

Yapı ve Kredi Bankası A.Ş.

**Publicly announced consolidated financial statements and
related disclosures at March 31, 2024 together with
auditor's review report**

**(Convenience translation of publicly announced consolidated interim financial statements and review
report originally issued in Turkish)**

Convenience Translation of the Auditor's Review Report Originally Issued in Turkish

Independent Auditors' Report on Review of Consolidated Interim Financial Information

To the Board of Directors of Yapı ve Kredi Bankası Anonim Şirketi

Introduction

We have reviewed the consolidated statement of financial position of Yapı ve Kredi Bankası Anonim Şirketi ("the Bank") and its subsidiaries (together will be referred as "the Group") at March 31, 2024 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three month period then ended. The Group Management is responsible for the preparation and fair presentation of interim consolidated financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of the Group at March 31, 2024 and the results of its consolidated operations and its consolidated cash flows for the three month period then ended in all material respects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other Matter

The consolidated financial statements of the Group as at March 31, 2023 and December 31, 2023 were reviewed and audited by another audit firm, which expressed an unqualified conclusion and unqualified opinion in their reports issued on April 28, 2023 and February 2, 2024, respectively.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial information provided in the accompanying interim activity report in Section VII, are not consistent with the reviewed consolidated financial statements and disclosures in all material respects.

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

Emre Çelik, SMMM
Partner

May 2, 2024
İstanbul, Türkiye

Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish

**THE CONSOLIDATED INTERIM FINANCIAL REPORT OF
YAPI VE KREDI BANKASI A.Ş. AS OF MARCH 31, 2024**

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The consolidated financial report for the three months which is prepared in accordance with the “Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” as regulated by the Banking Regulation and Supervision Agency includes the following sections.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITOR’S REVIEW REPORT
- INTERIM ACTIVITY REPORT

Investments in subsidiaries and associates, whose financial statements have been consolidated in these consolidated financial statements are as follows.

Subsidiaries	Associates
1. Yapı Kredi Finansal Kiralama A.O.	1. Banque de Commerce et de Placements S.A.
2. Yapı Kredi Faktoring A.Ş.	2. Allianz Yaşam ve Emeklilik A.Ş.
3. Yapı Kredi Yatırım Menkul Değerler A.Ş.	
4. Yapı Kredi Portföy Yönetimi A.Ş.	
5. Yapı Kredi Holding B.V.	
6. Yapı Kredi Bank Nederland N.V.	
7. Stichting Custody Services YKB	
8. Yapı Kredi Bank Azerbaijan CJSC	

Although Yapı Kredi Diversified Payment Rights Finance Company (the Structured Entity) is not a subsidiary of the Bank, it has been included in the consolidation since the Bank has 100% control.

The accompanying consolidated financial statements for the three-months period, related disclosures and footnotes which have been limitedly reviewed and presented in this report are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, the related statements and guidances, and in compliance with the financial records of the Bank, and unless stated otherwise, presented in **thousands of Turkish Lira (TL)**.

Y. Ali KOÇ
Chairman of the
Board of
Directors

Gökhan ERÜN
Executive Director and
CEO

Demir KARAASLAN
Chief Financial Officer

Barış SAVUR
Financial Reporting and
Accounting Executive Vice President

Dr. Ahmet ÇİMENOĞLU
Chairman of the Audit
Committee

Nevin İPEK
Member of the Audit
Committee

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname / Title : Deniz MÜDERRİSOĞLU / International Reporting and Consolidation Manager
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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2024

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section One

General Information

1. History of the Parent Bank including its incorporation date, initial legal status and amendments to legal status:

Yapı ve Kredi Bankası A.Ş. ("the Bank", "Yapı Kredi" or "the Parent Bank"), was established and started operations on September 9, 1944 with the permission of the Council of Ministers No. 3/6710 as a private capital commercial bank authorised to perform all banking, economic, financial and commercial activities which are allowed by the laws of the Turkish Republic. The statute of the Bank has not changed since its incorporation.

2. Explanation about the Parent Bank's capital structure, shareholders holding directly or indirectly, collectively or individually, the management and controlling power and changes in current year, if any and explanations on the controlling Group of the Bank:

The Parent Bank's publicly traded shares are traded on the Borsa Istanbul ("BIST") since 1987. As of March 31, 2024, 38,83% of the shares of the Bank are publicly traded (December 31, 2023 - 38,83%). 40,95% of the shares out of the remaining 61,17% is owned by Koç Finansal Hizmetler A.Ş. ("KFS") which is owned by Koç Group, 20,22% is owned by Koç Holding A.Ş.

KFS was established on March 16, 2001 to combine Koç Group finance companies under one organisation and it became the main shareholder of Koçbank in 2002. On October 22, 2002, Koç Group established a strategic partnership with UniCredit Group ("UCG") over KFS.

In 2005, the Bank's shares that were owned by Çukurova Group Companies and the Saving Deposits Insurance Fund ("SDIF") were purchased by Koçbank. In 2006, Koçbank purchased additional shares of the Bank from BIST and an investment fund and, during the same year, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. As a result of the merger and the share transfer procedures in 2007 and of a capital increase by TL 920 million in 2008, KFS shares in the Parent Bank increased to 81,80%. KFS shares increased to 81,90% with the capital increase by TL 4,1 billion in 2018.

As of November 30, 2019, Koç Group and UCG have reached a deal to exchange their shares in the Parent Bank and KFS.

Accordingly, all the shares of KFS, which was a joint venture, were transferred to Koç Group. Besides, after the shares were transferred, KFS held 40,95%, UCG held 31,93% directly and Koç Group held a total of 49,99% directly and indirectly of the Parent Bank shares and became controlling shareholder.

In addition, as of February 6, 2020, UniCredit also announced the placement of an 11,93% shares in Parent Bank to institutional investors. The transaction completed on February 13, 2020. As a result UCG held directly 20,00% of the Parent Bank shares.

In year 2021, UCG completed the sale of 2,00% shares in stock market and for the sale of remaining 18,00% shares UCG came to an agreement with Koç Group as per the Share Sale and Purchase Agreement relating to the sale of the Parent Bank publicly disclosed on November 30, 2019. Accordingly, it was announced that Koç Group used its right of first offer for the sale of the Parent Bank shares which were planned to be sold by UCG on November 9, 2021. The sale of the relevant shares was completed on April 1, 2022, and Koç Holding A.Ş.'s share ratio increased from 9,02% to 27,02%.

As of July 28, 2023, Koç Holding A.Ş sold its 6,81% share in the Bank to institutional investors through off-exchange sale. After the sale, shareholding of Koç Holding A.Ş in the Bank decreased to 20,22%.

In 2006 and 2007, with the acquisition of Yapı Kredi and its subsidiaries, KFS Group launched structural reorganisation and the following subsidiaries is still under the control of group were legally merged:

Merging entities		Merger date	Merged entity
Yapı Kredi	Koçbank	October 2, 2006	Yapı Kredi
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Leasing")	Koç Leasing	December 25, 2006	Yapı Kredi Leasing
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	Koç Faktoring	December 29, 2006	Yapı Kredi Faktoring
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	Koç Portföy	December 29, 2006	Yapı Kredi Portföy
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul")	Koç Yatırım	January 12, 2007	Yapı Kredi Menkul
Yapı Kredi Bank Nederland N.V. ("Yapı Kredi NV")	Koçbank Nederland N.V.	July 2, 2007	Yapı Kredi NV

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2024

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3. Explanations regarding the board of directors, members of the audit committee, Chief Executive Officer and executive vice presidents, and their areas of responsibility and shares if any:

As of March 31, 2024 the Parent Bank's Board of Directors, Members of the Audit Committee, General Manager and Assistant General Managers are as follows:

Board of Directors Members:

Name	Responsibility
Y. Ali KOÇ	Chairman
Levent ÇAKIROĞLU	Vice Chairman
Gökhan ERÜN	Executive Director and CEO
A. Ümit TAFTALI	Member
Ahmet ÇİMENÖĞLU	Independent Member
Ahmet Fadıl ASHABOĞLU	Member
Kemal UZUN	Member
Nevin İPEK	Independent Member
Polat ŞEN	Member
Virma SÖKMEN	Independent Member

Audit Committee Members:

Name	Responsibility
Ahmet ÇİMENÖĞLU	Chairman
Nevin İPEK	Member

General Manager:

Name	Responsibility
Gökhan ERÜN	Executive Director and CEO

Assistant General Managers:

Name	Responsibility
Abdullah GEÇER	Internal Audit
Akif Cahit ERDOĞAN	Commercial and SME Banking Management
Demir KARAASLAN	Financial Planning and Administration
Hakan KAYA ⁽¹⁾	Chief Legal Officer
Mehmet Erkan AKBULUT	Credits
Mehmet Erkan ÖZDEMİR	Compliance, Internal Control and Risk Management / Consumer Relations Coordination Officer
Muharrem Kaan ŞAKUL	Corporate Banking
Özden ÖNALDI	Human Resources, Organization and Internal Services Management
Saruhan YÜCEL	Treasury Management
Serkan ÜLGEN	Retail Banking
Uğur Gökhan ÖZDİNÇ	Technology, Data and Process Management
Yakup DOĞAN	Limitless Banking

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2024

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

4. Information on the individual and corporate shareholders having control shares of the Parent Bank:

Name/Commercial title	Share amounts (nominal)	Share percentage (%)	Paid-in capital (nominal)	Unpaid portion
Koç Finansal Hizmetler A.Ş.	3.459.065.642,23	40,95	3.459.065.642,23	-
Koç Holding A.Ş.	1.707.666.574,00	20,22	1.707.666.574,00	-

Koç Finansal Hizmetler A.Ş. is owned by Koç Group and Temel Ticaret ve Yatırım A.Ş.

5. Summary information on the Parent Bank's activities and service types:

The Parent Bank's activities summarized in the section 3 of the articles of association are as follows:

The Parent Bank's purpose and subject matter in accordance with the Banking Law, regulations and existing laws include:

- The execution of all banking activities,
- The execution of all economic and financial activities which are allowed by the regulation,
- The execution of the representation, attorney and agency activities related to the subjects written above,
- The purchase and sale of share certificates, bonds and all the capital market instruments, in accordance with Capital Market Law and regulations.

In case of necessity for performing activities which are useful and required but that are not specified in the articles of association, a Board of Directors' proposal is to be presented to the General Assembly. With the approval of the General Assembly the proposal becomes applicable, subject to the approvals required by law.

As of March 31, 2024, the Parent Bank has 780 branches operating in Türkiye and 1 branch in overseas (December 31, 2023 - 779 branches operating in Türkiye, 1 branch in overseas).

As of March 31, 2024, the Parent Bank has 15.421 employees (December 31, 2023 - 15.009 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of March 31, 2024 the Group has 16.373 employees (December 31, 2023 - 15.954 employees).

6. Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the entities subject to full consolidation or proportional consolidation and entities which are deducted from equity or entities which are not included in these three methods:

According to Communiqué of the Preparation Consolidated Financial Statements and Turkish Accounting Standards, Banque de Commerce et de Placements SA, the associate of the Bank is consolidated through "Equity Method" in the accompanying consolidated financial statements of the Group. Allianz Yaşam ve Emeklilik A.Ş., on which the Bank has indirect participation, is also consolidated through "Equity Method" in the consolidated financial statements of the Group.

Yapı Kredi Kültür Sanat Yayıncılık Tic. ve San. A.Ş., Enternasyonal Turizm Yatırım A.Ş., Yapı Kredi Teknoloji A.Ş. and Yapı Kredi Finansal Teknolojiler A.Ş., which are subsidiaries of the Bank, are not consolidated into the Bank's consolidated financial statements in accordance with Communiqué on Preparation of Consolidated Financial Statements since these entities are not financial institutions.

All other subsidiaries are fully consolidated.

7. The existing or potential, actual or legal obstacles on the immediate transfer of shareholder's equity between the Bank and its subsidiaries or reimbursement of liabilities:

None.

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of March 31, 2024 and December 31, 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section Two - Consolidated financial statements

1. Consolidated balance sheet (Statement of Financial Position)

		Current Period (31/03/2024)			Prior Period (31/12/2023)			
ASSETS		Note (Section Five)	TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (Net)		235.015.935	291.070.837	526.086.772	187.169.634	268.576.594	455.746.228
1.1	Cash and Cash Equivalents	1.1	115.616.398	251.428.218	367.044.616	109.175.552	225.692.721	334.868.273
1.1.1	Cash and Balances with Central Bank		106.473.916	199.260.169	305.734.085	102.042.895	176.996.594	279.039.489
1.1.2	Banks	1.4.1	8.800.074	52.787.079	61.587.153	7.448.998	49.373.178	56.822.176
1.1.3	Money Markets Receivables	1.4.2	602.613	-	602.613	-	-	-
1.1.4	Expected Credit Losses (-)		260.205	619.030	879.235	316.341	677.051	993.392
1.2	Financial Assets Measured at Fair Value Through Profit Or Loss	1.2	1.240.585	2.229.877	3.470.462	625.664	1.651.821	2.277.485
1.2.1	Government debt securities		-	1.132.377	1.132.377	-	718.268	718.268
1.2.2	Share certificates		359.761	-	359.761	36.894	-	36.894
1.2.3	Other financial assets		880.824	1.097.500	1.978.324	588.770	933.553	1.522.323
1.3	Financial Assets Measured at Fair Value Through Other Comprehensive Income	1.5,1.6	102.008.020	25.687.962	127.695.982	66.083.694	30.934.295	97.017.989
1.3.1	Government debt securities		101.769.278	25.671.810	127.441.088	65.889.312	30.866.338	96.755.650
1.3.2	Share certificates		182.074	16.152	198.226	182.074	15.031	197.105
1.3.3	Other financial assets		56.668	-	56.668	12.308	52.926	65.234
1.4	Derivative Financial Assets	1.3	16.150.932	11.724.780	27.875.712	11.284.724	10.297.757	21.582.481
1.4.1	Derivative financial assets measured at fair value through profit or loss		14.591.828	8.943.801	23.535.629	9.426.817	6.834.841	16.261.658
1.4.2	Derivative financial assets measured at fair value through other comprehensive income		1.559.104	2.780.979	4.340.083	1.857.907	3.462.916	5.320.823
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		988.389.420	471.549.580	1.459.939.000	861.701.438	407.169.774	1.268.871.212
2.1	Loans	1.7	777.335.179	328.077.194	1.105.412.373	672.837.877	274.714.800	947.552.677
2.2	Receivables From Leasing Transactions (Net)	1.12	13.957.884	22.498.314	36.456.198	11.199.597	21.251.429	32.451.026
2.3	Factoring Receivables		10.949.103	3.411.826	14.360.929	9.631.438	3.170.335	12.801.773
2.4	Financial Assets Measured at Amortised Cost	1.8	218.300.235	130.289.658	348.589.893	199.363.011	118.750.083	318.113.094
2.4.1	Government debt securities		210.516.154	116.679.216	327.195.370	195.162.658	107.609.515	302.772.173
2.4.2	Other financial assets		7.784.081	13.610.442	21.394.523	4.200.353	11.140.568	15.340.921
2.5	Expected Credit Losses (-)		32.152.981	12.727.412	44.880.393	31.330.485	10.716.873	42.047.358
III.	ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	1.15	1.038.155	53.010	1.091.165	1.026.116	48.608	1.074.724
3.1	Held for Sale Purposes		1.038.155	53.010	1.091.165	1.026.116	48.608	1.074.724
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		995.046	6.759.009	7.754.055	969.654	6.170.284	7.139.938
4.1	Investments in Associates (Net)	1.9	962.730	6.759.009	7.721.739	937.338	6.170.284	7.107.622
4.1.1	Consolidated based on Equity Method		924.284	6.759.009	7.683.293	898.892	6.170.284	7.069.176
4.1.2	Unconsolidated		38.446	-	38.446	38.446	-	38.446
4.2	Subsidiaries (Net)	1.10	32.316	-	32.316	32.316	-	32.316
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		32.316	-	32.316	32.316	-	32.316
4.3	Joint Ventures (Net)	1.11	-	-	-	-	-	-
4.3.1	Consolidated based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated		-	-	-	-	-	-
V.	PROPERTY AND EQUIPMENT (Net)		23.458.388	367.760	23.826.148	18.545.494	330.171	18.875.665
VI.	INTANGIBLE ASSETS (Net)		2.197.431	134.130	2.331.561	1.906.331	130.179	2.036.510
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		2.197.431	134.130	2.331.561	1.906.331	130.179	2.036.510
VII.	INVESTMENT PROPERTY (Net)	1.13	-	-	-	-	-	-
VIII.	CURRENT TAX ASSETS		-	-	-	-	-	-
IX.	DEFERRED TAX ASSETS	1.14	8.995.638	-	8.995.638	9.144.125	-	9.144.125
X.	OTHER ASSETS (Net)	1.16	76.173.053	37.869.033	114.042.086	63.210.215	37.274.783	100.484.998
TOTAL ASSETS			1.336.263.066	807.803.359	2.144.066.425	1.143.673.007	719.700.393	1.863.373.400

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

Yapı ve Kredi Bankası A.Ş.**Consolidated financial statements as of March 31, 2024 and December 31, 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1. Consolidated balance sheet (Statement of Financial Position)

LIABILITIES	Note (Section Five)	Current Period (31/03/2024)			Prior Period (31/12/2023)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	2.1	683.101.058	556.878.321	1.239.979.379	638.781.576	470.104.100	1.108.885.676
II. BORROWINGS	2.3.1	15.215.334	171.580.584	186.795.918	12.417.695	148.617.148	161.034.843
III. MONEY MARKETS PAYABLES		91.521.832	28.431.449	119.953.281	26.232.069	37.150.431	63.382.500
IV. MARKETABLE SECURITIES ISSUED (Net)	2.3.3	10.068.937	117.704.123	127.773.060	10.624.884	86.415.115	97.039.999
4.1 Bills		9.711.135	29.499.210	39.210.345	10.221.955	10.933.847	21.155.802
4.2 Asset backed Securities		-	17.359.563	17.359.563	-	16.325.139	16.325.139
4.3 Bonds		357.802	70.845.350	71.203.152	402.929	59.156.129	59.559.058
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
FINANCIAL LIABILITIES MEASURED AT FAIR							
VI. VALUE THROUGH PROFIT OR LOSS	2.3.4	453.413	75.347.095	75.800.508	453.424	70.713.576	71.167.000
VII. DERIVATIVE FINANCIAL LIABILITIES	2.2	8.436.734	7.668.232	16.104.966	4.800.528	6.865.933	11.666.461
Derivative liabilities measured at fair value through profit or loss		8.353.017	7.668.232	16.021.249	4.768.194	6.865.933	11.634.127
Derivative liabilities measured at fair value through other comprehensive income		83.717	-	83.717	32.334	-	32.334
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	2.5	3.728.911	348.246	4.077.157	3.175.033	226.472	3.401.505
X. PROVISIONS	2.6	18.222.005	1.650.950	19.872.955	19.703.473	2.212.485	21.915.958
10.1 Provisions for Restructuring		-	-	-	-	-	-
10.2 Provisions for Employee Benefits	2.6.1	4.425.130	12.313	4.437.443	4.043.583	8.849	4.052.432
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions	2.6.3	13.796.875	1.638.637	15.435.512	15.659.890	2.203.636	17.863.526
XI. CURRENT TAX LIABILITIES	2.7	9.462.164	443.927	9.906.091	7.714.490	324.719	8.039.209
XII. DEFERRED TAX LIABILITIES		-	15.977	15.977	-	14.044	14.044
LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	2.8	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	2.9	1.429.780	37.762.679	39.192.459	1.260.412	35.585.727	36.846.139
14.1 Loans		-	-	-	-	-	-
14.2 Other Facilities		1.429.780	37.762.679	39.192.459	1.260.412	35.585.727	36.846.139
XV. OTHER LIABILITIES	2.4	103.021.481	20.981.311	124.002.792	80.183.528	20.915.545	101.099.073
XVI. SHAREHOLDERS' EQUITY	2.10	177.433.771	3.158.111	180.591.882	175.109.341	3.771.652	178.880.993
16.1 Paid in Capital		8.447.051	-	8.447.051	8.447.051	-	8.447.051
16.2 Capital Reserves		2.246.230	-	2.246.230	2.217.533	-	2.217.533
16.2.1 Share premium		556.937	-	556.937	556.937	-	556.937
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.689.293	-	1.689.293	1.660.596	-	1.660.596
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		5.933.869	15.515	5.949.384	2.757.098	18.091	2.775.189
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		5.287.534	3.184.003	8.471.537	6.241.084	3.794.968	10.036.052
16.5 Profit Reserves		143.574.250	(41.407)	143.532.843	85.795.111	(41.407)	85.753.704
16.5.1 Legal Reserves		3.473.904	-	3.473.904	2.496.040	-	2.496.040
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		140.065.092	(41.407)	140.023.685	83.291.290	(41.407)	83.249.883
16.5.4 Other Profit Reserves		35.254	-	35.254	7.781	-	7.781
16.6 Profit or loss		11.941.842	-	11.941.842	69.648.790	-	69.648.790
16.6.1 Prior years' profits or losses		1.639.954	-	1.639.954	1.639.954	-	1.639.954
16.6.2 Current period net profit or loss		10.301.888	-	10.301.888	68.008.836	-	68.008.836
16.7 Minority interest		2.995	-	2.995	2.674	-	2.674
TOTAL LIABILITIES		1.122.095.420	1.021.971.005	2.144.066.425	980.456.453	882.916.947	1.863.373.400

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

Yapı ve Kredi Bankası A.Ş.**Consolidated financial statements as of March 31, 2024 and 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2. Consolidated off-balance sheet commitments

		Current Period (31/03/2024)			Prior Period (31/12/2023)			
		Note (Section Five)	TL	FC	Total	TL	FC	Total
Off-balance sheet commitments								
A.	Off-balance sheet commitments (I+II+III)		1.744.985.856	1.737.513.878	3.482.499.734	1.377.735.472	1.287.107.925	2.664.843.397
I.	Guarantees and warranties	3.1.2.1.2	203.264.496	239.000.662	442.265.158	178.712.756	209.915.836	388.628.592
1.1.	Letters of guarantee	3.1.2.2	192.042.304	145.675.746	337.718.050	168.195.708	135.987.496	304.183.204
1.1.1.	Guarantees subject to state tender law		1.442.918	2.175.375	3.618.293	1.332.708	2.060.608	3.393.316
1.1.2.	Guarantees given for foreign trade operations		69.233.319	141.692.146	210.925.465	61.431.962	132.294.378	193.726.340
1.1.3.	Other letters of guarantee		121.366.067	1.808.225	123.174.292	105.431.038	1.632.510	107.063.548
1.2.	Bank acceptances		-	2.753.971	2.753.971	-	2.178.212	2.178.212
1.2.1.	Import letter of acceptance		-	2.753.971	2.753.971	-	2.178.212	2.178.212
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		403.222	69.521.470	69.924.692	1.257.810	52.820.441	54.078.251
1.3.1.	Documentary letters of credit		403.222	69.512.065	69.915.287	1.257.810	52.811.454	54.069.264
1.3.2.	Other letters of credit		-	9.405	9.405	-	8.987	8.987
1.4.	Prefinancing given as guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of the Republic of Türkiye		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Purchase guarantees for Securities issued		-	-	-	-	-	-
1.7.	Factoring guarantees		-	-	-	-	5.516	5.516
1.8.	Other guarantees		10.818.970	16.397.589	27.216.559	9.259.238	14.616.454	23.875.692
1.9.	Other warranties		-	4.651.886	4.651.886	-	4.307.717	4.307.717
II.	Commitments		950.971.198	201.010.939	1.151.982.137	769.222.726	96.391.913	865.614.639
2.1.	Irrevocable commitments	3.1.1	926.699.876	152.852.306	1.079.552.182	745.298.795	50.977.243	796.276.038
2.1.1.	Asset purchase and sale commitments		28.064.365	149.709.589	177.773.954	24.291.833	48.351.193	72.643.748
2.1.2.	Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3.	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4.	Loan granting commitments		112.440.148	1.838.317	114.278.465	95.342.486	1.364.146	96.706.632
2.1.5.	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve requirements		-	-	-	-	-	-
2.1.7.	Commitments for checks payments		12.589.823	-	12.589.823	8.435.319	-	8.435.319
2.1.8.	Tax and fund liabilities from export commitments		8.138	-	8.138	600	-	600
2.1.9.	Commitments for credit card expenditure limits		641.949.796	-	641.949.796	512.438.126	-	512.438.126
2.1.10.	Commitments for credit cards and banking services promotions		84.441	-	84.441	75.249	-	75.249
2.1.11.	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12.	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13.	Other irrevocable commitments		131.570.165	1.304.400	132.874.565	104.715.182	1.261.182	105.976.364
2.2.	Revocable commitments		24.271.322	48.158.633	72.429.955	23.923.931	45.414.670	69.338.601
2.2.1.	Revocable loan granting commitments		24.271.322	47.628.531	71.899.853	23.923.931	44.917.545	68.841.476
2.2.2.	Other revocable commitments		-	530.102	530.102	-	497.125	497.125
III.	Derivative financial instruments		590.750.162	1.297.502.277	1.888.252.439	429.799.990	980.800.176	1.410.600.166
3.1.	Derivative financial instruments held for hedging		13.758.076	54.794.730	68.552.806	16.250.000	69.660.818	85.910.818
3.1.1.	Fair value hedges		-	4.611.200	4.611.200	-	4.329.397	4.329.397
3.1.2.	Cash flow hedges		13.758.076	50.183.530	63.941.606	16.250.000	65.331.421	81.581.421
3.1.3.	Hedges for investments made in foreign countries		-	-	-	-	-	-
3.2.	Trading transactions		576.992.086	1.242.707.547	1.819.699.633	413.549.990	911.139.358	1.324.689.348
3.2.1.	Forward foreign currency purchase and sale transactions		38.670.367	46.086.530	84.756.897	19.883.186	30.414.692	50.297.878
3.2.1.1.	Forward foreign currency purchase transactions		22.362.159	20.466.348	42.828.507	17.296.886	8.665.180	25.962.066
3.2.1.2.	Forward foreign currency sale transactions		16.308.208	25.620.182	41.928.390	2.586.300	21.749.512	24.335.812
3.2.2.	Currency and interest rate swaps		494.353.941	870.072.650	1.364.426.591	365.879.522	659.114.296	1.024.993.818
3.2.2.1.	Currency swap purchase transactions		737.501	326.839.567	327.577.068	1.656.173	254.707.486	256.363.659
3.2.2.2.	Currency swap sale transactions		266.520.440	82.604.869	349.125.309	206.159.349	61.505.462	267.664.811
3.2.2.3.	Interest rate swap purchase transactions		113.548.000	230.314.107	343.862.107	79.032.000	171.450.674	250.482.674
3.2.2.4.	Interest rate swap sale transactions		113.548.000	230.314.107	343.862.107	79.032.000	171.450.674	250.482.674
3.2.3.	Currency, interest rate and securities options		18.688.178	36.265.109	54.953.287	11.839.558	16.047.066	27.886.624
3.2.3.1.	Currency purchase options		13.391.026	8.043.033	21.434.059	8.616.333	3.264.989	11.881.322
3.2.3.2.	Currency sale options		5.297.152	15.634.040	20.931.192	3.223.225	8.548.016	11.771.241
3.2.3.3.	Interest rate purchase options		-	8.552.361	8.552.361	-	4.234.061	4.234.061
3.2.3.4.	Interest rate sale options		-	4.035.675	4.035.675	-	-	-
3.2.3.5.	Securities purchase options		-	-	-	-	-	-
3.2.3.6.	Securities sale options		-	-	-	-	-	-
3.2.4.	Currency futures		16.368.172	13.753.807	30.121.979	3.911.219	3.564.171	7.475.390
3.2.4.1.	Currency purchase futures		7.173.426	7.013.035	14.186.461	1.600.319	2.207.453	3.807.772
3.2.4.2.	Currency sale futures		9.194.746	6.740.772	15.935.518	2.310.900	1.356.718	3.667.618
3.2.5.	Interest rate futures		-	-	-	-	-	-
3.2.5.1.	Interest rate purchase futures		-	-	-	-	-	-
3.2.5.2.	Interest rate sale futures		-	-	-	-	-	-
3.2.6.	Other		8.911.428	276.529.451	285.440.879	12.036.505	201.999.133	214.035.638
B.	Custody and pledges received (IV+V+VI)		3.373.751.316	710.427.212	4.084.178.528	2.413.797.494	521.245.537	2.935.043.031
IV.	Items held in custody		1.543.289.549	141.882.826	1.685.172.375	778.841.067	111.811.540	890.652.607
4.1.	Assets under management		1.373.481.994	83.385.727	1.456.867.721	639.837.516	50.839.161	690.676.677
4.2.	Securities held in custody		18.250.297	56.162.099	74.412.396	14.441.395	58.773.202	73.214.597
4.3.	Checks received for collection		121.913.539	97.973	122.011.512	101.113.507	110.796	101.224.303
4.4.	Commercial notes received for collection		29.585.575	1.766.116	31.351.691	23.390.505	1.649.954	25.040.459
4.5.	Other assets received for collection		-	374.709	374.709	-	349.289	349.289
4.6.	Securities received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		58.144	96.202	154.346	58.144	89.138	147.282
4.8.	Custodians		-	-	-	-	-	-
V.	Pledges received		1.788.002.903	486.744.830	2.274.747.733	1.594.272.909	332.008.830	1.926.281.739
5.1.	Marketable securities		133.973.336	911.283	134.884.619	133.979.206	832.813	134.812.019
5.2.	Guarantee notes		22.791.896	3.645.620	26.437.516	22.539.349	3.185.520	25.724.869
5.3.	Commodity		5.864	-	5.864	-	-	5.864
5.4.	Warrant		-	-	-	-	-	-
5.5.	Immovables		875.358.061	5.464.249	880.822.310	756.332.461	4.625.304	760.957.765
5.6.	Other pledged items		755.873.746	476.666.084	1.232.539.830	681.416.029	323.312.549	1.004.728.578
5.7.	Depositories receiving pledged items		-	57.594	57.594	-	52.644	52.644
VI.	Accepted independent guarantees and warranties		42.458.864	81.799.556	124.258.420	40.683.518	77.425.167	118.108.685
Total off-balance sheet commitments (A+B)			5.118.737.172	2.447.941.090	7.566.678.262	3.791.532.966	1.808.353.462	5.599.886.428

