfolio Management,
Capital Markets)

(7) Utku Özay
(Alternative Investments)



ÜNLÜ Menkul Değerler Board of Directors



MAH MUT L. ÜNLÜ

Chairman

Mahmut L. Ünlü graduated from Georgia Institute of Technology, Mechanical Engineering Department in 1989 and received an MBA degree from Rice University (Houston, USA) in 1991. He started his professional career at İktisat Bankası, and then moved to Yatırım Bank, serving as Assistant General Manager there from 1992 to 1995. In 1996, Mr. Ünlü cofounded Dundas Ünlü and then formed a strategic partnership with Standard Bank in 2007, renaming the company Standard ÜNLÜ, where he served as Deputy Chairman and CEO. He was also a member of the International Executive Committee of Standard Bank. In 2012, Mr. Ünlü formed ÜNLÜ & Co to acquire a major stake in Standard ÜNLÜ as well as to control interests in various asset management businesses. Mahmut L. Ünlü currently serves as Chairman and CEO of ÜNLÜ & Co. He is also the Chairman of ÜNLÜ Menkul Değerler A.Ş., on behalf of ÜNLÜ Yatırım Holding A.Ş.



CAN ÜNALAN

Deputy Chairman and General Manager

Can Ünalán graduated from İstanbul University, Department of Business Administration in 1985, majoring in Finance. He received an MBA degree from Marmara University in 1986. Mr. Ünalán started his banking career at İşbank in the Audit Department in 1986 and then worked at ABN AMRO Bank between 1993 and 2006, holding positions that included Head of the Credit Department and COO (Chief Operating Officer). During his secondment at ABN AMRO as CRO (Chief Risk Officer), he also was appointed as ABN AMRO Securities CEO and Board Member. In 2006, Mr. Ünalán joined Garanti Bank on behalf of GE Capital Global Banking, serving as Managing Director in charge of the Corporate and Commercial Risk Unit. In addition, he sat on the Credit Committee as GE Representative. Before joining ÜNLÜ & Co, Mr. Ünalán was the Turkey CEO of Mubadala GE Capital. He is the Deputy Chairman of ÜNLÜ & Co and served as the General Manager of ÜNLÜ Menkul Değerler A.Ş. between 2013 and 2019.



ATTILA KÖKSAL, CFA

Board Member

Attila Köksal graduated from Boğaziçi University, Department of Mechanical Engineering in 1983 and received an MBA degree from Drexel University (Philadelphia, USA) in 1985. From 1991 to 1996, he served as General Manager at Inter Yatırım A.Ş.; he was CEO at the same company between 1996 and 2001. From 2002 until 2013, Attila Köksal served as General Manager at Dundas Ünlü, which later became Standard ÜNLÜ and finally ÜNLÜ & Co. He is currently a Board Member at ÜNLÜ Menkul Değerler A.Ş. In previous years, Mr. Köksal also served as Chairman of the Board of Directors at the Capital Markets Association and Board Member at CFA Institute. He is also the President of FODER and Board Member of WWF Turkey.



ZAFER ONAT

Board Member

Zafer Onat graduated from Istanbul University, Department of Economics in 1993 and received an MBA degree from Koç University in 1998. He served as CEO at Ege Portfolio Management between 1998 and 2000. Mr. Onat continued his career as CEO at Finans Portfolio Management from 2000 to 2007, and then at Finans Investment between 2007 and 2012. Zafer Onat was the CEO of Burgan Investment from 2012 until 2015. He has been serving as Managing Director and Board Member at ÜNLÜ Menkul Değerler A.Ş. since 2015.

ÜNLÜ Yatırım Holding Board of Directors



MAH MUT L. ÜNLÜ **Chairman**

Mahmut L. Ünlü graduated from Georgia Institute of Technology, Mechanical Engineering Department in 1989 and received an MBA degree from Rice University (Houston, USA) in 1991. He started his professional career at İktisat Bankası, and then moved to Yatırım Bank, serving as Assistant General Manager there from 1992 to 1995. In 1996, Mr. Ünlü cofounded Dundas Ünlü and then formed a strategic partnership with Standard Bank in 2007, renaming the company Standard ÜNLÜ, where he served as Deputy Chairman and CEO. He was also a member of the International Executive Committee of Standard Bank. In 2012, Mr. Ünlü formed ÜNLÜ & Co to acquire a major stake in Standard ÜNLÜ as well as to control interests in various asset management businesses. Mahmut L. Ünlü currently serves as Chairman and CEO of ÜNLÜ & Co. He is also the Chairman of ÜNLÜ Menkul Değerler A.Ş., on behalf of ÜNLÜ Yatırım Holding A.Ş.



CAN ÜNALAN **Deputy Chairman and General Manager**

Can Ünalán graduated from İstanbul University, Department of Business Administration in 1985, majoring in Finance. He received an MBA degree from Marmara University in 1986. Mr. Ünalán started his banking career at İşbank in the Audit Department in 1986 and then worked at ABN AMRO Bank between 1993 and 2006, holding positions that included Head of the Credit Department and COO (Chief Operating Officer). During his secondment at ABN AMRO as CRO (Chief Risk Officer), he also was appointed as ABN AMRO Securities CEO and Board Member. In 2006, Mr. Ünalán joined Garanti Bank on behalf of GE Capital Global Banking, serving as Managing Director in charge of the Corporate and Commercial Risk Unit. In addition, he sat on the Credit Committee as GE Representative. Before joining ÜNLÜ & Co, Mr. Ünalán was the Turkey CEO of Mubadala GE Capital. He is the Deputy Chairman of ÜNLÜ & Co and served as the General Manager of ÜNLÜ Menkul Değerler A.Ş. between 2013 and 2019.



ŞEBNEM KALYONCUOĞLU ÜNLÜ **Board Member**

Şebnem Kalyoncuoğlu Ünlü received her Bachelor's degree in Business Administration from Boğaziçi University in 1995 and her Master's degree in International Accounting and Finance from London School of Economics in 1996. Mrs. Ünlü started her professional career at ABN AMRO Bank in Turkey, where she worked in the Structured Finance Department between 1996 and 1999. Subsequently, she joined the London office of Credit Suisse in 1999, covering Turkey within the Emerging Markets Division. Mrs. Ünlü went on to work at Credit Suisse, serving as Turkey Country Manager and Head of Investment Banking in London until 2006. She then served as CEO at Alkhair Capital Turkey. Currently, Mrs. Ünlü serves as Executive Board Member at ÜNLÜ & Co. Şebnem Kalyoncuoğlu Ünlü is a member of TÜSİAD, YPO, KAGİDER and a Trustee of the Entrepreneurship Foundation. She is also a member of SAHA and Tate Modern's MENA Committee. Mrs. Ünlü manages all corporate social responsibility projects at ÜNLÜ & Co. She is especially involved with ÜNLÜ & Co Women Entrepreneurs Academy, which aims to strengthen the entrepreneurial ecosystem in Turkey and encourage the participation of more women in business.



İBRAHİM ROMANO

Board Member

İbrahim Romano graduated from Boğaziçi University, Department of Economics in 1992 and received his Master's degree from Istanbul University, Department of International Relations in 1993. He worked as Assistant Manager at Yatırım Bank between 1994 and 1996, and as Manager at Dundas Ünlü from 1996 until 2002. Mr. Romano later was appointed Director of the Corporate Finance Department at Standard ÜNLÜ. He currently serves as Managing Director of the Corporate Finance Department at ÜNLÜ & Co. In addition, Mr. Romano is Executive Committee Member in charge of Investment Banking Advisory and Board Member at ÜNLÜ & Co.



SELÇUK TUNCALI

Board Member

Selçuk Tuncalı graduated from Boğaziçi University, Mechanical Engineering Department in 1989. He went on to obtain a degree in International Management from Istanbul University and an MBA degree in Finance from Rice University (Houston, USA) in 1992. Mr. Tuncalı started his professional career as a Credit Sales Officer at Interbank and then went on to work at Ticaret Leasing. Subsequently, he served as Head of the Treasury Marketing Unit at Finansbank, and Head of Fixed Income Investments at İktisat Yatırım. Mr. Tuncalı joined ÜNLÜ & Co in 2002 and currently serves as the General Manager of İSTANBUL Varlık, the non-performing loan business of ÜNLÜ & Co. He is also Vice President of the Asset Management Companies Association. Mr. Tuncalı serves as Executive Committee Member in charge of Capital Markets and Asset Management, and Board Member at ÜNLÜ & Co.

BOARD OF DIRECTORS



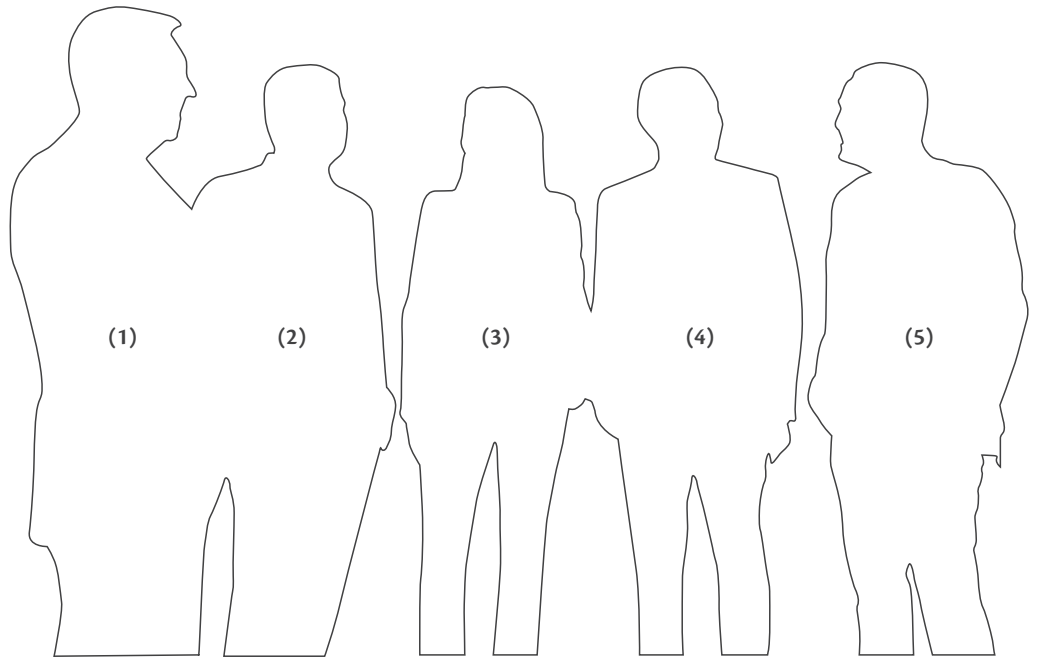
(1) Atilla Köksal, CFA
Board Member

(2) Mahmut L. Ünlü
Chairman and CEO

(3) Şebnem Kalyoncuoğlu Ünlü
Board Member

(4) Can Ünalın
Deputy Chairman

(5) İbrahim Romano
Board Member



ÜNLÜ YATIRIM HOLDİNG A.Ş.
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2019 WITH INDEPENDENT
AUDITORS' REPORT THERON



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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of ÜNLÜ Yatırım Holding Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of ÜNLÜ Yatırım Holding Anonim Şirketi (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 at 31 December 2019, 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 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.

3) Key Audit Matters

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



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

Key Audit Matter	How our audit addressed the key audit matter
<p>Determination carrying value of non-performing loans</p> <p>As of 31 December 2019 the Group has non-performing loans accounted under trade receivables account with total net present value of TL 182,098,126; disclosure related to non-performing loans is explained in note 8 of the accompanying consolidated financial statements.</p> <p>The reasons that we focused on this area during our audit are; materiality of non-performing loan amount and significant judgments, assumptions and estimates used by the Group Management in determining the future projections of non-performing loans and the discount rates used in the net present value calculations. Since the management's estimates and assumptions can significantly affect the amount of non-performing loans in the statement of financial position, this area has been considered as a key audit matter.</p>	<ul style="list-style-type: none"> - Within the scope of the audit we carried out within this framework, we evaluated the judgements used by the Group in estimating and revising the future projections and the policies regarding the updates of these estimations when necessary. - Within the scope of our audit, we obtained supporting evidences while having discussions with Group management and performed reviews on these documents. We recalculated net present values accounted in financial statements by using the discount rates determined at initial recognition. - In addition, we evaluated the sufficiency of the explanations in the disclosures that are the part of the consolidated financial statements.

4) Other Matter

The consolidated financial statements of the Group as of 31 December 2018 were audited by another audit firm, which expressed an unqualified opinion in their reports issued on 25 April 2019.

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

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

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

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



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

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

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 InAS 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 InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2019 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Emre Çelik.

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



Emre Çelik: SMMM
Associate Partner

24 April 2020
Istanbul, Turkey

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ÜNLÜ YATIRIM HOLDİNG A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Audited 31 December 2019	Audited 31 December 2018 (*)
ASSETS			
Current assets			
Cash and cash equivalents	5	82,130,660	91,816,754
Financial investments	6	23,658,361	30,282,240
Derivatives instruments	28	3,209,997	553,011
Trade receivables	8	218,285,943	190,399,430
- Trade receivables due from related parties	4	2,409,271	2,090,032
- Trade receivables due from other parties	8	215,876,672	188,309,398
Other receivables	9	26,423,849	45,756,217
- Other receivables due from related parties	4	243,432	313,543
- Other receivables due from other parties	9	26,180,417	45,442,674
Current income tax assets	25	2,070,320	5,173,876
Prepaid expenses	10	11,938,032	5,578,014
Other current assets	11	887,663	1,052,372
Assets held for sale	12	44,721,057	49,226,690
TOTAL CURRENT ASSETS		413,325,882	419,838,604
Non-current assets			
Financial investments	6	1,517,254	2,651,763
Investments accounted through equity method	7	23,002,892	18,546,063
Other receivables	9	142,729	125,324
Property and equipment	14	10,924,495	3,707,385
Intangible assets		30,385,348	30,621,393
- Goodwill	15	29,198,326	29,198,326
- Other intangible assets	15	1,187,022	1,423,067
Deferred tax assets	25	3,623,874	4,552,674
TOTAL NON-CURRENT ASSETS		69,596,592	60,204,602
TOTAL ASSETS		482,922,474	480,043,206

(*) Information related to restated financial statements has been disclosed in Note 2.A –(e) “Comparative information and restatement of prior year’s financial statements”.

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

ÜNLÜ YATIRIM HOLDİNG A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Notes	Audited 31 December 2019	Audited 31 December 2018 (*)
LIABILITIES			
Short term liabilities			
Short term liabilities	13	198,029,937	177,641,895
- Short term liabilities due to related parties	4	15,664,809	22,849,608
- Short term liabilities due to other parties	13	182,365,128	154,792,287
Derivatives instruments	28	1,685,043	--
Trade payables	8	1,235,447	3,250,743
- Trade payables due to other parties	8	1,235,447	3,250,743
Other payables	9	4,968,212	2,378,310
- Other payables due to related parties	4	281,001	--
- Other payables due to other parties	9	4,687,211	2,378,310
Short term liabilities for employee benefits	9	6,569,226	7,743,816
Short term provisions		7,573,100	13,467,987
- Provisions	16	1,313,242	1,418,109
- Provisions for employee benefits	18	6,259,858	12,049,878
Other short term liabilities	11	1,922,505	1,888,098
TOTAL SHORT TERM LIABILITIES		221,983,470	206,370,849
Long term liabilities			
Long term liabilities	13	30,096,548	64,670,898
- Long term liabilities due to related parties	4	27,407,166	27,642,068
- Long term financial liabilities due to other parties	13	2,689,382	37,028,830
Long term provisions		1,359,717	2,308,106
- Provisions for employee benefits	18	1,359,717	2,308,106
Deferred tax liabilities	25	21,449,981	16,637,285
TOTAL LONG TERM LIABILITIES		52,906,246	83,616,289
SHAREHOLDERS' EQUITY			
Equity attributable to owners of the parent		208,018,271	190,137,183
Share capital	19	137,730,842	137,730,842
Repurchased shares	19	(4,020,977)	(2,263,322)
Other comprehensive expenses that will not be reclassified to profit or loss		331,168	(107,996)
- Remeasurement profit/(losses) of defined benefit plans	19	331,168	(107,996)
Other comprehensive income that will be reclassified to profit or loss		41,388,605	34,899,519
- Currency translation differences	19	36,037,396	33,813,484
- Revaluation gain on financial assets at fair value through other comprehensive income		5,351,209	1,086,035
Retained earnings	19	19,878,140	24,591,576
Net income/(losses) for the period	19	12,710,493	(4,713,436)
Non-controlling interests	30	14,487	(81,115)
TOTAL SHAREHOLDERS' EQUITY		208,032,758	190,056,068
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		482,922,474	480,043,206

(*)Information related to restated financial statements has been disclosed in Note 2.A –(e) "Comparative information and restate of prior year's financial statements".

