2023

INTEGRATED ANNUAL REPORT

YapıKredi

WE ARE PROUD TO WORK TOWARDS THE FUTURE UNDER THE GUIDANCE OF ATATÜRK AND IN THE LIGHT OF THE REPUBLIC FOR 100 YEARS.

As the Koç Group, we believe that the best way to celebrate the Republic is to work, produce and achieve the best.

Aware of our responsibility of preserving the values of the Republic for future generations, we continue to serve with our love and devotion to our country and we are committed to protecting and defending our Republic, which Atatürk entrusted to us, and its principles and values.

Contents

GRI 2-1, GRI 2-2, GRI 2-3, GRI 2-5

About the Report

NATURE, PERIOD AND SCOPE

This report is the Integrated Annual Report of Yapı ve Kredi Bankası A.Ş. and its domestic and overseas affiliated subsidiaries ("Yapı Kredi" or "Bank"), covering 12-month activity period of Yapı Kredi starting on 1 January 2023 and ending on 31 December 2023. The report includes financial and non-financial data of Yapı Kredi and its domestic and overseas subsidiaries.

The Report will be presented to the 2023 Ordinary General Meeting of Yapı Kredi as an Integrated Annual Report.

CONTENT AND REGULATORY FRAMEWORK

The Report covers the integrated business model of Yapı Kredi that creates long-term value for all of its stakeholders, risk and opportunity management practices, future strategies, stakeholder communication, and ESG performance indicators and objectives. The Report also provides detailed information on the Bank's material issues identified with the broad involvement of stakeholders, approach to governance based on sectoral and global trends.

The report has been prepared in accordance with the GRI Standards and the International <IR> Framework of the Value Reporting Foundation. The reporting practices has taken into account Borsa Istanbul Sustainability Index Banking Criteria as well as United Nations Global Compact, United Nations Sustainable Development Goals, and Women's Empowerment Principles, of which Yapı Kredi is a signatory. The Report provides the statement table for the Task Force on Climate-Related Financial Disclosures (TCFD), of which Yapı Kredi is a supporter.

Moreover, the reporting of the United Nations Principles for Responsible Banking, founded with the participation of Yapı Kredi as a founding signatory to guide the future of sustainable banking is presented for the stakeholders.

AUDIT APPROACH

The financial information included in the report has been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., an independent auditing company. The Independent Auditor's Statements are available on pages 290-425.

Moreover, the same independent auditor also granted a limited assurance statement in line with ISAE 3000 (Revised) and ISAE 3410 standards for the selected environmental, social and governance indicators included in the report. The list and scope of indicators assured are given in the Independent Assurance Statement on page 596 of the Report.

Please send all your questions, comments, and suggestions related to the Report to yapikredi_investorrelations@yapikredi.com.tr and Sustainability@yapikredi.com.tr

SUSTAINABILITY INDEXES LISTING YAPI KREDI AND INITIATIVES SUPPORTED BY THE BANK

Please scan the QR code for the full version of Yapı Kredi 2023 Integrated Annual Report.

The report has been prepared in accordance with the GRI Standards and the International <IR> Framework of the Value Reporting Foundation.

Outlook

CHANGES IN THE SECTOR

Despite the slowdown in the global economy, geopolitical uncertainties affecting the world and Turkey, and the negative effects of the major earthquake disaster in our country, 2023 was a challenging year with a growth of over 4.5%. Rising inflation and the changes in policy interest rates became important agenda items for both the Turkish economy and the banking sector.

It is predicted that high interest rates, decreasing money supply, increased number of regulations, climate change and geopolitical risks will make economic growth difficult in the world in 2024. The IMF estimates that the global economic growth in 2024 will not exceed 3.1%, global inflation will fall down to 5.2%, but inflation will remain above the target in most countries. While the growth of developed countries such as the USA, European Union Countries, Japan and Canada is expected to be lower, it is predicted that the economies of developing countries such as India will grow further due to the young population and increasing demand. In the global banking sector, it is expected that more banks from India and the Middle East will enter the top 100 in the next decade and the balance will shift from the west to Asia and the Middle East.

In terms of sectoral developments, with the decrease in uncertainties after the general elections in Turkey, reconstruction work in the earthquake zone and accelerated urban transformation and infrastructure works before the local elections, the construction sector grew by 8% in 2023.

The financial sector also continued to support the economy thanks to its strong capital structure and ability to quickly adapt to change.

Retail sales volume index increased by 11.4% in December 2023 compared to 2022. (Source: TUIK)

The financial sector also continued to support the economy thanks to its strong capital structure and ability to quickly adapt to change. With the expected normalization in the loan and deposit markets in 2024, banks focus more effectively on their core areas of activity, thus further strengthening risk management and continuing their contribution to the economy.

CONSUMER BEHAVIOR AND THE IMPACT OF TECHNOLOGY

The consumers face more and more challenges as a result of the pandemic, political unrest, wars, increasing disasters due to the effects of the climate crisis and the decrease in purchasing power caused by increasing inflation due to economic difficulties in recent years. The expectations of people who seek to be happier and more peaceful also change rapidly.

In the future, in order to best understand this need, companies will have to increase all kinds of interactions with customers, understand their values, differentiate the communication language and offer interactive experiences with messages that inspire optimism and happiness. Moreover, it will be important to further develop personalized offers and services by better understanding and analyzing the traces the customers leave in the system. Being able to use the opportunities introduced by technology to meet these requirements, quickly transforming processes and policies with an agile and flexible approach, and reducing the burden of bureaucracy will provide a competitive advantage.

On the other hand, in an environment of high inflation, the rapid decrease in the purchasing power of consumers causes price to become an important parameter in every purchase, including sustainable and healthy products. Therefore, it will be important to offer consumers the right and personalized products and services at the right price in the coming period.

The growing climate crisis, increasing number of natural disasters and health problems and worsening effects on people increase the desire to contribute to this issue. Environment and sustainability continue to be the focus points of consumers. However, this approach demands full transparency, which will require sharing concrete evidence of responsible business practices, demonstrating progress and presenting sustainable impact with data.