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

Yapı ve Kredi Bankası A.Ş.**Consolidated financial statements as of March 31, 2024 and 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3. Consolidated statement of profit or loss

Income and expense items		Note (Section Five)	Current Period (01/01/2024 - 31/03/2024)	Prior Period (01/01/2023 - 31/03/2023)
I.	INTEREST INCOME	4.1	97.228.846	37.531.706
1.1	Interest on Loans	4.1.1	60.720.614	21.618.120
1.2	Interest Received from Reserve Deposits		1.635.177	11.309
1.3	Interest Received from Banks	4.1.2	2.510.472	1.089.242
1.4	Interest Received from Money Market Transactions		60.715	157.373
1.5	Interest Received from Marketable Securities Portfolio	4.1.3	28.554.692	13.061.572
1.5.1	Financial Assets Measured at Fair Value Through Profit or Loss		47.169	25.195
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		8.607.964	3.872.967
1.5.3	Financial Assets Measured at Amortised Cost		19.899.559	9.163.410
1.6	Financial Lease Income		1.716.270	772.159
1.7	Other Interest Income		2.030.906	821.931
II.	INTEREST EXPENSE (-)	4.2	71.872.540	22.535.134
2.1	Interest on Deposits	4.2.6	52.506.495	17.386.632
2.2	Interest on Funds Borrowed	4.2.1	4.498.307	1.730.278
2.3	Interest expense on money market transactions	4.2.4	7.275.093	502.374
2.4	Interest on Securities Issued	4.2.3	5.934.586	2.650.190
2.5	Interest on Lease Payables		122.837	75.989
2.6	Other Interest Expense	4.2.5	1.535.222	189.671
III.	NET INTEREST INCOME/EXPENSE (I - II)		25.356.306	14.996.572
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		16.757.430	5.788.262
4.1	Fees and Commissions Received		24.972.256	7.881.959
4.1.1	Non-cash Loans		1.197.169	736.933
4.1.2	Other	4.1.2	23.775.087	7.145.026
4.2	Fees and Commissions Paid		8.214.826	2.093.697
4.2.1	Non-cash Loans		42.153	17.011
4.2.2	Other		8.172.673	2.076.686
V	DIVIDEND INCOME		1.117	4.843
VI.	TRADING PROFIT/LOSS (Net)	4.3	(10.020.627)	4.077.175
6.1	Trading Gains/Losses on Securities		1.431.744	1.185.353
6.2	Derivative Financial Transactions Gains/Losses	4.5	5.210.938	2.510.131
6.3	Foreign Exchange Gains/Losses		(16.663.309)	381.691
VII.	OTHER OPERATING INCOME	4.6	9.049.788	6.520.352
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		41.144.014	31.387.204
IX.	ALLOWANCE FOR EXPECTED CREDIT LOSSES (-)	4.4	12.237.144	6.864.326
X.	OTHER PROVISION EXPENSES (-)	4.4	87.453	23.041
XI.	PERSONNEL EXPENSES (-)		6.971.993	2.905.108
XII.	OTHER OPERATING EXPENSES (-)	4.7	10.371.008	6.350.733
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		11.476.416	15.243.996
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		325.141	396.462
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	4.8	11.801.557	15.640.458
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	4.9	1.499.177	2.999.937
18.1	Current Tax Provision		983.566	2.924.950
18.2	Expense effect of deferred tax (+)		515.611	74.987
18.3	Income effect of deferred tax (-)		-	-
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)		10.302.380	12.640.521
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from assets held for sale		-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3	Other income from discontinued operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on assets held for sale		-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3	Other expenses from discontinued operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX - XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	NET PROFIT/ LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	4.10	10.302.380	12.640.521
25.1	Group's profit/loss		10.301.888	12.640.225
25.2	Minority shares	4.11	492	296
	Earnings/(loss) per share (full TL)		0,0122	0,0150

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of March 31, 2024 and 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

4. Consolidated statement of profit or loss and other comprehensive income

	Current Period (31/03/2024)	Prior Period (31/03/2023)
I. PROFIT / (LOSS)	10.302.380	12.640.521
II. OTHER COMPREHENSIVE INCOME	1.609.680	444.462
2.1 Other comprehensive income that will not be reclassified to profit or loss	3.174.195	944.785
2.1.1. Gains (losses) on Revaluation of Property, Plant and Equipment	4.237.602	-
2.1.2. Gains (losses) on Revaluation of Intangible Assets	-	-
2.1.3. Gains (losses) on Remeasurements of Defined Benefit Plans	-	29
2.1.4. Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	45.605	(956)
2.1.5. Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(1.109.012)	945.712
2.2. Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(1.564.515)	(500.323)
2.2.1. Exchange Differences on Translation	1.902.101	553.574
2.2.2. Valuation and/or Reclassification Profit or Loss from Financial Assets Measured at Fair Value Through Other Comprehensive Income	(4.034.529)	(28.729)
2.2.3. Income (loss) Related with Cash Flow Hedges	318.532	(935.600)
2.2.4. Income (loss) Related with Hedges of Net Investments in Foreign Operations	(1.202.269)	(434.514)
2.2.5. Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	(23.836)	(4.764)
2.2.6. Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	1.475.486	349.710
III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	11.912.060	13.084.983

Yapı ve Kredi Bankası A.Ş.

Consolidated statement of changes in shareholders' equity as of March 31, 2024

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

5. Consolidated statement of changes in shareholders' equity

Changes in shareholder's equity	Current Period (31/03/2024)				Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit or Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit or Loss			Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total equity except minority interest	Minority Interest	Total shareholders' equity
	Paid in capital	Share premium	Share certificate cancellation profits	Other capital reserves	1	2	3	4	5	6						
I. Balance at the beginning of the period	8.447.051	556.937	-	1.660.596	10.912.237	(8.268.035)	130.987	19.723.960	(2.937.085)	(6.750.823)	85.753.704	1.639.954	68.008.836	178.878.319	2.674	178.880.993
II. Adjustment in accordance with TAS 8																
2.1. Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	8.447.051	556.937	-	1.660.596	10.912.237	(8.268.035)	130.987	19.723.960	(2.937.085)	(6.750.823)	85.753.704	1.639.954	68.008.836	178.878.319	2.674	178.880.993
IV. Total comprehensive income (loss)					3.128.590		45.605	1.902.101	(2.824.164)	(642.452)			10.301.888	11.911.568	492	11.912.060
V. Capital increase in cash																
VI. Capital increase through internal reserves																
VII. Issued capital inflation adjustment difference																
VIII. Convertible bonds																
IX. Subordinated debt																
X. Increase (decrease) through other changes, equity																
XI. Profit distribution				28.697							57.779.139		(68.008.836)	(10.201.000)	(171)	(10.201.171)
11.1. Dividends distributed													(10.201.000)	(10.201.000)	(171)	(10.201.171)
11.2. Transfers to legal reserves				28.697							57.779.139		(57.807.836)			
11.3. Other																
Period end balance (III+IV+.....+X+XI)	8.447.051	556.937	-	1.689.293	14.040.827	(8.268.035)	176.592	21.626.061	(5.761.249)	(7.393.275)	143.532.843	1.639.954	10.301.888	180.588.887	2.995	180.591.882

1. Tangible assets revaluation reserve,
2. Accumulated gains / losses on remeasurements of defined benefit plans,
3. Other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss and other accumulated amounts of other comprehensive income that will not be reclassified to profit or loss,
4. Exchange differences on translation reserve,
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Accumulated gains or losses on cash flow hedges, other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss and net investment hedges.

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

Yapı ve Kredi Bankası A.Ş.**Consolidated statement of changes in shareholders' equity as of March 31, 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

5. Consolidated statement of changes in shareholders' equity

Prior Period (31/03/2023)	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit or Loss				Other Accumulated Comprehensive Income That Will Be Reclassified In Profit or Loss			Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total equity except minority interest	Minority Interest	Total shareholders' equity			
	Paid in capital	Share premium	Share certificate cancellation profits	Other capital reserves	1	2	3							4	5	6
I. Balance at the beginning of the period	8.447.051	556.937	-	1.608.754	4.912.389	(2.967.272)	21.154	10.697.853	7.771.069	(128.486)	40.956.310	1.639.954	52.744.689	126.260.402	1.537	126.261.939
II. Adjustment in accordance with TAS 8																
2.1. Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	8.447.051	556.937	-	1.608.754	4.912.389	(2.967.272)	21.154	10.697.853	7.771.069	(128.486)	40.956.310	1.639.954	52.744.689	126.260.402	1.537	126.261.939
IV. Total comprehensive income (loss)	-	-	-	-	945.719	22	(956)	553.574	(21.547)	(1.032.350)	-	-	12.640.225	13.084.687	296	13.084.983
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	-	-	14.976	-	-	-	-	-	-	-	-	-	14.976	-	14.976
XI. Profit distribution	-	-	-	36.295	-	-	-	-	-	-	44.797.394	-	(52.744.689)	(7.911.000)	(191)	(7.911.191)
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	(7.911.000)	(7.911.000)	(191)	(7.911.191)
11.2. Transfers to legal reserves	-	-	-	36.295	-	-	-	-	-	-	44.797.394	-	(44.833.689)	-	-	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+.....+X+XI)	8.447.051	556.937	-	1.660.025	5.858.108	(2.967.250)	20.198	11.251.427	7.749.522	(1.160.836)	85.753.704	1.639.954	12.640.225	131.449.065	1.642	131.450.707

1. Tangible assets revaluation reserve,
2. Accumulated gains / losses on remeasurements of defined benefit plans,
3. Other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss and other accumulated amounts of other comprehensive income that will not be reclassified to profit or loss,
4. Exchange differences on translation reserve,
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Accumulated gains or losses on cash flow hedges, other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss and net investment hedges.

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

Yapı ve Kredi Bankası A.Ş.**Consolidated financial statements as of March 31, 2024 and 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

6. Consolidated statement of cash flows

	(Notes section five)	Current Period (31/03/2024)	Prior Period (31/03/2023)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		5.741.841	18.138.758
1.1.1 Interest received		70.124.666	27.343.517
1.1.2 Interest paid		(63.919.316)	(20.584.823)
1.1.3 Dividend received		1.117	4.843
1.1.4 Fees and commissions received		24.972.256	7.881.959
1.1.5 Other income		(3.894.188)	11.043.949
1.1.6 Collections from previously written-off loans and other receivables		3.361.218	1.674.378
1.1.7 Cash Payments to personnel and service suppliers		(18.848.692)	(8.133.279)
1.1.8 Taxes paid		(79.567)	(221.327)
1.1.9 Other		(5.975.653)	(870.459)
1.2 Changes in operating assets and liabilities subject to banking operations		(37.233.004)	7.780.933
1.2.1 Net (increase) decrease in financial assets measured at fair value through profit or loss		(1.214.669)	989.689
1.2.2 Net (increase) decrease in due from banks		(71.317.527)	661.130
1.2.3 Net (increase) decrease in loans		(161.144.020)	(50.270.435)
1.2.4 Net (increase) decrease in other assets		(14.693.203)	(4.719.912)
1.2.5 Net increase (decrease) in bank deposits		1.241.221	2.923.025
1.2.6 Net increase (decrease) in other deposits		123.301.753	81.888.712
1.2.7 Net increase (decrease) in financial liabilities measured at fair value through profit or loss		2.599.052	(1.153.081)
1.2.8 Net increase (decrease) in funds borrowed		86.845.141	(14.609.273)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		(2.850.752)	(7.928.922)
I. Net cash provided from banking operations		(31.491.163)	25.919.691
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(34.474.346)	(12.534.973)
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures		-	-
2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures		-	-
2.3 Cash paid for the purchase of tangible and intangible asset		(684.709)	(171.203)
2.4 Cash obtained from the sale of tangible and intangible asset		26.774	61.198
2.5 Cash paid for the purchase of financial assets measured at fair value through other comprehensive income		(41.136.286)	(4.620.552)
2.6 Cash obtained from the sale of financial assets measured at fair value through other comprehensive income		14.544.056	2.962.482
2.7 Cash paid for the purchase of financial assets at amortised cost		(10.854.319)	(12.435.463)
2.8 Cash obtained from sale of financial assets at amortised cost		3.630.138	1.668.565
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flows from financing activities		26.710.168	(15.296.273)
3.1 Cash obtained from funds borrowed and securities issued		42.350.130	10.307.385
3.2 Cash outflow from funds borrowed and securities issued		(15.149.566)	(17.467.325)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	(7.911.191)
3.5 Payments for finance lease liabilities		(490.396)	(225.142)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		23.351.567	2.803.886
V. Net increase (decrease) in cash and cash equivalents		(15.903.774)	892.331
VI. Cash and cash equivalents at beginning of the period		228.510.865	129.110.338
VII. Cash and cash equivalents at end of the period		212.607.091	130.002.669

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2024

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section Three - Accounting policies

1. Explanations on basis of presentation:

The Parent Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No. 5411 ("Banking Act"), which is effective from November 1, 2005, the Turkish Commercial Code ("TCC") and Turkish Tax Legislation.

The consolidated financial statements prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 and other communiqués, interpretations and legislations published by the Banking Regulation and Supervision Agency ("BRSA") and Turkish Accounting Standards ("TAS 34") – Interim Financial Reporting Standards and Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") for the matters not regulated by the aforementioned legislations published by BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" and changes and notes to this communiqué published in the Official Gazette No. 28337 dated June 28, 2012.

The accompanying consolidated financial statements and notes to these financial statements are expressed in thousands of Turkish Lira (TL), unless otherwise stated.

The financial statements of subsidiaries operating abroad have been prepared in accordance with legislations and regulations of the country in which they are operating, however in order to provide fair presentation according to TFRS, necessary adjustments and reclassifications are reflected to those financial statements.

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis (restated for the changes in the general purchasing power of TL until December 31, 2004), except for financial assets and liabilities measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, derivative financial assets/liabilities, buildings and art objects and paintings in tangible assets. Besides, the carrying values of assets carried at amortized cost but subject to fair value hedge are adjusted to reflect the fair value changes related to the hedged risks.

The accounting policies and valuation principles employed for the preparation of consolidated financial statements are in compliance with TFRS requires the use of certain accounting estimates by the Group management to exercise its judgment on the assets and liabilities on the balance sheet and contingent assets and liabilities as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are explained in the related notes and reflected to the income statement.

The preparation and fair presentation of the financial statement and used principles of valuation in accordance with "Accounting and Reporting Legislation" published in the regulation, communiqué, interpretations and circular published by BRSA and If no specific regulation has been made by BRSA, it has been determined and applied according to the principles of TFRS. The accounting policies applied are consistent with the accounting policies applied in the annual consolidated financial statements for the year ended December 31, 2023.

On November 23, 2023, POA announced that entities reporting under TFRS should begin implementing "TAS 29 - Financial Reporting in Hyperinflationary Economies" standard in their financial statements from periods ending on and after December 31, 2023. Besides, regulatory and auditing bodies that are authorized in their respective areas have flexibility to determine alternative transition dates for the application of TAS - 29. Within the scope of the decision dated December 12, 2023 and numbered 10744 by the BRSA, banks, financial leasing, factoring, financing, savings financing, and asset management companies are not subject to inflation adjustments required under TAS-29 in their financial statements as of December 31, 2023. Based on the decision dated January 11, 2024 and numbered 10825, these entities are required to implement inflation accounting starting from January 1, 2025.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2024

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2. Explanations on strategy of using financial instruments and foreign currency transactions:

The general strategy of the Group in using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Group is deposits. The Group can also sustain a lengthened liability structure by using long-term foreign currency borrowings from foreign financial institutions. Funds obtained from deposits and other sources are invested in quality financial assets in order to keep currency, interest rate and liquidity risks within the limits determined by the asset-liability strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed in accordance with the risk limits accepted by the Group and the related legal limits. Derivative instruments are mainly utilised for liquidity needs and for mitigating currency and interest rate risks. The position of the Group as a result of foreign currency activities is being held at minimum levels and the currency risk exposure is monitored within limits determined levels by the Board of Directors under the context of Banking Act.

Foreign currency denominated monetary assets and liabilities are translated with the Parent Bank exchange rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognised in the income statement under the account of "Foreign exchange gains or losses", except for valuation differences arising from foreign currency participations, subsidiaries and foreign currency non-performing loans.

The Group hedges part of the currency translation risk of net investments in foreign operations through currency borrowings. The effective portion of the foreign exchange difference of these financial liabilities is recognised in "Other accumulated comprehensive income that will be reclassified in profit or loss" in equity.

In order to eliminate the inconsistency in the recognition, the Group, might classify its financial liabilities as the financial liabilities classified at fair value through profit/loss upon the initial recognition.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2024

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3. Information on consolidation principles:

3.1. Consolidation principles applied:

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqué related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No. 26340 dated November 8, 2006 and "TFRS 10 - Consolidated Financial Statements".

3.1.1. Consolidation principles of subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Parent Bank's returns.

Subsidiaries are consolidated with full consolidation method by considering the results of their activities and the size of their assets and shareholders' equity. Financial statements of the related subsidiaries are included in the consolidated financial statements from the date control is transferred to the Group and they are taken out of consolidation scope when control no longer exists. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In accordance with the full consolidation method, balance sheet, income statement and off balance sheet items of the subsidiaries have been consolidated line by line with the balance sheet, income statement and off balance sheet of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the entities included in consolidation have been eliminated. In the consolidated balance sheet and income statement, minority interest has been presented separately from the shares of the Group shareholders.

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Incorporation (City/ Country)	Main activities	Effective	Direct and
			rates (%) March 31, 2024	indirect rates (%) March 31, 2024
Yapı Kredi Leasing	Istanbul/Turkey	Leasing	99,99	99,99
Yapı Kredi Faktoring	Istanbul/Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/Turkey	Investment Management	99,98	99,98
Yapı Kredi Portföy	Istanbul/Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Holding B.V.	Amsterdam/Netherlands	Financial Holding	100,00	100,00
Yapı Kredi Bank N.V.	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Azerbaijan	Baku /Azerbaijan	Banking	100,00	100,00
Stiching Custody Services YKB	Amsterdam/Netherlands	Custody services	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company ⁽¹⁾	George Town/ Cayman Islands	Special Purpose Company	-	-

(1) It is a special purpose entity established for securitization transactions and is included in the consolidation although it is not a subsidiary of the Parent.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2024

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.1.2. Consolidation principles of associates:

The associates are entities in which the Parent Bank participates in their capital and has significant influence on them, although the Parent Bank has no capital or management control, is established in domestic and abroad. The related associates are consolidated with equity method.

Significant influence refers to the participation power on the constitution of the financial and management policies of the participated associate.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changes in the participated associate's shareholders' equity during the period attributable to the portion of the investor and the deduction of the dividend received from the associate from the revised value of the associate amount.

The associates included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	(City/ Country)	Main activities	Effective rates %	Direct and indirect rates %
			March 31, 2024	March 31, 2024
Banque de Commerce et de Placements S.A.	Geneva/Switzerland	Banking	30,67	30,67
Allianz Yaşam ve Emeklilik A.Ş.	Istanbul/Türkiye	Insurance	20,00	20,00

3.1.3. Transactions with minority shareholders:

The Group applies a policy of treating transactions with minority interests as transactions within the Group. The difference between the acquisition cost and net asset acquired is recognised under equity. Disposals from minority interests are also considered as equity transactions and result in changes in the equity of the Group.

3.1.4. Presentation of unconsolidated subsidiaries, associates and joint ventures in consolidated financial statements:

Turkish Lira denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at cost value, less any impairment, in accordance with "TAS 27 - Individual Financial Statements" in the consolidated financial statements.

Foreign currency denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at their original foreign currency costs translated into Turkish Lira using the exchange rates prevailing at the transaction date less impairment, if any.

When the cost of associates, subsidiaries and joint ventures is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

4. Explanations on forward and option contracts and derivative instruments:

The Group's derivative transactions mainly consist of money and interest rate swaps, forward foreign exchange purchase and sale transactions and options.

Derivative instruments are measured at fair value on initial recognition and subsequently remeasured at their fair values. As a result, the fair value of derivatives is reflected as net liability or net asset on a contract by contract basis. The accounting method applied to the income or loss arising from derivative instruments depends on whether the derivative is being used for hedging purposes or not and depends on the type of item being hedged.

At the transaction date, the Group documents the relationship between hedging instruments and hedged items, together with the risk management policies and the strategies on hedging transactions. Besides, the Group regularly documents the effectiveness of the hedging instruments in offsetting the changes in the fair value of the hedged items.

Changes in the fair value of derivative instruments subject to fair value hedges are recognized under profit or loss accounts together with the variation in the fair value of hedged items. The changes of fair value of derivative transactions for fair value hedge are classified in "Derivative Financial Transactions Gains/Losses" account. In the balance sheet, changes in the fair value of hedged assets and liabilities, during the period in which the hedge is effective, are shown with the related assets and liabilities.

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Notes to consolidated financial statements as of March 31, 2024

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

The ineffective portion of the mentioned hedging transactions is reflected to the income statement. If the underlying hedge does not conform to the hedge accounting requirements, according to the adjustments made to the carrying value (amortized cost) of the hedged item, for which the risk is hedged by a portfolio hedge, are amortized with the straight line method within the time to maturity and recognized in profit or loss accounts. Fair value adjustments are recognized directly in the income statement in an event of repayment and/or unwinding and/or the recognition of the hedged item.

The Parent Bank hedges its cash flow risk arising from foreign currency and Turkish Lira floating interest rate liabilities by using interest rate and currency swaps. The effective portion of the fair value changes of the hedging instruments are recorded in in "Other accumulated comprehensive income that will be reclassified in profit or loss" under shareholders' equity. These funds are transferred to profit or loss from equity when the cash flows of the hedged items (interest expense) impact the income statement.

In case the cash flow hedge accounting is discontinued due to the expiry, realization for sale of the hedging instrument, or due to the results of the effectiveness test the amounts accounted under shareholders' equity are transferred to the profit or loss accounts as these cash flows of the hedged item are realized (considering the original maturity of the hedging instrument).