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

ÜNLÜ YATIRIM HOLDİNG A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2019

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

		Audited	Audited
		1 January –	1 January –
	<i>Notes</i>	31 December 2019	31 December 2018 (*)
PROFIT OR LOSS			
Sales		2,013,924,324	1,853,249,974
- Sales	20	1,834,162,556	1,705,175,527
- Service income	20	181,698,750	148,117,667
- Deductions from services income (-)	20	(1,936,982)	(43,220)
Cost of sales (-)	20	(1,847,026,474)	(1,699,497,684)
Gross profit		166,897,850	153,752,290
Marketing, selling and distribution expenses (-)	21	(7,291,573)	(4,144,061)
General administrative expenses (-)	21	(127,389,834)	(116,996,769)
Other operating income	22	1,620,996	1,581,962
Other operating expense (-)	22	(134,452)	(1,521,466)
Operating profit		33,702,987	32,671,956
Share of profit/(losses) of investments accounted for using the equity method	4,7	4,456,829	(23,347,056)
Income from investing activities	23	12,293,554	453,929
Expense from investing activities (-)	23	(4,931,718)	--
Profit before financial expenses		45,521,652	9,778,829
Financial income	24	54,223,218	78,481,518
Financial expenses (-)	24	(81,075,731)	(93,240,211)
Profit/(loss) before tax from continuing operations		18,669,139	(4,979,864)
Tax expense from continuing operations			
- Tax expense for the period	25	(1,157,383)	(3,392,455)
- Deferred tax expense/income	25	(4,705,661)	3,701,962
Profit/(loss) from continuing operations		12,806,095	(4,670,357)
Profit/(loss) attributable to:			
Equity holders of the parent		12,710,493	(4,713,436)
Non-controlling interests		95,602	43,079
Net income/(loss) for the period		12,806,095	(4,670,357)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss		439,164	(454,758)
Remeasurement gains of defined benefit plans		548,955	(558,856)
Deferred tax expense		(109,791)	104,098
Items that will be reclassified to profit or loss		6,489,086	13,099,505
Change in fair value of financial assets at fair value through other comprehensive income		5,410,738	--
Change in fair value of financial assets at fair value through other comprehensive income, tax effect		(1,145,564)	--
Currency translation differences		2,223,912	13,099,505
Other comprehensive income		6,928,250	12,644,747
Total comprehensive income		19,734,345	7,974,390
Total comprehensive income attributable to:			
Equity holders of the parent		19,638,743	7,933,785
Non-controlling interests	30	95,602	40,605
Total comprehensive income		19,734,345	7,974,390

(*) Information related to restated financial statements has been disclosed in Note 2.A –(e) "Comparative information and restate of prior year's financial statements".

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

ÜNLÜ YATIRIM HOLDİNG A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

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

		Attributable to owners of the parent									
		Other accumulated comprehensive income not to be classified in profit or loss					Other accumulated comprehensive income to be classified in profit or loss				
		Revaluation					Revaluation				
Notes	Paid capital	Repurchased shares	Share premium	Remeasurement losses/profits of defined benefit plans	Currency translation differences	Retained earnings	Net income for the period	Equity of the parent	Non-controlling interests	Total	
1 January 2018	37,960,531	--	75,239,607	344,288	1,086,035	29,299,432	19,822,848	184,466,721	(121,720)	184,345,001	
Capital increase											
Transfers	19	--	(75,239,607)	--	--	(24,530,704)	--	--	--	--	
Changes due to repurchase shares	19	--	--	--	--	19,822,848	(19,822,848)	--	--	--	
Net income for the period	19	--	--	--	--	--	--	(2,263,322)	--	(2,263,322)	
Other comprehensive income	19	--	--	--	--	--	--	(4,670,357)	43,079	(4,670,357)	
				(452,284)	--	13,099,504	--	12,647,220	(2,474)	12,644,746	
31 December 2018	137,730,842	(2,263,322)	--	(107,996)	1,086,035	24,591,576	(4,713,436)	190,137,183	(81,115)	190,056,068	
1 January 2019	137,730,842	(2,263,322)	--	(107,996)	1,086,035	24,591,576	(4,713,436)	190,137,183	(81,115)	190,056,068	
Transfers	19	--	--	--	--	(4,713,436)	4,713,436	--	--	--	
Changes due to repurchase shares	19	--	--	--	--	--	--	(1,757,655)	--	(1,757,655)	
Net income for the period	19	--	--	--	--	--	12,710,493	12,710,493	95,602	12,806,095	
Other comprehensive income	19	--	--	439,164	4,265,174	--	--	6,928,250	--	6,928,250	
31 December 2019	137,730,842	(4,020,977)	--	331,168	5,351,209	19,878,140	12,710,493	208,018,271	14,487	208,032,758	

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

ÜNLÜ YATIRIM HOLDİNG A.Ş. **CONSOLIDATED STATEMENT OF CASH FLOWS** **FOR THE YEAR ENDED 31 DECEMBER 2019**

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

	Notes	1 January - 31 December 2019	1 January - 31 December 2018 (*)
A. Cash flows (used in)/from operating activities		(23,792,839)	(96,966,665)
Net profit/(loss) for the period		12,710,493	(4,713,436)
Profit/ loss from continuing operations		12,710,493	(4,713,436)
Adjustments for to reconcile net income to net cash provided by operating activities			
Adjustments for depreciation and amortization	14,15	5,342,815	1,963,327
Adjustments for provisions		3,810,998	10,138,080
Adjustments for provision for employee benefits		3,915,865	9,949,379
Adjustments for lawsuit provisions	16	(104,867)	188,701
Adjustments for dividend income	23	--	(453,929)
Adjustments for interest income and expenses		(11,252,258)	(14,964,333)
Effect of exchange rate changes on cash and cash equivalents		(2,223,912)	(10,752,058)
Adjustments for increase in investments accounted through equity method	7	--	(1,302,173)
Adjustments for fair value gain/(loss)		(6,386,991)	(5,346,407)
Adjustments for tax expense		5,863,044	2,562,344
Operating profit before changes in assets and liabilities:		(15,928,650)	(22,868,585)
Adjustments for (increase)/decrease in trade receivables	8	(28,072,546)	(35,539,856)
- Decrease in trade receivables due from related parties	4	(319,239)	(1,469,951)
- (Increase)/decrease in trade receivables due from other parties	8	(27,753,307)	(34,069,905)
Adjustments for (increase)/decrease in other receivables	9	19,314,963	(24,453,012)
- Decrease in other receivables due from related parties	4	70,111	3,973
- (Increase)/decrease in other receivables due from other parties	9	19,244,852	(24,456,985)
Adjustments for (increase)/decrease in other current assets		(6,195,308)	(4,988,145)
Adjustments for assets ready for sale		(426,085)	--
Adjustments for (decrease)/increase in trade payables		(9,305,337)	782,853
Adjustments for decrease in other payables	9	1,085,939	3,121,781
- Decrease in other payables due to related parties	4	(893,589)	143,490
- (Decrease)/increase in other payables due to other parties	9	1,979,528	2,978,291
Adjustments for increase/(decrease) in other liabilities		633,512	1,176,393
Cash flows (used in)/from operating profit			
Employment benefits paid	18	(10,039,234)	(5,171,653)
Taxes paid		1,347,068	(9,026,441)
B. Cash flows used in investing activities			
Dividend received		17,713,731	13,853,777
Interest received	23	12,293,554	453,929
Change in restricted deposit		10,467,418	15,235,691
Change in financial investments	14	(13,402)	(9,898)
Purchase of property and equipment	15	(4,524,799)	(1,144,716)
Purchase of intangible assets	15	(509,040)	(681,229)
C. Cash flows from/(used in) financing activities		(6,289,360)	23,489,143
Increase/(decrease) in financial liabilities		(4,024,307)	25,752,465
Cash inflows/outflows from acquisition and sales of interest in a subsidiary		(507,398)	--
Cash outflows from the Company's purchase its own shares		(1,757,655)	(2,263,322)
D. The effect of change in foreign exchange rates on cash and cash equivalents		2,549,024	23,851,562
Net increase in cash and cash equivalents (A+B+C+D)		(9,819,444)	(35,772,183)
E. Cash and cash equivalents at the beginning of the period	5	91,582,369	127,354,552
Cash and cash equivalents at the end of the period (A+B+C+D+E)	5	81,762,925	91,582,369

(*) Information related to restated financial statements has been disclosed in Note 2.A –(e) “Comparative information and restate of prior year's financial statements”.

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

ÜNLÜ YATIRIM HOLDİNG A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

1 ORGANISATION AND NATURE OF OPERATIONS

The establishment of ÜNLÜ Yatırım Holding A.Ş. (“the Company”) (Formerly known as “ÜNLÜ Finansal Yatırımlar A.Ş.”) was registered on 3 October 2011 and came into effect after Articles of Association were published in the Trade Registry Gazette No. 7915 dated 6 October 2011.

ÜNLÜ Yatırım Holding A.Ş.’s main purposes are to; use its funds to establish new equity companies to engage in investment, financing, organization, and other common service field activities with established or to-be-established companies, organize its activities related to these issues and make commercial investments by participating in the relevant companies’ management process, make the necessary attempts to establish partnerships with these companies or third parties, do research and provide consultancy services to its affiliated companies about financial issues, excluding tax-related issues, especially about local and international finance market regulations, but not including investment consulting specified in capital markets regulations, and also about technical matters, planning, programming, budgeting, project design, financial and organizational matters, and firm values, collect investable funds and make use of these funds by investing them in other securities, along with the equity shares that have the capacity and potential to make a profit and which the equity companies have issued or will issue, and provide financing and credit from sources outside the group and engage in the other activities specified in the Articles of Association.

The address of the Company is; Ahi Evran Cad. Polaris Plaza B Blok No: 21 Kat: 1 34485 Maslak, Sarıyer İstanbul.

The Company’s share capital is totally paid-in and amounting to TL 137,730,842 which consists of shares with a nominal value of TL 1 each. 84.30% of the Company’s shares are owned by Mahmut Levent Ünlü.

Direct subsidiaries of the Company are ÜNLÜ Menkul Değerler A.Ş. (“ÜNLÜ Menkul”), ÜNLÜ Portföy Yönetimi A.Ş. (“ÜNLÜ Portföy”), İstanbul Varlık Yönetim A.Ş. (“İstanbul Varlık”), UNLU Alternative Asset Management Limited (“UAAM”), Mena Finansal Yatırımlar A.Ş. (“Mena Finans”), Turkish Alternative Investments Limited (“TAIL”) and UPE Investments Ltd. (“UPE”) details of all direct and indirect subsidiaries were given in the note 2.D.(a).

ÜNLÜ Menkul Değerler A.Ş. was established under the name of Işıklar Menkul Kıymetler A.Ş. on 3 January 1991 in order to carry out operations related to capital markets, in accordance with the Capital Market Law and relevant legislation. After the acquisition of Işıklar Menkul Kıymetler A.Ş. by the shareholders of Dundas ÜNLÜ & Co. Ltd. on 5 June 2012, its name changed to “Dundas ÜNLÜ Menkul Değerler A.Ş. The name was registered on 28 June 2002 and went into effect after being published in the Trade Registry Gazette No. 5609 on 8 August 2002.

The Capital Markets Board accepted Dundas ÜNLÜ Menkul Değerler A.Ş.’s application for share transfer on 9 August 2007. The share transfer process was completed as of 31 August 2007. In addition, it was resolved to change the trade name of Dundas ÜNLÜ Menkul to “Standard ÜNLÜ Menkul Değerler A.Ş.”.

As a result of, respectively the permission of Capital Markets Board permission No. 2012/35 dated 29 August 2012 and the Extraordinary General Assembly meeting on 30 October 2012, 59,033,300 of Mahmut Levent Ünlü’s shares in ÜNLÜ Menkul Değerler A.Ş. and 179,399,700 shares owned by Standard Bank London Holdings Limited, the Company’s majority shareholder, were transferred to ÜNLÜ Finansal Yatırımlar A.Ş. In addition, the Company’s name was changed to “ÜNLÜ Menkul Değerler A.Ş.” in its Articles of Association.

ÜNLÜ YATIRIM HOLDİNG A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2019

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

1 ORGANISATION AND NATURE OF OPERATIONS (Continued)

With regard to Board of Director's decision dated 24 August 2015 numbered 2015/22 of ÜNLÜ Menkul, ÜNLÜ Menkul's shareholder Standard Bank Group Limited transferred its 25% of shares with nominal amount of TL 2,500,000 each 1 kurus total 250,000,000 registered shares to ÜNLÜ Yatırım Holding A.Ş. The relevant decision was approved at a meeting of the CMB dated 2 October 2015.

ÜNLÜ Portföy (formerly known as Standard ÜNLÜ Portföy Yönetimi A.Ş.) was established in order to carry out activities related to portfolio management in accordance with the Capital Markets Law and related legislation and the company was registered on 27 October 2006 and announced with the trade registry gazette numbered 6674 dated 2 November 2006. ÜNLÜ Yatırım Holding A.Ş., which is the indirect parent company of the ÜNLÜ Portföy purchased 5,000,000 share certificates amounting to TL 5,000,000 nominal value which is owned by ÜNLÜ Menkul Değerler A.Ş., representing the entire amount of the Company's capital with all their rights and obligations on 13 April 2017.

Capital of İstanbul Varlık and its subsidiaries Plato Finans and Plato Teknoloji which belong to ÜNLÜ Menkul Değerler A.Ş. with amount of TL 10,000,000 which has TL 10,000,000 nominal capital amount has been transferred to ÜNLÜ Yatırım Holding A.Ş. which registry number of 792072 with cash paid amount of TL 16,999,996 as the date of 5 August 2016. Related transfer transaction has been registered İstanbul Registry of Commerce as the date of 11 August 2016, related announcement had been made in Turkish Trade Registry Gazette with numbered 9139, as the date of 17 August 2016. Within the year 2017, the capital of İstanbul Varlık has been paid up to 10,000,000 TL and it has been increased to 20,000,000 TL by being provided from extraordinary reserve funds.

Capital of Du Finans which belong to ÜNLÜ Menkul Değerler A.Ş. with amount of TL 250,000 which has TL 250,000 nominal capital amount has been transferred to ÜNLÜ Yatırım Holding A.Ş. which registry number of 792072 with cash paid amount of TL 250,000 as the date of 19 August 2016. According to the decision of the Board of Directors dated 21 November 2016 numbered 2016/24, it was decided that Du Finans' shares would be transferred to İstanbul Varlık together with all assets and liabilities.

UAAM was established on the Isle of Man in 2006. It operates at 33-37 Athol Street Isle of Man. UAAM provides financial consultancy services. As of 1 October 2012, all shares owned by UAAM had been acquired by ÜNLÜ Yatırım Holding A.Ş.

In liquidation Mena was established in Turkey on 5 July 2012 and operates at Ahi Evran Cad, Polaris Plaza B Blok No: 21 Kat: 1 34398 Maslak, Sarıyer İstanbul. Mena provides financial consultancy services. The Company is the founding shareholders of Mena with 99.99% ownership share. As of 17 March 2014, Mena Finans nominal shares amounting total TL 74,999 were transferred to Şebnem Kalyoncuoğlu Ünlü, and the share rate of the Company decreased to 74.99%.

TAIL was established in Guernsey on 15 August 2014. It operates at 1 Royal Plaza Royal Avenue St Peter Port Guernsey, GY1 2HL. TAIL provides financial consulting services. ÜNLÜ Yatırım Holding A.Ş. is the founder of TAIL, and owns 100% of its shares.

UPE was established in Guernsey on 11 May 2015. It operates at 1 Royal Plaza Royal Avenue St Peter Port Guernsey, GY1 2HL. UPE provides investment consulting services. ÜNLÜ Yatırım Holding A.Ş. is the founder of UPE, and owns 100% of its shares.

For the purposes of the consolidated financial statements, ÜNLÜ Yatırım Holding A.Ş. and its subsidiaries are together referred to as "the Group". As at 31 December 2019, there are 381 (31 December 2018: 368) employees in the Group.

The consolidated financial statements for the year ended 31 December 2019 were approved by the Board of Directors on 24 April 2020. The General Assembly has the authority to amend the approved this consolidated financial statements.

ÜNLÜ YATIRIM HOLDİNG A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2019

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

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

A. BASIS OF PRESENTATION

(a) Financial reporting standards and statement of Compliance to TFRS

Companies, which are subject to independent audit in Turkey, prepare their financial statements in accordance with the Turkish Commercial Code (TCC) and Turkish Accounting Standards ("TAS") promulgated by Public Oversight Accounting and Auditing Standards Authority ("POA"). TCC adjudicates that companies which are subjected to independent audit shall be determined by Council of Ministers. Companies, which shall be subjected to independent audit have been determined with respect to certain measurements such as their size of asset, revenue and employees in accordance with the "Resolution of Council of Ministers on Determining Companies which shall be subjected to Independent Audit" entered into force on 23 January 2014. The Company is in scope of independent audit since it has exceeded the measurements mentioned in the Resolution as of 1 January 2014 and therefore the accompanying financial statements are prepared in accordance with TAS promulgated by POA. TAS consists of Turkish Accounting Standards and accounting standards and Interpretations published as Turkish Financial Reporting Standard and specific and exceptional other standards published by POA and attachment, comment and other regulations regarding the field in question.

The consolidated financial statements and notes of the Group are presented in accordance with the formats provided by POA with the announcement dated 7 June 2019 in Turkish Trade Registry Gazette with numbered 30794, including the compulsory disclosures.

Additional paragraph for convenience translation to English

The differences between the accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying unconsolidated financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries other than Turkey and IFRS.

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2019 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2019. 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 at 1 January 2019 are as follows:

TFRS 16 Leases

In April 2018, POA has published a new standard, TFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g., personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognises an asset representing the right to use the underlying asset (i.e., the right-of-use asset) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

(i) The new standards, amendments and interpretations which are effective as at 1 January 2019 (Continued):

TFRS 16 Leases (Continued)

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group has benefited from the facilitation practices provided for leases and low-value leases that will expire in a period of 12 months or less as of the transition date. The standard is effective for annual periods beginning on or after 1 January 2019. The effects of this standard on the financial position and performance of the Group are explained in Note 2, Note 13 and Note 14.