With the expected normalization in the loan and deposit markets in 2024, banks focus more effectively on their core areas of activity, thus further strengthening risk management and continuing their contribution to the economy.

The impact of digital marketing will increase further to meet these expectations of consumers. Organizations will expand their opportunities to connect and engage with consumers using digital channels such as social media, email marketing, and content marketing.

With all these developments, the use of data will increase and customers will expect and question companies to use their data responsibly. Businesses will be expected to focus on data security and transparency.

FINANCIAL SECTOR PROSPECTS

In line with this conjuncture and consumer expectations, the transformation in finance and banking will continue unabated. 2024 will be the year of technological developments, especially generative artificial intelligence, embedded finance, open banking, digital money, decarbonization, fraud and digital identity issues.

Generative Artificial Intelligence technology is expected to change the way of doing business very quickly with its human-like decision-making potential. With this technology, the financial sector and banks will be able to produce customer-specific offers faster and more accurately, and will improve process automation and service quality with easier, error-free and uninterrupted operations, thus increasing efficiency.

The progress in the digitalization of Retail Banking will continue with personalized applications that differentiate the experience. With the support of new regulations, the number of initiatives for the digitalization of corporate banking products and services, especially foreign trade transactions will be increased. In addition, there will be works on modernizing B2B payments with real-time payments (RTP).

The effectiveness and use of Open Banking applications are expected to be improved, which are still in the early stages and allow individuals to share their information with non-traditional financial institutions and other banks within the framework of secure financial data exchange. Statista predicts that Open Banking will reach 132 million users worldwide in 2024.
The increase in the number of these applications will boost competition and enable fintech companies to improve various services such as budgeting, expense tracking, financial planning and lending.

As banks increase their technological investments in this process, it is expected that there will be more collaborations with fintechs

2024 will be the year of technological developments, especially generative artificial intelligence, embedded finance, open banking, digital money, decarbonization, fraud and digital identity issues.

as well as strategic partnerships with actors in technology and other non-financial sectors.

The improving effectiveness of data-based digital services and artificial intelligence will increase the importance of data security and general cybersecurity investments.

Like all sectors, the finance sector will reshape its talent pools while managing these developments. Companies will attach importance to training their employees according to new expectations, and to external talent acquisition and retention. The mobilization of the global workforce by remote working programs will boost the competition in this field.

ALWAYS PEOPLE-FOCUSED

As Yapı Kredi, we always improve our business model by managing internal and external changes in an effective and rapid manner, and by constantly investing in the most up-to-date technologies and our dedicated employees. Adding value to all our stakeholders with our people-focused approach will continue to be our priority. Our values on this path are customer focus, "Being One, Being Together, We Are One", being a pioneer, competitiveness, goal orientation, agility, innovation, efficiency, durability and sustainability. All our short-, medium- and long-term strategic initiatives are nourished and prioritized by these values.

CLIMATE CRISIS

International organizations and nations are expected to step up and focus on the critical steps in the fight against the climate crisis in the coming period. With the establishment of the Loss and Damage Fund, an important outcome of COP28, countries that are sensitive to climate change will begin to receive financial support against climate change-related disasters as of next year. However, considering the economic size of the losses and damages in developing countries, estimated to be between USD 290 and 580 billion by 2030, countries will be required to make much greater commitments and mobilize innovative financing resources to meet the needs of climate-affected communities. As a result of the global situation assessment calling on countries to submit new Nationally Determined Contributions (NDC) well before COP30 in 2025, countries are expected to update their 2030 targets and present new targets for 2035 at the next COP. Moreover, it is suggested that NDCs will reflect the transformation across multiple sectors, including nature conservation, clean energy, road transportation, etc. Regarding Turkey, the draft Climate Law, prepared to form the legal basis for Turkey's climate policies in 2023, is expected to be submitted to the Grand National Assembly in 2024 for approval.

Considering all these expectations, the banking sector, a critical player in the fight against climate change, experiences a period where organizations intensified the work on determining greenhouse gas reduction targets and strategies. In order to fulfill their net-zero commitments, banks are expected, in the coming years, to expand the coverage of emissions reduction to include more sectors in their loan portfolios, and focus on efforts to decarbonize their portfolios. Moreover, it is envisaged that banks will not only act as financiers, but also play a guiding role in the transformation of their customers. Thus, taking into account the ongoing serious investment and financing gap in tackling the climate crisis, in order to create competitive opportunities in green transformation, it is expected that the banks will diversify

Adding value to all our stakeholders with our people-focused approach will continue to be our priority.

their sustainable product and service groups, and the sustainable borrowing market will become more active. In addition, as a result of the expansion of primary investments, private capital is expected to play an important role in climate finance.

Biodiversity, which is considered among the most important global risks and is of critical importance for the protection of ecosystems, became one of the hot topics in 2023. The investment need for biodiversity, estimated to be around USD 700 billion annually at the global level, is expected to be a significant force driving banks to start including it in the product range offered for climate change. Along with the blue finance, which is a new topic in Turkey, covering issues such as access to clean water, protection of water resources and securing marine ecosystems, it is anticipated that there will be a diversification of new financial instruments such as blue loans and blue bonds in international capital markets.

In Turkey, which will be most affected by the Carbon Border Adjustment Mechanism, after China and Russia, it is expected that the work on the national emissions trading system will be sped up in order to minimize economic losses and maintain competitiveness, and specific tools will be developed to help exporters calculate and report carbon emissions. Such practices will especially affect exports and carbon-intensive sectors and will naturally increase the need for resources for operational expenses and investments in the real sector. Therefore, it will be critical for the banking sector to determine actions for these sectors in net zero transition strategies.