Some of the trading purpose derivative transactions, even though they provide effective economic hedges under the Group's risk management policy, do not qualify for hedge accounting under the specific rules in "IFRS 9- Financial Instruments" and are therefore treated as "Derivative financial assets measured at fair value through profit or loss".

"Derivative financial assets measured at fair value through profit or loss" are measured at fair value. If the fair value of derivative financial instruments is positive, it is disclosed under the main account "Derivative financial assets measured at fair value through profit or loss" and if the fair value difference is negative, it is disclosed under "Derivative financial liabilities measured at fair value through profit or loss". Fair value changes are recorded under "Derivative Financial Transactions Gains/ (Losses)" in the income statement.

The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Parameters used for the valuation of the option portfolio of the Parent Bank are determined by market risk management and the confirmation of the accuracy of fair value calculations are monitored periodically by market risk management.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts as their contractual values. Embedded derivatives are separated from the host contract and accounted as derivative instruments according to "IFRS – 9 Financial Instruments"; in case, (i) the related embedded derivative's economic features and risks are not closely related to the host contract, (ii) another instrument that has the same contract conditions with the embedded derivative satisfies the definition of a derivative instrument and (iii) the hybrid instrument is not carried at fair value through profit or loss.

Credit derivatives are capital market tools designed to transfer credit risk from one party to another.

As of March 31, 2024, the Parent Bank's credit derivatives portfolio included total return swaps.

Credit linked notes are bonds that have repayments depending on a credit event or the credit risk evaluation of a reference asset or asset pool. Depending on whether the reference assets are included in the balance sheet of the issuer or the owner of the assets, these transactions can be accounted by the party assuming the credit risk as insurance or as an embedded derivative. As per the Bank's management evaluation, the embedded derivatives included in the credit linked notes are separated from the host contracts in accordance with "IFRS 9 - Financial Instruments" and recorded and evaluated as credit default swaps. The bond itself (host contract) is valued in accordance with the valuation principles of the category it is classified.

Total return swaps are contracts, in which the seller commits to pay the contract value for all cash flows of the reference assets of the seller and the changes of the market values of these reference assets to the buyer during the contract maturity and bear all the decreases in the market value of these reference assets. The Bank uses the total return swaps to generate long term funding.

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Notes to consolidated financial statements as of March 31, 2024

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Market risks of these products are monitored using the Parent Bank's internal modeling system for the Value-at-Risk and basis points sensitivity analysis; the liquidity risks are monitored using the short term liquidity report on daily and the long term liquidity report on monthly basis.

According to the regulations of BRSA, currency exchange transactions which are realized at value date in the initial phase of currency swaps are recorded and followed as irrevocable commitments in off-balance sheet accounts until the value date.

A Credit Valuation Adjustment (CVA) is applied to the Bank's over-the-counter derivative exposures to take into account the counterparty's risk of default when measuring the fair value of the derivative. CVA is the mark-to-market cost of protection required to hedge credit risk from counterparties in the Bank's over-the-counter derivatives portfolio. The Bank calculates CVA based on collective provisioning methodology calculated in accordance with Turkish Financial Reporting Standards, "TFRS – 9 Financial Instruments", comprising the product of Exposure, Probability of Default (PD) and Loss Given Default (LGD). CVA is calculated based on the exposure of each counterparty.

Within the scope of TFRS 13 Fair Value Measurement standard; (i) if there is a significant decrease in the volume or level of activity for that asset or liability in relation to normal market activity for the asset or liability (or similar assets or liabilities); (ii) when the transaction or quoted price does not represent fair value; and / or (iii) when a price for a similar asset requires significant adjustment to make it comparable to the asset being measured, or (iv) when the price is stale, the Bank makes an adjustment to the transactions or quoted prices and reflects this adjustment to the fair value measurement. In this context, the Bank determines the point within the range that is most representative of fair value under current market conditions.

5. Explanations on interest income and expense:

Interest income and expenses are recognized in the income statement on an accrual basis by using the effective interest method periodically.

Retrospective rediscount calculation and foreign exchange evaluation is performed for non-performing loans, and accrued interest and discounts as of transfer to non-performing loan accounts are accounted under loan accrual/rediscount accounts as per Uniform Chart of Accounts ('UCA'). The Bank ceases accruing interest after non-performing loan classification. In place of that, interest amount representing the time value of future collections is recognized under interest income instead of provision expense.

6. Explanations on fee and commission income and expenses:

Fees and commissions received as a result of the service agreements or arising from negotiating or participating in the negotiation of a transaction on behalf of a third party are recognized either in the period when the transaction is realized or deferred based on the type of the underlying transaction. Other commission income and fees from various banking services are recorded as income at the time of realization.

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 - "Revenue from Contract with Customers".

7. Explanations on financial assets:

As of January 1, 2018, the Group has applied TFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)
- Financial assets measured at amortised cost

According to TFRS 9 classification of financial assets is based on two criteria; business model under which the financial asset is being managed and contractual cash flows representing solely payments of principal and interest of the financial asset. This evaluation incorporates whether there is any clause that may change timing or amount of contractual cash flows of the financial asset.

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Classification of financial assets reflects the business model of how the Group manages the assets in order to generate cash flows. Bank's business model may be to collect solely the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVPL.

Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

The Parent Bank owns Consumer Price Indexed (CPI) Government Bonds which are classified under "Fair value through other comprehensive income" and "measured at amortised cost" securities portfolio. Related securities are valued using the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of prior two months.

Assessment of the business model

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The business model does not depend on management's intentions for an individual instrument. Accordingly, this condition is not a single instrument basis approach for classification and should be determined on a higher level of aggregation.

During the assessment of the business model for management of financial assets, all relevant evidences at the assessment date have been taken into consideration. Such relevant evidence includes below:

- How the performance of the portfolio is evaluated and reported to the Group's management;
- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets with duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

If cash flows are realised in a way that is different from the expectations on the date of the assessment of the business model, that does not give rise to a prior period error in the financial statements nor does it change the classification of the remaining financial assets held in that business model as long as all relevant information that was available at the time of business model assessment were. However, when the business model is assessed for newly originated or newly purchased financial assets, it must be considered information about how cash flows were realised in the past, along with all other relevant information. The business models are divided into three categories. These categories are defined below:

- Business model whose objective is to hold assets in order to collect contractual cash flows

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. That is, the Group manages the assets held within the portfolio to collect those particular contractual cash flows.

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Although the objective of Group's business model may be to hold financial assets in order to collect contractual cash flows, the Group does not need to hold all of those instruments until the maturity. Thus Group's business model can be to hold financial assets to collect contractual cash flows even when sales of financial assets occur or are expected to occur in the future.

The business model may be to hold assets to collect contractual cash flows even if the Group sells financial assets when there is an increase in the assets' credit risk. The Group considers reasonable and supportable information, including forward looking information in order to determine whether there has been an increase in the assets' credit risk. Regardless of their frequency and value, sales due to an increase in the assets' credit risk are not inconsistent with a business model whose objective is to hold financial assets to collect contractual cash flows because the credit quality of financial assets is relevant to the Group's ability to collect contractual cash flows.

- A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

The Group may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In this type of business model, the Group's management has made a decision on both collecting contractual cash flows and selling financial assets are necessary for achieving the objective of the business model. There are various objectives that may be consistent with this type of business model. For example, the objective of the business model may be to manage liquidity needs on daily basis, to maintain a particular interest yield profile or to match the duration of the financial assets to the duration of the liabilities funding those assets. To achieve such an objective, the Group will both collect contractual cash flows and sell financial assets.

Compared to a business model whose objective is to hold financial assets to collect contractual cash flows, this business model will typically involve greater frequency and value of sales. This is because selling financial assets is integral to achieving the business model's objective instead of being only incidental to it.

- Other business models

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

A portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The Group is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- Features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss.

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7.1. Financial assets measured at fair value through profit or loss:

Financial assets, which are classified as "Financial assets measured at fair value through profit or loss", are trading financial assets and are either acquired for generating profit from short-term fluctuations in the price or dealer's margin, or are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

Trading financial assets are initially recognized at fair value and are subsequently re-measured at their fair value. However, if fair values cannot be obtained from active market transactions, it is assumed that the fair value cannot be measured reliably and fair values are calculated by alternative models. All gains and losses arising from these valuations are recognized in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

The principles regarding the accounting of derivative financial instruments are explained in detail in Note 4 of this section.

7.2. Financial assets measured at amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortised cost. These financial assets are initially recognized at total of acquisition and transaction cost. After their initial recognition they are carried at "Amortized cost" using the "Effective interest method".

7.3. Loans:

Loans are financial assets raised through lending without having the intention to trade in the short term. Loans are non derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted on active market. Loans are recognized initially at cost including transaction costs (which reflect fair values) and subsequently carried at the amortized cost using the "effective interest method". The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognized in the expense accounts.

Retail, commercial and corporate loans included in cash loans are accounted for with their original maturities in accounts which are mentioned in the UCA. Foreign currency indexed loans are initially measured at local currency accounts with the foreign exchange rate prevailing at date of the initial recognition and re-valued with the relevant foreign currency rates prevailing at the date of the financial statements. Increase or decrease in the value of the principal amount of the loan due to changes in foreign exchange rates is accounted in the related income and expense accounts. Repayment amounts are translated with the foreign exchange rates prevailing at the repayment dates and the valuation differences are accounted for in foreign exchange gain/loss accounts.

The Parent Bank provides provision for expected credit losses based on the assessments and estimates of the management, by considering the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" ("Provisioning Regulation") published in the Official Gazette No. 29750 dated June 22, 2016 and in line with "IFRS 9 - Financial Instruments". In this context, the management estimates are determined, on the basis of the prudence principle and Bank credit risk policies, considering the general structure of the loan portfolio, the financial conditions of the customers, non-financial information and the economic conjuncture.

As of March 31, 2024, the Bank has made its classifications in accordance with the IFRS 9 standard and reflected them in its financial statements. In this context; the Group has evaluated many reasonable and supportable qualitative and quantitative data in assessing whether there is a significant increase in credit risk in the classification of loans according to stages and determining the moment when the default situation occurs. It has classified the loans according to their stages according to its best judgment under the current conditions.

Expected Credit Losses are accounted for as an expense in the accounting period they are incurred. If there is a subsequent collection from a receivable that was already provisioned in previous years, the recovery amount is classified under "Other operating income". The write off policy is described in the explanations and notes related to assets, fifth section.

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7.4. Financial assets measured at fair value through other comprehensive income:

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI).

Financial assets measured at fair value through other comprehensive income are subsequently re-measured at fair value. When fair values based on market prices cannot be observed reliably, the financial assets at fair value through other comprehensive income are carried at fair values determined by using alternative models. "Unrealized gains and losses" arising from changes in the fair value of financial assets classified as financial assets at fair value through other comprehensive income are recognized in the shareholders' equity as "Other accumulated comprehensive income that will be reclassified in profit or loss", until the related assets are impaired or disposed. When these financial assets are disposed or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement. Interest and dividends received from financial assets at fair value through other comprehensive income are recorded in interest income and dividend income as appropriate.

Interest income on financial assets at fair value through other comprehensive income are calculated by effective interest rate method and are accounted for in interest income account. At the time of sale of financial assets at fair value through other comprehensive income before the maturity, the difference between the profit, which is the difference between the cost and sales price of the financial assets, and the interest income accrual are accounted under "Profit/losses from capital market transactions".

7.5. Equity instruments measured at fair value through other comprehensive income:

At initial recognition, Group can make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an equity instrument within the scope of TFRS 9. Such election is made on an instrument basis. Fair value differences recognized in other comprehensive income are not transferred to profit or loss in the following periods and transferred to prior years' profit/loss. The equity instruments measured at fair value through other comprehensive income, are not subject to impairment calculation.

8. Explanations on impairment of financial assets:

The Parent Bank assesses the expected credit losses ("ECL") related with its debt instrument assets carried at amortised cost and at fair value through other comprehensive income, with the exposure arising from loan commitments and financial guarantee contracts on a forward-looking basis. The Parent Bank recognises a loss allowance for such losses at each reporting date. The measurement of expected credit losses reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement of the expected credit loss allowance:

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

These financial assets will be divided into three categories depending on the gradual increase in credit risk observed since their initial recognition. Impairment shall be recognized on outstanding amounts in each category, as follows:

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk will be recorded in the amount of 12-month expected credit losses.

Stage 2:

In the event of a significant increase in credit risk since initial recognition, the financial asset will be transferred to this stage. Impairment for credit risk will be determined on the basis of the instrument's lifetime expected credit losses.

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Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognized and interest revenue is calculated on the net carrying amount.

Life-time expected credit loss is calculated on an individual or collective basis for the financial assets in stage 2 and stage 3.

General provisions represent ECLs for the first stage and the second stage, specific provisions represent ECLs for the third stage.

The Parent Bank has developed specific models for calculating the expected loss; such models are based on the parameters of PD, LGD and EAD and on the effective interest rate. In particular:

- The PD (Probability of Default), represents the customer's probability of more than 90 days delay, within 12-months;
- The LGD (Loss Given Default), represents the percentage of the estimated loss, and thus the expected rate of recovery, at the date of occurrence of the default event of the credit exposure;
- The EAD (Exposure at Default), represents the measure of the exposure at the time of the event of default of the credit exposure;
- The Effective interest rate is the discount rate that expresses of the time value of money.

Such parameters are calculated starting from the corresponding parameters used for IRB preparation purposes, with specific adjustments in order to ensure consistency between accounting and regulatory treatment despite different regulatory requirements.

The main adjustments aimed at:

- Removal of prudency principal used for IRB preparation phase;
- Introducing "point-in-time" adjustments to replace "through-the-cycle" adjustments required for IRB preparation phase (TFRS-9 parameters developed over these parameters.);
- With reference to lifetime PD, through-the-cycle PD curves obtained by adjusting observed cumulated default rates were calibrated in order to reflect point-in-time on portfolio default rates.

Recovery rate incorporated into through-the-cycle LGD was adjusted in order to remove prudency principle and to reflect the most updated trend of recovery rates discounted at effective interest rate or at its best approximation.

The lifetime EAD has been obtained by converting the 1 year regulatory or managerial model to life-time, removing margin of prudency and including the expected discounted cash flow.

The Stage Allocation model is a key aspect of the accounting model required to calculate expected credit losses which is aimed at transferring credit exposures from Stage 1 to Stage 2.

With reference to the quantitative component of the model for stage allocation, the Parent Bank has adopted a statistical approach based on a quantiles regression whose objective is to define a threshold in terms of maximum variation acceptable between the PD at the time of origination and the PD assessed at the reporting date.

The Stage Allocation model was based on a combination of relative and absolute elements. The main elements were:

- Comparison, for each transaction, between the PD measured at the time of recognition and PD as at the reporting date, both calculated according to internal models, through thresholds set in a way considering all key variables of each transaction that can affect the Bank's expectation of PD changes over time;
- Absolute elements such as the backstops required by law;
- Additional internal evidence.

Significant increase in credit risk

In the assessment of significant increase in credit risk quantitative and qualitative assessments are made;

Quantitative Assessment:

As a result of quantitative assessment, related financial asset is classified as stage 2 (Significant Increase in Credit Risk) when any of the following criteria are satisfied.

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As of reporting date:

- Lifetime expected credit losses shall be recognized on a transaction base, when more than 30 days past due status is passed. The Parent Bank can abandon this estimation when it has reasonable and supportable information about customers' contractual repayments.
- In case a loan has been restructured, it will be followed up under Stage 2 during the follow-up period mentioned in the related regulations. The loan can be transferred back to Stage 1 at end of the follow-up period if there is no significant deterioration.
- Provisions on non-funded non cash loans are evaluated as significant increase in credit risk.

Qualitative Assessment:

The probability of significant increase in credit risk under qualitative assessment is based on the comparison of probability of default of a loan in the origination and as of reporting date.

The Group uses distribution regression on segment basis in order to calculate the thresholds used in defining the significant increase in credit risk.

Low credit risk

Financial instruments defined as low risk for TFRS 9 are;

- Receivables from Central Bank of the Republic of Türkiye ("CBRT");
- Loans with counterparty of Treasury of the Republic of Türkiye;
- The issued securities or guaranteed marketable securities from central banks of the countries where Group's subsidiaries, associates are resident;
- Bank placements;
- Other money market transactions;
- Transactions of Group's associates and subsidiaries.

Forward Looking Macroeconomic Information:

Forward-looking macroeconomic information is incorporated into credit risk parameters during assessment of significant increase in credit risk and expected credit loss calculation.

For the calculation of expected credit loss, Bank uses macroeconomic estimation method which is developed during creation of various scenarios. Macroeconomic variables prevailing during these estimates are gross domestic product (GDP) and unemployment rate.

When expected credit losses are estimated in accordance with the forward looking macroeconomic information, the Bank evaluates three scenarios (base, pessimistic and optimistic) with various weights based. The Bank has reviewed the macroeconomic model used in the process and has been the subject of provision calculations using the data considered to reflect the current situation in the best way.

In the light of macroeconomic expectations, the Parent Bank reflected the calculations made to its financial statements considering the probability of default values and the possible changes in the exposure at default. In this context, the Bank has measured the effect of the change in macroeconomic data used in the calculation of expected credit loss such as gross domestic product and unemployment rate, on the non performing loans under different scenarios and reflected the increase coefficient, which was considered to be the most accurate, to its provision calculations by projecting it on the loan parameters within the range of NPL ratio obtained throughout the calculations.

9. Explanations on offsetting financial assets:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognised amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

10. Explanations on sales and repurchase agreements and securities lending transactions:

Securities subject to repurchase agreements ("Repo") are classified as "Financial assets at fair value through profit or loss", "Financial assets measured at fair value through other comprehensive income" and "Financial assets measured at amortised cost" according to the investment purposes of the Group and measured according to the portfolio to which they belong.

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Funds obtained from repurchase agreements are accounted under "Money market funds" in liabilities and the difference between the sale and repurchase price is accrued over the life of the repurchase agreements using the "Effective interest method". Interest expense on repo transactions are recorded under "Interest expense on money market transactions" in the income statement.

Funds given against securities purchased under agreements to resell ("reverse repo") are accounted under "Receivables from money markets" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the effective interest method.

The Group has no securities lending transactions.

11. Information on assets held for sale and related to discontinued operations and explanations on liabilities related with these assets:

According to the "IFRS-5 Non-current Assets Held for Sale and Discontinued Operations" a tangible asset (or a group of assets to be disposed) classified as "Asset held for sale" is measured at lower of carrying value and fair value less costs to sell. An asset (or a group of assets to be disposed) is regarded as "Asset held for sale" only when the sale is highly probable and the asset (or a group of assets to be disposed) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

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 the income statement.

12. Explanations on goodwill and other intangible assets:

12.1. Goodwill:

The excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities or contingent liabilities of the acquired subsidiary at the date of acquisition of the control is recorded as goodwill and represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised. The acquirer also recognises assets that are capable of being individually identified and separately recognised, intangible assets (e.g. credit card brand value, deposit base and customer portfolio) and contingent liabilities at fair value, irrespective of whether the asset had been recognised by the acquire before the business combination, if it can be distinguished from the goodwill and if the asset's fair value can be measured reliably.

As of March 31, 2024, there is no goodwill (December 31, 2023 - None).

12.2. Other intangible assets:

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortization and the provision for impairment.

The Group evaluates the possibility of existence of impairment of intangible assets at the end of each reporting period. If there is an evidence of impairment, the Group estimates a recoverable amount in accordance with the "IAS 36 - Impairment of Assets". The recoverable amount is the higher of net sales price or the value in use. When the book value of another intangible asset exceeds the recoverable amount, the related asset is considered to be impaired. If there is no evidence of impairment, there is no need to estimate the recoverable amount.

Intangibles are amortized over their estimated useful lives using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilise the economic benefit from the asset.

13. Explanations on property and equipment:

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement in accordance with "IAS 16-Property, Plant and Equipment". Subsequently, properties and equipments, except art objects, paintings and buildings, are carried at cost less accumulated depreciation and provision for impairment.

The Group adopted fair value accounting method for its buildings since March 31, 2015 in tangible assets in accordance with "IAS 16 - Property, Plant and Equipment".

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The depreciation rate for buildings is 2-4%; for movables and movables acquired under financial leasing depreciation is calculated over estimated useful life by using the straight-line method. The depreciation charge for items remaining in property and equipment for less than a full accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

In accordance with "TAS 36 - Impairment of Assets", where the carrying amount of an asset is greater than its estimated "recoverable amount", it is written down to its "recoverable amount" and the provision for impairment is charged to the income statement.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales proceeds.

Expenditures for the repair and maintenance of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

14. Explanations on leasing transactions:

The Group performs leasing transactions in the capacity of the lessee and lessor.

14.1. Accounting of leasing operations according to lessee:

The Group has adopted "IFRS 16 - Leases" in the accounting of leasing transactions.

In accordance with "IFRS 16 - Leases", the Group calculates "right-of-use" amount using the present value of the lease payments of fixed asset at the beginning of the leasing period and recognizes under "property and equipment". Unpaid leasing payments are calculated at their net present value and recognized under "lease payables" in liabilities. Lease payments are discounted using related borrowing rates.

Fixed assets that are subject to leasing is amortised on the basis of leasing period. Interest expense related to lease payables is classified under "interest on lease payables" under "interest expense" and exchange rate changes are classified under "foreign exchange gains/losses". Leasing payments are deducted from lease payables.

14.2. Accounting of leasing operations according to lessor:

Assets that are subject to financial leasing are reflected as a receivable equal to the net leasing amount in the consolidated financial statements. Interest income is earned to form a fixed periodical interest rate on net investment amount of the related leased asset by the lessor and the portion relating to subsequent periods is followed in the unearned interest income account.

14.2.1. Provision for doubtful lease receivables

The lease receivables provision for the impairment of investments in direct finance leases is established based on a credit review of the receivables portfolio. The Group has set this provision in accordance with the IFRS 9 rules.

Finance lease receivables and accounts receivables that cannot be recovered are written off and charged against the allowance for the impairment of lease and accounts receivables. Such receivables are written off after all the necessary legal proceedings have been completed and the amount of loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction from the provision for the impairment of the lease receivable and are recognized as income.

15. Explanations on provisions, contingent assets and liabilities:

Provisions and contingent liabilities, except for the expected credit loss recognized for financial instruments within the scope of IFRS 9 standards, are accounted in accordance with "TAS – 37 Provisions, Contingent Liabilities and Contingent Assets".

Provisions are recognised 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. Provisions for contingent liabilities arisen from past events are recognised in the period of occurrence in accordance with the "Matching principle".

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A provision is recognised when it is probable that the contingent event will occur and a reliable estimate can be made. When a reliable estimate of the amount of obligation cannot be made, or it is not probable that an outflow of resources will be required to settle the obligation, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

16. Explanations on obligations related to employee benefits:

16.1. Employee benefits

Obligations related to employee termination and vacation rights are accounted for in accordance with "TAS 19 - Employee Benefits" and are classified under "Provisions for employee benefits" account in the balance sheet.

Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for employee termination represents the present value of the estimated total liability for the future probable obligation of the Group determined by using certain actuarial assumptions. Actuarial gains and losses are accounted for under equity in accordance with the "TAS – 19 Employee Benefits" standard.

16.2. Pension rights

The Parent Bank's personnel are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı ("the Fund") which was established in accordance with the 20th temporary article of the Social Security Law No. 506. As of December 31, 2023, the defined benefit obligations of the Fund have calculated in the actuarial valuation report prepared by the registered actuary.

Temporary article 23th paragraph 1 of the Banking Act published in the Official Gazette No 25983 dated November 1, 2005 stated that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years beginning from the publication date of the article.

The article of the Law related to the transfer was cancelled (pursuant to the application by the President on November 2, 2005) by the decision of Constitutional Court (decision no: E.2005/39, K. 2007/33 dated March 22, 2007) published in the Official Gazette No. 26479 dated March 31, 2007, and the effect of the law article was suspended from the date of the publication of the decision.

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, No 26731. With the publication of the reasoning of the decision, the Grand National Assembly of Türkiye ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on April 17, 2008. The New Law was published in the Official Gazette No. 26870 dated May 8, 2008. With the new law, the banks' pension funds will be transferred to SSI within three years from the date of publication of the decree and this period can be extended for a maximum of two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated April 9, 2011. According to the "Amendment of Social Insurance and General Health Insurance Law No. 6283" published in the Official Gazette dated March 8, 2012, Council of Ministers was authorized to increase the two-year extension period mentioned above to four years.

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According to the decision of The Council of Ministers dated February 24, 2014, the transfer date is set as May 2015. The Council of Ministers was authorized to determine the transfer date of pension funds in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated April 23, 2015 and numbered 29335. The president was authorized to determine the transfer date of pension funds in accordance with the last amendment by the Law No. 30473 published in the Official Gazette dated July 9, 2018.

A commission (whose members are the representatives of the SSI, Ministry of Treasury and Finance of the Republic of Türkiye, State Planning Organization, BRSA, Saving Deposit Insurance Fund ("SDIF"), one member representing the Fund and one member representing the Fund members) is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9,8% by law taking into consideration income and expenses by insurance branches of the funds and the excess of salaries and income paid by the funds over the salaries and income to be paid in accordance with the SSI arrangements which should not be less than SSI arrangements, related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

In accordance with the New Law, after the transfer to SSI, any social rights and payments to Fund members and their beneficiaries which are not provided although they are included in the Fund Title Deed will continue to be provided by the Fund and the employers of the Fund members.

The Parent Bank accounts for a provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law and in accordance with the "TAS 19 - Employee Benefits" standard.

16.3. Short term benefits of employee:

Within the scope of "TAS 19 - Employee Benefits", the Group measures the expected costs of accumulated paid leaves as expected payments it will make due to unused leave rights as at the end of the reporting date.

17. Explanations on taxation:

17.1. Current tax:

The corporate tax rate is 20% in accordance with the article number 32 of the New Corporate Tax Law no.5520 which is published in the official Gazette dated June 21, 2006 and numbered 26205. In accordance with the 11 and 14th articles of the Law numbered 7316 on "Amendment of Law on Collection Procedure of Public Receivables and Certain Laws" published in the Official Gazette dated April 22, 2021 and numbered 31462, corporate tax rate will be applied as 25% for enterprises' corporate income belonging to the taxation periods of 2021 and 23% for enterprises' corporate income belonging to the taxation periods of 2022. Standard corporate tax rate for financial sector is increased to 25% starting from the declarations as of July 1, 2022 and to be valid for the taxation periods of 2022 according to the Law numbered 7394 published in the Official Gazette No. 31810 dated April 15, 2022. In accordance with the Law numbered 7456 which is published in Official Gazette dated July 15, 2023 and numbered 32249, corporate tax rate is increased to 30% for banks starting from the declarations of October 1, 2023 and to be valid for the taxation periods from January 1, 2023.