Impact on the statement of financial position (increase/(decrease)) as at 1 January 2019:

Assets

Property, plant and equipment (rights of use) TL 7,298,473

Liabilities

Lease liability TL (7,298,473)

Amendments to TAS 28 Investments in Associates and Joint Ventures (Amendments)

In December 2017, the POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. These amendments clarify to entities applying TFRS 9 Financial Instruments for long-term investments in an associate or joint venture that are part of the net investment in an associate or joint venture.

TFRS 9 Financial Instruments does not include investments in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. With this amendment, POA clarifies that TFRS 9 excludes only the investments that are accounted for by the equity method. The entity applies TFRS 9 to other investments in associates and joint ventures, including long-term investments that are not accounted for using the equity method and which form part of the net investment in the respective associates and joint ventures.

The amendment is effective for annual periods beginning on or after 1 January 2019. The amendment did not have an impact on the financial position or performance of the Group.

TFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in "TAS 12 Income Taxes" when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:

- (a) whether an entity considers uncertain tax treatments separately;
- (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- (c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- (d) how an entity considers changes in facts and circumstances.

These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments did not have a significant impact on the financial position or performance of the Group.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

(i) The new standards, amendments and interpretations which are effective as at 1 January 2019 (Continued):

Annual Improvements - 2015–2017 Period

In January 2019, POA issued Annual Improvements to TFRS Standards 2015–2017 Cycle, amending the following standards:

- TFRS 3 Business Combinations and TFRS 11 Joint Arrangements — The amendments to TFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to TFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- TAS 12 *Income Taxes* — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- TAS 23 *Borrowing Costs* — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalisation rate on general borrowings.

These amendments are applied for annual periods beginning on or after 1 January 2019. The changes do not apply to the Group and the amendments did not have a significant impact on the financial position or performance of the Group.

Plan Amendment, Curtailment or Settlement” (Amendments to TAS 19)

In January 2019, the POA published Amendments to TAS 19 “Plan Amendment, Curtailment or Settlement” The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs.

These amendments are applied for annual periods beginning on or after 1 January 2019. The amendments did not have a significant impact on the financial position or performance of the Group.

Prepayment Features with Negative Compensation (Amendments to TFRS 9)

The POA issued minor amendments to TFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost. Applying TFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation.

These amendments are applied for annual periods beginning on or after 1 January 2019. The changes do not apply to the Group and the amendments did not have a significant impact on the financial position or performance of the Group.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

(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 interim financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting 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 is in the process of assessing the impact of the amendment on financial position or performance of the Group.

TFRS 17 - The new Standard for insurance contracts

The PAO issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The amendment does not apply to the Group and will not have an impact on the Group's financial position or performance.

Definition of a Business (Amendments to TFRS 3)

In May 2019, the PAO issued amendments to the definition of a business in TFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

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. Earlier application is permitted. The changes do not apply to the Group and the amendments did not have a significant impact on the financial position or performance of the Group.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

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

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

In June 2019, the PAO 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 Group is in the process of assessing the impact of the amendment on 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 certain reliefs for 4 fundamental matters in connection with interest rate benchmark reform. These reliefs are related to hedge accounting as follows:

- Highly probable requirement
- Prospective Assessments
- Retrospective Assessments
- Separately identifiable risk components

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.

(iii) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2022, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 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.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

(b) Functional and presentation currency

The consolidated financial statements of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements are presented in Group's reporting currency TL.

(c) Offsetting

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

(d) Going concern

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

(e) Comparative information and restate of prior year's financial statements

To allow the determination of financial status and performance trends, the Group's consolidated financial statements have been prepared in comparison with the previous period. The Group has prepared the consolidated statement of financial position as of 31 December 2019, the consolidated statement of financial position according to the use of 31 December 2018 and the 1 January – 31 December 2019 tables in comparison with the accounting period of 1 January – 31 December 2018. Comparative information is restated to comply with the presentation of the financial statements.

Restatements of consolidated statement of financial position as of 31 December 2018:

	Previously Reported	Restated		
	31 December 2018	31 December 2018	Effect of restatement	Note
ASSETS				
Cash and cash equivalents	326,760,595	91,816,754	(234,943,841)	A
Prepaid expenses	4,309,318	5,578,014	1,268,696	B
Other current assets	2,321,069	1,052,373	(1,268,696)	B
TOTAL CURRENT ASSETS	654,782,445	419,838,604	(234,943,841)	
TOTAL NON-CURRENT ASSETS	60,204,602	60,204,602	-	
TOTAL ASSETS	714,987,047	480,043,206	(234,943,841)	
SHORT-TERM LIABILITIES				
Trade payables	238,194,584	3,250,743	(234,943,841)	A
- Trade payables due to related parties	21,589,205	3,250,743	(18,338,462)	A
- Trade payables due to other parties	216,605,379	--	(216,605,379)	A
Other payables	10,122,126	2,378,310	(7,743,816)	C
- Other payables due to related parties	219,453	--	(219,453)	C
- Other payables due to other parties	9,902,673	2,378,310	(7,524,363)	C
Short term liabilities for employee benefits	--	7,743,816	7,743,816	C
TOTAL SHORT-TERM LIABILITIES	441,314,690	206,370,849	(234,943,841)	
TOTAL LONG-TERM LIABILITIES	83,616,289	83,616,289	--	
Net income for the period	(4,713,436)	(4,713,436)	--	
Non-controlling interest	(81,115)	(81,115)	--	
TOTAL LIABILITIES	190,056,068	190,056,068	--	
TOTAL EQUITY	480,043,206	480,043,206	--	

Note A: As of 31 December 2018, bank deposit and trade payables amounting to 234,943,841 TL in "Cash and cash equivalents" and "Trade payables" accounts is derecognised from financial statements according to TFRS 9 Financial Assets.

Note B: As of 31 December 2018, advances given in "Other current assets" account is reclassified to "Pre-paid expenses" account.

Note C: As of 31 December 2018, short term liabilities in "Other payables" account is reclassified to "Short-term liabilities for employee benefits" account.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

(f) Comparative information and restate of prior year's financial statements (Continued)

Restatements of consolidated statement of profit or loss and other comprehensive income as of 31 December 2018:

	Previously Reported	Restated		
	31 December 2018	31 December 2018	Effect of restatement	Note
PROFIT OR LOSS				
- Service income	151,839,887	148,117,667	(3,722,220)	D
- Discounts for service income (-)	(5,286,906)	(43,220)	5,243,686	D
Gross profit	152,230,824	153,752,290	1,521,466	
Other operating expense (-)	--	(1,521,466)	(1,521,466)	D
Operating profit	32,671,956	32,671,956	--	
Income from investing activities	--	453,929	453,929	E
Operation profit before financing income	9,324,900	9,778,829	453,929	
Finance income	78,935,447	78,481,518	(453,929)	E
Net period loss	(4,670,357)	(4,670,357)	--	
Other comprehensive income	12,644,747	12,644,747	--	
Total comprehensive income	7,974,390	7,974,390	--	

Note D: As of 31 December 2018, expected loss provision and doubtful debt provision amounting to 5,243,686 TL in "Discount from services income" account is reclassified to "Other operating expense" account.

Note E: As of December 2018, dividend income amounting to 453.929 TL in "Financial income" account is reclassified to "Income from investing activities" account.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

A. BASIS OF PRESENTATION (Continued)

(g) Comparative information and restate of prior year's financial statements (Continued)

Restatements of consolidated financial statements cash flow as of 31 December 2018:

	Previously Reported	Restated	Effect of restatement	Note
	31 December 2018	31 December 2018		
A. Cash flows (used in)/from operating activities	(91,620,258)	(96,966,665)	(5,346,407)	
Net profit/(loss) for the period	(4,713,436)	(4,713,436)	--	
Adjustments for to reconcile net income to net cash provided by operating activities:	(17,522,178)	(22,868,585)	(5,346,407)	
Adjustments for (decrease)/increase in trade payables	782,853	155,634,406	154,851,553	H
Adjustments for (decrease)/increase in other liabilities	1,176,393	(153,675,160)	(154,851,553)	H
Adjustments for (decrease)/increase in fair value	--	(5,346,407)	(5,346,407)	J
B. Cash flows from/(used in) investing activities	8,507,370	13,853,777	5,346,407	
Changes in financial investments	(5,346,407)	--	5,346,407	J
C. Cash flows from/(used in) financing activities	23,489,143	23,489,143	--	
D. The effect of changes in exchange rates on cash and cash equivalents	23,851,562	23,851,562	--	
Net increase in cash and cash equivalents (A+B+C+D)	(35,772,183)	(35,772,183)	--	
E. Cash and cash equivalents at the beginning of the period	127,354,552	127,354,552	--	
Cash and cash equivalents at the end of the period (A+B+C+D+E)	91,582,369	91,582,369	--	

Note H: As of 31 December 2018, bank deposits and trade payables amounting to 234,943,841 TL in "Cash and cash equivalents" and "Trade payables" accounts is derecognised from financial statements according to TFRS 9 Financial Assets.

Note J: As of 31 December 2018, cash outflow amounting to 5.346.407 TL in "Changes in financial investments" account is reclassified to "Adjustments for (decrease)/increase in fair value" account.

B. CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

If the changes in accounting estimates are related to only one period, they are reflected to the financial statements in the current period in which the change is made; if they are related to the future period, they are reflected to the financial statements both in the current period in which the change is made and in the future period anticipatorily, as to be taken into consideration in determining the net profit or loss for the future period. The accounting estimates are not changed for the 1 January - 31 December 2019 period.

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies followed in the preparation of consolidated financial statements are summarized as follows.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

Subsidiaries

The consolidated financial statements of the Company include its subsidiaries, which it controls directly or indirectly. This control is normally evidenced when the Company owns control power, either directly or indirectly, over company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

This control power is determined based on current and convertible voting rights. The financial statements of the subsidiaries are consolidated from the beginning of the control power over the subsidiaries to end of that power.

The table below shows all subsidiaries and other companies within the scope of consolidation, and provides their share ratios as of 31 December 2019 and 2018:

			Final share ratio	
Name of the company	Country	Main activity and service line	31 December 2019	31 December 2018
Subsidiaries				
ÜNLÜ Menkul Değerler A.Ş. (“Ünlü Menkul”) ⁽¹⁾	Turkey	Intermediary services	100.00%	100.00%
ÜNLÜ Portföy Yönetimi A.Ş. (“Ünlü Portföy”)	Turkey	Portfolio management	100.00%	100.00%
Du Finansal Danışmanlık Hizmetleri A.Ş. (“DU Finans”) ⁽²⁾	Turkey	Financial consultancy	100.00%	100.00%
Plato Finansal Danışmanlık Servisleri A.Ş. (“Plato Finans”) ⁽²⁾	Turkey	Financial consultancy	98,21%	94.81%
İstanbul Varlık Yönetim A.Ş. (“İstanbul Varlık”) ⁽²⁾	Turkey	Asset management	100.00%	100.00%
UNLU Securities Inc. (“Ünlü Securities”) ⁽¹⁾	U.S.A	Intermediary services	100.00%	100.00%
UNLU Securities UK Limited (“ÜNLÜ Securities”) ⁽¹⁾	UK	Intermediary services	100.00%	--
In Liquidation Mena Finansal Yatırımlar A.Ş. (“Mena Finans”)	Turkey	Financial consultancy	74.99%	74.99%
	Isle of			
UNLU Alternative Asset Management Ltd. (“UAAM”)	Man	Financial consultancy	100.00%	100.00%
Turkish Alternative Investments Limited (“TAIL”) ⁽³⁾	Guernsey	Investment services	100.00%	100.00%
UPE Investments Ltd. (“UPE”)	Guernsey	Investment services	100.00%	100.00%
Associates presented in the financial statements with equity method				
ÜNLÜ LT Investments Limited Partnership (“ÜNLÜ LT”) ^{(3) (4)}	Guernsey	Private equity	4.76%	4.76%

⁽¹⁾ ÜNLÜ Menkul has 100% share in UNLU Securities Inc and UNLU Securities UK Limited.

⁽²⁾ İstanbul Varlık has 98.21% share of Plato Finans and 100% share of DU Finans. Plato Finansal Danışmanlık Servisleri A.Ş. has transferred 238.000 shares of the company on 31 June 2019 owned by its shareholder Tahir Selçuk Tuncalı to the İstanbul Varlık Yönetim A.Ş. through its endorsement, together with all kinds of rights and obligations.

⁽³⁾ TAIL owns 4.76% share of ÜNLÜ LT (31 December 2018: 4.76%).

⁽⁴⁾ ÜNLÜ LT, presents its financial investments with fair value in its financial statements.

Financial status tables, profit or loss and other comprehensive income tables of all subsidiaries are fully consolidated and the carrying values of the subsidiaries owned by the Company are netted with the shareholder's capital.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

Subsidiaries (Continued)

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Non-controlling interest transactions that do not result in a loss of control for the parent company are recognised under equity. These transactions are made between shareholders. The difference between the net book value of the subsidiary's gained assets and the fair value of the price paid to gain the said assets is recognised under the equity. Non-controlling interests and profit or loss resulting from the sales are categorized under equity.

(b) Revenue recognition

(i) Fee and commission income and expenses

Fees and commissions are recorded as income or expense at the time the transactions to which they relate are made. Furthermore, funds management fees and portfolio management fees are recognized on an accrual basis. Common stock transaction commissions are netted off with commission returns.

The Group records income from the sales of securities in its portfolio when the sales are conducted. Service income comprises of the commission income arising from financial services provided by the Group including brokerage services and portfolio management services. Commission income is recognized when the corresponding service is rendered. Performance fee income included in service income is recognized on an accrual basis, when the yield of the corporate portfolio is higher than "Benchmark Criteria" mentioned in the related agreement. Other income and expenses are recognized on an accrual basis.

(ii) Interest income and expenses and dividend income

Interest income and expenses are recognized in the income statement in the period to which they relate on an accrual basis. Interest income includes coupons earned on fixed income investment securities and amortization of discounts on government bonds.

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

Interest income on loans

Loans and receivables are recognized as the estimated future cash flows discounted using the effective interest method in the financial statements. The difference between the net present value of estimated future cash flows discounted using the effective interest rate and the carrying value of loan portfolios is recognized in the income statement as "interest income on loans". The difference between the net present value of estimated future cash flows and the carrying value of loan portfolios is recognized in the income statement as "other operating income/expense".

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Trade receivables

In cases where the trade receivables are not impaired for certain reasons (except for a realized impairment loss) within the scope of the impairment calculations of trade receivables, which are recognised for at amortized cost in the financial statements and which do not contain a significant financing component (less than 1 year), provisions for losses relating to the trade receivables are measured at an amount equal to "life-time expected credit losses".

In the event of the collections of the doubtful receivables whether the whole amount or the some part of it, after the booking of the provision for the doubtful receivables, the collected amount is deducted from the doubtful receivables provision and recorded as other operating income.

Following the booking of provision for doubtful receivables, the collected amount is deducted from the doubtful receivable provision and recorded in other income in case of collecting all or part of the doubtful receivable amount.

The Group's loans provided to the borrower by providing cash directly are classified as trade receivables by the Group. All loans given are reflected to the financial statements after the cash amount is allocated to the borrower.

(d) Financial assets

The Group shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date. The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of TFRS 15 Revenue from contracts with customers, at initial recognition, the Bank measures financial asset or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit/loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group's financial assets and liabilities within the scope of TFRS 9 are shown below:

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit/loss are financial assets that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial assets (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income:

Financial assets at fair value through other comprehensive income are financial assets other than those classified as trade and other receivables, investment securities held to maturity and financial assets at fair value through profit or loss. Financial assets at fair value through other comprehensive income are measured at fair value subsequent to their initial recognition. However, if the fair value of available for sale investment securities cannot be reliably measured, then those Financial assets at fair value through other comprehensive income with fixed maturity are measured at amortised cost by using effective interest rate model and those available for sale investment securities without fixed maturity are measured by using fair value pricing models or discounted cash flow techniques. Unrecognized gains or losses derived from the changes in fair value of financial assets at fair value through other comprehensive income and the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in "Fair value reserve" under equity. At the disposal of available for sale investment securities, value increases/decreases recorded in the fair value reserve under equity are transferred to profit or loss.

Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

Financial assets to be valued at cost

Financial assets measured at cost consist of long-term financial assets whose fair value cannot be reliably assessed. These assets are measured at their cost. Group shares that are not quoted in the stock exchange and whose value cannot be measured reasonably is expected to be held in the long term are shown under this item.

Impairment / expected loss provision for financial assets

The Group calculates and recognizes provision for expected losses for life by applying the simplified method to all financial assets except the fair value difference reflected to profit / loss. At each reporting date, it is assessed whether there has been a significant increase in the credit risk of the financial instrument within the scope of impairment since the first time it is included in the financial statements. This assessment takes into account the change in the default risk of the financial instrument. The expected loss allowance estimate is unbiased, weighted by probabilities and includes supportable information about past events, current circumstances and forecasts for future economic conditions.

For all financial assets, except for trade receivables where the carrying amount is reduced through the use of a provision account, the impairment loss is directly deducted from the carrying amount of the financial asset. If the trade receivable cannot be collected, the amount is deducted from the provision account. Changes in the allowance account are recognized in profit or loss for the period. If the impairment loss is reduced in the following period, except for the equity instruments at fair value through the other comprehensive income, and the decrease can be attributed to an event occurring after the impairment loss is recognized, the impairment loss that was previously recognized is not accounted for when the impairment loss is never recognized. it is canceled in the income statement.

Any increase in the fair value of equity instruments at fair value through profit or loss is recognized directly in equity.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Explanations on netting of financial assets

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(e) Trade payables

Trade payables refer to the obligatory payments for the goods and services obtained by the suppliers for the ordinary activities of the company. If the time period for the trade receivables to be paid is one year or less (or if it is longer, but is within the normal operating cycle of the company), these receivables are classified as short term liabilities. If not, they are classified as long term liabilities.