With the banking sector-specific regulations implemented on green transformation in 2023, 2024 will be a year where there will be more transparent reporting and more competition in green transformation. Published by the Banking Regulation and Supervision Agency (BRSA) in 2023 in order to direct investments in Turkey to green areas and to increase the flow of resources from international markets to the real sector, the Green Asset Ratio will be calculated for the first time by banks operating in Turkey in 2024. With the calculation of this ratio, in order to increase competition among banks towards green transformation, there will be new indicators to be monitored such as the contribution level of each bank to the fight against climate change and the transparent disclosure of the management level of the climate risks in the banks' portfolios.

The BRSA published the "Draft Guide on the Effective Management of Climate-Related Financial Risks by Banks" in order to determine the principles that will form the basis of the policies and practices to be carried out to enable banks to effectively manage the climate-related financial risks they are or will be exposed to. In the context of this draft, the focus will be on measuring, analyzing and managing the financial risks posed by climate change as well as the risks that will affect the banking sector and other financial institutions during the transition to a low-carbon economy.

The Turkish Sustainability Reporting Standards, which came into force as on January 1, 2024, following the EU's Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD), mark the start of a new, more comprehensive era for corporate sustainability reporting. The Public Oversight Authority (KGK) published

Along with the blue finance, it is anticipate that there will be a diversification of new financial instruments such as blue loans and blue bonds in international capital markets.

"Turkey Sustainability Reporting Standards" in 2023 under the name TSRS 1 and 2, in compliance with the international IFRS S1 and S2 Standards. With the implementation of these standards, businesses are expected to evaluate their financial situations, performances and cash flows in the short, medium and long term regarding sustainability, with respect to governance, strategy, risk management and climate-related risks and opportunities. In such an environment, sustainability will require going beyond voluntary reporting habits.

Yapı Kredi
Advocate for Volunteering!

YAPI KREDI VOLUNTEERS ARE GOODWILL AMBASSADORS WHO WANT TO ADD VALUE TO SOCIETY, ARE SENSITIVE TO WHAT IS HAPPENING AROUND THEM, LOOK FOR OPPORTUNITIES TO MAKE A DIFFERENCE; AND BRING THEIR SPIRIT, EXPERTISE AND SKILLS WHEREVER THEY GO. SOMETIMES THEY CREATE THEIR OWN PROJECTS TOGETHER WITH NGOs, AND SOMETIMES THEY SUPPORT OTHER PROJECTS. THEY PROMOTE GOODNESS "TOGETHER".

+2,000
Volunteers

"SPEAKING FROM THE HEART", "PROUD TO SUPPORT - DOWN SYNDROME AWARENESS DAY", "AUTISM AWARENESS DAY", "VOYAGE OF SCIENCE TO ANATOLIA - ROLE MODEL TEACHERS PROGRAM", "AUDIOBOOK WORKSHOP" AND "SIMPLE AND BEST"

145
project

YAPI KREDİ
Gönüllüleri

Yapı Kredi Volunteers | Corporate Social Responsibility Projects

GRI 2-22, GRI 3-3

GRI 2-22, GRI 3-3

Chairman's Message

Dear Stakeholders,

We have proudly celebrated the centenary of the establishment of our Republic in 2023, which has been founded by Mustafa Kemal Atatürk and shall live forever. We wholeheartedly believe that the best way to celebrate the Republic is to work, produce and achieve the best. As a leading and long-established organization in the sector, we are fully aware of our corporate responsibilities to do our best in regards to the social development and welfare of our country as well as economic success. To this end, we have worked with utmost strength to support the people in the region to recover from the devastating earthquake of February 6.We will continue to stand by them in solidarity and with the spirit of volunteerism.

World economies continued to struggle with high inflation and low growth expectations in 2023. Global Central Banks were relatively able to control inflation, following the historical high levels seen in 2022. However, the ongoing pressure on inflation since the second half of 2021, the tight monetary policies and the relatively weak global trade continued to suppress growth last year. It is seen that global growth in 2023 slowed down in developed countries and it continues to be dependent on relatively fast-growing Asian economies. The impact of monetary tightening steps is expected to be more visible in 2024, as well as a continued downward trend in inflation and real incomes gaining strength.

The Turkish economy recorded a growth of 4.5% in 2023, mainly supported by the positive contribution from domestic demand. OECD (Organisation for Economic Co-operation and Development) estimates that Turkey will grow by 2.9% in 2024 and 3.1% in 2025.

The Turkish banking sector, despite all the uncertainties and challenges, continued to stand by its customers and offer its services without any interruption. The total cash loans in the banking sector reached TL 10,859 billion, growing by 53% while the deposit base increased by 67% to TL 13,328 billion.
The asset quality of the banking sector continued to improve on the back of strong growth and increasing collateral values. While the non-performing loan ratio continued to improve last year, banks did not compromise on their prudent approach regarding provisioning.

As an organization that cares for the future of our world, we place great importance in the combat against the climate crisis. We aim to facilitate the transition to a low-carbon economy with our products and services. We continue our work on the transformation of our lending and investment portfolio under the Koç Holding Carbon Transformation Program.

In 2023, we joined the Net-Zero Banking Alliance, established under the leadership of the UN Environment Programme Finance Initiative (UNEP FI), and once again committed to aligning our portfolio with net-zero emissions. Moreover, we became the first and only financial institution from Turkey to sign the Finance for Biodiversity Pledge, being a member of the Finance for Biodiversity Foundation. In addition, we launched the Sustainable Preference Program (STEP), aiming to increase social sustainability awareness and help our customers prefer sustainable options. All these initiatives prove our commitment to sustainability.

As we celebrated the 100th anniversary of our Republic in 2023, we launched the "Snowball for Tomorrow" education and development project to contribute to the development of our children, who are the future of our country. The Snowball for Tomorrow project focuses on the development of social, emotional, physical and cognitive skills of children in the 0-6 age group as well as on raising the awareness of their parents. The project has been launched in the provinces affected by the earthquake with the aim of helping children aged 3-6 overcome the impact of the earthquake and contributing to their healthy development. We aim to expand the project to every region of Turkey in the future.

Our Bank also continues to be a pioneer in digitalization, providing personal, on-site and effective services to its customers. We carried various non-digital functions to the digital world, thus leading the sector not only in experience but also in the use of cutting-edge technologies thanks to our end-to-end digital services and products. With our strong position in the sector and our innovative spirit, we aim to go beyond the limits of today and take banking to new heights.