Corporate tax rate business income tax in accordance with the laws of the institutions to be added as unacceptable the reduction of costs in the tax laws, exemptions and reductions to the tax base found as a result of the reduction that will be applied.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Dividends paid to non-resident corporations, which have a place of business in Türkiye or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 10%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

In accordance with the Corporate Tax Law, three quarterly temporary corporate tax statements are submitted in total in the first nine months of reporting year. Advance tax is declared and paid by the 17th day of the second month following each calendar quarter end.

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Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

75% portion of the capital gains derived from the sale of equity investments and 50% portion of the capital gains derived from 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.

In accordance with the Law numbered 7456 which is published in the Official Gazette dated July 15, 2023 and numbered 32249, the tax exemption on profits from the sales of immovables has been terminated as of July 15, 2023. For immovables that were a part of company's assets before the date of July 15, 2023, the exemption rate on profits arising from their sales has been set as 25%.

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.

Tax returns are required to be filled and delivered to the related tax office until the last evening of the fourth month following the balance sheet date and the accrued tax is paid same day. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this 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.

Non-monetary items on the financial statements must have been restated for inflation according to the repeated article 298/A of Tax Procedure Law. In law numbered 7352 published on January 29, 2022 in the Official Gazette numbered 31734, 2021 and 2022 accounting periods including advance tax periods are deemed as the periods in which the requirements for inflation adjustment are not met. In the fiscal year of 2023, quarterly advance tax periods were not subject to inflation adjustment, but the financial statements prepared in accordance with Tax Procedure Law are subject to inflation adjustment regardless of whether the conditions for inflation adjustment are met. Profit/loss difference arising from inflation adjustment is recognized in retained earnings but has no effect on the corporate tax base. The profit/loss differences arising from the inflation adjustment for the accounting periods in 2024 and 2025, including the temporary tax periods, will not be taken into account in the determination of taxable income. The President is authorized to extend the determined tax periods by one accounting period.

Tax rates that are used in tax calculations before the exemptions by foreign subsidiaries by taking current tax regulations in their countries into consideration as of March 31, 2024 are as follows:

Netherlands	25,80%
Azerbaijan	20,00%

Amendments to Tax Procedure Law was published with the Law numbered 7338 published in the Official Gazette dated October 26, 2021. These amendments provide the opportunity to revalue the real estates and depreciable assets.

With the change in the communiqué published in the Official Gazette on January 14, 2023, conditions have been clarified for the taxpayers, who are subject to different accounting and financial reporting standards rules than those determined by the General Communiqué on Accounting System Implementation, is able to benefit from the revaluation specified in paragraph (Ç) of the duplicate article 298 and temporary article 32 in Law Numbered 213.

Within the scope of the temporary article 32 of the Tax Procedure Law Numbered 213, depreciable assets were revalued and additional tax amount of 2% is levied over the revaluation difference. Assets that are included in the scope pursuant to paragraph (Ç) of the duplicate article 298 are valued with the revaluation rate announced in the relevant year and no tax is levied over this revaluation increase.

17.2. Deferred tax:

The Group calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "TAS 12 - Income Taxes" and in accordance with BRSA's explanations and circulars and the tax legislation. The Group calculates deferred tax on deductible temporary differences, to the extent that future taxable income is estimated to be available. In the deferred tax calculation, the enacted tax rate is used as of the balance sheet date by estimating when the temporary differences will be taxable / deductible in accordance with the current tax legislation.

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Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that future taxable profit will be available against which the deferred tax asset can be utilised.

Deferred tax assets and liabilities of subsidiaries subject to consolidation have been netted of in their standalone financial statements in accordance with "TAS 12 - Income Taxes". The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

Tax effects of the transactions that are directly accounted under equity are also reflected to equity.

17.3. Transfer pricing:

The article no.13 of the Corporate Tax Law No.5520 describes the issue of transfer pricing under the title of "Disguised profit distribution" by way of transfer pricing (previously included as "Disguised profit" in the Corporate Tax Law No.5422). "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" published at November 18, 2007/26704, explains the application related issues on this topic effective from January 1, 2007, also taking into account the regulations in Article 41 of the Income Tax Law.

"Arm's length principle", which is the basis for the transfer pricing rule, is the pricing system to be followed for purchase or sale activities between related parties for any product or service transactions as if the transaction is realized with any other third party. 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.

As discussed in the relevant section of this communiqué, the taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

18. Explanations on borrowings:

The financial liabilities classified at fair value through profit/loss, trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at "amortized cost" including costs of transactions using the "effective interest method".

The Group classifies some of its financial liabilities as the financial liabilities classified at fair value through profit/loss in order to eliminate the accounting mismatch at the initial recognition. For the related liabilities until the maturity, the Bank presents interest expenses paid and the difference between amortized cost and acquisition cost in the interest expense, the difference between the fair value of the financial liabilities and amortized cost presents under the trading gain/(loss) in the income statement.

The Group utilises various hedging techniques to minimise the currency, interest rate and liquidity risks of its financial liabilities. No convertible bonds have been issued. Also, Group obtains funds by issuing bonds and bills.

19. Explanations on issuance of share certificates:

When shares are issued above their nominal value, the excess over the nominal value is accounted under shareholders' equity as "Share premium".

20. Explanations on confirmed bills of exchange and letter of acceptances:

Confirmed bills of exchange and acceptances are included in the "Off-balance sheet commitments".

21. Explanations on government grants:

None (December 31, 2023 - None).

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22. Profit reserves and profit distribution:

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. Legal reserves consist of first and second reserves as foreseen in the TCC. The TCC specifies that the first legal reserve is appropriated at the rate of 5% until the total reserve is equal to 20% of paid-in capital and that the second legal reserve is appropriated at the rate of 10% of distributions in excess of 5% of paid-in capital; however holding companies are not subject to this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate for accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

No dividend payments of the Parent Bank were announced after the balance sheet date.

23. Earnings per share:

Earnings per share disclosed in the income statement are calculated by dividing net profit/loss for the year to the weighted average number of shares outstanding during the period concerned.

	Current Period	Prior Period
Net income/(loss) to be appropriated to ordinary shareholders	10.301.888	12.640.225
Weighted average number of issued ordinary shares (thousand)	844.705.128	844.705.128
Earnings per share (full TL)	0,0122	0,0150

In Türkiye, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. These bonus shares are treated as issued shares in earnings per share computations. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year is adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

No bonus shares were issued during 2024 (2023 - None).

24. Related parties:

For the purpose of these financial statements, shareholders having control shares of the Bank, key management personnel and board members together with their families and companies controlled by/affiliated with them, associated companies and joint ventures and the Fund providing post employment benefits are considered and referred to as related parties in accordance with "TAS 24 - Related Parties". The transactions with related parties are disclosed in detail in Note 5 of Section Five.

25. Explanations on operating segments:

Information about operating segments which are determined in line with "TFRS 8 - Operating Segments" together with organizational and internal reporting structure of the Bank, are disclosed in Note 10 of Section Four.

26. Explanations on other matters:

None.

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Section Four - Information related to financial position of the Group**1. Explanations on consolidated equity:**

The calculation of the own funds and the capital adequacy standard ratio are performed in accordance with the communiqués such as “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio”, “Regulation Credit Risk Mitigation Techniques”, “Regulation on calculation of Risk-Weighted Amounts of Securitization” and “Regulation Regarding Banks’ Shareholders’ Equity”.

The consolidated capital adequacy ratio of the Group is 15,93% (December 31, 2023 - 19,12%) and the Parent Bank is 16,93% (December 31, 2023 – 20,28%).

1.1. Information on equity:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in Capital	8.447.051	8.447.051
Share premiums	556.937	556.937
Retained earnings	145.190.447	87.382.611
Other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	39.134.233	33.904.404
Profit	11.941.842	69.648.790
Net profit of the period	10.301.888	68.008.836
Profit of the previous years	1.639.954	1.639.954
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled subsidiaries and cannot be recognised within profit for the period	31.689	31.689
Minority interest	2.995	2.674
Common Equity Tier 1 capital before regulatory deductions	205.305.194	199.974.156
Common Equity Tier 1 capital: regulatory deductions		
Valuation adjustments	-	-
The sum of the net loss for the current period and the previous years which could not be absorbed by the retained earnings and losses recognised in equity in accordance with TAS	18.631.913	21.093.163
Leasehold improvements for operating leasing	527.362	520.942
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	2.091.342	1.804.260
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Cash-flow hedge reserve	2.661.165	2.888.940
Shortfall of total credit losses that exceed total expected losses	-	-
Securitization gain on sale	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Investments in own capital	-	-
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank owns more than 10% of the issued share capital (amount above 10% threshold)	-	-
Mortgage servicing rights (amount above 10% threshold)	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amount exceeding the 15% threshold (-) of the common equity Tier 1 in accordance with the second paragraph of the provisional article 2 in the regulation regarding the Banks’ Shareholders’ Equity	-	-
The amount above threshold for the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank owns more than 10% of the issued share capital	-	-
The amount above threshold for mortgage servicing rights	-	-
The amount above threshold for deferred tax assets arising from temporary differences	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-
Total regulatory deductions to Common equity Tier 1	23.911.782	26.307.305
Common Equity Tier 1 capital (CET1)	181.393.412	173.666.851

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ADDITIONAL TIER 1 CAPITAL	Current Period	Prior Period
Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-	-
Eligible debt instruments and relevant share issue premiums that are approved by the BRSA	-	19.134.830
Eligible debt instruments and relevant share issue premiums that are approved by the BRSA (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-	-
Third parties' share in the Additional Tier 1 capital	-	-
Third parties' share in the Additional Tier 1 capital (Temporary Article 3)	-	-
Additional Tier 1 capital before regulatory deductions	-	19.134.830
Additional Tier 1 capital: regulatory deductions		
Investments in own Additional Tier 1 instruments	-	-
Reciprocal cross-holdings in Additional Tier 1 instruments	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
Total regulatory adjustments to Additional Tier 1 capital	-	-
Total Additional Tier 1 capital	-	19.134.830
Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	181.393.412	192.801.681
TIER 2 CAPITAL		
Eligible debt instruments and relevant share issue premiums that are approved by the Agency	37.928.210	15.519.100
Eligible debt instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	6.243.797	5.086.750
Tier 2 capital before regulatory adjustments	44.172.007	20.605.850
Tier 2 capital: regulatory adjustments		
Direct and indirect investments of the Bank on its own Tier 2 Capital (-)	-	-
Investments of the Bank to banks that invest on the Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-	-
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) (-)	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Total regulatory adjustments to Tier 2 capital	-	-
Total Tier 2 capital	44.172.007	20.605.850
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	225.426.023	213.264.762
The Sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Credits extended contrary to the provisions of Articles 50 and 51 of the Banking Law	16.698	19.261
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years ⁽¹⁾	-	-
National specific regulatory adjustments which shall be determined by the BRSA	122.698	123.508
Regulatory Adjustments which will be deducted from Total Capital during the transition period		
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Significant investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold), mortgage servicing rights (amount above 10% threshold), deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-

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OWN FUNDS	Current Period	Prior Period
Total Capital (The sum of Tier 1 capital and Tier 2 capital) ^{(1),(2)}	225.426.023	213.264.762
Total Risk Weighted Assets ⁽³⁾	1.414.989.675	1.115.540.871
CAPITAL ADEQUACY RATIOS		
Common Equity Tier 1 Capital Adequacy Ratio (%)	12,82	15,57
Tier 1 Capital Adequacy Ratio (%)	12,82	17,28
Capital Adequacy Ratio (%)	15,93	19,12
BUFFERS		
Institution specific buffer requirement of the Bank (a+b+c)	3,558	3,551
a)Capital conservation buffer requirement (%)	2,500	2,500
b)Bank’s specific countercyclical buffer requirement (%)	0,058	0,051
c)Systemically important Bank buffer	1,000	1,000
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	6,819	11,068
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financials	1.137.572	972.927
Significant investments in the common stock of financials	7.683.293	7.069.176
Mortgage servicing rights (net of related tax liability)	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	8.979.661	16.986.235
Applicable caps on the inclusion of provisions in Tier 2 capital		
General provisions for standard based receivables (before ten thousand twenty five limitation)	6.337.174	5.230.279
Up to 1,25% of total risk-weighted amount of general provisions for receivables where the standard approach used	2.838.538	2.456.027
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	4.864.659	3.758.179
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	3.405.259	2.630.723

- (1) According to the “Regulation Regarding to changes on Regulation on Banks’ Shareholders’ Equity” published in Official Gazette No.30121 on July 11, 2017, related article has been abolished.
- (2) In the calculation of Capital Adequacy Ratios, the negative valuation differences on securities acquired before January 1, 2024 classified under “securities at fair value through other comprehensive income” are not taken into consideration in the calculation of own funds according to BRSA note no: 10747 dated December 12, 2023.
- (3) In the calculation of credit risk, foreign exchange rate is the rate that used in the preparation of financial statements as of June 26, 2023, according to BRSA note no: 10747 dated December 12, 2023.

(Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish)

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1.2. Information on debt instruments included in the calculation of equity:

	1	2	3	4
Lender (1,2), Issuer (3,4,5)	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS2741069996 / US984848AR26	XS2286436451 / US984848AN12	TRSYKKBK62914	TRSYKKBK92911
Governing law(s) of the instrument	English Law /Turkish Law	English Law /Turkish Law	BRSA /CMB / Turkish Law	BRSA /CMB / Turkish Law
Regulatory treatment				
Transitional Basel III rules	No	No	No	No
Eligible at stand-alone / consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Bond	Bond	Bond	Bond
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	20.985	16.143	500	300
Par value of instrument	20.985	16.143	500	300
Accounting classification	Liability – Subordinated Loans- amortised cost	Liability – Subordinated Loans- amortised cost	Liability – Subordinated Loans- amortised cost	Liability – Subordinated Loans- amortised cost
Original date of issuance	January 17, 2024	January 22, 2021	July 3, 2019	October 3, 2019
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	10 years	10 years	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	5 years	5 years	After 5th year	After 5th year
Subsequent call dates, if applicable	-	-	After 5th year	After 5th year
Coupons / dividends				
Fixed or floating dividend/coupon	Fixed	Fixed	Floating	Floating
Coupon rate and any related index	First 5 years 9.25% fixed, second 5 years U.S. five year treasury bond rate +527.80 basis points	First 5 years 7.875% fixed, second 5 years U.S. five year treasury bond rate +741.50 basis points	TLREF index change +1,93%	TLREF index change + 1,30%
Existence of a dividend stopper	No interest accrue after the date of value decrease for the decreased amount	No interest accrue after the date of value decrease for the decreased amount	No interest accrue after the date of value decrease for the decreased amount	No interest accrue after the date of value decrease for the decreased amount
Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible				
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
Write-down feature				
If write-down, write-down trigger(s)	In case of default	In case of default	In case there is a possibility that the official authorization of the Bank is cancelled or the Bank shares are transferred to SDIF	In case there is a possibility that the official authorization of the Bank is cancelled or the Bank shares are transferred to SDIF
If write-down, full or partial	Partial and complete	Partial and complete	Partial and complete	Partial and complete
If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2
In compliance with article number 7 and 8 of “Own fund regulation”	No	No	No	No
Details of incompliances with article number 7 and 8 of “Own fund regulation”	-	-	-	-

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- 1.3.** There are differences between the figures in the own funds and their corresponding amounts in the balance sheet. Within this context; gains that are related to cash flow hedge transactions are not considered in the own funds. In addition, the negative valuation differences on securities acquired before January 1, 2024 classified under "securities at fair value through other comprehensive income" are not taken into consideration in the calculation of own funds according to BRSA note no: 10747 dated December 12, 2023.

2. Explanations on Consolidation Based Risk Management:

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to be announced to Public by Banks that have been published in Official Gazette no. 29511 on October 23, 2015 and became effective as of March 31, 2016.

2.1. General Information on Risk Management and Risk Weighted Amount

As of June 30, 2021, the Parent Bank has started to calculate its credit risk, which is subject to the regulatory capital adequacy ratio reporting, with the Internal Rating-Based (IRB) approach. Foundation IRB approach is used for the corporate exposure class and advanced IRB approach is used for the retail exposure class as determined by "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

2.1.1 Overview of Risk Weighted Assets

	Risk Weighted Assets		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	1.195.649.221	976.167.760	95.651.938
2 Of which standardised approach (SA)	166.527.375	126.209.397	13.322.190
3 Of which internal rating-based (IRB) approach	1.029.121.846	849.958.363	82.329.748
4 Counterparty credit risk	17.249.666	14.257.094	1.379.973
5 Of which standardised approach for counterparty credit risk (SA-CCR)	17.249.666	14.257.094	1.379.973
6 Of which internal model method (IMM)	-	-	-
7 Equity positions in banking book under market-based approach			
8 Equity investments in funds - look-through approach	70.766	40.504	5.661
9 Equity investments in funds - mandate-based approach			
10 Equity investments in funds - fall-back approach			
11 Settlement risk			
12 Securitisation exposures in banking book			
13 Of which IRB ratings-based approach (RBA)	-	-	-
14 Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15 Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	16.177.179	14.512.699	1.294.174
17 Of which standardised approach (SA)	16.177.179	14.512.699	1.294.174
18 Of which internal model approaches (IMM)	-	-	-
19 Operational risk	169.906.912	99.403.270	13.592.553
20 Of which Basic Indicator Approach	169.906.912	99.403.270	13.592.553
21 Of which Standardised Approach	-	-	-
22 Of which Advanced Measurement Approach	-	-	-
23 Amounts below the thresholds for deduction (subject to 250% risk weight)	15.935.931	11.159.544	1.274.874
24 Floor adjustment			
25 TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)	1.414.989.675	1.115.540.871	113.199.173

2.1.2 RWA Movement Table Under IRB Approach⁽¹⁾

	Current Period	Prior Period
1 Prior Period Closing Amount	849.958.363	556.692.068
2 Changes in Volume	107.420.514	215.651.230
3 Changes in Asset Quality	(11.388.629)	38.370.235
4 Model Updates	-	(36.176.926)
5 Policy and Regulatory Changes	83.131.598	75.421.756
6 Purchasing and Selling	-	-
7 FX Difference	-	-
8 Other	-	-
9 Current Period Closing Amount	1.029.121.846	849.958.363

(1) Counterparty credit risk is not included in the table.

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3. Explanations on consolidated currency risk:

The difference between the Group’s foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities is defined as the “Net Foreign Currency Position” and it is the basis of currency risk. Cross currency risk is also taken into consideration for the currency risk calculations and measurements.

The Group keeps the amount of currency risk exposure within the related legal limits and follows the exchange position on a daily/regular basis. In addition, although the internal exchange position limit is lower when compared to the related legal limit, there has not been any limit exceeding during the period. As an instrument of currency risk management, derivatives such as swap and forwards are used to reduce risk whenever needed. In order to guard against extreme volatility during the year stress tests are applied. Value at risk method is used for the measurement of foreign exchange risk.

The details of hedging of the foreign currency debt instruments and net foreign currency investment risk with derivative instruments are disclosed in section four Note 8.

The Parent Bank’s publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five working days prior to that date are as follows:

(Exchange rates presented as full TL)	USD	EUR
Balance sheet evaluation rate:	32,2854	34,8023
First day current bid rate	32,2596	34,8189
Second day current bid rate	32,1650	34,8285
Third day current bid rate	32,1005	34,8336
Fourth day current bid rate	32,0592	34,6819
Fifth day current bid rate	31,9675	34,5875
Arithmetic average of the last 31 days:	31,9545	34,7098
Evaluation rate as of prior period:	29,4382	32,5739

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Information on currency risk of the Group:

Current Period	EUR	USD	Other FC⁽⁴⁾	Total
Assets				
Cash (Cash in hand, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	68.358.222	105.837.477	25.064.470	199.260.169
Banks	14.694.637	37.398.675	693.767	52.787.079
Financial assets measured at fair value through profit or loss	191.327	2.038.550	-	2.229.877
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	734.883	23.937.803	1.015.276	25.687.962
Loans ⁽¹⁾	163.848.888	157.440.921	20.298.740	341.588.549
Investments in associates, subsidiaries and joint ventures	-	-	6.759.009	6.759.009
Financial assets measured at amortised cost	23.092.832	107.196.826	-	130.289.658
Hedging derivative financial assets	759.337	2.243.402	-	3.002.739
Tangible assets	55.439	-	312.321	367.760
Other assets ⁽²⁾	7.349.021	33.133.672	2.574.920	43.057.613
Total assets	279.084.586	469.227.326	56.718.503	805.030.415
Liabilities				
Bank deposits	6.403.777	3.070.911	5.182.539	14.657.227
Foreign currency deposits	192.684.490	241.596.281	107.940.323	542.221.094
Funds from money market	3.489.733	24.941.716	-	28.431.449
Funds borrowed from other financial institutions	62.589.565	108.430.059	560.960	171.580.584
Marketable securities issued	13.197.677	100.365.303	4.141.143	117.704.123
Miscellaneous payables	5.304.429	2.286.929	181.233	7.772.591
Hedging derivative financial liabilities	-	-	-	-
Other liabilities ⁽³⁾	13.143.490	122.815.888	474.135	136.433.513
Total liabilities	296.813.161	603.507.087	118.480.333	1.018.800.581
Net on balance sheet position	(17.728.575)	(134.279.761)	(61.761.830)	(213.770.166)
Net off balance sheet position⁽⁵⁾	18.694.656	132.405.466	70.069.119	221.169.241
Derivative financial assets	62.243.032	326.758.645	100.579.668	489.581.345
Derivative financial liabilities	43.548.376	194.353.179	30.510.549	268.412.104
Net position	966.081	(1.874.295)	8.307.289	7.399.075
Non-cash loans	95.576.922	126.974.214	16.449.526	239.000.662
Prior Period				
Total assets	255.027.481	414.453.251	47.601.572	717.082.304
Total liabilities	272.169.829	514.700.398	92.266.219	879.136.446
Net on balance sheet position	(17.142.348)	(100.247.147)	(44.664.647)	(162.054.142)
Net off balance sheet position⁽⁵⁾	17.561.107	99.250.354	52.600.859	169.412.320
Financial derivative assets	45.738.572	215.805.488	55.456.249	317.000.309
Financial derivative liabilities	28.177.465	116.555.134	2.855.390	147.587.989
Net position	418.759	(996.793)	7.936.212	7.358.178
Non-cash loans	94.171.639	101.713.626	14.030.571	209.915.836

(1) Includes FX indexed loans amounting to TL 108.124 (December 31, 2023 - TL 115.545) which have been disclosed as TL in the financial statements.

(2) Does not include foreign currency prepaid expenses amounting to TL 2.746.938 (December 31, 2023 - TL 2.603.455) and intangible assets amounting to TL 134.130 (December 31, 2023 - TL 130.179).

(3) Does not include provisions for employee benefits and foreign currency other comprehensive income / expense under equity.

(4) Other FC column also includes gold balance.

(5) Forward transactions classified as commitments are also included.

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4. Explanations on consolidated interest rate risk:

The monitoring of interest rate sensitive assets and liabilities of the Parent Bank, including sensitivity analysis regarding the effect of interest rate fluctuations on the financial statements, is performed by the risk management department for all interest sensitive instruments over carrying values. The results are presented monthly to the Asset and Liability Management function of the Executive Committee. By using sensitivity and scenario analyses, the possible effects by interest rate volatility are analyzed. In these analyses possible losses are calculated for the change in fair value of interest sensitive products by applying shock tests to interest rates.

Sensitivity analyses are also calculated daily within Market Risk reporting on the basis of maturity and foreign exchange types and reported to Senior Management by checking them against the determined limits.

The Parent Bank utilizes TL/FC and TL/TL interest rate and money swap transactions in order to limit the interest and foreign currency risk arising from short-term deposit and long-term consumer loans within the balance sheet.