Trade payables are recorded with their fair values and recognized in the accounts of the following periods, through use of the effective interest rate method over discounted value, by allocation of a provision for impairment (Note 8).

(f) Explanations on forward and option contracts and other derivative instruments

In accordance with the "Financial Assets" ("TFRS 9"); the forward foreign currency purchases/sales transactions and swap transactions, which are not considered as hedging instruments, are classified as derivative instruments at fair value through profit or loss. Derivative financial instruments are measured at fair value.

The fair values of the forward foreign currency purchases/sales transactions at fair value through profit or loss are measured with the internal pricing models by taking the expectations from the market into account. The change in the fair values is recorded through the period's profit or loss.

(g) Explanations on assets held for sale, disposal groups and discontinued operations

Assets that meet the criteria to be classified as held for sale and disposal groups are measured at the lower of its carrying amount and fair value less costs to sell. Depreciation of such assets is ceased and they are presented separately in the balance sheet. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active programme to complete the plan should be initiated to locate a customer (Note 12). It is also required that the sales of these assets should be expected as an accounting of finalized sale within the year after the classification. Necessary transactions should have done for the completion of sale and the possibility of significant changes on the plan or cancellation of the plan should be assessed as low. Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset.

A discontinued operation is a part of the Group's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in income statement. Assets held for sale consist of tangible assets acquired due to overdue loans.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property and equipment

Property and equipment are carried at cost less accumulated depreciation (Note 14).

Depreciation is provided on restated amounts of property and equipment using the straight-line method based on the useful lives of such assets, the estimated useful lives of assets are as it is shown below:

Office equipment	5 years
Furniture and fixtures	3 - 5 years
Other tangible assets	5 years
Lease assets	2-3 years
Leasehold improvements	Shorter of 5 years or period of lease

Estimated useful life and depreciation method are reviewed every year to identify the effects of the changes in estimations and the changes in estimations are entered into accounts.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Gains and losses on the disposal of property and equipment are determined in reference to their carrying amounts and are taken into account in determining operating profit.

(i) Intangible assets

Intangible assets comprise acquired intellectual property, information systems and computer software. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated economic lives for a period not exceeding three to five years from the date of acquisition. To determine the change effect in estimation of the estimated useful lives and depreciation method is considered every year and recognised accordingly to changes in these estimations (Note 15).

Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount.

(j) Financial liabilities

Except for the liabilities related to financial instruments which are defined as financial liabilities held for trading and classified at their fair values, financial liabilities are recognized at their acquisition costs including the transaction cost and appraised at their discounted values calculated through "effective interest rate method" in the subsequent periods. All financial expenses are recorded in the income statement and other comprehensive income statement in the period when they arise.

(k) Foreign exchange transactions

Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. As of 31 December 2019, foreign currency at the end of the period for EUR transactions is TL 6.6506, for USD transactions, it is TL 5.9402, for GBP transactions, it is TL 7.7765 (31 December 2018: EUR: 6.0280, USD: 5.2609, GBP: 6.6528).

Any foreign exchange transactions which had converted to Turkish currency will be disclosed in "Foreign exchange gain/loss" item which is held in income statement.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Foreign exchange transactions (Continued)

With respect to the consolidated financial statements, assets and liabilities of the subsidiaries in foreign currency have been translated into TL with the closing exchange rate at the balance sheet date. Profit/Loss items of the subsidiaries have been translated into TL with average exchange rate of the reporting period. The resulting translation differences amounted to net TL 36,037,396 is recognized in "Currency translation differences" account under the equity in the balance sheet (31 December 2018: TL 33,813,485 foreign currency gain).

(l) Provisions, contingent liabilities and assets

In accordance with the Turkish Accounting Standard 37 ("TAS 37") "Provisions, Contingent Assets and Liabilities", Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the financial statements and treated as "Contingent assets or liabilities" (Note 16).

Contingent assets generally arise from unplanned or other unexpected events that bear the probability of inflow of economic benefits to the Group. Contingent assets are not shown on the financial statements, since they may imply accounting of an income that will never be gained. Contingent assets are disclosed in financial statement disclosures, if the inflow of the economic benefits to the Group is probable. Contingent assets are subject to continuous evaluation in order to reflect the effect of developments in contingent assets to financial statements accurately. In case that the probability of inflow of the economic benefit to the Company is almost certain, the related asset and the income generated from the asset are reflected to the financial statements of the regarding period.

(m) Finance leases (where the Group is "lessee")

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payment. Leased assets are included in the property and equipment and depreciation on the leased asset is charged to income on a straight-line basis over the useful life of the asset.

If there is a decrease in the value of assets acquired through financial leasing and the expected future benefit from the assets is lower than the book value of the asset, the leased assets are valued with their net realizable value. Depreciation is calculated for assets acquired through financial lease in accordance with the principles applied for tangible fixed assets.

Summary of new accounting policies

The following are the new accounting policies of the Group on the application of TFRS 16:

Right to use assets

The Group recognizes the right-of-use assets on the date the lease commences (for example, as of the date when the asset is eligible for use). Right of use assets are calculated by deducting accumulated depreciation and impairment losses from the cost value. If the financial lease payables are revalued, this figure is corrected.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)
C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
(m) Finance leases (where the Group is "lessee") (Continued)

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

- (a) the initial measurement of the lease obligation,
- (b) the amount obtained by deducting all lease incentives received from all lease payments made on or before the effective date of the lease, and
- (c) all initial direct costs incurred by the Group.

Unless the transfer of the underlying asset to the Group at the end of the lease term is reasonably finalized, the Group depreciates the right of use from the effective date of the lease to the end of the useful life of the underlying asset. Right-of-use assets are subject to impairment assessment.

Leasing Obligations

The Group measures the lease obligation at the present value of the unpaid lease payments on the date that the lease commences.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the actual lease date:

- (a) Fixed payments,
- (b) Variable lease payments based on an index or rate, the first measurement made using an index or rate on the actual date of the lease.
- (c) Amounts expected to be paid by the Group under residual value commitments
- (d) the use price of this option and, if the Group is reasonably certain that it will use the
- (e) fines for termination of the lease if the lease shows that the Group will use an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred.

The Group revises the revised discount rate for the remainder of the lease term, if the implicit interest rate in the lease can be easily determined; the Group's alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Group measures the lease obligation as follows:

- (a) increase the carrying amount to reflect the interest on the lease obligation; and
- (b) Decreases the carrying amount to reflect the lease payments made.

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

The right of use calculated for leasing agreements is accounted under "Property, plant and equipment" account.

The interest expense on the lease obligation is accounted under "Finance expenses" and the depreciation expense of the usage right asset is accounted under "Depreciation expenses and Amortization" account.

The duration of the agreements related to operating leases and the discount rates applied are as follows:

Assets subject to operational leasing	Contract Period (Year)	Discount Rate (%)
Buildings	1-2 year	TL – 27.31
Buildings	1-2 year	GBP – 0.75
Vehicles	1-2 year	EUR – 3.79

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Subsequent events

Subsequent events cover any events which arise between the reporting date and the balance sheet date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Group adjusts its consolidated financial statements if such subsequent events arise which require an adjustment to the financial statements (Note 31).

(o) 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. A number of transactions are entered into with related parties in the normal course of the business. These transactions consist of the transfer of the assets and liabilities between related parties by a price or free of charge (Note 4).

(p) Taxes calculated over corporation income

Corporate tax

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognized in operating expenses (Note 25).

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

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

Deferred tax

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred income tax (Note 25). The deferred tax assets and the deferred tax liabilities can be netted off only if there is a legal right in this respect according to the tax legislation of the country they are dependent on.

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

Deferred tax charges except for the ones that are recognised under the equity in the form of other reserves and the current tax balances accrued for the related reporting periods are directly recognized as income or expense in the statement of income.

Transfer pricing

The article no. 13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "disguised profit distribution" by way of transfer pricing. "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" published at 18 November 2007, explains the application related issues on this topic.

According to this communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Employee benefits

The Group accounts liabilities related to severance pay, vacation rights and other benefits for employees according to the clause "Turkish Accounting Standard related to Employee Benefits" ("TAS 19") and classifies as "Provisions for employee benefits" at the balance sheet.

The Group is liable to pay a collective amount of payment to the employees dismissed except for the cause of retirement or resignation and significant course of actions according to Labor Law in Turkey. Provision for employment termination benefit is determined according to the law and specific actuarial estimations and reflected in the financial statements (Note 18).

According to the current Labor Law in Turkey, in case a contract of employment is terminated for any reason, the Group is obliged to pay the employee or right owners the fee of accrued but unused annual leave as regards to the remuneration on the contract's termination date.

Turkish Accounting Standards 19 ("TAS 19"), Employee Termination Benefits, was revised as of 1 January 2013. In this context, actuarial gain/loss related to employee termination benefit provision is classified under other comprehensive income.

Due to the permission given about the amendment applied to the previous period financials under the title of related standard "Transition and effective date", the Company has recognised actuarial gains and losses under the "Other comprehensive income", and other accumulated gains and losses were presented under equity in the name of "Actuarial losses from employee termination benefits" in the statement of financial position within the related period.

(s) Explanations on loans and borrowings

Financial liabilities except financial liabilities held for trading valued at fair value, are initially recognized at cost including the transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings

(t) Cash flow statement

For the purposes of cash flow statement, the Group considers cash due from banks with maturity periods of less than three months and mutual funds with a maturity of no more than three months (Note 5).

(u) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is 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. The Group performs the goodwill impairment test at 31 December. Impairment losses on goodwill could not be reversed; Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold (Note 15).

(v) Earning per share

Earnings per share disclosed in these statements of income are determined by dividing net profit by the weighted average number of shares that have been outstanding during the year concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period (Note 26).

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

D. SIGNIFICANT ACCOUNTING ASSESSMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with TFRS 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.

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.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note 8 - Trade receivables and payables

Note 15 – Intangible assets

Note 16 - Provisions, contingent assets and liabilities

Note 18 - Provision for employee benefits

Note 25 - Tax assets and liabilities

Receivables to be liquidated: The financial assets of the Group, which are composed of non-performing receivables for goods purchased, are reflected in the balance sheet with their cost values and in order to determine their carrying values in the balance sheet, important projections, assumptions, and evaluations are made regarding the future estimated collections. Changes that might arise in these projections and assumptions in the following periods will affect the relevant period's profit/loss. The Group closely follows up on projections for future collections, and these projections and assumptions are reviewed and updated when necessary.

3 SEGMENT REPORTING

Reporting of operating segments is organized on competent authority of activities based on uniformity. The executive committee, which is responsible for decision making of regarding the business activities of the decisions about resources to be allocated to the competent authority of department and evaluating performance of the department, is determined as competent authority for decision-making mechanism regarding to the company's activities.

Group's subsidiaries, ÜNLÜ Menkul and UNLU Securities, engaged in brokerage activities in the capital markets in Turkey. UAAM gives financial consultancy service and DU Finans, Plato Finans and İstanbul Varlık give asset management service. The Group's other subsidiary, Ünlü Portföy, operates in corporate and individual portfolio management segment. UPE and TAIL operate in investment sector; Mena, and the Company operate in investment holding services. As at 31 December 2019 and 2018, segment reporting is prepared based on the brokerage, portfolio management activities and consultancy services.

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3 SEGMENT REPORTING (Continued)

31 December 2019	Brokerage, corporate finance and portfolio management services	Asset management consultancy and services	Private equity	Investment holding services	Elimination s (*)	Total
Sales	1,828,554,861	12,988,646	--	--	(7,380,951)	1,834,162,556
Service income	54,433,956	99,724,568	--	27,540,226	--	181,698,750
Deductions from services income (-)	(1,634,544)	--	--	(302,438)	--	(1,936,982)
Cost of sales (-)	(1,825,856,803)	(21,169,671)	--	--	--	(1,847,026,474)
Gross profit/(loss)	55,497,470	91,543,543	--	27,237,788	(7,380,951)	166,897,850
General administrative, marketing, selling and distribution expense	(74,175,342)	(48,675,816)	(306,684)	(19,256,053)	7,732,488	(134,681,407)
Other operating income/expenses, net	726,884	738,010	--	373,187	(351,537)	1,486,544
Operating profit/(loss)	(17,950,988)	43,605,737	(306,684)	8,354,922	--	33,702,987
Share of profit/(loss) of investment accounted through equity method	--	--	4,451,398	5,431	--	4,456,829
Income from operation activities	--	--	--	12,293,554	--	12,293,554
Expense from operating activities	--	--	--	(4,931,718)	--	(4,931,718)
Profit/(loss) before financial expenses	(17,950,988)	43,605,737	4,144,714	15,722,189	--	45,521,652
Financial income	34,147,929	3,430,662	14,731	15,089,823	1,540,073	54,223,218
Financial expenses	(33,635,680)	(34,371,440)	1,548,648	(13,077,186)	(1,540,073)	(81,075,731)
Profit/(loss) before tax from continuing operations	(17,438,739)	12,664,959	5,708,093	17,734,826	--	18,669,139
Tax expense	(147,561)	--	--	(1,009,822)	--	(1,157,383)
Deferred tax income/(expense)	2,078,111	(5,468,281)	--	(1,315,491)	--	(4,705,661)
Net profit/(loss) from continuing operations	(15,508,189)	7,196,678	5,708,093	15,409,513	--	12,806,095
Other comprehensive income/(expense)	1,158,749	1,679,231	(6,977)	4,097,247	--	6,928,250
Total comprehensive income/(expense)	(14,349,440)	8,875,909	5,701,116	19,506,760	--	19,734,345
Operating segment assets (31 December 2019)	118,753,171	230,410,462	23,125,971	158,906,950	(48,274,080)	482,922,474
Operating segment liabilities (31 December 2019)	45,059,460	182,640,508	26,655,758	58,225,374	(37,691,384)	274,889,716

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3 SEGMENT REPORTING (Continued)

31 December 2018	Brokerage, corporate finance and portfolio management services	Asset management consultancy and services	Private equity	Investment holding services	Eliminations (*)	Total
Sales	1,694,525,360	10,650,167	--	--	--	1,705,175,527
Service income	60,831,401	75,006,943	688	16,245,591	(3,966,956)	148,117,667
Deductions from services income	(43,220)	-	--	--	--	(43,220)
Cost of sales	(1,692,409,030)	(7,088,654)	--	--	--	(1,699,497,684)
Gross profit/(loss)	62,904,511	78,568,456	688	16,245,591	(3,966,956)	153,752,290
General administrative, marketing, selling and distribution expense	(69,806,869)	(42,207,036)	(194,918)	(13,063,853)	4,131,846	(121,140,830)
Other operating income/expenses, net	152,890	(39,787)	--	112,283	(164,890)	60,496
Operating profit/(loss)	(6,749,468)	36,321,633	(194,230)	3,294,021	-	32,671,956
Income from investing activities	--	--	--	453,929	--	453,929
Share of profit of investment accounted through equity method	--	--	(23,347,056)	--	--	(23,347,056)
Profit/(loss) before financial expenses	(6,749,468)	36,321,633	(23,541,286)	3,747,950	--	9,778,829
Financial income	49,043,417	1,265,710	35,587	34,647,452	(6,510,648)	78,481,518
Financial expenses	(34,284,584)	(24,116,035)	(6,518,104)	(34,832,136)	6,510,648	(93,240,211)
Profit/(loss) before tax from continuing operations	8,009,365	13,471,308	(30,023,803)	3,563,266	--	(4,979,864)
Tax expense	(3,392,455)	--	--	--	--	(3,392,455)
Deferred tax income/(expense)	484,954	(928,929)	4,881,678	(735,741)	--	3,701,962
Net profit/(loss) from continuing operations	5,101,864	12,542,379	(25,142,125)	2,827,525	--	(4,670,357)
Other comprehensive income/(expense)	420,012	3,349,388	8,978,161	(102,814)	--	12,644,747
Total comprehensive income/(expense)	5,521,876	15,891,767	(16,163,964)	2,724,711	--	7,974,390
Operating segment assets (31 December 2018)	156,944,434	200,208,552	18,806,849	205,734,019	(101,650,647)	480,043,207
Operating segment liabilities (31 December 2018)	80,469,562	155,210,264	28,037,752	54,028,907	(27,759,347)	289,987,138

(*) As of 31 December 2019, TL 7,380,951 consists of financial consultancy income / expenses (31 December 2018: TL 3,966,956) and TL 1,540,073 dividend income / expense (31 December 2018: TL 6,510,648).