I would like to take this opportunity to extend my gratitude to all our customers for their support and trust in our Bank, our esteemed shareholders, and in particular, to all our employees for their commitment to our values and their hard work, and their families for their support.

Ali Y. Koç
Chairman

GRI 2-22, GRI 3-3

CEO's Message

Dear Stakeholders,

2023 marks as the year we have celebrated the centenary of the Republic of Turkey with pride and happiness, moving onto centuries to come with firm steps. We are still deeply saddened by the devastating earthquake of February 6. We have demonstrated a united front in the region to support those affected with initially the rescue volunteers of our Bank, along with all our employees and will continue to do so.

As Yapı Kredi, we continued to add value to all stakeholders, especially the national economy, thanks to many years of experience and know-how.

2023 witnessed the persistence of global economic uncertainties with increased geopolitical risks. Global tight liquidity and funding conditions, as well as uncertainties regarding China's macroeconomic outlook continue to be the main risk themes for this year. According to the OECD Economic Outlook Report, despite the continuing inflationary pressures on the global economy, global economic growth is expected to be 2.9% in 2024 and 3.1% in 2025.

The Turkish economy, on the other hand, recorded a growth of 4% in the last quarter of 2023 compared to the same period of the previous year, mainly supported by the positive contribution coming from domestic demand. Thus, the Turkish economy grew by 4.5% in 2023, following the 5.6% growth in 2022.

The Turkish banking sector maintained its uninterrupted support to the economy, meeting the increasing demand of customers, as it did the previous year. As Yapı Kredi, we continued to add value to all stakeholders, especially the national economy, thanks to many years of experience and know-how.

Our Bank continued to manage the operating environment in the most efficient way, thanks to our dynamic asset-liability management. Our strong balance sheet structure enabled us to improve our continuing contribution to the Turkish economy through cash and non-cash loans amounting to TL 850 billion, with an annual growth of 54%. We have registered an annual growth of 57% in TL cash loans, meeting predominantly the TL demand of our customers. Right steps taken at the right time brought our asset size to TL 1,863 billion. Our gross operating profit reached TL 86.4 billion TL while our net profit was realized at TL 68 billion. Moreover, we have delivered the highest return on tangible equity among private banks for the fourth year in a row.

In addition to our uninterrupted support to the economy, our priority continued to be maintaining the strength in key financial indicators. Our total liquidity coverage ratio stood at 160% whereas the FC liquidity coverage ratio stood at 505% at year-end. We have also maintained strong capital buffers with the support of our high internal capital generation capacity. Our consolidated capital adequacy ratio realized at 16.9%, while our

Our strong balance sheet structure enabled us to improve our continuing contribution to the Turkish economy through cash and non-cash loans amounting to TL 850 billion, with an annual growth of 54%.

Tier I capital ratio stood at 15.3%, both excluding the regulatory forbearances.

Majority of the Bank's funding sources came from customer deposits, as it did in 2022. We also continued to diversify our funding sources. The Bank's total deposit base reached TL 1,109 billion with a growth of 57% in 2023. Customer deposits also booked a 55% annual growth amounting to TL 1,076 billion. In line with our strategic priorities, our market share in TL customer deposits had an annual increase of 112 bps and reached 18.2% among private banks. We have increased the share of demand deposits in total deposits, thus sustaining its support to funding costs. In addition, we have also supported the expansion in our deposit base via number of customers exceeding 15 million.

GRI 2-22, GRI 3-3

On the international funding side, our Bank provided two syndicated loans in 2023: USD 580 million and USD 755 million. These loans comply with sustainability criteria in line with our goal of creating long-term sustainable value for all of our stakeholders. The first social syndication loan of the Bank, signed in May, is going to support the foreign trade transactions of customers in provinces affected by the earthquake. The transaction completed in November includes targets for increasing the loan volume given to businesses managed and/or owned by women and de-carbonization strategies in the loan portfolio. In September, we completed our first sustainable Eurobond issuance of USD 500 million in foreign markets. With the additional issuance of USD 300 million in November, the total amount of the issuance reached USD 800 million. In September and October, we signed a funding transaction worth approximately USD 1 billion under the DPR program with the participation of 8 investors with a maturity of 5 to 8 years. While approximately USD 310 million of the resource was sustainability-linked, USD 203 million was received from International Financial Institutions and sustainable funds. Thus, more than 64% of around USD 4.09 billion of funding provided from abroad in 2023 consists of sustainability-linked funding. The total sustainability-linked funding of our Bank reached approximately 37% of the total international funding.

We believe that the finance sector plays an important role in terms of providing guidance and encouraging other sectors and businesses regarding environmental and social risks. As Yapı Kredi, we are fully aware of this responsibility, and undertake a leading role in ensuring sustainable transformation of our country. We have launched the Yapı Kredi Sustainable Preference Program, or Step, with the belief that small steps of individuals make a big impact, which in turn will bring the change we need in the world. With Step, we help our customers prefer sustainable options, and share our belief in the importance of the small steps taken by individuals. Users can prefer sustainable options such as e-receipts, e-statements, investing in ESG investment funds, donating to NGOs, using public transportation and shopping from Step brands, thus earning Step points through Yapı Kredi Mobile. Then, users are able to use these points to make donations to Step-specific projects launched by NGOs under the Step program via Yapı Kredi Mobile.

Our digital banking services are designed to make our customers' lives easier and offer them the best experience. In 2023, we initiated the "Super App" transformation from Yapı Kredi Mobile, which provides solutions that will meet both the banking and daily needs of customers. Our Bank also offers unique applications for the Fintech world to shape the banking world of the future. While we expanded our active customer pool with digital channels and technologies, we also increased the financial depth and customer lifetime value. In 2023, our number of digital banking active customers continued to grow, while 9 out of 10 active customers preferred digital banking channels. Customer interaction on digital channels exceeded 3 billion in 2023.