4.1. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates:

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing	Total
Assets							
Cash (cash in hand, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	54.899.260	-	-	-	-	250.834.825	305.734.085
Banks	10.662.665	7.049.253	8.673.654	-	-	35.201.581	61.587.153
Financial assets measured at fair value through profit or loss	788.124	-	110.940	478.531	542.910	1.549.957	3.470.462
Receivables from money markets	602.613	-	-	-	-	-	602.613
Financial assets measured at fair value through other comprehensive income	6.461.911	6.768.564	35.785.960	23.416.256	55.029.360	233.931	127.695.982
Loans ⁽¹⁾	307.623.234	188.388.355	383.855.811	199.006.796	47.525.326	(14.439.292)	1.111.960.230
Financial assets measured at amortised cost	5.210.167	19.404.026	142.439.628	76.048.070	105.488.002	-	348.589.893
Other assets	5.732.358	3.947.612	6.836.016	8.596.625	5.242.472	154.070.924	184.426.007
Total assets	391.980.332	225.557.810	577.702.009	307.546.278	213.828.070	427.451.926	2.144.066.425
Liabilities							
Bank deposits	7.492.039	10.753.741	10.127.854	331.827	-	4.983.903	33.689.364
Other deposits	383.903.059	167.958.301	114.857.587	9.973.712	798.438	528.798.918	1.206.290.015
Funds from money market	109.190.928	5.196.442	5.565.911	-	-	-	119.953.281
Miscellaneous payables	-	-	-	-	-	98.723.648	98.723.648
Marketable securities issued	9.951.163	46.087.277	39.825.351	29.756.068	2.153.201	-	127.773.060
Funds borrowed from other financial institutions	12.559.419	91.075.225	67.690.239	14.681.675	789.360	-	186.795.918
Other liabilities ⁽²⁾	4.127.707	82.717.508	1.917.624	19.962.277	26.146.984	235.969.039	370.841.139
Total liabilities	527.224.315	403.788.494	239.984.566	74.705.559	29.887.983	868.475.508	2.144.066.425
Balance sheet long position	-	-	337.717.443	232.840.719	183.940.087	-	754.498.249
Balance sheet short position	(135.243.983)	(178.230.684)	-	-	-	(441.023.582)	(754.498.249)
Off-balance sheet long position	-	-	11.488.029	-	-	-	11.488.029
Off-balance sheet short position	(10.563.715)	(2.351.121)	-	(3.404.723)	(8.070.813)	-	(24.390.372)
Total position	(145.807.698)	(180.581.805)	349.205.472	229.435.996	175.869.274	(441.023.582)	(12.902.343)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	796.857	-	-	-	-	278.242.632	279.039.489
Banks	7.894.323	4.662.863	10.678.590	373.948	-	33.212.452	56.822.176
Financial assets measured at fair value through profit or loss	534.394	11.969	40.278	247.444	418.577	1.024.823	2.277.485
Receivables from money markets	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	13.925.366	23.094.851	7.900.225	15.874.169	36.025.229	198.149	97.017.989
Loans ⁽¹⁾	249.835.663	137.691.185	358.456.250	168.967.675	49.267.411	(12.726.955)	951.491.229
Financial assets measured at amortised cost	112.202.776	14.546.012	20.154.922	74.460.872	96.748.512	-	318.113.094
Other assets	2.848.975	4.119.986	5.147.413	8.385.957	4.391.565	133.718.042	158.611.938
Total assets	388.038.354	184.126.866	402.377.678	268.310.065	186.851.294	433.669.143	1.863.373.400
Liabilities							
Bank deposits	15.781.925	7.077.792	8.395.079	119.974	-	1.142.440	32.517.210
Other deposits	361.903.553	149.263.334	101.815.385	9.352.054	645.977	453.388.163	1.076.368.466
Funds from money market	44.219.323	17.590.790	1.572.387	-	-	-	63.382.500
Miscellaneous payables	-	-	-	-	-	76.967.991	76.967.991
Marketable securities issued	8.903.015	26.077.890	37.597.921	24.461.173	-	-	97.039.999
Funds borrowed from other financial institutions	13.604.788	82.645.097	49.705.478	14.033.578	1.045.902	-	161.034.843
Other liabilities ⁽²⁾	21.879.217	74.859.404	3.127.149	18.237.145	4.772.460	233.187.016	356.062.391
Total liabilities	466.291.821	357.514.307	202.213.399	66.203.924	6.464.339	764.685.610	1.863.373.400
Balance sheet long position	-	-	200.164.279	202.106.141	180.386.955	-	582.657.375
Balance sheet short position	(78.253.467)	(173.387.441)	-	-	-	(331.016.467)	(582.657.375)
Off-balance sheet long position	2.510.256	4.486.984	14.152.531	-	-	-	21.149.771
Off-balance sheet short position	-	-	-	(12.721.888)	(12.278.303)	-	(25.000.191)
Total position	(75.743.211)	(168.900.457)	214.316.810	189.384.253	168.108.652	(331.016.467)	(3.850.420)

(1) Non-performing loans are presented in the "Non-Interest Bearing" column after being offset against expected loss provisions.

(2) Shareholders' equity is presented under "Non interest bearing".

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4.2. Average interest rates for monetary financial instruments:

The following average interest rates of the Group are calculated by weighting the rates with their principal amounts outstanding as of the balance sheet date.

Current Period	EUR	USD	Yen	TL
	%	%	%	%
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye ⁽¹⁾	-	-	-	19,48
Banks	6,11	5,78	-	19,83
Financial assets measured at fair value through profit or loss	4,94	5,80	-	-
Receivables from money markets	-	-	-	45,04
Financial assets measured at fair value through other comprehensive income	5,50	7,11	-	40,17
Loans	7,66	9,06	-	43,83
Financial assets measured at amortised cost	3,28	6,45	-	44,75
Liabilities				
Bank deposits ⁽²⁾	1,69	4,65	-	40,30
Other deposits ⁽²⁾	0,79	0,84	-	30,94
Funds from money market	5,10	5,07	-	43,00
Miscellaneous payables	-	-	-	-
Marketable securities issued	6,29	8,04	-	44,29
Funds borrowed from other financial institutions	6,76	7,39	-	47,37

Prior Period	EUR	USD	Yen	TL
	%	%	%	%
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	-	-	-	-
Banks	6,17	6,54	-	19,30
Financial assets measured at fair value through profit or loss	5,98	5,75	-	-
Receivables from money markets	-	-	-	-
Financial assets measured at fair value through other comprehensive income	4,12	7,65	-	38,34
Loans	7,66	8,99	-	40,63
Financial assets measured at amortised cost	3,05	6,45	-	39,55
Liabilities				
Bank deposits ⁽²⁾	3,94	5,72	-	39,50
Other deposits ⁽²⁾	0,78	0,82	-	19,03
Funds from money market	5,74	5,56	-	38,49
Miscellaneous payables	-	-	-	-
Marketable securities issued	6,86	8,14	-	33,26
Funds borrowed from other financial institutions	6,66	8,07	-	41,97

(1) In accordance with the CBRT's article dated February 5, 2024 and numbered 198, interest rates were taken into account that applied to some of the required reserves established in TL, in accordance with the conditions specified in the instruction.

(2) Demand deposit balances are included in average interest rate calculation.

5. Explanations on share certificates position risk from banking book:

None.

6. Explanations on consolidated liquidity risk management, liquidity coverage ratio and net stable funding ratio:

Liquidity risk is defined as risk of unexpected loss to be occurred or Group to have difficulties in raising funds while meeting maturing liabilities. Liquidity management is daily monitored in the Bank under Treasury Management and Risk Management. The liquidity policy of the Group is approved by the Bank's Board of Directors. Treasury Management is responsible for carrying out transactions which are appropriate to Bank's policy, monitoring of liquidity position and submitting necessary reports to executives. Treasury management contributes to determine strategies and operating actions for the management of the liquidity position in addition to prepare funding plan and contingency funding plan of the Bank. Liquidity risk is evaluated with liquidity gap analysis, liquidity stress tests and supplementary precautions/measurements. Liquidity Gap analysis are performed for two different periods as short-term and long-term. Going concern scenario and structural positions are reported monthly. This reporting constitutes the basis of monitoring and management of liquidity position.

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The Parent Bank does not function as a central funding institution in its relations with its subsidiaries. Intra-group liquidity management and funding strategies are limited with related legal boundaries and monitored regularly via various reports. Intraday liquidity is also monitored closely by the bank in its best effort.

The Parent Bank issues an annual funding plan in order to sustain funding in a consistent and balanced way. Funding plan have to be updated at least annually and approved by the Executive Committee since it is complied with budgeting process and risk appetite frameworks. The primary purpose of the funding plan is to provide a reliable balance between assets and liabilities.

Both short-term liquidity and medium/long-term (structural) liquidity measurement and reporting for all types of currencies are periodically made in Bank and its subsidiaries. There are limits which are predetermined and approved by the Board of Directors on the basis of all major currencies for each period.

The Parent Bank mainly uses derivative transactions as managing liquidity risk and monitors cash inflow and outflow periods in the framework of funding plan balancing the distribution among currencies.

The Parent Bank aims to reduce the risks to the lowest level if required via measuring possible risks in liquidity with stress tests. Stress tests make it possible for the Bank to reinterpret analysis of its liquidity position according to scenarios depending on possible cases and tail risks except for crisis situations. Liquidity Stress Test methodology makes a similar approach with Liquidity Coverage Ratio (LCR) template and hence allows the overview of the results in line with Basel approaches. The Parent Bank applies and reports liquidity stress tests consisting of different scenarios and maturity segments both on unconsolidated and consolidated level and the results are compared with both liquidity stress tests and other liquidity limit and trigger levels set, with different frequencies (weekly, monthly etc.) according to the scenarios.

“Liquidity Contingency Plan” is applied if the Parent Bank needs more liquidity than its daily liquidity need because of possible financial events in future. Duties and responsibilities are defined in detail in the aforementioned plan. Both the liquidity policy and liquidity contingency policy are in line with BRSA best practice documents on liquidity risk management. The abovementioned policies and the thresholds (limits etc.) covered within liquidity risk management framework are updated and approved at least annually.

Funding sources of the Group mainly consist of deposits which constitute 58% of total liabilities of the Bank (December 31, 2023 – 59%) and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated loans and borrowings.

The Parent Bank calculates and reports the LCR in full compliance with the regulations. LCR is a metric measuring the adequacy of unencumbered free liquid assets owned by banks (called high quality liquid assets) to meet expected net cash outflows over the next 30 days. The metric is an important Basel regulation that measures short-term liquidity and is closely monitored in the Bank. In addition to LCR, the Bank has also measures the Net Stable Funding Rate (NSFR), which is considered another complementary element and provides another important medium / long-term liquidity risk measurement. In accordance with the Regulation on Calculation of Banks’ Net Stable Funding Ratio, published in the Official Gazette dated May 26, 2023 and numbered 32202, the relevant metric has started to be followed up within the framework of legal regulations. These two metrics are also included within the Risk Appetite Indicators and closely monitored at the Bank.

High quality liquid assets mentioned in LCR calculation consist of cash, effective money, CBRT accounts and reserves and government bonds issued by Ministry of Treasury and Finance of the Republic of Türkiye treated as high quality liquid assets.

Cash outflows from derivative transactions in liquidity coverage ratio calculation are based on inclusion of net cash flows with maturity of 30 days in the calculation. Additionally, transactions having a margin possibility are included in liquidity coverage ratio calculation by taking the largest outflow amount according to the negative values of net margin flows realized in the last 24 months in respect of 30 days period or for liability into consideration as cash outflow.

Secured funding consists of repo and other secured borrowings. A large part of securities which are subject to the aforementioned funding transactions consist of Sovereign Bonds issued by Ministry of Treasury and Finance of the Republic of Türkiye and transactions are carried out in both CBRT market and interbank market.

The Parent Bank manages all the transactions made before its foreign branches and partnership in the framework of central bank, markets and related legislation of the country in which the institutions are located. Legal lending limits and high limit transactions are closely monitored in this framework.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

All cash inflow and outflow items related to liquidity profile of the bank are included in liquidity coverage ratio tables below for the last three months.

Average amounts of weekly liquidity coverage ratio calculations related to the last three months of current period are explained in the table below.

Current Period	Unweighted Amounts		Weighted Amounts	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			445.123.879	209.930.080
Cash Outflows				
Retail and Small Business Customers Deposits	734.489.115	303.596.240	65.015.720	29.848.573
Stable deposits	168.663.834	10.221.045	8.433.192	511.052
Less stable deposits	565.825.281	293.375.195	56.582.528	29.337.521
Unsecured Funding other than Retail and Small Business Customers Deposits	416.041.176	169.034.746	250.565.808	90.974.230
Operational deposits	-	-	-	-
Non-Operational deposits	294.681.280	145.064.964	146.971.653	67.219.565
Other Unsecured funding	121.359.896	23.969.782	103.594.155	23.754.665
Secured funding			16.350	-
Other Cash Outflows	3.158.429	3.158.429	3.158.429	3.158.429
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.158.429	3.158.429	3.158.429	3.158.429
Debts related to the structured financial products	-	-	-	-
Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	414.204.467	202.257.058	20.710.223	10.112.853
Other irrevocable or conditionally revocable commitments	889.171.565	83.006.516	68.686.779	18.514.279
Total Cash Outflows			408.153.309	152.608.364
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	155.887.791	50.301.333	103.339.428	42.864.434
Other contractual cash inflows	784.185	65.345.786	784.185	65.345.786
Total Cash Inflows	156.671.976	115.647.119	104.123.613	108.210.220
			Capped Amounts	
Total High Quality Liquid Assets			445.123.879	209.930.080
Total Net Cash Outflows			304.029.696	44.398.144
Liquidity Coverage Ratio (%)			146,41	472,84

The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months of current period are explained in the table below.

	Minimum FC (%)	Minimum TL+FC (%)	Maximum FC (%)	Maximum TL+FC (%)
Week	January 26, 2024	March 22, 2024	March 29, 2024	January 5, 2024
Ratio (%)	244,04	138,11	572,99	157,18

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Simple arithmetic average calculated for the last three months of previous period liquidity coverage ratio by using the amounts calculated based on simple arithmetic averages are explained in the table below.

Prior Period	Unweighted Amounts		Weighted Amounts	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			444.921.023	195.493.470
Cash Outflows				
Retail and Small Business Customers Deposits	686.593.230	270.729.748	61.980.490	26.692.777
Stable deposits	133.576.647	7.603.956	6.678.832	380.198
Less stable deposits	553.016.583	263.125.792	55.301.658	26.312.579
Unsecured Funding other than Retail and Small Business Customers Deposits	374.217.199	152.245.229	236.940.845	86.224.237
Operational deposits	-	-	-	-
Non-Operational deposits	250.017.022	119.023.968	126.644.444	53.002.976
Other Unsecured funding	124.200.177	33.221.261	110.296.401	33.221.261
Secured funding			1.985	-
Other Cash Outflows	3.642.170	3.642.170	3.642.170	3.642.170
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.642.170	3.642.170	3.642.170	3.642.170
Debts related to the structured financial products	-	-	-	-
Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	384.517.221	193.393.677	19.225.861	9.669.684
Other irrevocable or conditionally revocable commitments	690.700.951	68.704.451	55.860.731	16.398.913
Total Cash Outflows			377.652.082	142.627.781
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	144.645.440	48.862.239	99.304.404	41.853.457
Other contractual cash inflows	946.200	62.083.519	946.200	62.083.519
Total Cash Inflows	145.591.640	110.945.758	100.250.604	103.936.976
			Capped Amounts	
Total High Quality Liquid Assets			444.921.023	195.493.470
Total Net Cash Outflows			277.401.478	38.690.805
Liquidity Coverage Ratio (%)			160,39	505,27

The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months of prior period for the Parent Bank are explained in the table below.

	Minimum FC (%)	Minimum TL+FC (%)	Maximum FC (%)	Maximum TL+FC (%)
Week	October 27, 2023	December 8, 2023	November 17, 2023	October 13, 2023
Ratio (%)	261,89	144,15	524,36	190,04

With the framework of the regulation, NSFR is closely monitored and reported on monthly and three-month average basis. NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. In addition to the Group’s capital available stable funding mainly consists of retail and corporate deposits and other borrowings which are taken into account at different rates in accordance with the regulation. Required stable funding is calculated by the amount of receivables, such as loans and government bonds, categorized by the counterparty type, residual maturity and encumbrance status. Within this framework, the required stable fund amount refers to the portion of the Group’s on-balance sheet assets and off-balance sheet liabilities that expected to be refunded. In accordance with the regulation, the three-month simple arithmetic average of the calculated NSFR for the periods of March, June, September and December cannot be less than 100%.

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Three-month simple arithmetic mean as of most recent quarter is 125,1%. The ratio and main items constituting the Group's NSFR as of most recent period shown in the table below.

Compared to current and prior period NSFR, the decrease is primarily due to changes in the amount and maturity structure of loans and deposits.

Current Period	Unweighted Amount According to Residual Maturity				Total Weighted Amount	
	Non Maturity	Residual maturity of less than 6 months	Residual maturity of six months and longer	Residual maturity of one year or more		
Available stable funding						
1	Capital Instruments	211.548.993	-	-	37.928.210	249.477.203
2	Tier 1 Capital and Tier 2 Capital	211.548.993	-	-	37.928.210	249.477.203
3	Other Capital Instruments	-	-	-	-	-
4	Real-person and Retail Customer Deposits	406.234.395	391.083.584	11.642.579	10.044.395	745.111.570
5	Stable Deposits	82.509.116	77.633.133	-	-	152.135.136
6	Less Stable Deposits	323.725.279	313.450.451	11.642.579	10.044.395	592.976.434
7	Other Obligations	84.393.264	769.506.502	124.647.081	155.459.832	428.888.314
8	Operational deposits	-	-	-	-	-
9	Other Obligations	84.393.264	769.506.502	124.647.081	155.459.832	428.888.314
10	Liabilities equivalent to interconnected assets					-
11	Other Liabilities	-	(19.917.670)	-	-	-
12	Derivative liabilities		(20.139.382)			
13	All other liabilities not included in the above categories	-	221.712	-	-	-
14	Available stable funding					1.423.477.087
Required stable funding						
15	High Quality Liquid Assets					156.080.764
16	Deposits held at financial institutions for operational purposes	-	-	-	-	-
17	Performing Loans	1.166.938	634.334.000	224.681.696	361.484.523	698.856.134
18	Encumbered loans to financial institutions, where the loan is secured against Level 1 assets	-	459.883	-	-	45.988
19	Unencumbered loans to financial institutions or encumbered loans that are not secured against Level 1 assets	-	92.132.627	9.986.825	865.417	19.678.723
20	Loans to corporate customers, real persons and or retail customers, central banks, other than credit agencies and/or financial institutions	-	537.918.270	209.510.737	343.161.160	665.401.490
21	Loans with a risk weight of less than or equal to 35%	-	-	-	4.298.862	2.794.260
22	Residential mortgages	-	925.425	873.397	5.546.605	3.605.293
23	Residential mortgages with a risk weight of less than or equal to 35%	-	925.425	873.397	5.546.605	3.605.293
24	Securities that are not in default and do not qualify as HQLA and exchange-traded equities	1.166.938	2.897.795	4.310.737	11.911.341	10.124.640
25	Assets equivalent to interconnected liabilities					-
26	Other Assets	215.524.009	41.115.088	40.038.816	40.038.816	255.200.611
27	Physical traded commodities, including gold	2.414.756				2.052.542
28	Initial margin posted or given guarantee fund to central counterparty				-	-
29	Derivative Assets				38.962.544	38.962.544
30	Derivative Liabilities before the deduction of the variation margin				1.076.272	1.076.272
31	Other Assets not included above	213.109.253	-	-	-	213.109.253
32	Off-balance sheet commitments		1.412.497.13	-	-	70.624.857
33	Total Required stable funding					1.180.762.366
34	Net Stable Funding Ratio (%)					120,6

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

Three-month simple arithmetic mean as of most recent quarter is 134,3%. The ratio and main items constituting the Group’s NSFR as of previous period shown in the table below.

Prior Period	Unweighted Amount According to Residual Maturity				Total Weighted Amount	
	Non Maturity	Residual maturity of less than 6 months	Residual maturity of six months and longer	Residual maturity of one year or more		
Available stable funding						
1	Capital Instruments	205.060.906	-	-	34.653.930	239.714.836
2	Tier 1 Capital and Tier 2 Capital	205.060.906	-	-	34.653.930	239.714.836
3	Other Capital Instruments	-	-	-	-	-
4	Real-person and Retail Customer Deposits	340.444.370	398.990.941	8.744.631	9.008.161	689.503.236
5	Stable Deposits	78.056.461	82.622.394	-	-	152.644.913
6	Less Stable Deposits	262.387.909	316.368.547	8.744.631	9.008.161	536.858.323
7	Other Obligations	65.665.614	591.656.296	100.620.186	147.936.499	375.385.739
8	Operational deposits	-	-	-	-	-
9	Other Obligations	65.665.614	591.656.296	100.620.186	147.936.499	375.385.739
10	Liabilities equivalent to interconnected assets					-
11	Other Liabilities	-	(21.308.033)	-	-	-
12	Derivative liabilities		(21.533.799)			
13	All other liabilities not included in the above categories	-	225.766	-	-	-
14	Available stable funding					1.304.603.811
Required stable funding						
15	High Quality Liquid Assets					111.517.033
16	Deposits held at financial institutions for operational purposes	-	-	-	-	-
17	Performing Loans	851.427	555.429.415	167.635.376	319.371.241	599.256.296
18	Encumbered loans to financial institutions, where the loan is secured against Level 1 assets	-	-	-	-	-
19	Unencumbered loans to financial institutions or encumbered loans that are not secured against Level 1 assets	-	85.208.770	8.830.231	393.713	17.590.144
20	Loans to corporate customers, real persons and or retail customers, central banks, other than credit agencies and/or financial institutions	-	466.461.099	157.240.120	302.945.351	569.354.158
21	Loans with a risk weight of less than or equal to 35%	-	-	17.423	3.329.889	2.175.753
22	Residential mortgages	-	1.107.094	790.860	6.576.784	4.274.910
23	Residential mortgages with a risk weight of less than or equal to 35%	-	1.107.094	790.860	6.576.784	4.274.910
24	Securities that are not in default and do not qualify as HQLA and exchange-traded equities	851.427	2.652.452	774.165	9.455.393	8.037.084
25	Assets equivalent to interconnected liabilities					-
26	Other Assets	186.032.150	35.182.054	34.422.634	34.422.634	220.125.472
27	Physical traded commodities, including gold	2.195.408				1.866.096
28	Initial margin posted or given guarantee fund to central counterparty				-	-
29	Derivative Assets				33.663.214	33.663.214
30	Derivative Liabilities before the deduction of the variation margin				759.420	759.420
31	Other Assets not included above	183.836.742	-	-	-	183.836.742
32	Off-balance sheet commitments		1.176.589.53	-	-	58.829.477
33	Total Required stable funding					989.728.278
34	Net Stable Funding Ratio (%)					131,8

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Breakdown of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified⁽¹⁾⁽²⁾	Total
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Türkiye	160.219.820	145.514.265	-	-	-	-	-	305.734.085
Banks	35.201.581	10.662.665	7.049.253	8.673.654	-	-	-	61.587.153
Financial assets measured at fair value through profit or loss	852.943	-	-	110.940	478.531	542.910	1.485.138	3.470.462
Receivables from money markets	-	602.613	-	-	-	-	-	602.613
Financial assets measured at fair value through other comprehensive income	-	68.425	467.462	12.774.452	48.610.029	65.541.683	233.931	127.695.982
Loans ⁽¹⁾	-	288.438.742	168.305.466	382.118.740	226.157.667	61.378.907	(14.439.292)	1.111.960.230
Financial assets measured at amortised cost	-	1.042.037	3.818.764	44.421.658	183.453.396	115.854.038	-	348.589.893
Other assets	82.117.867	5.837.647	3.207.551	7.191.967	9.045.484	5.354.553	71.670.938	184.426.007
Total assets	278.392.211	452.166.394	182.848.496	455.291.411	467.745.107	248.672.091	58.950.715	2.144.066.425
Liabilities								
Bank deposits	4.983.903	7.492.039	10.753.741	10.127.854	331.827	-	-	33.689.364
Other deposits	528.798.918	383.903.059	167.958.301	114.857.587	9.973.712	798.438	-	1.206.290.015
Funds borrowed from other financial institutions	-	13.021.248	44.962.320	105.887.850	22.135.140	789.360	-	186.795.918
Funds from money market	-	109.190.928	3.608.055	7.154.298	-	-	-	119.953.281
Marketable securities issued	-	9.390.783	28.910.818	41.780.034	45.538.224	2.153.201	-	127.773.060
Miscellaneous payables	11.682.713	81.154.158	2.474.833	1.808.578	-	-	1.603.366	98.723.648
Other liabilities ⁽²⁾	21.297.940	2.531.625	12.275.446	12.377.299	48.644.739	79.180.696	194.533.394	370.841.139
Total liabilities	566.763.474	606.683.840	270.943.514	293.993.500	126.623.642	82.921.695	196.136.760	2.144.066.425
Net liquidity gap	(288.371.263)	(154.517.446)	(88.095.018)	161.297.911	341.121.465	165.750.396	(137.186.045)	-
Net Off-Balance Sheet Position	-	2.906.206	(7.112.571)	(12.934.812)	(283.994)	4.522.828	-	(12.902.343)
Derivative Financial Assets	-	282.953.606	173.834.415	204.421.978	169.912.437	106.552.612	-	937.675.048
Derivative Financial Liabilities	-	280.047.400	180.946.986	217.356.790	170.196.431	102.029.784	-	950.577.391
Non-Cash Loans	-	17.021.782	44.535.101	208.061.157	65.373.306	13.579.431	93.694.381	442.265.158
Prior Period								
Total assets	286.181.678	350.387.477	139.745.134	379.359.366	439.893.065	215.144.221	52.662.459	1.863.373.400
Total liabilities	476.859.709	533.736.633	237.728.130	250.373.764	114.711.448	56.668.645	193.295.071	1.863.373.400
Net liquidity gap	(190.678.031)	(183.349.156)	(97.982.996)	128.985.602	325.181.617	158.475.576	(140.632.612)	-
Net Off-Balance Sheet Position	-	1.140.517	(4.879.082)	(4.588.862)	328.095	4.148.912	-	(3.850.420)
Derivative Financial Assets	-	175.018.979	138.317.598	121.211.477	171.066.627	97.760.192	-	703.374.873
Derivative Financial Liabilities	-	173.878.462	143.196.680	125.800.339	170.738.532	93.611.280	-	707.225.293
Non-Cash Loans	-	19.480.824	42.807.682	168.848.563	59.930.945	12.247.532	85.313.046	388.628.592

(1) Non-performing loans are presented in the "Unclassified" column after being offset against expected loss provisions.

(2) Shareholders' equity is presented in the "Unclassified" column.

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7. Explanations on consolidated leverage ratio:

The main reason for decrease in leverage ratio for the current period is the increase in total risk amount.

The summary information for the comparison of total assets in consolidated financials prepared in accordance with TAS and total exposures:

	Current Period ⁽²⁾	Prior Period ⁽²⁾
1 Total assets in the consolidated financial statements prepared in accordance with TAS ⁽¹⁾	2.019.643.272	1.782.911.988
2 Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communiqué on Preparation of Consolidated Financial Statements of the Banks	9.509.050	5.696.132
3 Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	8.566.793	21.568.363
4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(73.553.334)	(42.657.037)
5 Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(66.704.903)	(63.168.751)
6 Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	86.193.316	51.451.562
7 Total Risks	3.428.451.747	2.932.796.488

(1) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communiqué on Preparation of Consolidated Financial Statements of the Banks.

(2) The arithmetic average of the last 3 months in the related periods.