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4 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a) Balances with related parties

	31 December 2019	31 December 2018
Financial investments		
Financial assets at fair value through profit or loss (Note 6)		
- ÜNLÜ Portföy Hisse Senedi Fonu ⁽¹⁾	3,001,249	499,412
- ÜNLÜ Portföy Üçüncü Değişken Fon ⁽¹⁾	2,653,295	2,685,862
- ÜNLÜ Portföy İkinci Serbest Fon ⁽¹⁾	1,403,413	1,728,192
- ÜNLÜ Portföy İkinci Değişken Fon ⁽¹⁾	411,100	--
- ÜNLÜ Portföy Üçüncü Serbest Fon ⁽¹⁾	156,249	869,026
- ÜNLÜ Portföy Mutlak Getiri Hedefli Serbest Fon ⁽¹⁾	104,120	--
Total	7,729,426	5,782,492
Financial assets at fair value through other comprehensive income (Note 6)		
- 212 Capital Partners I Coöperatif U.A. ⁽²⁾	5,628,667	2,291,436
- 212 Limited (Cayman Island) ⁽²⁾	5,674	5,674
Total	5,634,341	2,297,110
Investments accounted through equity method (Note 7)		
- ÜNLÜ LT ⁽¹⁾	23,002,892	18,546,063
Total	23,002,892	18,546,063
Receivables		
Trade receivables (Note 8)		
- ÜNLÜ Portföy İkinci Gayrimenkul Yatırım Fonu ⁽¹⁾	1,631,095	1,536,386
- ÜNLÜ Portföy Birinci Gayrimenkul Yatırım Fonu ⁽¹⁾	462,930	330,885
- SICAR ⁽²⁾	72,173	--
- ÜNLÜ LT Investments Limited ⁽¹⁾	71,579	105,418
- ÜNLÜ Portföy Dördüncü Serbest Fon ⁽¹⁾	48,923	12,294
- ÜNLÜ Portföy Birinci Değişken Fon ⁽¹⁾	43,916	10,055
- ÜNLÜ Portföy Para Piyasası Fonu ⁽¹⁾	30,445	--
- ÜNLÜ Portföy Beşinci Serbest Özel Fon ⁽¹⁾	23,079	--
- ÜNLÜ Portföy Mutlak Getiri Hedefli Serbest Fon ⁽¹⁾	7,597	27,138
- ÜNLÜ Portföy Hisse Senedi Fonu ⁽¹⁾	6,444	2,887
- ÜNLÜ Portföy İkinci Değişken Fon ⁽¹⁾	3,526	6,171
- ÜNLÜ Portföy Üçüncü Değişken Fon ⁽¹⁾	3,253	3,136
- ÜNLÜ Portföy İkinci Serbest Fon ⁽¹⁾	3,023	2,856
- ÜNLÜ Portföy Üçüncü Serbest Fon ⁽¹⁾	1,288	1,065
- ÜNLÜ Private Equity II LP ⁽¹⁾	--	50,452
- ÜNLÜ Portföy Kısa Vadeli Borçlanma Araçları Fonu ⁽¹⁾	--	1,289
Total	2,409,271	2,090,032

⁽¹⁾ Investment funds that managed by Group's subsidiary.

⁽²⁾ Group's subsidiary.

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4 BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

a) Balances with related parties (Continued)

Receivables (Continued)

	31 December 2019	31 December 2018
Assets held for sale and disposal groups (Note 12)		
- SICAR ^(*) (2)	41,189,917	46,121,636
Total	41,189,917	46,121,636

Other receivables (Note 9)

- Receivables from personnel	223,770	313,543
- ÜNLÜ Portföy Üçüncü Gayrimenkul Yatırım Fonu ⁽¹⁾	19,614	--
- ÜNLÜ Portföy Kısa Vadeli Borçlanma Araçları Fonu ⁽¹⁾	48	--
Total	243,432	313,543

Liabilities

Financial liabilities (Note 13)

- Standard Bank South Africa ⁽³⁾	43,071,975	50,491,676
Total	43,071,975	50,491,676

Short term other payables (Note 9)

- Payables to personnel	1,096,798	219,453
- Borsa İstanbul A.Ş. ⁽²⁾	281,001	--
Total	1,377,799	219,453

^(*) Refer to Note 12.

⁽¹⁾ Investment funds that managed by Group's subsidiary.

⁽²⁾ Group's subsidiary.

⁽³⁾ Group's indirect shareholder.

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4 BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

b) Transactions with related parties

	1 January - 31 December 2019	1 January - 31 December 2018
Income from related parties		
Service income (Commission Income)		
- ÜNLÜ Portföy İkinci Gayrimenkul Yatırım Fonu ⁽¹⁾	1,553,424	1,456,297
- ÜNLÜ Portföy Birinci Gayrimenkul Yatırım Fonu ⁽¹⁾	440,883	315,128
- ÜNLÜ Portföy Dördüncü Serbest Fon ⁽¹⁾	287,705	150,767
- ÜNLÜ Portföy Birinci Değişken Fon ⁽¹⁾	205,903	94,632
- ÜNLÜ Portföy Beşinci Serbest Özel Fon ⁽¹⁾	202,096	--
- ÜNLÜ Portföy Mutlak Getiri Hedefli Serbest Fon ⁽¹⁾	196,035	309,943
- ÜNLÜ Portföy Para Piyasası Fonu ⁽¹⁾	167,500	--
- ÜNLÜ Portföy Hisse Senedi Fonu ⁽¹⁾	47,288	10,702
- ÜNLÜ Portföy İkinci Değişken Fon ⁽¹⁾	41,820	140,533
- ÜNLÜ Portföy İkinci Serbest Fon ⁽¹⁾	34,415	64,081
- ÜNLÜ Portföy Üçüncü Değişken Fon ⁽¹⁾	33,916	62,321
- ÜNLÜ Portföy Kısa Vadeli Borçlanma Araçları Fonu ⁽¹⁾	22,264	1,471
- ÜNLÜ Portföy Üçüncü Serbest Fon ⁽¹⁾	13,608	14,358
Total	3,246,857	2,620,233
Income from investing activities (Dividend income)		
- SICAR ⁽²⁾	8,881,806	--
- 212 Capital Partners ⁽²⁾	3,206,139	--
- 212 Limited ⁽²⁾	--	134,226
Total	12,087,945	134,226
Income/ (expense) from investments accounted through equity method		
- ÜNLÜ LT ⁽¹⁾	4,456,829	(1,157,608)
- SICAR ^{(2) (*)}	--	(22,189,448)
Total	4,456,829	(23,347,056)
Expense from investing activities (decrease in value)		
- SICAR ^{(2) (*)}	(4,931,718)	--
Total	(4,931,718)	--

(*) Refer to Note 12.

(1) Investment funds that managed by Group's subsidiary.

(2) Group's subsidiary.

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4 BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

b) Transactions with related parties (Continued)

	1 January - 31 December 2019	1 January - 31 December 2018
Expenses to related parties		
Financial expenses		
- Standard Bank South Africa ⁽³⁾	1,963,073	2,049,943
Total	1,963,073	2,049,943

⁽³⁾ Group's subsidiary.

c) Salaries and other benefits paid to Board of Directors and top management:

Top management consists of general manager, vice general managers, directors and other top management members. For the year ended 31 December 2019, the total amount of salary and other benefits provided to the top management by the Group is TL 24,885,922 (1 January - 31 December 2018: TL 23,314,041).

5 CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash	12,018	23,492
Cash at banks	76,149,058	81,971,425
- Demand deposit	33,169,172	30,424,423
- Time deposit	42,979,886	51,547,002
Futures and options market guarantees	3,057,161	1,097,938
Receivables from reverse repurchase agreements ⁽¹⁾	2,912,423	826,036
Receivables from the money market ⁽²⁾	--	7,897,863
Total	82,130,660	91,816,754

⁽¹⁾ As of 31 December 2019, the maturity of reverse repurchase agreements amounting to TL 192,166 is less than one month and the average interest rate of reverse repurchase agreements is 16,99% (31 December 2018: TL 616,567; 13.05%); the maturity of reverse repurchase agreements amounting to TL 2,720,257 is less than a month and the interest rate of reverse repurchase agreements is 10% (31 December 2018: TL 209,469; 11%).

⁽²⁾ As of 31 December 2019, there is no receivables from the money market agreements (31 December 2018: 29 January 2019, 23,80%).

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5 CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents of the Group are shown in cash flow statements in 31 December 2019 and 2018 by deducing interest accruals and customer deposits:

	1 January - 31 December 2019	1 January - 31 December 2018
Cash and cash equivalents	82,130,660	91,816,754
Interest accruals (-)	(270,080)	(150,132)
Restricted deposit (-)	(97,655)	(84,253)
Total	81,762,925	91,582,369

As at 31 December 2019 and 2018, the interest rates and maturity of the time deposits are as follows:

	31 December 2019			31 December 2018		
Currency	Original amount	Amount (TL)	Interest rate (%)	Original amount	Amount (TL)	Interest rate (%)
TL	7,798,723	7,798,723	5.25-25.00	14,670,992	14,670,992	6.75-24.50
USD	5,269,811	31,303,731	0.10-4.60	5,869,291	34,864,762	1.25-5.25
EUR	583,020	3,877,432	0.10-6.00	302,416	2,011,248	2.00
Total		42,979,886			51,547,002	

6 FINANCIAL INVESTMENTS

Short term financial investments

	31 December 2019	31 December 2018
Financial assets at fair value through profit or loss	18,024,020	27,985,130
Financial assets at fair value through other comprehensive income	5,634,341	2,297,110
Total	23,658,361	30,282,240

As at 31 December 2019 and 2018, financial assets at fair value through profit or loss are as follows:

	31 December 2019			31 December 2018		
	Nominal	Fair value	Interest rate (%)	Nominal	Fair value	Interest rate (%)
Investment funds	227,255,031	7,729,426	--	223,490,129	5,782,492	--
Private sector						
cooperate bonds	7,107,749	7,088,647	4,00-23,10	9,540,000	16,739,935	15,03-19,27
Eurobonds	2,169,000	2,316,867	1,35-28,5	--	--	--
Government bonds	--	--	--	3,512,956	5,462,703	23,00
Stock certificates	105,200	889,080	--	--	--	--
Total		18,024,020			27,985,130	

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6 FINANCIAL INVESTMENTS (Continued)

Short term financial investments (Continued)

As at 31 December 2019 and 2018, securities given as collateral are as follows (Note 16):

	31 December 2019		31 December 2018	
	Nominal	Fair value	Nominal	Fair value
CMB	--	--	3,512,956	5,462,703
Total	--	--	3,512,956	5,462,703

As at 31 December 2019 and 2018, details of financial assets at fair value through other comprehensive income are as follows:

	31 December 2019		31 December 2018	
	Share (%)	Share amount (TL)	Share (%)	Share amount (TL)
212 Capital Partners I Coöperatief U.A. ⁽¹⁾	3,31	5,628,667	3,31	2,291,436
212 Limited (Cayman Island)	32,50	5,674	32,50	5,674
		5,634,341		2,297,110

- ⁽¹⁾ As of 31 December 2019, the total commitment amount for all shareholders of 212 Capital Partners I Coöperatief U.A. which is classified as financial assets at fair value through other comprehensive income in Company's financials with 3.31% share rate, is USD 30,200,000. Until 2019, a commitment realization requested from 212 Capital Partners I Coöperatief U.A. and ÜNLÜ Yatırım Holding A.Ş. participated this call through payments made of USD 970,000 totally between January, 2011 and 20 January 2018 (January 31, 2018: Until 2018, a commitment realization requested from 212 Capital Partners I Coöperatief U.A. and ÜNLÜ Yatırım Holding A.Ş. participated this call through payments made of USD 970,000 totally between January 2011 and 20 January 2018. The Group uses the cost method as a method for determining the fair value if there is not sufficient recent information about the measurement of the fair value or if the fair value can be measured by more than one method and among these methods, the cost method reflects the fair value estimation in the best way) (Note 16).

Long term financial investments

	31 December 2019	31 December 2018
Financial assets at fair value through other comprehensive income		
Shares certificate not listed on the stock market	1,517,254	2,651,763
-Borsa İstanbul A.Ş. ("BİST") ⁽¹⁾	1,517,254	1,517,254
-UNLU Securities UK Limited ⁽²⁾	--	1,134,509
Total	1,517,254	2,651,763

- ⁽¹⁾ The shares are not subject to valuation since the price has not been announced by Borsa İstanbul AŞ in the current period.

- ⁽²⁾ As of 31 December 2018, the Company has a new subsidiary called "UNLU Securities UK Limited" which is not operational. UNLU Securities UK Limited was established in London on 20 June 2018. As of 31 December 2019, the Company's capital is GBP 640,000. As of 31 December 2018, the Company has been classified under financial investments in the consolidated financial statements since it has not yet completed its operational permit and could not become operational. As of 14 February 2019, the Company obtained an operating license and treated as subsidiary.

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7 INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Investments in associates

	31 December 2019	31 December 2018
ÜNLÜ LT ⁽¹⁾	23,002,892	18,546,063
Total	23,002,892	18,546,063

⁽¹⁾ As of 31 December 2019, TAIL's commitment amount in ÜNLÜ LT Investments Limited Partnership, which is classified as investments valued with the equity method in TAIL's financials, is USD 6,000,000 (2018: USD 6,000,000) corresponding to 4.76% (2018: 4.76%) of total commitments. TAIL has made total payments of USD 5,166,666 as of 31 December 2019 (2018: USD 5,166,666) (Note 16).

		31 December 2019	31 December 2018
Associates	Main activity	Share %	Share %
ÜNLÜ LT	Private equity	4.76	4.76

Summary of the financial information on ÜNLÜ LT is provided below:

	31 December 2019	31 December 2018
Financial investments	472,734,775	380,592,912
Cash and cash equivalents	10,476,172	9,154,247
Other assets	77,240	--
Trade and other payables	(341,520)	(279,856)
Net assets	482,946,667	389,467,303

Share in net assets of the associate	23,002,892	18,546,063
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Total share of the Company in the net assets of the subsidiaries	23,002,892	18,546,063
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	1 January - 31 December 2019	1 January - 31 December 2018
Increase/(decrease) in value of financial assets	91,208,930	(31,783,761)
Other income/(expense)	(394,273)	4,073,251
Net income/(loss) for the period	90,814,657	(27,710,510)

	1 January - 31 December 2019	1 January - 31 December 2018
At the beginning of the period	18,546,063	13,124,219
Share of the profit/(loss)	4,322,778	(1,319,020)
Additional share acquisition	134,051	6,740,864

Total change in the associate in accordance with equity method	4,456,829	5,421,844
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Period end	23,002,892	18,546,063
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8

TRADE RECEIVABLES AND PAYABLES

	31 December 2019	31 December 2018
Short term trade receivables		
Receivables to be liquidated ⁽¹⁾	182,098,126	154,480,174
Receivables on consultancy services	1,463,189	1,685,566
<i>Receivables on consultancy services</i>	<i>1,463,189</i>	<i>1,685,566</i>
<i>Doubtful trade receivables</i>	<i>1,633,065</i>	<i>1,566,980</i>
<i>Expected credit loss</i>	<i>(1,633,065)</i>	<i>(1,566,980)</i>
Receivables from customers on credit ⁽²⁾	30,582,531	25,088,917
Receivables from leveraged buy and sell transactions	1,295,006	6,781,780
Trade receivables due from related parties (Note 4)	2,409,271	2,090,032
Other	437,820	272,961
Total	218,285,943	190,399,430

⁽¹⁾ Loans and receivables of Istanbul Varlık, subsidiary of the Company, are recorded to financial statements at their amortized values by using collection expectations through effective interest method. As of 31 December 2019, net amount of the receivables to be liquidated in the Group's consolidated statement of financial position; equals to the actual receivable balances resulting from the Group's activities. The Group bought non-performing loan portfolios amounting to TL 3,421,387,000 from banks and other financial institutions operating within Turkey for TL 299,706,572. As of 31 December 2019, the carrying value of non-performing loans is TL 182,098,126 and no impairment identified (31 December 2018: TL 154,480,174).

⁽²⁾ As of 31 December 2019, the interest rate applied by The Group to the loans given to the customers is between 28.38% and 14.38% (31 December 2018: 42.51%-27.00%). As of 31 December 2019, the Group has received a collateral amounting to TL 101,584,217 which is the fair value of the loans granted by the customers (31 December 2018: TL 64,449,115).

Movement of expected credit losses for doubtful accounts is as follows:

	31 December 2019
Expected credit losses	
Beginning of the period	1,566,980
Collections in the period	--
Provision amount for the period	66,085
End of the period	1,633,065
	31 December 2018
Beginning of the period	134,438
Collections in the period	(88,924)
Provision amount for the period	1,521,466
End of the period	1,566,980

	31 December 2019	31 December 2018
Short term trade payables		
Miscellaneous payables	1,187,301	2,593,782
Other trade payables	48,146	656,961
Total	1,235,447	3,250,743

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9 OTHER RECEIVABLES AND PAYABLES

	31 December 2019	31 December 2018
Short term other receivables		
Guarantees given to Trade Tech Alpha LTD and IG Markets LTD	15,488,185	39,762,639
Other deposits and guarantees given	10,030,665	4,874,674
Guarantees given to Derivatives Market	628,318	655,357
Other receivables due from related parties (Note 4)	243,432	313,543
Other	33,249	150,004
Total	26,423,849	45,756,217

Other long term receivables

Deposits and guarantees given	142,729	125,324
Total	142,729	125,324

	31 December 2019	31 December 2018
Other short term payables		
Other payables to suppliers	3,946,524	1,909,232
Value Added Tax payables ("VAT")	606,388	399,700
Other payables to related parties (Note 4)	281,001	--
Other	134,299	69,378
Total	4,968,212	2,378,310

	31 December 2019	31 December 2018
Short term liabilities for employee benefits		
Tax and fund payables	4,426,238	6,576,972
Social security premium payables	1,046,190	947,391
Payables to employees (Note 4)	1,096,798	219,453
Total	6,569,226	7,743,816

10 PREPAID EXPENSES

	31 December 2019	31 December 2018
Short term prepaid expenses		
Advances given ⁽¹⁾	8,123,491	5,065,859
Prepaid expenses ⁽²⁾	3,814,541	512,155
Total	11,938,032	5,578,014

⁽¹⁾ Advances given consists of work advances given to lawyers whom following cases related to non-performing loans.

⁽²⁾ Prepaid expenses consists of information technologies and broadcasting expenses regarding following months.

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11 OTHER ASSETS AND LIABILITIES

	31 December 2019	31 December 2018
Other current assets		
Deposits given	887,663	1,052,372
Total	887,663	1,052,372
Other short term liabilities		
Expense accruals ⁽¹⁾	1,872,788	1,888,098
Other	49,717	--
Total	1,922,505	1,888,098

⁽¹⁾ Expense accruals consists of return of found management fees.