I would like to take this opportunity to extend my sincere gratitude to our customers who support our journey into the future, our shareholders for their never-ending trust and support, and our valued employees for their commitment and hard work.

Gökhan Erün
CEO

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Yapı Kredi
Advocates for Solidarity!

THE EARTHQUAKE DISASTER THAT DEVASTATED THE ENTIRE COUNTRY ON FEBRUARY 6, 2023 PROVED THE POWER OF SOLIDARITY. WHILE THE WHOLE COUNTRY CAME TOGETHER TO SUPPORT THE PEOPLE IN THE REGION, YAPI KREDI VOLUNTEERS ALSO DID THEIR PART.

4
logistics center
Supply of materials and provisions from the logistics center (Head Office, Adana, Diyarbakır and Gaziantep)

+70
Volunteers
in the field from the first moment.

YAPI KREDİ
Gönüllüleri

Yapı Kredi Volunteers | Corporate Social Responsibility Projects

GRI 2-1, GRI 2-6

About Yapı Kredi

Established in 1944, Yapı Kredi has always played a pioneering role in the banking sector. In 2006, legal merger of Yapı Kredi and Koçbank (together with the two banks' core subsidiaries operating in the same sectors) was completed. In 2007, the segment based service model was completed and branch expansion started. In 2008, innovative product, service and distribution channels were developed and the branch network was rapidly expanded.

In 2013, capital base was strengthened and the Bank continued effective liquidity management via balanced growth in loans and deposits. In 2015, Yapı Kredi focused on digital banking. While fields and products creating added value gained the foreground in 2017, productivity increase was maintained.

With the strategy developed in 2018, priority was given to the areas of strengthening and optimizing the capital position, creating sustainable income by balancing the business volumes, a well-managed cost structure with efficiency gains, and optimizing the asset quality.

The Bank has been focusing on fragmented and broad-based growth in both loans and deposits, rebalancing the loan portfolio through diversification of product distribution with a risk-based return approach, and transaction banking for fee generation. Moreover, the Bank focuses on the development of advanced and differentiated customer experience, service channel optimization and integration and improvement of operational processes thanks to continuous investments in digital transformation.

Holding a strict human-focus, Yapı Kredi continued to implement extraordinary measures in 2023 for protecting the health and safety of its employees while offering uninterrupted service to its clients.

Yapı Kredi maintained its pioneering and leading position in the sector in 2023 and continued to manage its operating environment in the most effective way thanks to its proactive and dynamic asset and liability management.

Moreover, Yapı Kredi provides service to its customers with 15,000 employees and 780 branches covering all regions of Turkey. Yapı Kredi delivers its products and services via its advanced alternative distribution channels including 5,185 ATMs, innovative internet banking, leading mobile banking, call center and approximately 1.2 million POS terminals. In 2023, 98%* of the Bank's total banking transactions carried out through channels other than branches.

On a consolidated basis, total cash and non-cash loans of the Bank recorded an annual growth of 54%, reaching TL 1.308 billion in 2023, while its total assets amounted to TL 1.9 trillion.

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

*Includes loan repayments, credit card, bill, social security payments, donations, cash advance, cash withdrawals, deposit, time deposit and investment transactions.
**Branch and employee numbers are bank-only financials. Group Branch number: 812 Group Employee number: 16,162

Vision

To be the undisputed leader in the finance sector.

Mission

To ensure long-term sustainable growth and value creation for all stakeholders, and become the first choice of customers and employees.

Strategy

A customer centric commercial bank driven by cutting edge technology and committed workforce, delivering responsible growth.

Best-in-class profitability, backed by a strong balance sheet, resulting in enhanced and sustainable shareholder returns.

Values

BEING A PIONEER

We value innovative ideas; we create a working environment where extraordinary and creative ideas can be expressed freely. We are the leader of change and innovation. We lead the sector as the trendsetters and decision makers.

GOAL ORIENTATION

We put high goals in all aspects, work with all our strength without losing our focus in order to accomplish them.

CUSTOMER FOCUS

Our customers is at the heart of our unique service perception. We focus on win-win relationships, mutual development and value creation with our "Dedicated to Deliver" philosophy since the day of our foundation.

AGILITY

We make the fast and right decisions against market changes, respond to our customers' needs at the same speed and flexibility. Without compromising on quality we manage change both outside and inside it in the most effective way.

COMPETITIVENESS

We work while aiming at leadership in all fields of our business. Foreseeing both the present and the future we always work for the best, challenge our goals with high energy and enthusiasm.

SUSTAINABILITY

We work to create long-term value to all our stakeholders. Seeing social development as the primary goal we continue our understanding of sustainability-oriented service. We focus on long-term effects of our decisions, harmonize sustainability in all processes of our business while adopting in all economic, social and environmental aspects.

BEING ONE, TOGETHER, WE ARE ONE

As Yapı Kredi Family, we work as a team, as one body. Team spirit and common mind are among our strongest properties. Communication, collaboration and solidarity keep supporting this understanding.

INNOVATION

Our ability to create innovation, it is the most important part of our competitive strength. We believe in continuous improvement. We implement new ideas use our resources efficiently, constantly revive and develop ourselves, our business, our business processes.

EFFICIENCY

We believe not in limitless work, but in working to overcome the boundaries. What we chresih is the added value we have created for our customers. Technologies, operating systems and processes that will increase our productivity are what matters to us.

RESILIENCE

In uncertain and turbulent times, we focus on continuity and uninterrupted service, remain always prepared for the most difficult situations and strong even in the face of circumstances.

GRI 2-1, GRI 2-6

Shareholding Structure

Yapı Kredi has a solid shareholding structure supporting sustainable and profitable growth. Koç Holding A.Ş. owns 20.22% of Yapı Kredi shares while Koç Financial Services (KFS), fully owned by Koç Group, owns 40.95% of the shares.

The remaining 38.83% is publicly traded on Borsa Istanbul.