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
On-Balance sheet exposures		
1 On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	2.031.244.037	1.790.307.010
2 (Asset amounts deducted in determining Tier 1 capital)	(20.864.847)	(19.534.130)
3 Total on-Balance sheet exposures	2.010.379.190	1.770.772.880
Derivative financial instruments and credit derivatives		
4 Replacement cost of derivative financial instruments and credit derivatives	16.522.927	11.757.100
5 Potential credit risk of derivative financial instruments and credit derivatives	8.566.793	21.568.363
6 Total derivative financial instruments and credit derivatives exposure	25.089.720	33.325.463
Securities financing transaction exposure		
7 Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	16.087.389	16.285.046
8 Agent transaction exposures	-	-
9 Total securities financing transaction exposures	16.087.389	16.285.046
Off-balance sheet items		
10 Off-balance sheet exposure at gross notional amount	1.443.600.350	1.175.581.849
11 (Adjustments for conversion to credit equivalent amounts)	(66.704.903)	(63.168.751)
12 Total risk of off-balance sheet items	1.376.895.447	1.112.413.098
Capital and total exposure		
13 Tier 1 capital	180.806.531	184.543.914
14 Total exposures	3.428.451.747	2.932.796.488
15 Leverage ratio (%)	5,29	6,30

(1) The arithmetic average of the last 3 months in the related periods.

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8. Explanations on hedge accounting:

The Group applies the following hedge accounting models:

- Fair value Hedge ("FVH")
- Cash Flow Hedge ("CFH")
- Net Investment Hedge ("NIH")

If the fair value of the hedging instrument within fair value hedge ("FVH") is positive it is classified under, "Derivative financial assets measured at fair value through profit or loss"; if the fair value is negative, it is classified under "Derivative financial liabilities measured at fair value through profit or loss".

If the fair value of the hedging instrument under hedge of cash flow hedge ("CFH") is positive, it is classified under "Derivative financial assets measured at fair value through other comprehensive income" "if the fair value is negative, it is classified under "Derivative financial liabilities measured at fair value through other comprehensive income".

Cross currency interest rate swaps and interest rate swaps are used as hedging instrument in FVH. Interest rate swaps, currency swaps and cross currency swaps are used as hedging instrument in CFH.

Contractual amounts and the fair values as at March 31, 2024 of these hedging instruments are presented in the table below:

Hedging instrument	Current Period			Prior Period		
	Notional ⁽¹⁾	Asset	Liability	Notional ⁽¹⁾	Asset	Liability
Interest rate swap / Currency swap / Cross currency interest rate swap (CFH)	31.851.015	4.340.083	83.717	40.790.710	5.320.823	32.334
Interest rate swap / Cross currency interest rate swap (FVH)	2.314.979	221.760	7.239	2.161.865	200.069	-
Total	34.165.994	4.561.843	90.956	42.952.575	5.520.892	32.334

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 34.386.812 (December 31, 2023 - TL 42.958.243) the total notional of derivative financial assets amounting to TL 68.552.806 (December 31, 2023 - TL 85.910.818) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

The fair valuation methodology of the derivatives presented in the above table is disclosed in detail in the accounting principles section of these financial statements in Section 3 Part 4.

8.1 Fair value hedge accounting:

The Group has hedged the possible fair value effects of changes in market interest rates and foreign exchange rates on some of its fixed rate foreign currency borrowings by using interest rate swaps, cross-currency interest rate swaps.

The impact of application of FVH accounting is summarized below;

Current Period						Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the hedging instrument ⁽²⁾		
				Asset	Liability	
Interest rate swaps/ Cross currency interest rate swaps	Funds Borrowed	Fixed interest and changes in foreign exchange rate risk	201.390	221.760	7.239	6.506

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Prior Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the hedging instrument ⁽²⁾		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
				Asset	Liability	
Cross currency interest rate swaps	Funds Borrowed	Fixed interest and changes in foreign exchange rate risk	187.123	200.069	-	291

(1) The amount refers to the fair value of the hedged item calculated for some of fixed interest loan portfolios and foreign currency funds borrowed in accordance with hedge accounting effectiveness tests. The foreign exchange rate changes of foreign currency fundings and cross-currency swaps are reflected to the income statement in foreign exchange gains / losses line item.

(2) The amounts include the foreign exchange differences and net straight line interest accruals of the related derivatives.

(3) Ineffective portion of the mentioned hedging transaction is amounting to TL 29.017 gain (March 31, 2023 – TL 2.520 gain).

At the inception date, the Group documents the relationship between the hedging instruments and hedged items required by the FVH accounting application in accordance with “TAS 39- Financial Instruments: Recognition and Measurement” and its own risk management policies and principles. Every individual relationship is approved and documented in the same methodology. In accordance with “TAS 39- Financial Instruments: Recognition and Measurement”, the effectiveness tests of the relationships are performed in accordance with the Group’s risk management policies. In the effectiveness tests, the fair values of the hedged item are calculated using the same assumptions used in calculation of fair values of the derivatives.

The effectiveness tests are performed prospectively and retrospectively on a monthly basis and the effectiveness of risk relationships are measured. At the inception date the effectiveness tests are performed prospectively. If the underlying hedge does not conform to the FVH accounting requirements (out of the 80% - 125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation, the adjustments made to the carrying value (amortized cost) of the hedged item are amortized with the straight line method and recognized in the profit or loss accounts within the remaining maturity. In addition if the hedging instrument is sold or closed before its maturity, the amount of the fair value adjustments of the hedged items are amortized to profit or loss accounts with the straight line method within the remaining maturity.

8.2 Cash flow hedge accounting:

The Group apply macro and micro cash flow hedge accounting in order to hedge its cash flow risk from floating interest rate liabilities. The hedging instruments are USD, EUR and TL interest rate swaps, currency swaps and cross currency swaps with floating receive, fixed pay legs, and the hedged item is the cash outflows due to financing of interests of repricing and exchange rate changes USD, EUR and TL deposits, lease receivables, borrowings and repos.

The impact of application of CFH accounting is summarized below:

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds ⁽¹⁾	Net gain/(loss) reclassified to equity ⁽²⁾⁽³⁾
			Asset	Liability		
Interest rate swaps/ currency swaps/Cross currency interest rate swaps	Customer deposits, repos, lease receivables and borrowings	Cash flow risk due to the changes in the interest and exchange rates	4.340.083	83.717	3.450.532	222.972

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Prior Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds ⁽¹⁾	Net gain/(loss) reclassified to equity ⁽²⁾⁽³⁾
			Asset	Liability		
Interest rate swaps/ currency swaps/Cross currency interest rate swaps	Customer deposits, repos, lease receivables and borrowings	Cash flow risk due to the changes in the interest rates	5.320.823	32.334	3.227.560	(2.151.990)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 431.946 gain (March 31, 2023 – TL 176.343 gain).

The Group documents the relationship between the hedging instruments and hedged items required by the CFH accounting application in accordance with “TAS 39 - Financial Instruments: Recognition and Measurement” and its own risk management policies and principles. Every individual relationship is approved and documented in the same way. In accordance with “TAS 39 - Financial Instruments: Recognition and Measurement”, the effectiveness tests of the relationships are performed in accordance with the Bank’s risk management policies.

The effectiveness tests are performed on a monthly basis and the effectiveness of risk relationships are measured. If the underlying hedge does not conform to the CFH accounting requirements (out of the 80% - 125% effectiveness range) or if the management voluntarily decides to discontinue the hedging relation or the hedging instrument is sold or closed before its maturity, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs or is no longer expected to occur. When the hedged forecasted transactions are no longer expected to occur, the net cumulative gain or loss is reclassified from other comprehensive income to profit or loss.

8.3 Hedge From Foreign Net Investment Risk:

The Group hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Group’s Euro denominated borrowing is designated as a hedge of the net investment in the Group’s certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at March 31, 2024 is EUR 548 million (December 31, 2023 - EUR 528 million).

9. Explanations on the activities carried out on behalf of others and fiduciary transactions:

The Group carries out trading, custody, management and consulting services on behalf of customers and on their account. The Group has no fiduciary transactions.

10. Explanations on consolidated operating segments:

The Group carries out its banking operations through three main business units:

- Retail Banking
- Corporate Banking
- Commercial and SME Banking.

The Parent Bank’s Retail Banking activities include card payment systems, individual, individual portfolio, blue class, private banking. Retail Banking products and services offered to customers include card payment systems, consumer loans (including general purpose loans, auto loans, mortgages), commercial installment loans, time and demand deposits, gold banking, investment accounts, life and non-life insurance products and payroll services. In addition, customers who receive their monthly salary/SSI payments through our bank are offered privileges covering various banking transactions. Card payment systems cover the management of products, services, campaigns for member merchants as well as the sales and activities for a variety of customer types. Crystal, Play, Adios and Taksitçi are the other card brands providing services for the different segments within the World brand, shopping and marketing platform of the Parent Bank. Through its Blue Class and Private Banking activities, the Bank serves high net worth customers and delivers investment products to this customer segment. Among the products and services offered to Private Banking customers are time deposit products, mutual funds, foreign exchange, gold and equity trading.

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Also, personal art advisory, inheritance advisory, real estate advisory, tax advisory, education and philanthropic advisory are offered within the Private Banking and Wealth Management activities.

Corporate, Commercial and SME Banking segment is organized into three subgroups: Corporate Banking for large-scale, international and multinational companies and Commercial Banking for medium-sized enterprises and SME Banking for SME companies. Corporate and Commercial Banking, has a product range of working capital finance, trade finance, project finance, domestic and international non-cash loans such as letters of credit and letters of guarantee, cash management, internet banking, financial advisory and equity management advisory. SME Banking offer to customers SME loans and SME banking packages products.

The Group’s widespread branch network and alternative distribution channels including ATMs, telephone banking, internet banking and mobile banking are utilized to serve customers in all segments. Treasury, Asset – Liability Management and other operations, mainly consist of treasury management’s results, operations of supporting business units and other unallocated transactions.

Major balance sheet and income statement items based on operating segments:

The below table is prepared in accordance with the Management Information System (MIS) data of the Bank.

Current Period	Retail banking	Corporate banking	Commercial and SME banking	Other foreign operations	Other domestic operations	Treasury, Asset-Liability Management and Other	Consolidation adjustments⁽¹⁾	Total operations of the Group
Operating income	18.495.390	3.283.165	13.294.751	1.248.793	3.169.124	1.728.165	(76.491)	41.142.897
Operating expenses	(10.369.290)	(1.113.074)	(2.699.998)	(349.444)	(914.766)	(14.297.517)	76.491	(29.667.598)
Net operating income / (expense)	8.126.100	2.170.091	10.594.753	899.349	2.254.358	(12.569.352)	-	11.475.299
Dividend income ⁽²⁾	-	-	-	-	-	1.117	-	1.117
Profit/Loss from equity method applied subsidiaries ⁽²⁾	-	-	-	-	-	325.141	-	325.141
Profit before tax	8.126.100	2.170.091	10.594.753	899.349	2.254.358	(12.243.094)	-	11.801.557
Tax expense ⁽²⁾	-	-	-	-	-	(1.499.177)	-	(1.499.177)
Net period income	8.126.100	2.170.091	10.594.753	899.349	2.254.358	(13.742.271)	-	10.302.380
Minority interest (-)	-	-	-	-	-	(492)	-	(492)
Group income/loss	8.126.100	2.170.091	10.594.753	899.349	2.254.358	(13.742.763)	-	10.301.888
Segment assets	458.543.013	199.095.064	311.684.696	101.997.734	74.780.271	999.575.573	(9.363.981)	2.136.312.370
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	7.754.055	-	7.754.055
Total assets	458.543.013	199.095.064	311.684.696	101.997.734	74.780.271	1.007.329.628	(9.363.981)	2.144.066.425
Segment liabilities	685.691.667	127.006.106	254.965.672	80.877.120	61.776.921	762.521.038	(9.363.981)	1.963.474.543
Shareholders’ equity	-	-	-	-	-	180.591.882	-	180.591.882
Total liabilities	685.691.667	127.006.106	254.965.672	80.877.120	61.776.921	943.112.920	(9.363.981)	2.144.066.425

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Prior Period ⁽³⁾	Retail banking	Corporate banking	Commercial and SME banking	Other foreign operations	Other domestic operations	Treasury, Asset-Liability Management and Other	Consolidation adjustments ⁽¹⁾	Total operations of the Group
Operating income	7.913.455	2.478.646	7.376.906	511.416	1.583.135	11.548.055	(29.252)	31.382.361
Operating expenses	(4.422.375)	(1.304.908)	(1.333.875)	(165.576)	(349.202)	(8.596.524)	29.252	(16.143.208)
Net operating income / (expense)	3.491.080	1.173.738	6.043.031	345.840	1.233.933	2.951.531	-	15.239.153
Dividend income ⁽²⁾	-	-	-	-	-	4.843	-	4.843
Profit/Loss from equity method applied subsidiaries ²⁾	-	-	-	-	-	396.462	-	396.462
Profit before tax	3.491.080	1.173.738	6.043.031	345.840	1.233.933	3.352.836	-	15.640.458
Tax expense ⁽²⁾	-	-	-	-	-	(2.999.937)	-	(2.999.937)
Net period income	3.491.080	1.173.738	6.043.031	345.840	1.233.933	352.899	-	12.640.521
Minority interest (-)	-	-	-	-	-	(296)	-	(296)
Group income/loss	3.491.080	1.173.738	6.043.031	345.840	1.233.933	352.603	-	12.640.225
Segment assets	380.947.485	185.429.804	244.868.623	98.276.152	65.182.560	889.638.296	(8.109.458)	1.856.233.462
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	7.139.938	-	7.139.938
Total assets	380.947.485	185.429.804	244.868.623	98.276.152	65.182.560	896.778.234	(8.109.458)	1.863.373.400
Segment liabilities	618.836.337	92.977.510	239.218.000	79.190.818	53.466.953	608.767.747	(7.964.958)	1.684.492.407
Shareholders' equity	-	-	-	-	-	178.880.993	-	178.880.993
Total liabilities	618.836.337	92.977.510	239.218.000	79.190.818	53.466.953	787.648.740	(7.964.958)	1.863.373.400

(1) Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.

(2) Related items expenses have not been distributed based on operating segments and have been presented under “Treasury, Asset-Liability Management and Other”.

(3) Income statements items presents the balances as of March 31, 2023.

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Section Five - Explanations and notes related to consolidated financial statements**1. Explanations and notes related to consolidated assets:****1.1. Information related to cash and the account of the Central Bank:****1.1.1. Information on cash and the account of the CBRT:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	4.711.507	17.113.333	3.656.106	18.521.163
The CBRT ⁽¹⁾	101.762.409	166.999.180	98.386.789	142.963.897
Other	-	15.147.656	-	15.511.534
Total	106.473.916	199.260.169	102.042.895	176.996.594

(1) The balance of gold amounting to TL 23.367.923 is accounted for under the Central Bank foreign currency account (December 31, 2023 – TL 17.611.624).

1.1.2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand amount ⁽¹⁾	57.046.587	66.692.011	86.406.051	59.857.962
Unrestricted time amount	-	-	-	-
Restricted time amount	-	-	-	-
Reserve requirement ⁽²⁾	44.715.822	100.307.169	11.980.738	83.105.935
Total	101.762.409	166.999.180	98.386.789	142.963.897

(1) The TL reserve requirement has been classified in “Central Bank Demand Unrestricted Account” based on the correspondence with BRSA letter as of January 3, 2008.

(2) The Group keeps TL, USD, EUR and Gold reserve deposits for its TL and FX liabilities at Central Bank accounts in accordance with the legislation of the Central Bank numbered 2013/15, “Decree on Reserve Deposits”.

1.2. Information on financial assets measured at fair value through profit or loss:

The Group does not have financial assets measured at fair value through profit or loss subject to repo transactions and there is no financial assets at fair value through profit or loss given as collateral/blocked (December 31, 2023 - None).

1.3. Information on derivative financial assets:**1.3.1. Positive differences related to derivative financial assets held for trading:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	1.122.471	7.958	814.178	9.974
Swap transactions	13.252.767	8.684.919	8.577.577	6.623.625
Futures transactions	21.898	-	4.012	-
Options	194.692	29.164	31.050	1.173
Other	-	-	-	-
Total	14.591.828	8.722.041	9.426.817	6.634.772

1.3.2. Positive differences related to derivative financial assets held for hedging:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges ⁽¹⁾	-	221.760	-	200.069
Cash flow hedges ⁽¹⁾	1.559.104	2.780.979	1.857.907	3.462.916
Hedges for investments made in foreign countries	-	-	-	-
Total	1.559.104	3.002.739	1.857.907	3.662.985

(1) Explained in Note 8 of section 4.

1.4. Information on banks:**1.4.1. Information on banks:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	8.800.073	15.668.449	7.448.997	14.461.451
Foreign	1	37.118.630	1	34.911.727
Head quarters and foreign branches	-	-	-	-
Total	8.800.074	52.787.079	7.448.998	49.373.178

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1.4.2. Information on money markets receivables:

As of March 31, 2024 the total amount of TL 602.613 money market receivables consist of reverse repo transactions with domestic banks (December 31, 2023 – None).

1.5. Information on financial assets at fair value through other comprehensive income which are subject to repurchase agreements and given as collateral / blocked:

As of March 31, 2024 financial assets measured at fair value through other comprehensive income given as repo transactions amounting to TL 18.759.828 (December 31, 2023 – TL 10.388.515). The securities subject to collateral/blocked are TL 56.319.509 (December 31, 2023 - TL 16.848.459) of which blocked at the CBRT is TL 46.332.557 (December 31, 2023 - TL 6.127.002).

1.6. Information on financial assets at fair value through other comprehensive income:

	Current Period	Prior Period
Debt securities	133.396.154	101.757.174
Quoted on stock exchange	133.395.111	101.756.131
Not quoted	1.043	1.043
Share certificates	243.664	242.543
Quoted on stock exchange	4.559	4.183
Not quoted	239.105	238.360
Impairment (-) ⁽¹⁾	5.943.836	4.981.728
Total	127.695.982	97.017.989

(1) Includes the negative differences between the acquisition cost and the market price, related to the securities portfolio.

1.7. Explanations on loans:**1.7.1. Information on all types of loans or advance balances given to shareholders and employees of the Group:**

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	28.123	664.034	35.697	1.304.299
Loans granted to employees	1.125.612	4.602	923.666	3.906
Total	1.153.735	668.636	959.363	1.308.205

1.7.2. Information on the first and second group loans and other receivables and loans and other receivables that have been restructured or rescheduled:

	Standard Loans	Loans under close monitoring		
		Not under the scope of restructuring	Loans under restructuring	
			Modifications on agreement conditions	Refinancing
Cash Loans				
Non-specialised loans	963.095.340	60.815.127	2.261.802	49.913.319
Loans given to enterprises	265.741.292	30.290.884	1.458.787	32.859.298
Export loans	114.472.211	5.111.863	419.924	4.520.573
Import loans	-	-	-	-
Loans given to financial sector	32.465.952	-	-	-
Consumer loans	175.910.203	12.088.824	10.746	3.207.540
Credit cards	256.573.920	8.726.016	-	3.814.844
Other	117.931.762	4.597.540	372.345	5.511.064
Specialised loans	-	-	-	-
Other receivables	48.895.568	1.418.366	-	-
Total	1.011.990.908	62.233.493	2.261.802	49.913.319

	Standar56d loans	Loans under close monitoring
12-month provisions for possible losses	6.695.131	-
Significant increase in credit risk	-	17.199.773
Total	6.695.131	17.199.773

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1.7.3. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short-term	Medium and long-term	Total
Consumer loans-TL	46.523.739	101.649.520	148.173.259
Real estate loans	11.204	15.671.031	15.682.235
Automotive loans	3.951.733	12.740.658	16.692.391
Consumer loans	42.560.802	73.237.831	115.798.633
Other	-	-	-
Consumer loans-FC indexed	-	29.109	29.109
Real estate loans	-	29.109	29.109
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	91.366	1.660.313	1.751.679
Real estate loans	4.778	681.333	686.111
Automotive loans	-	1.020	1.020
Consumer loans	52.406	920.984	973.390
Other	34.182	56.976	91.158
Individual credit cards-TL	223.738.667	1.776.585	225.515.252
With installments	115.640.786	1.364.967	117.005.753
Without installments	108.097.881	411.618	108.509.499
Individual credit cards-FC	546.152	171.708	717.860
With installments	26.137	158.747	184.884
Without installments	520.015	12.961	532.976
Personnel loans-TL	151.856	249.157	401.013
Real estate loans	-	2.344	2.344
Automotive loans	7.370	5.899	13.269
Consumer loans	144.486	240.914	385.400
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	1.492	98.863	100.355
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	1.492	98.863	100.355
Other	-	-	-
Personnel credit cards-TL	562.760	327	563.087
With installments	323.020	160	323.180
Without installments	239.740	167	239.907
Personnel credit cards-FC	3.693	1.700	5.393
With installments	-	1.700	1.700
Without installments	3.693	-	3.693
Credit deposit account-TL (Real Person)⁽¹⁾	40.761.766	-	40.761.766
Credit deposit account-FC (Real Person)	132	-	132
Total	312.381.623	105.637.282	418.018.905

(1) TL 55.764 of the credit deposit account belongs to the loans used by personnel.

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1.7.4. Information on installment based commercial loans and corporate credit cards:

	Current Period		Total
	Short-term	Medium and long-term	
Commercial installments loans-TL	8.210.077	81.619.718	89.829.795
Business loans	953	1.301.908	1.302.861
Automotive loans	1.930.539	27.851.624	29.782.163
Consumer loans	6.278.585	52.466.186	58.744.771
Commercial installments loans-FC indexed	-	-	-
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Corporate credit cards-TL	41.682.346	611.830	42.294.176
With installment	23.286.413	610.254	23.896.667
Without installment	18.395.933	1.576	18.397.509
Corporate credit cards-FC	18.964	48	19.012
With installment	-	-	-
Without installment	18.964	48	19.012
Credit deposit account-TL (legal person)	4.133.263	-	4.133.263
Total	54.044.650	82.231.596	136.276.246

1.7.5. Distribution of domestic and foreign loans⁽¹⁾:

Distribution has been disclosed based on the location where the customers operate:

	Current Period	Prior Period
Domestic loans	1.077.150.778	916.706.846
Foreign loans	49.248.744	47.511.338
Total	1.126.399.522	964.218.184

(1) Non-performing loans are not included.

1.7.6. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	62.711	46.769
Indirect loans granted to associates and subsidiaries	-	-
Total	62.711	46.769

1.7.7. Information on credit-impaired (Stage 3):

	Current Period	Prior Period
Loans and other receivables with limited collectability	2.351.344	2.075.684
Loans and other receivables with doubtful collectability	3.824.083	6.932.381
Uncollectible loans and other receivables	14.198.939	10.708.775
Total	20.374.366	19.716.840

1.7.8. Information on non-performing loans (net):**1.7.8.1. Information on non-performing loans restructured or rescheduled, and other receivables:**

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
Current Period			
(Gross amounts before provisions)	857.279	1.048.890	6.695.085
Restructured loans	857.279	1.048.890	6.695.085
Prior Period			
(Gross amounts before provisions)	587.712	809.841	6.835.454
Restructured loans	587.712	809.841	6.835.454

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1.7.8.2. Information on the movement of total non-performing loans:

	III. Group	IV. Group	V. Group
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Prior Period	3.176.600	10.496.595	14.914.097
Additions (+)	3.845.073	257.612	1.458.916
Transfers from other categories of non-performing loans (+)	-	2.856.104	7.625.276
Transfer to other categories of non-performing loans (-)	2.856.104	7.625.276	-
Collections (-)	563.354	783.402	2.034.389
FX valuation differences	1.739	73	103.702
Write-offs (-)	-	-	132
Sale (-)	-	-	1.043.152
Corporate and commercial loans	-	-	188.826
Consumer loans	-	-	672.088
Credit cards	-	-	182.238
Other	-	-	-
Current Period	3.603.954	5.201.706	21.024.318
Provision (-)	2.351.344	3.824.083	14.198.939
Net balance on balance sheet	1.252.610	1.377.623	6.825.379

TL 1.076.247 of non-performing loans, some of which were written off in previous periods, were sold to various asset management companies, by the decisions of the board of directors for TL 459.750.

1.7.8.3. Information on non-performing loans granted as foreign currency loans:

	III. Group	IV. Group	V. Group
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Current Period			
Period end balance	329.668	422.835	14.417.590
Provision (-)	315.449	299.949	8.841.340
Net balance on-balance sheet	14.219	122.886	5.576.250
Prior Period			
Period end balance	187.982	6.885.068	8.013.781
Provision (-)	177.722	4.353.764	4.985.900
Net balance on-balance sheet	10.260	2.531.304	3.027.881

1.7.8.4. Information on the gross and net amounts of the non-performing loans according to types of borrowers:

	III. Group	IV. Group	V. Group
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Current Period (net)	1.252.610	1.377.623	6.825.379
Loans granted to real persons and corporate entities (gross)	3.603.954	5.201.706	20.940.155
Provision amount (-)	2.351.344	3.824.083	14.114.776
Loans granted to real persons and corporate entities (net)	1.252.610	1.377.623	6.825.379
Banks (gross)	-	-	774
Provision amount (-)	-	-	774
Banks (net)	-	-	-
Other loans (gross)	-	-	83.389
Provision amount (-)	-	-	83.389
Other loans (net)	-	-	-
Prior Period (net)	1.100.916	3.564.214	4.205.322
Loans granted to real persons and corporate entities (gross)	3.176.600	10.496.595	14.829.423
Provision amount (-)	2.075.684	6.932.381	10.624.101
Loans granted to real persons and corporate entities (net)	1.100.916	3.564.214	4.205.322
Banks (gross)	-	-	774
Provision amount (-)	-	-	774
Banks (net)	-	-	-
Other loans (gross)	-	-	83.900
Provision amount (-)	-	-	83.900
Other loans (net)	-	-	-

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1.7.8.5. Information on interest accruals, rediscunts and valuation differences calculated for non-performing loans and their provisions:

	III. Group Loans with limited collectibility	IV. Group Loans with doubtful collectibility	V. Group Uncollectible loans
Current Period (net)	173.618	181.759	219.519
Interest accruals and rediscunts and valuation differences	431.610	567.511	1.810.510
Provision amount (-)	257.992	385.752	1.590.991
Prior Period (net)	132.452	195.355	199.668
Interest accruals and rediscunts and valuation differences	327.091	605.675	1.610.291
Provision amount (-)	194.639	410.320	1.410.623

1.7.9. Explanation on liquidation policy for uncollectible loans and receivables:

Uncollectible loans and receivables, which are classified in accordance with the Provisioning Regulation, are collected through legal follow-up, voluntary payments and liquidation of collaterals.