12 ASSETS HELD FOR SALE AND DISPOSAL GROUPS

	31 December 2019	31 December 2018
Assets held for sale ⁽¹⁾	3,531,140	3,105,054
Disposal groups ⁽²⁾	41,189,917	46,121,636
Total	44,721,057	49,226,690

⁽¹⁾ TL 3,531,140 of assets held for sale consists of the vehicles and real estates acquired during the collection of loans by İstanbul Varlık (31 December 2018: TL 3,105,054).

⁽²⁾ SU Turkish Private Equity Opportunities I, S.C.A., SICAR ("SICAR")'s term was expired as of 31 December 2018, which was accounted as assets held for sale in previous years. The term of the SICAR is extended until the end of 31 December 2019 with duration for a maximum of two year period and it is into liquidation process as of 31. December 2019. Considering that the SICAR has a limited term, it is reclassified under assets held for sale and disposal groups in the financial statements dated 31 December 2018 as its stated in note 2.C and still holding.

Movement of assets held for sale and disposal groups is as follows:

	31 December 2019	31 December 2018
Assets held for sale and disposal groups		
Beginning of the period	49,226,690	2,859,441
Sales made during the period	--	--
Purchases during the period	426,085	245,613
Impairment	(4,931,718)	--
Transfer ⁽¹⁾	--	46,121,636
Total	44,721,057	49,226,690

⁽¹⁾ Since SICAR is expected to complete its activities within the expected period, the related amount is classified under "Assets classified as held for sale and groups of assets to be disposed of" on the financial statements dated 31 December 2018.

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13 FINANCIAL LIABILITIES

	31 December 2019	31 December 2018
Short term financial liabilities		
Borrowings	171,100,404	105,335,166
Financial liabilities due to related parties (Note 4)	15,664,809	22,849,608
Reserve collaterals for leveraged buy and sell transactions	6,619,058	15,876,271
Structured debt instruments ("SDI") ⁽¹⁾	2,483,599	10,872,966
Financial lease obligations	2,162,067	394,610
Payables to Money Markets ⁽²⁾	--	22,313,274
Total	198,029,937	177,641,895

Long term financial liabilities

Financial liabilities due to related parties (Note 4)	27,407,166	27,642,068
Financial lease obligations	2,689,382	--
Borrowings	--	37,028,830
Total	30,096,548	64,670,898

⁽¹⁾ Within the scope of issue certificate dated 26 September 2019 approved by CMB on 26 September 2019 and decision numbered 53/1250, the details of issued SDI's with given permission of Bonds/Bills and structured debt instruments issuance which is planned as will be issued until one year to qualified investors up to TL 150,000,000 (Hundred million Turkish Liras) by the Group's subsidiary ÜNLÜ Menkul Değerler A.Ş. are as follows:

⁽²⁾ As of 31 December 2019, there is no payables to Money Markets (31 December 2018: payables to Money Markets have maturity less than one month and interest rate is 23.65%).

ISIN Code	Issue date	Issued nominal amount	Book value	Redemption date	Sales method	Coupon period
TR0DUUM017E4	26 September 2019	2,465,000	2,483,599	15 January 2020	Qualified investor	Paid at maturity
Total		2,465,000	2,483,599			

Details of borrowings are as follows:

	31 December 2019			31 December 2018		
Currency of borrowings	Original amount	Amount in TL	Interest rate (%)	Original amount	Amount in TL	Interest rate (%)
TL	171,100,404	171,100,404	15.15-32.75	142,363,996	142,363,996	16.95-25.38
USD	7,250,930	43,071,975	4.25	9,597,536	50,491,676	4.18
Total		214,172,379			192,855,672	

Details of financial lease obligations are as follows:

	31 December 2019	31 December 2018
Financial lease obligations		
Up to 1 year	2,162,067	394,610
1 to 3 years	2,689,382	--
Total	4,851,449	394,610

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14 PROPERTY AND EQUIPMENT

31 December 2019	Office equipment	Furniture and fixtures	Other tangible asset	Leasehold improvements	Right of use⁽¹⁾	Total
Net book value, 1 January 2019	1,991,315	382,761	371,527	961,782	7,298,473	11,005,858
Additions	956,120	2,356,442	--	1,212,237	--	4,524,799
Disposals (net)	(8,432)	--	--	--	--	(8,432)
Depreciation charge	(586,565)	(364,812)	(81,772)	(217,040)	(3,347,541)	(4,597,730)
Net book value	2,352,438	2,374,391	289,755	1,956,979	3,950,932	10,924,495
Cost	7,492,349	5,951,668	628,666	3,202,796	7,298,473	24,573,952
Accumulated depreciation	(5,139,911)	(3,577,277)	(338,911)	(1,245,817)	(3,347,541)	(13,649,457)
Net book value	2,352,438	2,374,391	289,755	1,956,979	3,950,932	10,924,495
31 December 2018	Office equipment	Furniture and fixtures	Other tangible asset	Leasehold improvements	Right of use	Total
Net book value, 1 January 2018	1,850,414	547,553	221,781	1,223,695	--	3,843,443
Additions	819,663	95,460	188,463	41,130	--	1,144,716
Disposals (net)	--	--	--	--	--	--
Depreciation charge	(678,762)	(260,252)	(38,717)	(303,043)	--	(1,280,774)
Transfers	--	--	--	--	--	--
Net book value	1,991,315	382,761	371,527	961,782	--	3,707,385
Cost	6,545,134	3,467,827	665,133	3,726,722	--	14,404,816
Accumulated depreciation	(4,553,819)	(3,085,066)	(293,606)	(2,764,940)	--	(10,697,431)
Net book value	1,991,315	382,761	371,527	961,782	--	3,707,385

⁽¹⁾ Consist of right of use of buildings and vehicles are related to financial lease subject to TFRS 16 Leases standart.

As at 31 December 2019 and 2018, there is no restriction or mortgage on the Group's tangible assets.

15 INTANGIBLE ASSETS

A. OTHER INTANGIBLE ASSETS

	1 January 2019	Additions	Disposals	31 December 2019
Cost	4,447,568	509,040	--	4,956,608
Accumulated amortization	(3,024,501)	(745,085)	--	(3,769,586)
Net book value	1,423,067	(236,045)	--	1,187,022
	1 January 2018	Additions	Disposals	31 December 2018
Cost	3,766,339	681,229	--	4,447,568
Accumulated amortization	(2,341,948)	(682,553)	--	(3,024,501)
Net book value	1,424,391	(1,324)	--	1,423,067

As at 31 December 2018 and 2017, the Group does not have any internally generated intangible assets.

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15 INTANGIBLE ASSETS (Continued)

B. GOODWILL

Goodwill in accounting is an intangible asset that arises when a buyer acquires an existing business. Goodwill represents assets that are not separately identifiable. Under TFRS, goodwill is never amortized, because it is considered to have an indefinite useful life. Instead, management is responsible for valuing goodwill every year and to determine if an impairment is required. Impairment provisions in goodwill are not canceled. Gains or losses resulting from the disposal of the business also include the book value of the goodwill associated with the business sold.

- i. The transfer of ÜNLÜ Menkul Değerler A.Ş.'s 142,216,490 units of shares of a total of 179,399,700 units of shares with a value of 1 (one) kurus each, that constitutes 53% of the Company, that is owned by Standard Bank London Holdings Limited on 2012, and 59,033,300 units of shares which constitute 22% of the Company with a value of 1 (one) kurus each owned by Mahmut Levent Ünlü, to ÜNLÜ Yatırım Holding A.Ş. (formerly known as "ÜNLÜ Finansal Yatırımlar A.Ş.") 94.51% of whose shares are owned by Mahmut Levent Ünlü, via the share transfer agreement dated 10 April 2012 was approved by CMB on 29 August 2012.

The Company became controlling shareholder by buying 268,333,000 units of shares of ÜNLÜ Menkul which constitutes 53% of ÜNLÜ Menkul's total nominal value of 142,216,490 shares, from Standard Bank London Holdings as of 30 October 2012.

- ii. As of 1 November 2012, the Company purchased 100% of UNLU Alternative Asset Management that constitutes 6,686 units of shares by acquiring 3,615 units of shares that constitutes 67% from Standard Bank PLC, 2,199 units of shares that constitute 22% from Mahmut Levent Ünlü, and remaining 1,115 units of shares that constitute 11% from three different shareholders.
- iii. As of 24 August 2015, ÜNLÜ Yatırım Holding A.Ş. acquired 250,000,000 shares of ÜNLÜ Menkul each having 1 Kurus ("Kr") nominal value to TL 2,500,000 which constitute of 25% the Company from Standard Bank Group Limited through a share transfer agreement and owned the whole of ÜNLÜ Menkul.

The acquisition transaction is accounted in consolidated financial statements by purchasing method in accordance with TFRS 3 Business Combinations Standard. As a result of the related recognition, goodwill amounting to TL 29.198.326 was recognized in the consolidated financial statements.

The Group applies an impairment test to the assets recorded as goodwill items on each 31 December. The impairment test is based on a 6-year TRY based projection between 1 January 2020 and 31 December 2025. Five-year discount rate used in future cash flow estimations has been determined as 20% in the calculation model of the fair value. As of 31 December 2019, the Group reviewed its valuation methods, analysed future revenue expectations and applied goodwill impairment test on these expectations using discounted cash flow method, with the conclusion to that no impairment has been identified.

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16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

(i) Short term provisions

	31 December 2019	31 December 2018
Provisions for lawsuits ⁽¹⁾	1,313,242	1,418,109
Total	1,313,242	1,418,109

⁽¹⁾ As of 31 December 2019 provisions for lawsuits amounting to TL 1,313,242 (31 December 2018: TL 1,418,109) consists of provisions for reemployment lawsuits.

Provision for lawsuits movement for the period ended 31 December 2019 and 2018 is as follows:

	31 December 2019	31 December 2018
Provision for lawsuits		
Beginning of the period	1,418,109	1,229,408
Provision for the period	74,784	188,701
Reversal provision for the period	(179,651)	--
End of the period	1,313,242	1,418,109

(ii) Assets kept on behalf of customers

	31 December 2019	31 December 2018
Investment funds	2,109,954,056	2,527,614,265
Common stocks	1,795,110,601	1,812,225,013
Private sector cooperate bond, treasury bills and government bonds	178,325,000	194,420,000
Structured debt instruments	6,875,000	600,000
Eurobond	7,061,000	4,335,000
Warrant	89,947	17,300

(iii) Letter of guarantees given

	31 December 2019	31 December 2018
Istanbul Settlement and Custody Bank Inc, money market deposit	31.000.000	26.500.000
Collateral provided to IG Markets LTD for the leverage trading	8.910.300	7.891.350
Collateral provided to courts and directorate of bailiff and execution	819.064	819.064
Collateral given to Turk Telekomunikasyon A.Ş.	18.200	18.200
Collateral for CMB brokerage operations	1.776	1.776
Transaction collateral for ISE bonds and bills market	--	750.000
İstanbul Takas ve Saklama Bankası A.Ş. Merkezi collateral guarantee	--	12.000.000

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16 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

(iv) Securities given as collaterals

	31 December 2019		31 December 2018	
	Nominal value	Fair value	Nominal value	Fair value
CMB	--	--	3,512,956	5,462,703
Total	--	--	3,512,956	5,462,703

(v) Contingent liabilities

As of 31 December 2019, the total commitment of 212 Capital Partners I Coöperatief U.A., which is classified as financial assets at fair value through other comprehensive income with a share of 3,31%, is USD 30,200,000 for all shareholders to raise in the future periods. Within the year 2019, 212 Capital Partners I Coöperatief U.A. made a commitment payment and ÜNLÜ Yatırım Holding A.Ş. started to payment in January 2011 until 20 January 2018 totally USD 970,000 (December 31. 2018: 212 Capital Partners I Coöperatief U.A. made a commitment payment and ÜNLÜ Yatırım Holding A.Ş. started to payment in January 2011 until 20 January 2018 totally USD 970,000).

As of 31 December 2019, TAIL's commitment amount in ÜNLÜ LT Investments Limited Partnership, which is classified as investments valued with the equity method in TAIL's financials, is USD 6,000,000 (2018: USD 6,000,000) corresponding to 4.76% (2018: 4.76%) of total commitments. TAIL has made total payments of USD 5,166,666 as of 31 December 2019 (Note 7) (2018: USD 5,166,666) (Note 6).

17 CONTINGENCIES AND COMMITMENTS

Explanations regarding derivatives

31 December 2019						
Contract definition		Maturity	Position	Number of contracts	Settlement price	Nominal value
F_USDTRY0120 (LONG) (Future)		31 January 2020	Long	900	6.0007	5,400,630
F_USDTRY0220 (LONG) (Future)		31 January 2020	Long	1000	6.0376	6,037,775
Net pozisyon						11,438,405
31 December 2018						
Contract definition		Maturity	Position	Number of contracts	Settlement price	Nominal value
F_USDTRY0119 (SHORT) (Future)		31 January 2019	Short	65	5.38	349,590
O_USDTRYKE0119C5700 (SHORT) (Future)		31 January 2019	Short	182	65.40	11,903
Net position						361,493

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18

PROVISION FOR EMPLOYEE BENEFITS

	31 December 2019	31 December 2018
Short term employee benefits		
Bonus provision	3,035,137	7,969,306
Unused vacation provision	3,224,721	4,080,572
Total	6,259,858	12,049,878
Long term employee benefits		
Provision for employment termination benefits	1,359,717	2,308,106
Total	1,359,717	2,308,106

The Group declared that, within the scope of the amendments regarding bonus policy, it will give Group employees who had a performance bonus over a certain amount calculated in their names a pledged share certificate as an additional right, and regarding a separate agreement to be made with the Company and that this pledge will be removed by the Group on the condition that the requirements of the said agreement are met.

Provisions for employment termination benefits

The provision for employment termination benefits is reserved in line with the explanations below. Under the Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

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

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

The present value of the Group's probable liability is calculated using the assumptions in the following table.

	31 December 2019	31 December 2018
Discount rate (%)	3,86	5.00
Turnover rate to estimate the probability of retirement (%)	84,43	88.70

The basic assumption is that the determined value for every working year increases proportional to inflation. Using this assumption, the existing discount ratio shows the real ratio, unaffected by inflation. Therefore, the maximum amount of employment termination benefits of the Group is determined every six months and is calculated using the maximum amount of TL 6,380 which is valid since 1 July 2019 (31 December 2018: TL 5,434).

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18 PROVISION FOR EMPLOYEE BENEFITS (Continued)

Provisions for employment termination benefits (Continued)

Movements in the bonus provision for the year ended 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Beginning of the period	7,969,306	4,463,970
Change during the period	3,035,137	7,969,306
Disposals from subsidiaries sales transaction (-)	(7,969,306)	(4,463,970)
End of the period	3,035,137	7,969,306

Movements in the provision for unused vacation for the year ended 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Beginning of the period	4,080,572	3,048,248
Provision during the period	75,490	1,412,159
Payment during the period (-)	(931,341)	(379,835)
End of the period	3,224,721	4,080,572

Movements in the provision for employment termination benefits for the year ended 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Beginning of the period	2,308,106	1,637,521
Service cost	431,059	318,686
Interest cost	308,094	249,150
Actuarial gain/(loss)	(548,955)	558,856
Transfers	--	(128,259)
Payment during the period (-)	(1,138,587)	(327,848)
End of the period	1,359,717	2,308,106

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19 SHAREHOLDERS' EQUITY

Share capital

As of 31 December 2019 and 2018, share capital structure of the parent Company is as follows:

Name of the shareholder	31 December 2019		31 December 2018	
	Amount (TL)	Share (%)	Amount (TL)	Share (%)
Mahmut Levent Ünlü	116,104,446	84.2981	116,104,446	84.2981
The Wellcome Trust Ltd. as Trustee of the Wellcome Trust	13,498,188	9.8004	13,498,188	9.8004
Standard Bank Group Ltd.	6,078,838	4.4136	6,078,838	4.4136
ÜNLÜ Yatırım Holding A.Ş.	717,843	0.5212	417,158	0.3029
Simge Ündüz ⁽¹⁾	343,943	0.2497	306,860	0.2228
Tahir Selçuk Tuncalı ⁽¹⁾	340,251	0.2470	145,131	0.1054
İbrahim Romano ⁽¹⁾	230,405	0.1673	190,045	0.1380
Can Ünalın ⁽¹⁾	172,010	0.1249	283,821	0.2061
Utku Özay ⁽¹⁾	54,421	0.0395	9,071	0.0066
Ayşe Akkın Çakan ⁽¹⁾	45,350	0.0329	27,212	0.0198
Cevdet Uygur Aksoy ⁽¹⁾	36,300	0.0263	27,212	0.0198
Sema Arın ⁽¹⁾	36,282	0.0263	27,212	0.0198
Mustafa Sönmez ⁽¹⁾	36,281	0.0263	18,141	0.0132
Mediha Esra Korkmazarslan ⁽¹⁾	36,280	0.0263	27,212	0.0198
Kamil Atilla Köksal ⁽²⁾	4	0.0000	4	0.0000
Kağan Çevik	--	--	165,881	0.1204
Tunç Yıldırım	--	--	160,006	0.1162
Mehmet Sait Sezgin	--	--	113,728	0.0826
Mehmet Batur Özyar	--	--	85,322	0.0619
Tuncay Kuli	--	--	27,212	0.0198
Burak Dedeler	--	--	9,071	0.0066
Kemal Kerem Gökten	--	--	9,071	0.0066
Total	137,730,842	100.00	137,730,842	100.00

⁽¹⁾ With Decision No. 6, dated 22 January 2014, new amendments regarding the Company's bonus policy for the company-employee relationships of ÜNLÜ Yatırım Holding A.Ş. were declared and will be valid as of and after 1 January 2014. The main purpose of the new policy, called a long term incentive procedure, is to sustain employee motivation and loyalty to the Group and their continued contribution to corporate targets with remuneration and reward policies.