With an history dating back to 1926, Koç Group is the largest business group in Turkey with its revenues, exports.. Total revenue of Koç Group corresponds to 9%* of Turkey's GDP while its exports accounted for nearly 7% of Turkey's total exports.

On 09 November 2021, Koç Holding made an announcement regarding the purchase of shares corresponding to 18% of Yapı Kredi's share capital, which are held by UniCredit. As Koç Holding's direct and indirect stake in Yapı Kredi will exceed the 50% threshold defined in the Capital Markets Board's (CMB) Communiqué on Takeover Bids, a mandatory tender offer was triggered for Koç Holding for the shares of other Yapı Kredi shareholders. Accordingly, Koç Holding applied to the CMB for conducting a mandatory tender offer.

UniCredit S.P.A. has notified the Bank that it has sold its Yapı Kredi shares which corresponds to 2% of the Bank's capital in Borsa Istanbul as of 19 November 2021.As a result of this disposal, the stake of UniCredit S.p.A. in the Bank decreased from 20% to 18%.The stake of "Others", on the other hand, increased from 30.03% to 32.03%

On 1 April 2022, the share transfer was finalized and Koç Holding's direct share in Yapı Kredi increased from 9.02% to 27.02%.UniCredit S.p.A. has no remaining shares in the Bank.

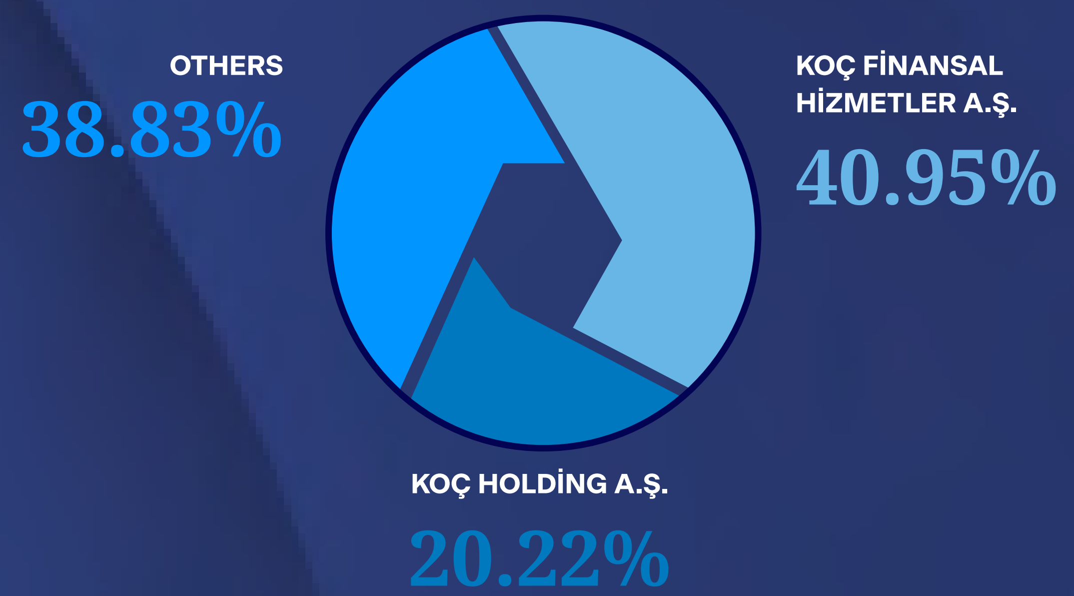
On July 25, 2023, Koç Holding A.Ş. announced to the public that the shares corresponding to 6.81% of Yapı Kredi shares owned by Koç Holding A.Ş. were sold to institutional investors outside the stock market, through the accelerated bookbuilding method.

Thus, Koç Holding A.Ş.'s direct stake in the Bank became 20.22%. The total stake of Koç Holding A.Ş. and Koç Financial Services A.Ş. in the Bank is 61.17%. Thus, Koç Group continues to be the main shareholder of the Bank.

* GDP and total exports as of 2022.

GRI 2-1, GRI 2-6

TITLE	SHARE AMOUNT (TL)	OWNERSHIP (%)
KOÇ FİNANSAL HİZMETLER A.Ş.	3,459,065,642	40.95%
KOÇ HOLDİNG A.Ş.	1,707,666,574	20.22%
OTHERS	3,280,319,067	38.83%
TOTAL	8,447,051,284	100%



Milestones

1944
ESTABLISHMENT
Yapı Kredi, Turkey's first retail focused private bank with a nationwide presence, was established

1946
Tradesmen loan was extended followed by other sector-specific loans

1950's
Strengthened Market Position

1960's
CHILDREN'S BANKING
With children's accounts, Yapı Kredi expanded the coverage of deposit banking and introduced children to banking services

1984
FIRST ONLINE APPLICATION IN BANKING
Turkey's first inter-branch online banking application was launched

1985
FOUNDATION OF CORPORATE BANKING
Yapı Kredi has been the first to initiate corporate banking services under the name Wholesale Commercial Banking

1986
YAPI KREDI BONDS GO CROSS-BORDER
Yapı Kredi has been the first Turkish bank whose bonds and certificates were traded on international capital markets

1987
CROSS-BORDER ONLINE CONNECTION
Cross-Border Online Connection
LISTING
Yapı Kredi stock was quoted on İstanbul Stock Exchange

1991
WORLDCARD
WorldCard that is accepted worldwide was launched
TELEPHONE BANKING
First telephone banking service was initiated
FIRST POS DEVICE
Turkey's first POS device was put to use

2000
TELEWAP
Turkey's first mobile banking branch

2009
TURKEY'S FIRST IPHONE APPLICATION
The first financial app in Turkish developed for iPhone was introduced

2006
BIGGEST MERGER IN THE TURKISH BANKING SECTOR
Resulting from the merger of Koçbank, the 8th largest bank (an associate of Koç Finansal Hizmetler; which is a 50-50 joint venture by Koç Holding and UniCredit) with Yapı Kredi, 7th largest bank, Yapı Kredi became the 4th largest private bank