1.7.10. Explanation on “Write-off” policies:

In order to ensure the liquidation of non-performing loans and other receivables related to the liquidation policy, to provide the maximum collection all possible alternatives within the framework of the legislation are applied, and in case of collection, liquidation or receivables with no possibility of restructuring, the legal follow-up and conversion of collaterals into cash method is applied.

The receivables that are determined to be uncollectible in the Legal Follow-up process regarding the write-off policy can be deleted by the resolution of the Board of Directors by fulfilling the requirements in the relevant laws, regulations and internal directives.

Besides, in accordance with the changes on “Provisioning Regulation” published in the Official Gazette No. 30961 dated November 27, 2019 by BRSA, the Parent Bank, during the period deemed appropriate under TFRS 9, may write off part of the loans in appropriate meantime for which the Parent Bank has no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor, in an appropriate timeline starting from the following reporting date that the loan is classified in group 5. Write off is only an accounting application in accordance with the related change in the regulation and it does not result in waive from the Parent Bank’s right to receive.

1.8. Information on financial assets at amortized cost:**1.8.1. Information on financial assets measured at amortised cost which are subject to repurchase agreements and given as collateral / blocked:**

As of March 31, 2024 financial assets measured at amortised cost given as repo transactions amounting to TL 109.955.749 (December 31, 2023 – TL 53.304.273). The securities subject to collateral/blocked are TL 125.038.567 (December 31, 2023 – TL 122.737.604) of which blocked securities at the CBRT is TL 31.835.298 (December 31, 2023 – TL 39.080.654).

1.8.2. Information on public sector debt securities measured at amortized cost:

	Current Period	Prior Period
Government bond	327.195.370	302.772.173
Treasury bill	-	-
Other debt securities	21.394.523	15.340.921
Total	348.589.893	318.113.094

1.8.3. Information on financial assets measured at amortized cost:

	Current Period	Prior Period
Debt securities	358.969.900	326.959.503
Quoted on stock exchange	358.969.900	326.959.503
Not quoted	-	-
Impairment (-) ⁽¹⁾	10.380.007	8.846.409
Total	348.589.893	318.113.094

(1) Includes amortization of the premiums paid during the purchase of the securities throughout the maturity of the securities.

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1.8.4. Movement of financial assets measured at amortized cost within the period:

	Current Period	Prior Period
Beginning balance	318.113.094	168.826.257
Foreign currency differences on monetary assets ⁽¹⁾	24.786.216	88.902.326
Purchases during year	10.854.319	70.084.788
Disposals through sales and redemptions(-)	3.630.138	5.514.015
Impairment (-) ⁽²⁾	1.533.598	4.186.262
Period end balance	348.589.893	318.113.094

(1) Also includes the changes in the interest income accruals.

(2) Includes amortization of the premiums paid during the purchase of the securities throughout the maturity of the securities.

1.9. Information on investments in associates (net):**1.9.1. Information on unconsolidated investments in associates:**

No	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1	Tam Pazarlama ve İletişim Hizmetleri A.Ş.	Istanbul/Türkiye	38,05	38,05
2	Kredi Kayıt Bürosu ⁽¹⁾	Istanbul/ Türkiye	18,18	18,18
3	Bankalararası Kart Merkezi A.Ş. ⁽¹⁾	Istanbul/ Türkiye	4,89	4,89

1.9.2. Main financial figures of the investments in associates in the order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market Value
1	182.455	(321.481)	81.957	446	-	(111.096)	(26.263)	-
2	1.602.207	309.184	681.460	48.131	-	204.592	(1.799)	-
3	3.534.105	2.669.477	735.231	997.600	-	1.355.227	160.663	-

(1) Financial statement information is December 31, 2023.

1.9.3. Consolidated investments in associates:**1.9.4. Information on consolidated investments in associates:**

No	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Other Shareholders' shareholding percentage (%) ⁽¹⁾
1	Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	30,67	-
2	Allianz Yaşam ve Emeklilik A.Ş.	Istanbul/ Türkiye	-	20,00

(1) The other shareholders represent the consolidated Group companies.

1.9.5. Main financial figures of the consolidated investments in associates in order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market Value
1	143.216.601	23.488.865	66.537	1.712.528	301.648	625.584	374.483	-
2	16.097.598	3.957.399	276.687	1.297.582	-	673.403	428.218	-

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1.9.6. Movement of consolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	7.069.176	3.526.931
Movements during the period	614.117	3.542.245
Purchases	-	-
Bonus shares obtained profit from current year's share	-	-
Profit from current year's income	325.141	1.623.787
Sales(-)	-	-
Foreign exchange gain/(loss) items from the foreign subsidiaries ⁽¹⁾	556.092	2.123.083
Impairment (-) ⁽²⁾	267.116	204.625
Balance at the end of the period	7.683.293	7.069.176
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

(1) Includes the differences in the other comprehensive income related with the equity method accounting.

(2) Includes dividend income received in the current period.

1.9.7. Information on sectors and the carrying amounts of consolidated investments in associates:

	Current Period	Prior Period
Banks	6.759.009	6.170.284
Insurance companies	924.284	898.892
Total financial investments	7.683.293	7.069.176

1.9.8. Investments in associates quoted on stock exchange:

None (December 31, 2023-None).

1.10. Information on subsidiaries (net):

There is no deficit of regulatory limits on capital structure of the subsidiaries which are included in the consolidated capital adequacy ratio calculation in accordance with the capital adequacy ratio limits.

1.10.1. Information on shareholders' equity of the significant subsidiaries:

	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Yapı Kredi Faktoring A.Ş.	Yapı Kredi Finansal Kiralama A.O.	Yapı Kredi Portföy Yönetimi A.Ş.	Yapı Kredi Bank Nederland N.V.
Core capital					
Paid in Capital	98.918	130.000	389.928	32.642	112.442
Inflation adjustment to share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Other Capital Reserves	117.569	-	(217.104)	-	-
Other comprehensive income that will not be classified under profit or loss	23.411	(16.243)	(37.713)	(6.342)	-
Other comprehensive income that will be classified under profit or loss	764	-	(12.989)	-	14.776.413
Legal Reserves	98.890	26.000	79.305	44.228	-
Extraordinary Reserves	3.879.330	1.619.575	5.351.463	-	3.477.456
Other Profit Reserves	-	-	-	-	-
Income or Loss	982.589	232.312	526.583	622.541	624.364
Current Year Income/Loss	1.052.535	232.312	438.168	259.920	624.364
Prior Years' Income/Loss	(69.946)	-	88.415	362.621	-
Leasehold improvements (-)	-	1.070	618	233	50
Intangible assets (-)	94.722	14.005	71.086	1.420	2.993
Total Tier I capital	5.106.749	1.976.569	6.007.769	691.416	18.987.632
Tier II capital	25.160	88.104	247.868	-	189.653
Capital	5.131.909	2.064.673	6.255.637	691.416	19.177.285
Deductions from the capital	-	-	-	-	-
Total shareholders' equity	5.131.909	2.064.673	6.255.637	691.416	19.177.285

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The above information is based on the information extracted from the individual financial statements of subsidiaries, used for consolidated financial statements of the Bank as of March 31, 2024.

The internal capital adequacy for the subsidiaries is calculated with the model and approaches used in the Parent Bank within the scope of the consolidated ICAAP report.

Paid-in capital is a capital which have been disclosed as Turkish Lira in the articles of incorporation and registered in trade register.

Inflation adjustment to share capital is the adjustment difference arising from inflation accounting.

Extraordinary Reserves are the reserves which represent the remaining net income of the previous periods after providing the legal reserves in accordance with the General Assembly of the Bank.

Legal reserves are the income reserves that are provided according to the first paragraph and the third subparagraph of the second paragraph of the article no 466 and no 467 of the Turkish Commercial Code No. 6762 allocated as capital reserves separated from annual profit according to the laws of foundation.

1.10.2. Unconsolidated subsidiaries:**1.10.2.1. Information on unconsolidated subsidiaries**

Since the subsidiaries below are not financial subsidiaries, the related subsidiaries are unconsolidated and are carried at restated cost.

Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1 Yapı Kredi-Kültür Sanat Yayıncılık Tic. ve San. A.Ş.	Istanbul/ Türkiye	100,00	100,00
2 Enternasyonal Turizm Yatırım A.Ş.	Istanbul/ Türkiye	99,99	99,99
3 Yapı Kredi Teknoloji A.Ş.	Istanbul/ Türkiye	100,00	100,00
4 Yapı Kredi Finansal Teknolojiler A.Ş.	Istanbul/ Türkiye	100,00	100,00

1.10.2.2. Main financial figures of the subsidiaries in order of the above table:

	Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market Value
1	234.540	101.403	13.445	97	-	6.230	5.118	-
2	895.983	882.922	735.100	3.350	-	4.455	6.390	-
3	129.747	48.926	65.174	4.992	-	(8.651)	8.788	-
4	25.015	25.015	-	-	-	-	-	-

1.10.3. Consolidated subsidiaries:**1.10.3.1. Information on consolidated subsidiaries⁽¹⁾:**

Subsidiary	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1 Yapı Kredi Holding B.V.	Amsterdam/Nederlands	100,00	100,00
2 Yapı Kredi Menkul	Istanbul/ Türkiye	99,98	100,00
3 Yapı Kredi Faktoring	Istanbul/ Türkiye	99,95	100,00
4 Yapı Kredi Leasing	Istanbul/ Türkiye	99,99	99,99
5 Yapı Kredi Portföy	Istanbul/ Türkiye	12,65	99,99
6 Yapı Kredi Bank Nederland NV ⁽²⁾	Amsterdam/Nederlands	67,24	100,00
7 Yapı Kredi Azerbaycan	Bakü/Azerbajjan	99,80	100,00

(1) It has been decided to purchase all the shares of Bankhaus J. Faisst oHG ("BHF"), which has banking licenses, in order to carry out banking activities in Germany, and the process of obtaining legal permissions continues.

(2) Includes the balances for Sticking Custody Services YKB.

Although Yapı Kredi Diversified Payment Rights Finance Company ("Special Purpose Entity") which is established for future flow transactions of Yapı Kredi is not a subsidiary, it is included in the consolidation.

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1.10.3.2. Main financial figures of the consolidated subsidiaries in the order of the above table:

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value
1	122.449	119.839	-	-	-	839	(729)	-
2	18.872.155	5.201.471	186.479	1.448.034	9.802	1.052.535	721.972	-
3	13.979.579	1.991.644	29.706	1.128.247	-	232.312	115.524	-
4	41.930.845	6.079.473	82.057	1.740.617	-	438.168	329.611	-
5	949.681	693.069	5.657	98.716	-	259.920	116.899	-
6	91.228.243	18.990.675	58.433	1.542.263	108.048	624.364	229.720	-
7	10.694.387	2.057.445	443.458	175.054	26.175	41.956	27.428	-

1.10.4. Movement schedule of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	31.525.881	17.905.733
Movements during the period	3.513.455	13.620.148
Purchases	-	-
Free shares obtained profit from current years share	-	-
Share of current year income	2.419.900	6.974.755
Sales (-)	-	-
Revaluation increase/decrease ⁽¹⁾	1.336.006	6.915.441
Impairment (-) ⁽²⁾	242.451	270.048
Balance at the end of the period	35.039.336	31.525.881
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

(1) Includes the differences in the other comprehensive income related with the equity method accounting.

(2) Includes dividend income received in the corresponded period.

1.10.5. Sectoral information on financial subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	14.823.263	13.390.646
Insurance companies	-	-
Factoring companies	1.990.696	1.758.494
Leasing companies	6.079.099	5.694.593
Finance companies	-	-
Other financial subsidiaries	12.146.278	10.682.148
Total financial subsidiaries	35.039.336	31.525.881

1.10.6. Subsidiaries quoted on stock exchange:

None (December 31, 2023 - None).

1.11. Information on joint ventures (net):**1.11.1. Unconsolidated joint ventures:**

None (December 31, 2023 - None).

1.12. Information on lease receivables (net):**1.12.1. Breakdown according to maturities:**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	21.086.663	15.081.743	17.780.312	13.141.356
Between 1- 4 years	23.249.122	19.504.321	20.306.566	17.261.168
More than 4 years	2.026.973	1.870.134	2.222.712	2.048.502
Total	46.362.758	36.456.198	40.309.590	32.451.026

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1.12.2. Information for net investments in finance leases:

	Current Period		Prior Period	
	TL	FC	TL	FC
Gross lease receivables	20.669.462	25.693.296	16.152.056	24.157.534
Unearned financial income from leases (-)	6.711.578	3.194.982	4.952.459	2.906.105
Amount of cancelled leases (-)	-	-	-	-
Total	13.957.884	22.498.314	11.199.597	21.251.429

1.13. Information on investment property:

None. (December 31, 2023 - None).

1.14. Information on deferred tax:

There is a deferred tax asset amounting to TL 8.995.638 and deferred tax liability amounting to TL 15.977 as of March 31, 2024 reflected in the consolidated financial statements after the deferred tax assets and liabilities of each entity in consolidation has been netted off in their standalone financial statements as per TAS 12 (December 31, 2023 - TL 9.144.125 deferred tax asset and TL 14.044 deferred tax liability).

1.15. Movement schedule of assets held for sale and related to discontinued operations:

	Current Period	Prior Period
Net book value at the beginning of the period	1.074.724	1.085.705
Additions ⁽¹⁾	31.708	108.526
Disposals (-), net	19.669	150.197
Impairment reversal	-	-
Impairment (-)	-	-
Translation differences	4.402	30.690
Net book value at the end of the period	1.091.165	1.074.724
Cost at the end of the period	1.093.648	1.077.106
Accumulated depreciation at the end of the period (-)	2.483	2.382
Net book value at the end of the period	1.091.165	1.074.724

(1) In current period, the carrying value of asset held for sale with a right of repurchase is TL 19.927 (December 31, 2023 – TL 16.000). The total net carrying value of asset held for sale with a right of repurchase is TL 888.580 (December 31, 2023 – TL 882.752).

As of March 31, 2024, the Group booked impairment provision on assets held for sale with an amount of TL 2.120 (December 31, 2023 – TL 2.120).

1.16. Information on other assets:

As of March 31, 2024, other assets do not exceed 10% of the total assets.

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2. Explanations and notes related to consolidated liabilities:**2.1. Information on deposits:****2.1.1. Information on maturity structure of deposits/collected funds⁽¹⁾:**

Current Period	Demand	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over	Accumulative savings account	Total
Saving deposits	79.664.439	9.218.715	100.074.085	92.300.337	106.415.195	5.494.979	260	393.168.010
Foreign currency deposits	301.018.525	37.280.097	71.733.006	12.506.452	13.639.764	14.456.965	-	450.634.809
Residents in Türkiye	270.935.547	30.848.973	67.461.535	7.879.327	1.697.328	797.865	-	379.620.575
Residents abroad	30.082.978	6.431.124	4.271.471	4.627.125	11.942.436	13.659.100	-	71.014.234
Public sector deposits	8.190.395	2.128.550	71.192	20.889	1.659	-	-	10.412.685
Commercial deposits	54.144.537	33.597.008	91.209.800	29.427.888	39.115.487	2.736.496	-	250.231.216
Other institutions deposits	1.001.415	855.620	6.115.408	1.002.791	1.281.683	93	-	10.257.010
Precious metals vault	84.779.607	-	5.401.511	-	1.178.219	226.948	-	91.586.285
Bank deposits	4.983.903	2.404.810	12.986.269	6.356.619	5.994.261	963.502	-	33.689.364
The CBRT	3.550.054	-	-	-	-	-	-	3.550.054
Domestic banks	138.056	2.399.751	1.493.041	6.356.619	5.994.261	963.502	-	17.345.230
Foreign banks	785.980	5.059	11.493.228	-	-	-	-	12.284.267
Participation banks	509.813	-	-	-	-	-	-	509.813
Other	-	-	-	-	-	-	-	-
Total	533.782.821	85.484.800	287.591.271	141.614.976	167.626.268	23.878.983	260	1.239.979.379

Prior Period	Demand	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over	Accumulative savings account	Total
Saving deposits	71.511.573	12.327.501	180.557.819	67.064.162	63.658.295	4.046.974	189	399.166.513
Foreign currency deposits	256.921.928	46.294.507	56.538.991	9.577.938	10.072.916	12.503.350	-	391.909.630
Residents in Türkiye	228.614.999	36.860.459	49.196.792	5.996.874	1.815.433	860.103	-	323.344.660
Residents abroad	28.306.929	9.434.048	7.342.199	3.581.064	8.257.483	11.643.247	-	68.564.970
Public sector deposits	5.846.024	3.115.835	119.870	18.835	1.508	-	-	9.102.072
Commercial deposits	53.894.753	23.519.689	76.366.803	17.454.437	27.091.967	2.032.242	-	200.359.891
Other institutions deposits	755.091	919.243	4.980.443	1.066.252	521.736	169	-	8.242.934
Precious metals vault	64.458.794	-	1.854.413	-	1.070.896	203.323	-	67.587.426
Bank deposits	1.142.440	6.681.561	13.579.519	4.878.101	5.732.620	502.969	-	32.517.210
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	56.021	6.626.558	1.264.438	4.878.101	5.732.620	502.969	-	19.060.707
Foreign banks	626.041	55.003	12.315.081	-	-	-	-	12.996.125
Participation banks	460.378	-	-	-	-	-	-	460.378
Other	-	-	-	-	-	-	-	-
Total	454.530.603	92.858.336	333.997.858	100.059.725	108.149.938	19.289.027	189	1.108.885.676

(1) Within the scope of the "Decision on Supporting Deposit and Participation Accounts Against Exchange Rate Increases (Decision No: 5206)" published in the Official Gazette dated February 24, 2022 and numbered 31760, and the CBRT's communiqués numbered 2021/14, 2021/16, 2022/7 and 2022/11, the "Currency protected TL deposit" which provide protection against foreign currency exchange rate changes for TL deposits, as of the reporting date amounting to TL 189.345.254 (December 31, 2023 – TL 222.335.968).

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2.1.2. Information on deposits insurance:**2.1.2.1. Information on deposits under the guarantee of the deposits insurance fund and exceeding the limit of deposit insurance fund:**

Saving deposits	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
Deposits	172.839.128	141.654.843	220.561.266	257.622.518
Foreign currency saving deposits	119.948.641	89.012.805	149.333.361	162.954.856
Other deposits	48.128.352	32.917.070	32.589.251	27.761.034
Foreign branches’ deposits under foreign authorities’ insurance	-	-	-	-
Off-shore banking regions’ deposits under foreign authorities’ insurance	-	-	-	-

Legal entities’ deposits	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
Deposits	26.916.929	22.152.450	193.465.885	163.557.160
Foreign currency saving deposits	11.051.491	7.476.116	165.259.423	144.343.906
Other deposits	1.631.245	1.068.231	9.236.457	5.845.003
Foreign branches’ deposits under foreign authorities’ insurance	-	-	-	-
Off-shore banking regions’ deposits under foreign authorities’ insurance	-	-	-	-

2.1.2.2. Deposits which are not under the guarantee of saving deposit insurance fund:

	Current Period	Prior Period
Foreign branches’ deposits and other accounts	5.383.526	3.338.299
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	887.841	618.144
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Türkiye in order to engage in off-shore banking activities solely	-	-

2.2. Information on trading derivative financial liabilities:**2.2.1. Negative differences table for derivative financial liabilities held for trading:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	335.436	16.254	180.708	68.205
Swap transactions	7.823.924	7.544.067	4.485.127	6.782.595
Futures transactions	91.017	-	10.023	-
Options	102.640	100.672	92.336	15.133
Other	-	-	-	-
Total	8.353.017	7.660.993	4.768.194	6.865.933

2.2.2. Negative differences table for derivative financial liabilities held for hedging:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges ⁽¹⁾	-	7.239	-	-
Cash flow hedges ⁽¹⁾	83.717	-	32.334	-
Hedges for investments made in foreign countries	-	-	-	-
Total	83.717	7.239	32.334	-

(1) Explained in Note 8 of section 4.

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2.3. Information on banks and other financial institutions:**2.3.1. Information on borrowings:**

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of the Republic of Türkiye borrowings	-	-	-	-
From domestic banks and institutions	13.148.172	13.723.482	11.757.504	10.615.941
From foreign banks, institutions and funds	2.067.162	157.857.102	660.191	138.001.207
Total	15.215.334	171.580.584	12.417.695	148.617.148

2.3.2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	12.674.001	37.264.297	9.920.235	30.605.554
Medium and long-term	2.541.333	134.316.287	2.497.460	118.011.594
Total	15.215.334	171.580.584	12.417.695	148.617.148

2.3.3. Information on marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	9.711.135	29.499.210	10.221.955	10.933.847
Asset backed securities ⁽¹⁾	-	17.359.563	-	16.325.139
Bonds ⁽²⁾	357.802	70.845.350	402.929	59.156.129
Total	10.068.937	117.704.123	10.624.884	86.415.115

(1) The Group obtains borrowings via its structured entity, Diversified Payment Rights Finance Company, with future flow transactions which is founded on its future money transfers within its funding program.

(2) Including mortgage backed securities amounting to TL 415.281 as of March 31, 2024 (December 31, 2023 – TL 804.685).

2.3.4. Information on financial liabilities fair value through profit or loss:

The Group classified some of its financial liabilities as the financial liabilities classified at fair value through profit/loss in order to eliminate the accounting mismatch at the initial recognition in accordance with TFRS 9. As of March 31, 2024, the total amount of financial liabilities classified as fair value through profit/loss is TL 75.800.508 (December 31, 2023 – TL 71.167.000) with an accrued interest income of TL 502.378 (December 31, 2023 - TL 564.874 income) and with a fair value difference of TL 29.500 recognized as an expense (December 31, 2023 - TL 1.398.345 expense). On the other hand, the nominal amounts of the total return swaps and bond forwards which are closely related with these financial liabilities as of March 31, 2024 are TL 76.302.887 (December 31, 2023 – TL 71.731.874) for buy legs and sell legs with a fair value differences amounting to TL 1.214.956 liability (December 31, 2023 – TL 1.247.239 liability). The mentioned total return swaps have 9 year maturity in average.

2.4. Information on other liabilities:

As of March 31, 2024, other liabilities do not exceed 10% of the total balance sheet commitments.

2.5. Information on lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1.283.532	922.435	1.092.047	780.132
Between 1-4 Years	2.545.877	1.828.692	2.139.774	1.533.116
More than 4 Years	1.820.966	1.326.030	1.513.897	1.088.257
Total	5.650.375	4.077.157	4.745.718	3.401.505

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2.6. Information on provisions:

2.6.1. Information on provision for employee benefit:

In accordance with Turkish Labour Law, the reserve for employment termination benefits is calculated as the present value of the probable future obligation in case of the retirement of employees. “TAS 19 - Employee Benefits”, necessitates actuarial valuation methods to calculate the liabilities of enterprises.

The following actuarial assumptions were used in the calculation of total liabilities:

	Current Period	Prior Period
Discount rate (%)	2,90	2,90
Possibility of being eligible for retirement (%)	94,92	94,92

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 35.058,58 effective from January 1, 2024 has been taken into consideration in calculating the provision for employee benefit.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	3.283.393	2.845.025
Changes during the period	135.099	339.285
Recognized in equity	-	829.753
Paid during the period	(227.911)	(730.670)
Balance at the end of the period	3.190.581	3.283.393

In addition, the Group has accounted for unused vacation provision amounting to TL 1.246.862 as of March 31, 2024 (December 31, 2023 – TL 769.039).

2.6.2. Information on provisions related with the foreign currency difference of foreign currency indexed loans:

None (December 31, 2023 – None).

2.6.3. Information on other provisions:

	Current Period	Prior Period
Pension fund provision	10.027.806	10.027.806
Provisions on non-funded non cash loans	1.212.177	1.508.223
Generic provisions on non cash loans	1.597.860	1.786.242
Provision for lawsuits	383.651	346.390
Provisions for credit cards and promotion campaigns related to banking services	224.846	195.116
Other	1.989.172	3.999.749
Total	15.435.512	17.863.526

2.7. Explanations on tax liability:

2.7.1. Information on taxes payable:

	Current Period	Prior Period
Banking Insurance Transaction Tax (“BITT”)	2.381.085	1.900.419
Corporate Tax Payable	5.335.944	4.532.965
Taxation of Marketable Securities Income	1.051.308	563.484
Value Added Tax Payable	135.603	122.517
Foreign Exchange Transaction Tax	58.088	23.308
Property Tax	16.520	11.526
Other	404.886	536.658
Total	9.383.434	7.690.877

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2.7.2. Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	10.367	8.731
Social security premiums - employer	16.552	15.642
Bank pension fund premiums - employee	189.827	124.465
Bank pension fund premiums - employer	265.061	172.801
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	13.550	8.884
Unemployment insurance - employer	27.300	17.809
Other	-	-
Total	522.657	348.332

2.8. Liabilities for property and equipment held for sale and related to discontinued operations (net):

None (December 31, 2023 - None).

2.9. Information on subordinated debt⁽¹⁾:

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	-	-	20.355.837
Subordinated loans	-	-	-	-
Subordinated debt	-	-	-	20.355.837
Debt instruments to be included in contribution capital calculation	1.429.780	37.762.679	1.260.412	15.229.890
Subordinated loans	-	-	-	-
Subordinated debt	1.429.780	37.762.679	1.260.412	15.229.890
Total	1.429.780	37.762.679	1.260.412	35.585.727

(1) Subordinated loans are explained in detail in the Note “Information on debt instruments included in the calculation of equity” in section four.

2.10. Information on shareholders’ equity:

2.10.1. Presentation of paid-in capital:

	Current Period	Prior Period
Common shares	8.447.051	8.447.051
Preferred shares	-	-

2.10.2. Amount of paid-in capital, disclosure of whether the Bank’s registered capital system is applied and if applied registered capital ceiling:

Capital System	Paid-In Capital	Registered Share Capital Ceiling
Registered Capital System	8.447.051	15.000.000

2.10.3. Information on the share capital increases during the period and the sources:

None (December 31, 2023– None).

2.10.4. Information on transfers from capital reserves to capital during the current period:

None (December 31, 2023 - None).