Within this framework, for employees whose total gross bonus amounted to USD 300,000 or higher at the end of the said performance year, the Group pays 65% of said amount, and for employees whose total gross bonus amount calculated at the end of said performance year is between USD 150,000 and USD 299,999, the Group pays 75% of the said amount in cash by the end of March of the year following the performance year, as a success bonus by the subsidiaries of the Company. The remaining 35% and 25% of the total gross bonus amounts are paid in cash, in accordance with the separate share purchase agreement made between ÜNLÜ Yatırım Holding A.Ş. and Group employees on behalf of the employees who were entitled to this performance bonus as an additional right, on the condition that the new shares which are issued by ÜNLÜ Yatırım Holding A.Ş. and has a pledge of the Company over them, are purchased.

Within this scope, in 2019 the Company repurchase 1,128,395 shares worth TL 5,302,944 on behalf of Group employees and issues 947,070 shares worth TL 3,545,290, within the scope of the bonus policy mentioned above. However, the Company's obligation to deliver these pledged shares to the employees that these shares are registered on behalf of will only arise within the scope of the requirements and when the loyalty period ends. As per the same agreement, the Company has the right to pay the current market value of the shares as of the delivery date to the employees who are entitled to these shares, instead of delivering them the shares.

⁽²⁾ Shares of the Company shareholder Kamil Atilla Köksal, which have a nominal value of TL 1, are not within the scope of the bonus policy described above.

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19 SHAREHOLDERS' EQUITY (Continued)

Share capital (Continued)

With the decision of the Ordinary General Assembly dated 4 September 2012, the capital of ÜNLÜ Yatırım Holding A.Ş. (formerly known as "ÜNLÜ Finansal Yatırımlar A.Ş.") was raised to TL 32,000,000 from TL 50,000. Capital increase had been fully covered by Mahmut Levent Ünlü. This capital increase decision had been registered on 11 September 2012 and published on Trade Registry Gazette numbered 8154 dated 17 September 2012.

As a result of the Ordinary General Assembly meeting held on 23 May 2014, the paid-in capital of the Company was increased from TL 32,000,000 to TL 32,153,606, and Article 6 of the Company's Articles of Association was changed. This capital increase was made by issuing shares at a premium, Mahmut Levent Ünlü and Kamil Attila Köksal waived their pre-emptive rights. This capital increase decision had been registered on 3 June 2014 and published on Trade Registry Gazette numbered 8586 dated 9 June 2014.

As a result of the Ordinary General Assembly meeting held on 29 September 2015, the paid-in capital of the Company was increased from TL 32,153,606 to TL 32,182,966 and Article 6 of the Company's Articles of Association was changed. This capital increase was made by issuing shares at a premium, and Mahmut Levent Ünlü, İbrahim Romano, Tahir Selçuk Tuncalı, Kamil Attila Köksal, Kağan Çevik, Tunç Yıldırım, Mehmet Batur Özyar, Vedat Mizrahi and Mehmet Sezgin waived their pre-emptive rights. This capital increase decision had been registered on 30 September 2015 and published on Trade Registry Gazette numbered 8918 dated 5 October 2015.

As a result of the Ordinary General Assembly meeting held on 20 October 2015, the paid-in capital of the Company was increased from TL 32,182,966 to TL 33,858,378 and Article 6 of the Company's Articles of Association was changed. Excess of TL 1,675,412 increased in capital total amount of TL 22,732,588 was added to the statutory reserves as share premium. In this capital increase, all current shareholders of the Company waived their pre-emptive rights, and all of the increase amount was paid by Standard Bank Group Ltd. This capital increase decision had been registered on 21 October 2015 and published on Trade Registry Gazette numbered 8934 dated 27 October 2015.

As a result of the Extraordinary General Assembly held on 12 February 2016, the paid-in capital of the Company increased from TL 33,858,378 to TL 37,578,666 and the 6th article of the Company's Articles of Association which is related with capital was changed. All of the capital increase is paid by The Wellcome Trust Limited as Trustee of the Wellcome Trust. The portion pledged by The Wellcome Trust Limited as Trustee of the Wellcome Trust and exceed TL 3,720,288 of the capital amounting to TL 48,455,772 is paid in cash and fully by The Wellcome Trust Limited as Trustee of the Wellcome Trust has been added to the legal reserves as a stock premium.

The shareholders of the company Standard Bank Group Limited, Mahmut Levent Ünlü, Kağan Çevik, Tunç Yıldırım, Mehmet Batur Özyar, Simge Ündüz, Can Ünalın, İbrahim Romano, Tahir Selçuk Tuncalı, Vedat Mizrahi, Hakan Ansen, Mehmet Sait Sezgin, Demet Kargın and Kamil Attila Köksal were not included in the capital increase by giving up their privileged rights. This capital increase decision had been registered on 17 February 2016 and published on Trade Registry Gazette numbered 9017 dated 23 February 2016.

As a result of the Ordinary General Assembly meeting of 2015 held on 29 June 2016, the Company's paid-in capital was increased from TL 37,578,666 to TL 37,663,341 and the article 6 of the Company's Articles of Association was amended. This capital increase decision had been registered on 13 July 2016 and published on Trade Registry Gazette numbered 9118 dated 19 July 2016.

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19 SHAREHOLDERS' EQUITY (Continued)

Share capital (Continued)

As a result of the Ordinary General Assembly meeting of 2016 held on December 19, 2017, the Company's paid-in capital was increased from TL 37,663,341 to TL 37,960,531 and the article 6 of the Company's Articles of Association was amended. This capital increase decision had been registered on 20 December 2017 and published on Trade Registry Gazette numbered 9481 dated 26 December 2017.

As a result of the Ordinary General Assembly meeting of 2017 held on December 25, 2018, the Company's paid-in capital was increased from TL 37,960,531 to TL 137,730,842 and the article 6 of the Company's Articles of Association was amended. This capital increase decision has been registered on 27 December 2018 and published on Trade Registry Gazette numbered 9737 dated 3 January 2019. The entire amount of the increase is comprised of the freely available internal resources in the financial statements of the Company, the funds allowed by the legislation to be added to the capital, and the extraordinary reserves.

Share premium

As of 31 December 2019, the shareholding rights acquired related to the above-mentioned premium system are recognized on an accrual basis. As a result of the Ordinary General Assembly meeting of 2017, the paid-in capital of the Company has been increased from TL 37,960,531 to TL 137,730,842. TL 75,239,607 of the increase amount has been classified as capital.

Repurchased shares

The Company re-purchases its own shares that it sold to the group employees who deserve under the "Long Term Incentive Procedure" from the shareholders. These shares are referred to as repurchased shares by the Group. Amounts related to these transactions are presented in the "Change due to repurchase transactions" in the consolidated statement of changes in equity. In case the shares recorded as capital are bought back, the purchase price including the amount of the costs associated with the repurchase after deducting the tax effect is recognized as a decrease in equities.

The fair value of the repurchased shares is TL 4,020,977 as of the statement of financial position (31 December 2018: TL 2,263,322).

Other comprehensive income

Due to on TAS 19 standard, the Group has actuarial loss amounting to TL 331,168 (31 December 2018: TL 107,996 actuarial gain) of net tax comes from employee termination benefit provision.

Currency translation profit amounting to net TL 36,037,396 (31 December 2018: TL 33,813,485 currency translation profit) which is booked to "Currency translation differences" under shareholders' equity is due to exchange of equity items of the subsidiaries subject to consolidation with period-end closing exchange rates and profit and loss items with annual average exchange rates. TL 27,144,601 of foreign currency translation differences consists of foreign exchange increases occurring in SICAR Fund (31 December 2018: TL 27,144,601). The relevant amount will be classified in the income statement of the period as of the date the fund is liquidated.

Retained earnings

As of 31 December 2019, retained earnings of the Group are TL 19,878,140 (31 December 2018: TL 24,591,576).

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20 SALES AND COST OF SALES

	1 January – 31 December 2019	1 January – 31 December 2018
Sales	1,834,162,556	1,705,175,527
Sales of government bonds	1,467,118,899	1,069,142,060
Sales of common stocks	307,249,650	513,094,746
Sales of financial bonds	52,382,600	107,906,529
Consultancy income	5,542,963	10,650,167
Sales of investment funds	1,531,158	4,310,275
Sales of lease certificates	252,186	--
Covered warrants	85,100	71,750
Service income	181,698,750	148,117,667
Interest income from loans ⁽¹⁾	105,647,586	62,094,092
Domestic corporate finance income	33,759,690	36,456,880
Commission on sales of common stocks	8,332,421	31,478,446
Profit due from forex transactions	4,270,289	6,238,202
Foreign corporate finance income	12,838,617	3,183,519
Commission on Viop transactions	3,417,154	1,398,466
Commission on customer derivative transactions	2,927,447	183,086
Portfolio management income	3,246,857	1,198,019
Commission on custody transactions	745,540	1,063,482
Repo and reverse repo commission	793,273	58,031
Other service income	5,719,876	4,765,444
Deductions from services income (-)	(1,936,982)	(43,220)
Commission expense (-)	(1,634,544)	--
Sales returns (-)	(302,438)	(43,220)
Financial sector operations income	2,013,924,324	1,853,249,974
Cost of government bonds (-)	(1,464,824,625)	(1,067,929,126)
Cost of common stocks (-)	(307,540,435)	(513,442,924)
Cost of financial bonds (-)	(52,033,383)	(107,310,788)
Cost of investment funds (-)	(1,206,174)	(3,726,192)
Cost of consulting services personnel (-)	(21,169,671)	(7,088,654)
Cost of lease certificates (-)	(252,186)	--
Financial sector operations cost (-)	(1,847,026,474)	(1,699,497,684)
Gross profit from financial sector operations	166,897,850	153,752,290

⁽¹⁾ The interest income from loans has been composed of collections from receivables to be liquidated of the Company's direct subsidiary, İstanbul Varlık. Interest expenses on borrowings which are used for financing of these receivables to be liquidated are classified under financial expense (Note 24).

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21 EXPENSES BY NATURE

	1 January – 31 December 2019	1 January – 31 December 2018
Marketing, sales and distribution expenses		
Marketing and distribution expenses	5,733,406	3,152,931
Representation expenses	789,446	195,627
Advertisement and publicity expenses	768,721	795,503
Total	7,291,573	4,144,061
General administrative expenses		
Personnel expenses	76,466,838	66,497,554
Attorney, consultancy and audit expenses	14,137,851	17,751,360
Tax and sundry expenses	13,343,653	8,663,633
Depreciation and amortization expenses (Note 14 and 15)	5,342,815	1,963,327
Data line rental expense	4,656,008	4,407,154
Information technology expenses	2,329,354	1,900,545
Office building administrative expenses	1,655,010	1,158,075
Travel expenses	1,588,623	2,731,045
Communication expenses	1,313,957	1,041,687
Rent expenses	1,089,218	3,670,175
Vehicle expenses	150,629	654,351
Other general administrative expenses	5,315,878	6,557,863
Total	127,389,834	116,996,769

22 OTHER OPERATING INCOME AND EXPENSE

	1 January – 31 December 2019	1 January – 31 December 2018
Other operating income		
Reversal of prior period provisions	803,999	864,495
Social security premium grants	315,889	--
Other service income	501,108	717,467
Total	1,620,996	1,581,962
Other operating expense		
Provision for expected credit losses	66,085	1,521,466
Other	68,367	--
Total	134,452	1,521,466

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23 INCOMES AND EXPENSES FROM INVESTING ACTIVITIES

	1 January – 31 December 2019	1 January – 31 December 2018
Income from investing activities		
Dividend income	12,293,554	453,929
Total	12,293,554	453,929
Expense from investing activities		
Impairment loss	(4,931,718)	--
Total	(4,931,718)	--

24 FINANCIAL INCOMES AND EXPENSES

	1 January – 31 December 2019	1 January – 31 December 2018
Foreign exchange gain	35,455,777	60,020,423
Interest income	10,347,470	14,964,333
Derivative market operations income	4,761,384	1,719,486
Investment securities income rediscounts	3,658,587	1,777,276
Total	54,223,218	78,481,518

	1 January – 31 December 2019	1 January – 31 December 2018
Interest expenses ⁽¹⁾	38,792,348	27,157,835
Foreign exchange losses	32,525,113	48,447,595
Investment securities expense rediscounts	2,726,143	1,482,110
Interest expenses paid to Money Markets	1,872,356	1,646,560
Option trading expenses	1,685,043	3,747,269
Repo interest expenses	1,143,189	1,482,110
Issued debt instruments interest expenses	825,708	7,470,673
ViOB operations losses	309,052	1,102,370
Other financial expenses	1,196,779	703,689
Total	81,075,731	93,240,211

- (1) Interest expenses include TL 33,676,210 (31 December 2018: TL 23,797,043) of borrowing interest expenses that are used for financing of receivables to be liquidated of the Company's direct subsidiary İstanbul Varlık.

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25 TAX ASSETS AND LIABILITIES

Many clauses of the Corporate Tax Law No. 5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, the corporate tax rate in Turkey is payable at the rate of 20% (2018: 20%) for 2019. According to the regulation numbered 7061 published in the Official Gazette on December 5, 2017 with the "Law Amending Certain Tax Laws and Some Other Laws" is set at 22% to be applied to the corporate earnings of the tax years 2018, 2019 and 2020. In addition, the Council of Ministers was authorized to reduce the rate of 22% to 20%. According to the tax legislation, 20% (2018: 20%) of temporary tax is calculated and paid on the quarterly earnings and the amounts paid in this manner are deducted from the tax calculated on the annual earnings. In the event that the advance tax paid remains despite the indictment, this amount can be refunded or offset against other government liabilities.

The corporate tax rate is calculated on the total income of the companies after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed. Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years. However, with the amendment made by Law no:7061, this ratio has been raised from 75% to 50% in terms of immovable and this ratio will be used as 50% in tax declarations to be prepared from 2018.

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date. Tax returns are open for five years from the beginning of the year following the date of filing during which period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

	1 January – 31 December 2019	1 January – 31 December 2018
Current year tax expense	(1,157,383)	(3,392,455)
Deferred tax income/(expense)	(4,705,661)	3,701,962
Total tax income/(expense)	(5,863,044)	309,507

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25 TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the related deferred tax assets and liabilities as of 31 December 2019 and 31 December 2018, calculated using the enacted tax rates, are as follows:

	Temporary differences		Deferred tax assets/(liabilities)	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Tax deductible previous years' losses	30,766,627	59,212,207	6,639,410	13,003,607
Provision for employment termination benefit and vacation pay liability	4,584,438	5,971,674	969,528	1,267,875
Expense accruals	18,505	42,415	4,070	9,331
Lawsuit provision	1,313,242	1,395,530	262,649	307,017
ECL for doubtful receivables	1,633,065	1,566,980	326,613	344,736
Other	137,851	27,103	30,327	5,961
Deferred tax assets			8,232,597	14,938,527
Loans and receivables valuation differences	88,690,205	88,059,778	17,738,482	17,611,638
Profit from investments activities	31,171,429	39,885,364	6,857,714	8,774,778
Value increase in financial assets	5,012,214	1,357,543	902,954	271,509
Valuation differences in derivative instruments	1,524,954	553,011	335,490	121,662
Difference between tax base and carrying value of tangible and intangible assets	648,565	1,175,717	131,046	235,296
Other	424,842	37,527	93,018	8,255
Deferred tax liabilities			26,058,704	27,023,138
Net-off			(17,826,107)	(10,385,853)
Deferred tax assets			3,623,874	4,552,674
Deferred tax liabilities			21,449,981	16,637,285

Movement of deferred tax assets and liabilities as of 31 December 2019 and 2018 is as follows:

	2019	2018
Beginning of the period January, 1	(12,084,611)	(13,021,217)
Recongined in income statement	(4,705,661)	3,701,962
Recognised in other compnhensive income	(1,035,835)	(2,765,356)
End of the period December, 31	(17,826,107)	(12,084,611)

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25 TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of current tax expense and profit for the period is as follows:

	31 December 2019	31 December 2018
Profit/(loss) before tax	18,669,139	(4,979,864)
Theoretical income tax at the applicable tax rate of 22% (2018: 22%)	(4,107,211)	1,095,570
Current period tax losses on which no deferred tax is calculated	240,646	102,432
Recognition of previously unrecognised tax losses	(357,393)	(187,473)
Derecognition of previously recognised tax losses	(2,744,649)	(794,548)
Non-deductible expenses	(722,550)	(425,799)
Effect of change in tax rate and other	1,828,113	519,325
Current year tax expense	(5,863,044)	309,507

As of 31 December 2019, İstanbul Varlık, subsidiary to the Company, has TL 18,662,529 accumulated losses. As of 31 December 2019, tax deductible losses and last deduction dates of İstanbul Varlık are as follows:

	Carry forward tax losses⁽¹⁾	Last deduction date
2015	17,508,585	31 December 2020
2016	1,153,944	31 December 2021
Total	18,662,529	

⁽¹⁾ As of 31 December 2019, İstanbul Varlık calculated deferred tax asset amounting TL 4,083,000 over its financial losses amounting to TL 18,662,529.