2018
CAPITAL INCREASE
The paid-in capital of Yapı Kredi was raised by TL 4.1 billion to TL 8.45 billion

2019
THE FIRST ADDITIONAL TIER-1 ISSUANCE WITHIN TURKISH DEPOSIT BANKS
Additional Tier-1 issuance of USD 650 million was carried out

1964
FIRST COLLECTIVE AGREEMENT
The first collective bargaining agreement in banking was signed

1967
FIRST COMPUTER IN BANKING
Yapı Kredi introduced computers into the Turkish banking industry

1975
Yapı Kredi has been the first bank to receive authorization for maintaining foreign currency position in Turkey

1980
Yapı Kredi was acquired by Çukurova Holding

1988
FOUNDATION OF INDIVIDUAL BANKING
A number of firsts were introduced in Turkey in keeping with "Active Banking" concept.
TELE-24
All financial needs of customers began to be fulfilled by ATMs
TELECARD
Turkey's first debit card was issued
FIRST CONSUMER LOAN
Turkey's first consumer loan was extended
FIRST OVERDRAFT CREDIT CARD
Yapı Kredi Visa Classic Card has been Turkey's first overdraft credit card

1989
FIRST AUTO LOAN
Turkey's first auto loan was extended

1992
OVERDRAFT ACCOUNT
Overdraft Account, a revolutionary step in the Turkish banking sector, was introduced

1998
TELETEL
24/7 telephone banking made available all over Turkey

1990's
Shopping point system and installment shopping were commenced in credit card products

2020
CHANGE IN SHAREHOLDING STRUCTURE
The shareholding agreement between Koç Holding and UniCredit ended.
INCREASED PUBLIC FLOATATION
The free float ratio of Yapı Kredi went up to 30% upon UniCredit's sale of shares
COVID-19
During the Covid-19 pandemic, which affected the whole world, uninterrupted service and support was provided to customers while prioritizing the health of employees.

2021
KOÇ HOLDING'S DISCLOSURE CONCERNING THE PURCHASE OF YAPI KREDI SHARES FROM UNICREDIT
Koç Holding announced that it would by 18% of the 20% of Yapı Kredi's shares held by UniCredit
INCREASED PUBLIC FLOATATION
The free float ratio of Yapı Kredi went up to 32.03% after UniCredit sold 2% share to the market

2022
As of 1 April 2022, the share transfer have been finalized and Koç Holding's direct share in Yapı Kredi increased from 9.02% to 27.02%.

2023
On July 25, 2023, Koç Holding A.Ş. announced to the public that the shares corresponding to 6.81% of Yapı Kredi shares owned by Koç Holding A.Ş. were sold to institutional investors outside the stock market, through the accelerated bookbuilding method.

GRI 2-1, GRI 2-6

Yapı Kredi's Banking Activities

HISTORIC LEADERSHIP IN THE SECTOR

Yapı Kredi has been the leader of the credit cards business line for 32 years in a row.

PAYMENT SYSTEMS

Worldcard, World Gold, World Platinum, Play, Taksitçi, World Eko, Opet Worldcard, KoçAilem Worldcard, Adios, Adios Premium, Crystal, Fenerbahçe Worldcard, Hepsiburada Premium Worlcard, World Business, Trio Cards, Debit Cards (TLcard, Play TLcard, Business TLcard) Desktop POS, Mobile POS, Contactless POS, ADSL POS, Cash Register POS, Virtual POS, Mail Order, World Mobile, Prepaid Cards (World Cash, Play Cash, World Cash Digital), Mobile Payment, Payment with QR Code, In-Car Payment, Payment from the Account, E-Commerce Payments, World Pay Shopping Loan

- Wide merchant network powered by a wide product range thanks to strong collaborations and innovative investments
- Bonus point, discount and installment possibilities at a wide network of merchants
- Monthly campaign offers in all sectors to all Worldcard customers thanks to partnerships with major brands
- License agreements with three banks boosting the awareness of the World brand
- Market leadership in QR and NFC payments thanks to the completed and ongoing infrastructure developments to adopt to digital payment (QR and NFC) options
- End-to-end digital and personalized shopping experience for cardholders via World Mobile, and fast, reliable mobile payment solutions integrated with World Mobile

CUSTOMER-CENTERED SERVICE APPROACH

Yapı Kredi's retail banking products add value to people's lives and plays a role in building the financial future.

RETAIL BANKING

Deposits: Time Deposits, Demand Deposits, Flexible Time Deposits, Fund Deposits, Gold Deposits, 5D Deposits, Employee Term Account, FC-Indexed TL Time Deposit, FC-Conversion FC-Indexed TL Time Deposit

Loans: Loans General Purpose Loans, Individual Flexible Accounts, Mortgage Loan, Personal Finance Mortgage Loan, Home Improvement Loans, Workplace Loans, Auto Loans, FordFinans Auto Loans, Installment Payment System for Schools (TEST), Nature-Friendly Mortgage, Nature-Friendly Auto Loan, Caravan Loan

Individual Payments: Bill Payments, Regular Payments, Rent Payments

Insurance: Health Insurance, Life Insurance, Non-Life Insurance, Private Pension

Investment Products: Funds, Stocks, Bills, Snowballs, My First Money, Cumulative Products, Gold Saving, FX Saving, Order Tracking, My Smart Broker, Investment Packages, Safe Deposit Box, Gold Days (Scrap Gold), Findeks Package, Product Bundles

- In 2023, Yapı Kredi acquired more than 1.5 million digital banking active customers
- Expert and experienced workforce
- Priority services and privileges focused on customer satisfaction on all channels
- Remote service model based on a strong digital infrastructure for customers who prefer to carry out their transactions without visiting a branch
- Customer relationship management based on a long-term perspective
- A wide range of investment products tailored to customer profiles Strong position among private banks with 18.8% market share in individual general purpose loans and 36.2% market share in auto loans

GRI 2-6

STRATEGIC BUSINESS PARTNER OF COMPANIES OF ALL SIZES

Offering various products and services, Yapı Kredi is an important member of the production and commercial cycle of a broad range of companies from major companies to SMEs operating in Turkey.