2.10.5. Information on capital commitments, until the end of the fiscal year and the subsequent interim period:

None (December 31, 2023 - None).

2.10.6. Information on prior period’s indicators on the Group’s income, profitability and liquidity, and possible effects of these future assumptions on the Bank’s equity due to uncertainties of these indicators:

The interest, liquidity, and foreign exchange risk related to on-balance sheet and off-balance sheet assets and liabilities are managed by the Parent Bank within several risk and legal limits.

2.10.7. Privileges on the corporate stock:

None (December 31, 2023 - None).

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2.10.8. Information on value increase fund of marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Revaluation difference	-	-	-	-
Foreign currency difference	-	-	-	-
Financial assets at fair value through other comprehensive income⁽¹⁾	(5.665.945)	(95.304)	(4.186.802)	1.249.717
Revaluation difference	(5.665.945)	(95.304)	(4.186.802)	1.249.717
Foreign currency differences	-	-	-	-
Total	(5.665.945)	(95.304)	(4.186.802)	1.249.717

(1) Includes tax effect related to foreign currency valuation differences in TL column.

2.10.9. Information on minority interest:

	Current Period	Prior Period
Period opening balance	2.674	1.537
Current period income/(loss)	492	1.328
Dividends paid	(171)	(191)
Period ending balance	2.995	2.674

2.10.10. Information on profit distribution:

In accordance with the General Assembly dated March 29, 2024, after the total cash dividend payment of TL 10.201.000 on April 3, 2024 from the net profit of TL 68.008.836 as of December 31, 2023; TL 56.773.802 transferred to extraordinary reserves after the separation of TL 977.864 to general legal reserves and allocated a special reserve of TL 56.170 in total of which TL 28.697 related to real estate and participation sales income within the framework of Article 5 clause 1/e of Corporate Tax Law Numbered 5520, TL 2.473 in accordance with Article 3/14 of the Law on Supporting R&D and Design Activities Numbered 5746 and TL 25.000 within the scope of Article 10/g of the Corporate Tax Law to be transferred to the venture capital investment fund for the purpose of purchasing venture capital investment fund shares.

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3. Explanations and notes related to consolidated off-balance sheet accounts

3.1. Information on off balance sheet commitments:

3.1.1. The amount and type of irrevocable commitments:

	Current Period	Prior Period
Commitments on credit card limits	641.949.796	512.438.126
Asset purchase and sale commitments	177.773.954	72.643.748
Loan granting commitments	114.278.465	96.706.632
Commitments for cheques	12.589.823	8.435.319
Other irrevocable commitments	132.960.144	106.052.213
Total	1.079.552.182	796.276.038

3.1.2. Type and amount of probable losses and obligations arising from off-balance sheet items:

Obligations arising from off-balance sheet are disclosed in “Off-balance sheet commitments”. The Group set aside general provision for its non-cash loans amounting to TL 1.597.860 (December 31, 2023 - TL 1.786.242) and specific provision amounting to TL 2.152.416 (December 31, 2023 - TL 2.028.872) for non-cash loans which are not indemnified yet amounting to TL 1.212.177 (December 31, 2023 - TL 1.508.223).

3.1.2.1. Non-cash loans including guarantees, bank acceptance loans, collaterals that are accepted as financial guarantees and other letter of credits:

	Current Period	Prior Period
Bank acceptance loans	2.753.971	2.178.212
Letter of credits	69.924.692	54.078.251
Other guarantees and collaterals	31.868.445	28.188.925
Total	104.547.108	84.445.388

3.1.2.2. Guarantees, suretyships and other similar transactions:

	Current Period	Prior Period
Temporary letter of guarantees	7.934.664	5.075.662
Definite letter of guarantees	164.811.887	147.977.407
Advance letter of guarantees	48.610.800	44.721.720
Letter of guarantees given to customs	9.309.121	7.917.628
Other letter of guarantees	107.051.578	98.490.787
Total	337.718.050	304.183.204

3.1.3. Information on non-cash loans:

3.1.3.1. Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against cash loans	104.947.593	96.627.631
With original maturity of 1 year or less than 1 year	11.824.883	9.930.139
With original maturity of more than 1 year	93.122.710	86.697.492
Other non-cash loans	337.317.565	292.000.961
Total	442.265.158	388.628.592

3.2. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 383.651 (December 31, 2023 – TL 346.390) for litigations against the Group and has accounted for it in accompanying consolidated the financial statements under the “Other provisions” account. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee any cash outflows for such claim.

3.3. Information on services on behalf of others:

The Bank’s activities such as intermediation and custody to serve the investment needs of customers are followed up under off balance sheet accounts.

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4. Explanations and notes related to consolidated income statement:

4.1. Information on interest income:

4.1.1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	28.578.064	1.521.443	7.256.025	714.070
Medium/long-term loans ⁽¹⁾	24.003.328	5.382.967	10.249.215	2.983.669
Interest on loans under follow-up	1.234.812	-	415.141	-
Premiums received from resource utilisation support fund	-	-	-	-
Total	53.816.204	6.904.410	17.920.381	3.697.739

(1) Includes fees and commissions received for cash loans.

4.1.2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
From the CBRT	20.542	6.381	2.917	44.962
From domestic banks	982.137	436.254	404.658	105.450
From foreign banks	4.573	1.060.585	232	531.023
Headquarters and branches abroad	-	-	-	-
Total	1.007.252	1.503.220	407.807	681.435

4.1.3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit or loss	-	47.169	-	25.195
Financial assets measured at fair value through other comprehensive income	8.167.974	439.990	3.530.533	342.434
Financial assets measured at amortised cost	18.504.761	1.394.798	8.150.114	1.013.296
Total	26.672.735	1.881.957	11.680.647	1.380.925

As of March 31, 2024, the valuation of related CPI-indexed government bonds has been calculated according to the annual inflation forecast of 45%. In case the CPI forecast increases or decreases by 1%, profit before taxes as of March 31, 2024 will be impacted by approximately TL 399.812.

4.1.4. Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interests received from associates and subsidiaries	92.352	36.451
Total	92.352	36.451

4.2. Information on interest expense:

4.2.1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	1.322.222	946.197	452.499	433.965
The CBRT	-	-	-	-
Domestic banks	1.213.652	281.916	422.260	117.841
Foreign banks	108.570	664.281	30.239	316.124
Headquarters and foreign branches	-	-	-	-
Other institutions	-	2.229.888	-	843.814
Total⁽¹⁾	1.322.222	3.176.085	452.499	1.277.779

(1) Includes fees and commissions related to borrowings.

4.2.2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interests paid to associates and subsidiaries	46.249	58.249
Total	46.249	58.249

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4.2.3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	1.230.901	4.703.685	598.739	2.051.451
Total	1.230.901	4.703.685	598.739	2.051.451

4.2.4. Information on interest expense on money market transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on money market transactions	6.684.588	590.505	406.351	96.023
Total	6.684.588	590.505	406.351	96.023

4.2.5. Information on other interest expense:

As of March 31, 2024, commission expense amounting to TL 1.488.718 (March 31, 2023 – TL 177.038) has been recognized in other interest expenses within the scope of 30th article of the CBRT Tariff Schedule titled “Communiqué on Required Reserve and Foreign Currency Deposit Accounts”.

4.2.6. Maturity structure of the interest expense on deposits:

Account name	Time Deposit						Accumulating deposit	Total	Prior Period
	Demand Deposit	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 Year	More than 1 year			
TL									
Bank deposits	291	1.454.145	434.085	-	-	-	-	1.888.521	66.919
Saving deposits	-	927.932	13.560.454	8.964.076	9.554.487	346.649	5	33.353.603	9.929.162
Public sector deposits	-	66.207	11.062	2.051	147	-	-	79.467	31.557
Commercial deposits	55	1.731.076	6.512.802	2.025.139	2.774.354	173.775	-	13.217.201	5.226.914
Other deposits	-	129.964	1.669.256	835.432	199.598	15.233	-	2.849.483	1.602.062
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Total	346	4.309.324	22.187.659	11.826.698	12.528.586	535.657	5	51.388.275	16.856.614
FC									
Foreign currency deposits	5.559	191.382	273.501	102.903	129.670	113.256	-	816.271	440.176
Bank deposits	87.511	82.119	130.617	-	-	-	-	300.247	87.958
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	152	1.302	-	232	16	-	1.702	1.884
Total	93.070	273.653	405.420	102.903	129.902	113.272	-	1.118.220	530.018
Grand total	93.416	4.582.977	22.593.079	11.929.601	12.658.488	648.929	5	52.506.495	17.386.632

4.3. Information on trading profit/loss (net):

	Current Period	Prior Period
Profit	95.532.973	27.710.725
Gain from capital market transactions	1.449.220	1.193.734
Derivative financial transaction gains	61.866.162	12.444.263
Foreign exchange gains	32.217.591	14.072.728
Loss(-)	105.553.600	23.633.550
Loss from capital market transactions	17.476	8.381
Derivative financial transaction losses	56.655.224	9.934.132
Foreign exchange loss	48.880.900	13.691.037
Net trading profit/loss	(10.020.627)	4.077.175

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4.4. Allowance for expected credit losses and other provisions:

	Current Period	Prior Period
Allowance for expected credit losses	12.237.144	6.864.326
12-month expected credit losses (Stage 1)	3.550.264	2.167.502
Significant increase in credit risk (Stage 2)	4.788.925	3.243.701
Non-performing loans (Stage 3)	3.897.955	1.453.123
Impairment provisions for financial assets	-	-
Financial assets measured at fair value through profit or loss	-	-
Financial assets measured at fair value through other comprehensive income	-	-
Impairment provisions related to investments in associates, subsidiaries and jointly controlled partnerships (Joint ventures)	-	-
Associates	-	-
Subsidiaries	-	-
Jointly controlled partnerships (joint ventures)	-	-
Other	87.453	23.041
Total	12.324.597	6.887.367

4.5. Information on derivatives financial transaction gain/loss:

The net gain resulting from the foreign exchange differences related to derivative financial transactions is TL 21.456.141 (March 31, 2023 – TL 1.754.648 gain).

4.6. Information on other operating income:

“Other Operating Income” in the statement of profit or loss mainly includes collections from receivables for which Specific / General provision has been allocated in prior periods.

4.7. Information related to other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	138.822	95.944
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	474.549	268.759
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortization expenses of intangible assets	121.324	75.831
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for sale	-	-
Depreciation expenses of assets held for sale	-	-
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	7.443.229	4.823.279
TFRS 16 exempt lease expenses	75.602	35.233
Repair and maintenance expenses	246.925	106.587
Advertising expenses	243.913	170.613
Other expense	6.876.789	4.510.846
Loss on sales of assets	-	-
Other	2.193.084	1.086.920
Total	10.371.008	6.350.733

4.8. Information on income/loss before taxes from continuing operations and discontinued operations:

Income before tax includes net interest income amounting to TL 25.356.306 (March 31, 2023 – TL 14.996.572) net fee and commission income amounting to TL 16.757.430 (March 31, 2023 – TL 5.788.262), personnel expenses amounting to TL 6.971.993 (March 31, 2023 - TL 2.905.108) and total other operating expense amounting to TL 10.371.008 (March 31, 2023 – TL 6.350.733).

As of March 31, 2024, the Group has no profit before taxes from discontinued operations (March 31, 2023 – None).

4.9. Provision for taxes on income from continuing operations and discontinued operations:

As of March 31, 2024, the Group has current tax expense amounting to TL 983.566 (March 31, 2023 – TL 2.924.950 expense) and deferred tax expense amounting to TL 515.611 (March 31, 2023 – TL 74.987 deferred tax expense).

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4.10. Information on net profit/loss for the period:

4.10.1. The characteristics, dimension and recurrence of income or expense items arising from ordinary banking transactions do not require any additional explanation to understand the Group’s current period performance.

4.10.2. The effect of the change in an estimate of financial statement items to profit / loss is not likely to affect subsequent periods.

4.11. Income/loss of minority interest:

	Current Period	Prior Period
Income/(loss) of minority interest	492	296

4.12. Other items in statement of profit or loss:

“Other fees and commissions received” and “Other fees and commissions paid” in profit or loss mainly include commissions and fees related to credit cards and banking transactions.

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5. Explanations and notes related to Group’s risk group:**5.1. The volume of transactions relating to the Group’s risk group, outstanding loan and deposit transactions and profit or loss of the period:****5.1.1. Information on loans of the Group’s risk group:**

Current Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Group’s risk group ^{(1) (2)}						
Loans						
Balance at the beginning of the period	75.476	90.060	35.697	1.304.299	18.315.042	9.439.424
Balance at the end of the period	127.531	45.635	1.110.247	664.034	19.330.419	10.839.860
Interest and commission income received	92.352	647	20.118	738	1.544.342	17.224

Prior Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Group’s risk group ^{(1) (2)}						
Loans						
Balance at the beginning of the period	46.501	1.784	176.501	903.139	12.012.206	5.772.850
Balance at the end of the period	75.476	90.060	35.697	1.304.299	18.315.042	9.439.424
Interest and commission income received ⁽³⁾	36.451	441	6.897	1.404	662.210	8.728

(1) Defined in subsection 2 of the 49th article of Banking Act No. 5411.

(2) The information in table above includes marketable securities and due from banks as well as loans.

(3) Prior period presents profit / loss information of March 31, 2023

5.1.2. Information on deposits of the Group’s risk group:

Group’s risk group	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Group’s risk group ^{(1) (2)}						
Deposit						
Beginning of the period	1.179.266	570.543	30.457.645	27.832.583	123.741.795	70.401.031
End of the period	328.197	1.179.266	38.956.212	30.457.645	153.857.253	123.741.795
Interest expense on deposits ⁽³⁾	46.249	58.249	698.750	681.726	3.900.913	947.646

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.

(2) The information in table above includes borrowings and repo transactions as well as deposits.

(3) Prior period presents profit / loss information of March 31, 2023.

5.1.3. Information on forward and option agreements and other derivative instruments with the Group’s risk group:

Group’s risk group	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Group’s risk group ⁽¹⁾						
Transactions at fair value through profit or loss						
Beginning of the period ⁽²⁾	-	-	19.721.860	1.886.536	5.382.691	1.273.964
End of the period ⁽²⁾	-	-	28.591.560	19.721.860	5.609.283	5.382.691
Total profit / loss ⁽³⁾	-	-	38.202	59.329	28.071	19.553
Transactions for hedging purposes						
Beginning of the period ⁽²⁾	-	-	-	-	-	-
End of the period ⁽²⁾	-	-	-	-	-	-
Total profit / loss ⁽³⁾	-	-	-	-	-	-

(1) Defined in subsection 2 of the 49th article of the Banking Act No. 5411.

(2) The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.

(3) Prior period presents profit / loss information of March 31, 2023.

5.2. Information regarding benefits provided to the Group’s top management:

Salaries and benefits paid to the Group’s top management amount to TL 82.141 as of March 31, 2024 (March 31, 2023 – TL 29.353).

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2024

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

6. Explanations and notes related to subsequent events :

On April 4, 2024, the Parent Bank issued subordinated bond amounting to USD 500 million abroad, with an early payment option in 2034, fixed interest rate, 10-year maturity and semi-annual interest payments which can be included in additional Tier I capital.

Section six- Explanations on independent auditor’s review report

1. Explanations on independent auditor’s review report

The consolidated financial statements for the period ended March 31, 2024 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent auditor’s review report dated May 2, 2024 is presented preceding the consolidated financial statements.

2. Explanations and notes prepared by independent auditor

None.

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Notes to consolidated financial statements as of March 31, 2024

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section Seven⁽¹⁾

Interim activity report

1. Explanations on interim activity report

1.1. Message from Yapı Kredi's Board of Directors Chairman Ali Y. Koç:

As we come to the first quarter of 2024, the focus of global markets has continued to be on the tightening financial conditions, as well as the risks posed by geopolitical tensions and trade polarization, uncertainties regarding energy and supply chains. In addition to these developments, climate change, social unrest in global scale, rapid developments in areas such as artificial intelligence put pressure on economic stability and feed uncertainties.

Despite the increased geopolitical risks on the back of tensions between Russia and Ukraine, the Middle East and the still relatively high inflation, the global economic recovery is stronger than expected. In this period, a recovery in the inflation outlook is expected as global central banks continue their tight monetary policies.

In light of all these developments, according to the International Monetary Fund's (IMF) Global Economic Outlook report dated April 2024, global growth is expected to be maintained at 3.2% in 2024 and 2025. As a result of tight monetary policies, global inflation is expected to decrease steadily in the coming period, to 5.9% in 2024 from 6.9% in 2023, and then to 4.5% in 2025.

Our country's economy continued its controlled growth during this normalization period and recorded a growth of 4.5% in 2023 with mainly the support of domestic demand. According to IMF's Global Economic Outlook Report dated April 2024, the Turkish economy is expected to grow by 3.1% and 3.2% in 2024 and 2025, respectively.

The Turkish banking sector continued its uninterrupted support to the economy during this period. In the first three months of the year, total loans increased by 52% on an annual basis and reached 12,033 billion TL. In the same period, the deposit base grew by 55% and reached 13,924 billion TL. Yapı Kredi continued its strong contribution to the Turkish economy by increasing its cash and non-cash loan volume by 65% on an annual basis to 1,518 trillion TL in the first three months of 2024.

Considering the wide impact area of the sector, Yapı Kredi has adopted a responsible growth approach that will increase the positive effects on all its stakeholders in its activities and create value for all of society. In parallel, our main approach in sustainability is based on creating long-term value for each aspect and stakeholder, while ensuring economic development and growth and have the utmost sensibility to social and environmental issues.

I would hereby like to extend my thanks to all our customers and shareholders for their continuous support and trust, and our employees and their families for their devoted efforts.

Ali Y. Koç
Chairman of the Board

(1) Unless otherwise stated, all figures in the section seven are expressed in full TL.

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Notes to consolidated financial statements as of March 31, 2024

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.2. Message from Yapı Kredi's CEO Gökhan Erün:

In the first quarter of 2024 where inflation and geopolitical risks continue to constitute the main focus and agenda items, tightening financial conditions within the scope of the fight against global inflation, the continuation of Russia-Ukraine tension, and the intensification of regional conflicts in the Middle East, increasing regional instability, are being closely monitored. Developments such as high energy prices and relatively low growth expectations in the European Region and the decline in the Chinese real estate sector indicate that growth trends in the global economy are now more heterogeneous.

It is expected that there will be a slight decline in the growth of developed economies in 2024, followed by a recovery in 2025. In 2024, a recovery is expected in the Eurozone following the relatively lower growth in 2023 and a moderate growth in the USA is expected. In the International Monetary Fund (IMF)'s April 2024 World Economic Outlook Report, growth for developed economies is expected to increase to 1.7% in 2024 from 1.6% in 2023, and then to 1.8% in 2025.

Despite this challenging operating environment both at home and abroad, the Turkish economy recorded a 4.5% growth in 2023, compared to the previous year with mainly support of domestic demand. When we look at growth in terms of expenditures, we observe that the highest contribution came from private consumption, while weak external demand had a negative impact. We observe that the monetary policy tools implemented within the scope of fight against inflation are effective in the slowing down consumption behavior since the last quarter of 2023. Taking into account the deterioration in the inflation outlook, the CBRT continued its monetary tightening policies in the first quarter of 2024 by increasing the policy rate to 50%, as well as taking additional measures.

The Turkish banking sector continued to prove its resilience and support to Turkish economy. During this period, as Yapı Kredi, the support we have provided to the Turkish economy through cash and non-cash loans increased annually by 65%, reaching 1,518 trillion TL. In TL cash loans, the Bank recorded an annual growth of 67% and whereas the annual growth in TL customer deposits realized at 40%.

While maintaining its support to the economy, the Bank preserved its strength in capital and liquidity ratios. The FX liquidity coverage ratio was 473%, while the total liquidity coverage ratio realized at 146% level. On the capital side, with the additional Tier-1 issuance of USD 500 million which has been successfully completed in April, the adjusted consolidated capital adequacy ratio remained strong at 15.7% whereas the CET-1 ratio remained strong at 12.8% (without the impact of regulatory forbearances). Including the finalisation of the successful transaction of AT-1, Yapı Kredi's international market transactions reached to US\$ 2 billion in the past eight months.

Yapı Kredi continued to contribute to the Turkish economy and the banking sector with its commitment to sustainability in every aspect of its operations. Considering the fact that the finance sector bears a great responsibility in finding solutions to the environmental and social problems we face on a global scale, we effectively manage the environmental and social impacts of both our own operations and the projects and investments we finance. Increasing the diversity and volume of sustainable finance products is among the most important tools in the transition to a low-carbon economy. In this context, we are working to increase the number of sustainable finance products for our customers in both individual and corporate segments.

As we enter the 80th anniversary of our establishment as Turkey's first privately-owned national bank, our most important difference in our proud history is our sense of responsibility towards our country and the society we live in. As an institution that always focuses on people, while providing an uninterrupted service to our customers in our main field of activity, we have opened the doors of completely different worlds in every area we touch, especially culture-art, education and sustainability.

I would like to take this opportunity to thank our customers, our shareholders for their trust, and our employees for their valuable efforts.

Gökhan Erün
CEO

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of March 31, 2024

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.3. Overview of Financial Performance:

On 2 May 2024, Yapı Kredi announced its consolidated results for the first three months of 2024 based on Banking Regulation and Supervision Agency (BRSA) Accounting and Reporting Legislation. The Group's cash and non-cash loans reached to TL 1.518 trillion while total deposits reached to TL 1.240 trillion. The Group's net income reached TL 10,302 million indicating a return on average tangible equity of 23.2%.

Maintaining solid financial fundamentals and controlled growth

In the first three months of 2024, the Group increased its cash loans in Turkish Lira and foreign currency. Compared to the end of 2023, TL loans increased by 16%, while foreign currency loans increased by 9% in US dollar terms. As a result, total performing loans reached TL 1.076 trillion. During the same period, the Group's total customer deposit growth was at 12% year-to-date and reached TL 1.206 trillion. Also, customer demand deposits in total increased to 44% within the scope of continued focus on small tickets in deposit gathering and contribution of customer acquisition efforts. Accordingly, loan-to-deposits plus Turkish Lira bonds ratio realized at 86%. The Group's total and foreign currency liquidity coverage ratios realized at 146% and 473%, respectively.

Maintaining prudent and conservative asset quality approach

As of first three months of 2024, Yapı Kredi's non-performing loan ratio realized as 2.6%, thanks to strength in collections, limited inflows and TL 1 billion worth of NPL sales. During the period, besides the collection performance remained strong, the Group increased its provisions in order to sustain its prudent stance. Net cost of risk (adjusted for hedged foreign currency impact) materialised at 82 basis points in the first three months of 2024. Provisions to gross loans ratio remained strong at 3.8%.

Strong capital ratios

In the first three months of 2024, the capital ratios of the Group maintained to be strong. With the additional Tier-1 bond issuance of USD 500 million, which was successfully completed in April, the adjusted unconsolidated Capital Adequacy Ratio and Tier-1 ratio realized at 15.7% and 12.8%, respectively, excluding regulatory forbearances.

Well managed revenue performance supporting the bottom line

In the first three months of the year, Yapı Kredi recorded TL 24,939 million of core banking revenues. Despite the ongoing loan repricing, increasing cost of TL deposits in the sector resulted in TL loan to deposit spread to narrow in the first quarter. However, with the contribution of demand deposit growth, TL loan to deposit spread maintained its positive level. Net interest margin realized as 1.29%. Yapı Kredi recorded a substantial 20% improvement in fee growth on a quarterly basis, reaching to TL 16,757 million in the first three months of 2024. Operating costs increased by 4% on a quarterly basis and reached to TL 17,343 million. As a result, fee coverage of operating costs ratio realized at 97%. All in all, the Group achieved a net income of TL 10,302 million and 23.2% return on average tangible equity.

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Notes to consolidated financial statements as of March 31, 2024

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.4. Summary of Consolidated Financials

TL million	Current Period	Prior Period
Total Assets	2,144,066	1,863,373
Performing Loans	1,076,086	919,508
Total Deposits	1,239,979	1,108,886
Shareholder's Equity	180,592	178,881
Loans/Assets	50%	49%
Deposits/Assets	58%	60%
NPL	2.6%	2.9%
CAR ⁽¹⁾	15.9%	19.1%
TL million	Current Period	Prior Period
Net Profit	10,302	12,641
Return on Average Tangible Equity	23.2%	39.7%

(1) Reported.

1.5. Important Developments and Transactions Affecting the Bank's Financial Performance:

- The Additional Tier 1 bonds issued by our Bank in the amount of US\$650 million on 15 January 2019, were redeemed as of 15 January 2024, and the payment transactions regarding the redemption were completed on 16 January 2024.
- On 17 January 2024, Yapı Kredi successfully completed US\$650 million worth of 10NC5 Basel III complaint Tier-2 deal with a coupon rate of 9.25% and semi-annual coupon payments. The transaction received over 3.7 times demand, consisting of a geographically diverse investor base.
- By our Bank Board of Directors resolution dated 8 March 2024, it is resolved to sell non-performing loans amounting in aggregate to TL 1.1 billion for a total amount of TL 459.7 million.
- On 11 March 2024, Yapı Kredi announced its decision to pay a gross cash dividend of TL 1.21 per share, corresponding to a 15% payout ratio.
- On 4 April 2024, Yapı Kredi successfully completed US\$ 500 million worth of perpetual Additional Tier 1 Notes deal with an annual coupon rate of 9.743% and semi-annual coupon payments. The transaction is callable at 5.25 years and every interest payment date thereafter. The first call option of the transaction can be exercised from 4 April 2029, corresponding to the 5th year of issuance, until 4 July 2029. In case our Bank does not exercise the call option, there is a call option on every semi-annual coupon payment date thereafter.

1.6. Current Trends and Expectations for the Upcoming Period:

In the first three months of 2024, Yapı Kredi maintained its year-end guidance.

2024 Yapı Kredi Expectations:

- Loans: real growth on Turkish Lira loans, low-single digit increase in foreign currency loans
- Net Interest Margin (including swap costs): greater than 4.5%
- Core Revenue Margin: greater than 8%
- Fees: higher than 80%
- Costs: lower than 80%
- Net Cost of Risk: ~100 basis points
- Inflation accounting 2024 Return on Tangible Equity: improvement