As of 31 December 2019, ÜNLÜ Menkul Değerler, subsidiary to the Company, has TL 12,104,098 accumulated losses. As of 31 December 2019, tax deductible losses and last deduction dates of İstanbul Varlık are as follows:

	Carry forward tax losses⁽¹⁾	Last deduction date
2018	774,197	31 December 2023
2019	11,329,901	31 December 2024
Total	12,104,098	

⁽²⁾ As of 31 December 2019, ÜNLÜ Menkul Değerler calculated deferred tax asset amounting TL 2,556,410 over its financial losses amounting to TL 12,104,098.

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25 TAX ASSETS AND LIABILITIES (Continued)
Deferred tax that is not recognised in the financial statements

As of 31 December 2019, deferred tax asset calculated on deductible financial losses is calculated on the condition that it is probable that financial losses will be utilized by obtaining sufficient taxable profit in the near future and it is probable that financial losses will be eliminated.

As of 31 December 2019, Plato Finans subsidiary of the Company has TL 3,920,076 accumulated losses. As of 31 December 2019, Plato Finans's tax losses carried forward and last deduction date is as follows:

	Carry forward tax losses ⁽¹⁾	Last deduction date
2015	1,378,014	31 December 2020
2016	2,419,712	31 December 2021
2017	122,350	31 December 2022
Total	3,920,076	

⁽¹⁾ As of 31 December 2019, Plato Finans, had considered its work plan, and calculated that it will not utilize its financial loss in the following years, amounting to TL 3,920,076. Thus, deferred tax is not recognised on relating accumulated tax losses as of 31 December 2019 (31 December 2018: TL 5,222,330).

As of 31 December 2019, DU Finans subsidiary of the Company has TL 3,133,283 accumulated losses. As of 31 December 2019, DU Finans's tax losses carried forward and last deduction date is as follows:

	Carry forward tax losses	Last deduction date
2015	448,391	31 December 2020
2016	507,883	31 December 2021
2017	812,518	31 December 2022
2018	460,881	31 December 2023
2019	903,610	31 December 2024
Total	3,133,283	

⁽¹⁾ As of 31 December 2019, DU Finans, had considered its work plan, and calculated that it will not utilize its financial loss in the following years, amounting to TL 3,133,283. Thus, deferred tax is not recognised on relating accumulated tax losses as of 31 December 2019 (31 December 2018: TL 2,229,673).

As of 31 December 2019, Mena Finance, subsidiary of the Company, has TL 31,708 accumulated losses. As of 31 December 2019, Mena Finance's tax losses carried forward and last deduction dates are as follows:

	Carry forward tax losses ⁽¹⁾	Last deduction date
2016	3,465	31 December 2021
2017	23,526	31 December 2022
2018	4,717	31 December 2023
Total	31,708	

⁽¹⁾ As of 31 December 2019, Mena Finance, had considered its work plan, and calculated that it will not utilize its financial loss in the following years, amounting to TL 31,708. Thus, deferred tax is not recognised on relating accumulated tax losses as of 31 December 2019. (31 December 2018: TL 32,221).

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26 EARNINGS PER SHARE

Earnings per share are calculated through division of net profit to weighted average number of shares:

	31 December 2019	31 December 2018
Basic		
1. Profit from operations attributable to owners of the parent	12,710,493	(4,713,436)
2. Weighted average number of ordinary shares in issue	137,730,842	137,730,842
3. Earnings per share	0.092	(0.034)

27 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

(i) Information on credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

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27 FINANCIAL RISK MANAGEMENT (Continued)

(i) Information on credit risk (continued)

	Receivables					Financial investments ⁽²⁾
	Trade receivables		Other receivables			
31 December 2019	Related parties	Other parties	Related parties	Other parties	Bank deposits ⁽¹⁾	Financial investments ⁽²⁾
Maximum credit risk exposure as of the financial statements date (A+B+C+D)	2,409,271	215,876,672	243,432	26,180,417	82,118,642	18,024,020
Maximum credit risk under guaranteed through net collateral, or etc.						
A. Net carrying value of financial assets which are neither impaired nor overdue	2,409,271	217,509,737	243,432	26,180,417	82,118,642	18,024,020
B. Net carrying value of impaired assets collateralized portion of the net exposure	--	--	--	--	--	--
C. Net book value of assets exposed to impairment loss	--	1,633,065	--	--	--	--
- Overdue (gross book value)	--	--	--	--	--	--
- Impairment loss (-)	--	--	--	--	--	--
- The part under guaranteed through net collateral, or etc.	--	1,633,065	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--	--
- Impairment loss (-)	--	--	--	--	--	--
- The part under guaranteed through net collateral, or etc.	--	--	--	--	--	--
D. Off-balance sheet items exposed to credit risk	--	--	--	--	--	--

	Receivables					Financial investments ⁽²⁾
	Trade receivables		Trade receivables			
31 December 2018	Related parties	Other parties	Related parties	Other parties	Bank deposits ⁽¹⁾	Financial investments ⁽²⁾
Maximum credit risk exposure as of the financial statements date (A+B+C+D)	2,090,032	188,309,398	313,543	45,442,674	91,793,262	27,985,130
Maximum credit risk under guaranteed through net collateral, or etc.						
A. Net carrying value of financial assets which are neither impaired nor overdue	2,090,032	189,876,378	313,543	45,442,674	91,793,262	27,985,130
B. Net carrying value of impaired assets collateralized portion of the net exposure	--	--	--	--	--	--
C. Net book value of assets exposed to impairment loss	--	1,566,980	--	--	--	--
- Overdue (gross book value)	--	--	--	--	--	--
- Impairment loss (-)	--	--	--	--	--	--
- The part under guaranteed through net collateral, or etc.	--	1,566,980	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--	--
- Impairment loss (-)	--	--	--	--	--	--
- The part under guaranteed through net collateral, or etc.	--	--	--	--	--	--
D. Off-balance sheet items exposed to credit risk	--	--	--	--	--	--

⁽¹⁾ Money market operations receivables, VIOP warrants, receivables from reverse repo contracts and Type B liquid funds are included.

⁽²⁾ Share certificates are not included.

For the purpose of the table above, collaterals and other guarantees which increase the collectability of the financial asset are not taken into account.

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27 FINANCIAL RISK MANAGEMENT (Continued)

(ii) Information on liquidity risk

Liquidity risk is the inability of the Group to match the net funding requirements with sufficient liquidity. A decrease in funding sources mainly due to market instability or a decrease in credit risk results in liquidity risk. The Group manages the liquidity risk by maintaining sufficient cash and other liquid assets in order to fund the current and prospective debt requirements.

As at 31 December 2019, the Group have TL 3,209,997 receivables from derivative instruments and 1,685,043 payables from derivative instruments (31 December 2018: TL 553,011). The following table presents the cash flows payable by the Group under other financial liabilities according to their remaining contractual maturities as of 31 December 2019 and 31 December 2018:

31 December 2019	Carrying value	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Demand	Total contractual cash outflows
Financial liabilities	221,507,427	27,153,332	43,214,294	130,089,217	53,337,508	--	253,794,351
Trade payables	1,235,447	86,391	1,149,056	--	--	--	1,235,447
Other payables	6,890,717	2,820,827	4,069,890	--	--	--	6,890,717
Total	229,633,591	30,060,550	48,433,240	130,089,217	53,337,508	--	261,920,515
Financial derivative instruments	167,264,914	117,120,466	20,422,558	29,721,890	--	--	167,264,914
Total	396,898,505	147,181,016	68,855,798	159,811,107	53,337,508	--	429,185,429

31 December 2018	Carrying value	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Demand	Total contractual cash outflows
Financial liabilities	242,312,793	114,353,070	23,996,031	35,687,818	75,992,426	--	250,029,345
Trade payables	3,250,743	3,250,743	--	--	--	--	3,250,743
Other payables	12,010,224	1,059,962	--	10,950,262	--	--	12,010,224
Total	257,573,760	118,663,775	23,996,031	46,638,080	75,992,426	-	265,290,312
Financial derivative instruments	51,320,330	51,320,330	--	--	--	--	51,320,330
Total	308,894,090	169,984,105	23,996,031	46,638,080	75,992,426	--	316,610,642

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27 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Information on market risk

Foreign currency risk

Assets and liabilities denominated in foreign currency held by the Group as at 31 December 2019 and 31 December 2018 in original currency and total TL equivalents are as follows:

	31 December 2019				31 December 2018			
	TL equivalent	USD	EURO	GBP	TL equivalent	USD	EURO	GBP
Cash at banks	46,361,090	7,151,736	583,020	118	32,700,717	5,869,291	302,416	--
Trade receivables	1,690,600	65,180	195,985	--	2,645,474	256,241	206,974	7,482
Other assets	21,590,408	3,373,519	223,007	8,732	39,862,597	7,577,144	--	--
Total assets	69,642,098	10,590,435	1,002,012	8,850	75,208,787	13,702,676	509,390	7,482
Trade payables	44,988	--	--	5,785	982,027	--	--	147,611
Financial liabilities	46,000,537	7,465,710	198,501	42,767	50,555,837	9,597,536	--	9,644
Other liabilities	645,943	108,741	--	--	--	--	--	--
Total liabilities	46,691,468	7,574,451	198,501	48,552	51,537,864	9,597,536	--	157,255
Receivables from financial derivative instruments	178,836,608	13,969,340	14,133,665	239,000	--	--	--	--
Payables from financial derivative instruments	237,641,448	23,136,762	14,787,518	239,000	51,320,330	1,053,198	7,594,486	--
Off-balance sheet derivative instruments' net asset/(liability) position	(58,804,840)	(9,167,422)	(653,853)	--	(51,320,330)	(1,053,198)	(7,594,486)	--
Net foreign currency asset/(liability) position	(35,854,210)	(6,151,438)	149,658	(39,702)	(27,649,407)	3,051,942	(7,085,096)	(149,773)

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27 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Information on market risk (Continued)

Foreign currency risk (Continued)

Foreign currency sensitivity analysis

	Profit/loss		Shareholders' equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2019				
10% change in USD foreign currency rate				
1. USD net asset/(liability)	(3,654,078)	3,654,078	(3,654,078)	3,654,078
2. Hedged portion against USD risk (-)				
3. Net effect of USD (1+2)	(3,654,078)	3,654,078	(3,654,078)	3,654,078
10% change in EUR foreign currency rate				
4. EUR net asset/(liability)	99,531	(99,531)	99,531	(99,531)
5. Hedged portion against EUR risk (-)				
6. Net effect of EUR (4+5)	99,531	(99,531)	99,531	(99,531)
10% change in GBP foreign currency rate				
7- GBP net asset/(liability)	(30,875)	30,875	(30,875)	30,875
8- Hedged portion against GBP risk (-)				
9- Net effect of GBP (7+8)	(30,875)	30,875	(30,875)	30,875
TOTAL (3+6+9)	(3,585,422)	3,585,422	(3,585,422)	3,585,422
	Profit/loss		Shareholders' equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2018				
10% change in USD foreign currency rate				
1. USD net asset/(liability)	1,605,596	(1,605,596)	1,605,596	(1,605,596)
2. Hedged portion against USD risk (-)				
3. Net effect of USD (1+2)	1,605,596	(1,605,596)	1,605,596	(1,605,596)
10% change in EUR foreign currency rate				
4. EUR net asset/(liability)	(4,270,896)	4,270,896	(4,270,896)	4,270,896
5. Hedged portion against EUR risk (-)				
6. Net effect of EUR (4+5)	(4,270,896)	4,270,896	(4,270,896)	4,270,896
10% change in GBP foreign currency rate				
7- GBP net asset/(liability)	(99,641)	99,641	(99,641)	99,641
8- Hedged portion against GBP risk (-)				
9- Net effect of GBP (7+8)	(99,641)	99,641	(99,641)	99,641
TOTAL (3+6+9)	(2,764,941)	2,764,941	(2,764,941)	2,764,941

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27 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Information on market risk (Continued)

Interest rate risk

According to the daily market conditions, the Group invests its cash as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, reverse repurchase agreements, or bank deposits.

Interest rate profile

	31 December 2019	31 December 2018
Fixed rate financial instruments		
Financial assets		
Financial assets at fair value through profit or loss		
Investment securities held for trading	--	14,337,502
Eurobonds	2,316,867	--
Time deposits and receivables from reverse repurchase agreements	48,949,470	61,368,839
Financial liabilities		
Financial liabilities	179,478,623	142,758,606
Payables to Money Markets	--	22,313,274
Floating rate financial instruments		
Financial assets		
Financial assets at fair value through profit or loss		
Private sector bonds	7,088,647	7,865,136
Financial liabilities		
Financial liabilities	46,164,263	50,491,676
Structured debt instruments	2,483,599	10,872,966

The profit before tax of the Group from the financial asset valuation will decrease by TL 415,592 (31 December 2018: TL 534,995) and increase by TL 415,592 (31 December 2018: TL 534,995) in the case of 100 basis point decrease/increase in TL market interest rates with all other factors remaining constant as of 31 December 2019.

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27 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Information on market risk (Continued)

Price risk

As at 31 December 2019, there is no common stocks in Group's portfolio, measured at fair value through profit or loss (31 December 2018: None).

(iv) Capital management

The Group manages the capital with decreasing investment risk to the lowest level with portfolio diversification. The Group's main objective is to add value to each partner and trying to increase and protect the value of the portfolio. In order to provide this value-added, the Company invests in high-yield securities and other financial instruments, monitors financial markets and institutions, developments related to the partnership and takes the necessary measures related to portfolio management.

28 DERIVATIVE INSTRUMENTS

As of 31 December 2019 and 31 December 2018 details of derivative instruments are follows:

	31 December 2019		31 December 2018	
	Assets	Liabilities	Assets	Liabilities
Swap operations	2,076,853	(1,265,731)	553,011	--
Forward operations	915,524	(391,036)	--	--
Option operations	217,620	(28,276)	--	--
Total	3,209,997	(1,685,043)	553,011	--

29 FINANCIAL INSTRUMENTS

Fair value of the financial instruments

Despite of the obligatory sale and the close-out, the fair value describes the amount of the financial instrument for its purchase and sell, to the consent process of related sides. Under this circumstance, the quoted market price reflects the fair value, most appropriately.

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 estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

Despite of the financial lease receivables and borrowings, the fair values of short-term assets and liabilities have been estimated close to their book values since the impact of the discount is irrelevant for the fair value.

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29 FINANCIAL INSTRUMENTS (Continued)

Fair value of the financial instruments (Continued)

The fair values and carrying values of financial assets and liabilities of the Group are as follows:

	31 December 2019		31 December 2018	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Banks	76,149,058	76,149,058	316,915,266	316,915,266
Trade receivables	218,285,943	225,752,007	190,399,430	195,348,094
Financial investments	25,175,615	25,175,615	32,934,003	32,934,003
Other receivables	26,566,578	26,566,578	45,881,541	45,881,541
Financial liabilities				
Financial liabilities	228,126,485	226,525,727	226,436,522	224,688,722

Fair value hierarchy

The fair values of financial asset and liabilities have been determined as follows:

- First level: Financial assets and liabilities are valued at the stock exchange price in an active market for exactly the same assets and liabilities.
- Second level: Financial assets and liabilities are valued with the inputs used to determine a directly or indirectly observable price other than the stock market price of the relevant asset or liability mentioned in Level 1.
- Third level: Financial assets and liabilities are valued with inputs that cannot be based on data observable in the market and used to determine the fair value of the asset or liability.

31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	8,618,506	9,405,514	--	18,024,020
Financial assets at fair value through other comprehensive income ⁽¹⁾	--	7,151,595	--	7,151,595
Derivative instruments	--	1,524,954	--	1,524,954
31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	27,943,051	42,079	--	27,985,130
Financial assets at fair value through other comprehensive income ⁽¹⁾	--	2,651,763	--	2,651,763
Derivative instruments	--	553,011	--	553,011

- ⁽¹⁾ BİST shares classified by the Group as financial assets at fair value through other comprehensive income are valued based on the bid price declared by BİST and are shown in Level 2. In addition, 212 Capital Partners is classified in Level 2.

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DISCLOSURES OF INTERESTS IN OTHER ENTITIES

	Non- controlling interest share percentage	Non- controlling interest share profit/(loss)	Accumulated non- controlling interests	Unpaid capital by non- controlling interests	Dividend paid ton on controlling interests
31 December 2019					
Mena Finans	25.00%	128	20,049	--	--
Plato Finans	1.79%	95,474	(5,562)	--	--
Total		95,602	14,487	--	--
31 December 2018					
Mena Finans	25.00%	(1,180)	19,921	--	--
Plato Finans	5.19%	41,785	(101,036)	--	--
Total		40,605	(81,115)	--	--

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31 SUBSEQUENT EVENTS

The recent outbreak of Coronavirus, a virus causing potentially deadly respiratory tract infections originating in China and spreading in various jurisdictions, may negatively affect economic conditions regionally as well as globally, disrupt operations situated in countries particularly exposed to the contagion. The ultimate severity of the Coronavirus outbreak is uncertain at this time and therefore the Group cannot reasonably estimate the impact on Group's operations.

ÜNLÜ Menkul Değerler A.Ş. which is the direct subsidiary of the Company increased the capital of its subsidiary UNLU Securities Inc., located in New York, USA, by USD 60,000 to USD 1,570,000 dated on 28 April 2020.

ÜNLÜ Menkul Değerler A.Ş. which is the direct subsidiary of the Company increased the capital of its subsidiary UNLU Securities UK Limited, located in London, UK, by GBP 180,000 to GBP 820,000 dated on 31 January 2020.

On 11 March 2020, it has been decided that the company will participate in the capital increase of "Otsimo Bilişim Anonim Şirketi" with a total of TL 97,500 for 555 shares of 1 (One) Turkish Lira each. The capital increase was registered on 3 April 2020 and has been announced on April 7, 2020 in Turkey Trade Registry Gazette numbered 10053. The company's capital share in "Otsimo" is 0.71%.



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