COMMERCIAL AND SME BANKING

Working Capital Loans, Long-Term Loans, Letters of Guarantee, Money Transfers, Project Finance, Direct Debit System,
BANKOTM-OHES, Payment Products, Collection Products, Commercial Credit Cards, POS, Public Payments, Derivatives, Import and Export Letters of Credit, Documentary Collection Payments, Guarantees, Foreign Trade Finance Products (ECAs, FC Loans, Forfaiting, Import and Prefinancing Promissory Note Avalization, T. Eximbank Credits, CBRT Credits), Corporate Finance Advisory, Financial Advisory, M&A Finance, Capital Management Advisory

- Strong position among private banks with 14.9% market share in commercial cash loans and 19.5% market share in non-cash loans
- Service model designed to offer high-quality service to commercial customers
- Service concept prioritizing digitalization in products, services, and processes
- Focus on cash flow needs of companies through cash management and foreign trade activities
- Supporting the Bank's overall performance through dealer and supply chain and private banking customer acquisition
- Strong and comprehensive finance support to SMEs through special loan agreements with foreign financial institutions as well as strategic collaborations established under the programs run by the Credit Guarantee Fund (CGF), and Small and Medium Industry Development Organization (KOSGEB) and İhracatı Geliştirme A.Ş. (İGE), where Yapı Kredi plays a pioneering role among private sector banks

DISCIPLINED SERVICES BASED ON COMPETENCE, INSIGHT, TRUST, AND TECHNOLOGY

Yapı Kredi offers high quality solutions to the assets under its management thanks to its competencies and experience.

TREASURY

Tresury manages Yapı Kredi's liquidity needs, interest rate risk and foreign currency (FC) position, and controls the Bank's investment portfolio.

- Assets and liabilities management quickly adopting to the interest risk concerning the Bank's balance sheet and off-balance sheet liabilities, and to market developments
- Taking pioneering actions that make a difference by interpreting market developments
- Robust infrastructure and know-how
- New products tailored to client needs and market developments in an ever-expanding product range
- Uncompromising transaction continuity and diversity in treasury products offered through digital channels
- Effective management in parallel with the current market conditions

GRI 2-1, GRI 2-6

Subsidiaries of Yapı Kredi

DOMESTIC	PRODUCTS AND SERVICES	AREAS OF DIFFERENTIATION AND STRENGTH
Yapı Kredi Leasing	Provides financial leasing solutions for machinery and equipment to a broad array of companies with a particular focus on construction, printing, automotive, tourism, agriculture, medical and real estate sectors.	· A leading institution with 17% market share. · The sector's first mobile application, first online transactions, and second-hand sales module on mobile · World Lease product allowing leasing using a credit card · Yapı Kredi Leasing School offering training programs ranging from professional expertise to managerial competence
Yapı Kredi Factoring	Offers sustainable quality in domestic and overseas factoring services, and produces unique strategic solutions for the customer portfolio.	· Solidly positioned in the sector with robust shareholding and financial structure coupled with a high market share. · Yapı Kredi Factoring was recognized as Turkey's Best Factoring Company by the Global Banking and Finance Review magazine in 2023. · Recognized as the most admired company for the third time in a row in 2023 by Capital Magazine.
Yapı Kredi Asset Management	Offers Private Pension Funds Management and Discretionary Portfolio Management, and Investment Advisory services.	· The most profitable and the highest return performance · Pioneering the sector with advanced product management expertise · Broad range of deep-seated client management services and sales support functions · Market leader in mutual funds
Yapı Kredi Invest	Provides a wide range of services from domestic and overseas equity transactions to derivatives and advisory services.	· Ranks first in terms of market share in equities and derivatives · High quality sales and execution service to domestic and foreign institutional investors for different products

GRI 2-1, GRI 2-6

INTERNATIONAL	PRODUCTS AND SERVICES	AREAS OF DIFFERENTIATION AND STRENGTH
Yapı Kredi Netherland	Offers a broad range of products, services and solutions in retail, corporate and private banking segments.	· Deep-seated market knowledge and strong transaction capabilities in foreign trade and structured commodity finance · Offering services to Yapı Kredi customers residing abroad
Yapı Kredi Bank Azerbaijan	Offers a broad range of products and services in retail and corporate banking segments.	· Investments in digital products and channels · High quality services in economic relations between Turkey and Azerbaijan and in foreign trade

YAPI KREDI LEASING
17% Market Share
ON THE BASIS OF LEASING RECEIVABLES

YAPI KREDI FACTORING
11.2% Market Share
ON THE BASIS OF TOTAL TRANSACTION VOLUME

YAPI KREDI INVEST
15.8% Market Share
ON THE BASIS OF MARKET SHARE IN EQUITIES

GRI 2-6

2023 Sector Positioning

TOTAL BANKS	MARKET SHARE (SECTOR) 2023	RANKING (SECTOR) 2023
Total Loans (Cash + Non-Cash)	8.5%	6
Deposits	7.4%	7
Net Profit	12.4%	4
DISTRIBUTION NETWORK		
Number of Employees[1]	7.9%	6
Number of Branches[1]	8.2%	6
ATM	10.3%	5
BANKING ACTIVITIES		
Credit Card Outstanding	13.7%	3
Credit Card Issuer	14.6%	3
POS Acquiring Volume (incl. ATM)	15.9%	2
Number of Credit Cards	14.9%	1
Consumer Loans	12.0%	5
General Purpose Loans	14.5%	1
Leasing Receivables	17.0%	-
Factoring Turnover	11.2%	-
Mutual Funds	9.0%	-
Equity Transaction Volume	15.8%	-

1) Group employee number: 16.162; Group branch number: 812
Sectoral market shares are calculated based on BRSA monthly data as of December 2023 and BRSA weekly data as of 31 December 2023.

Summary Financials

GROWTH	2022	2023	CHANGE
Assets (billion TL)	1.184	1.863	57%
Cash + Non-Cash Loans (billion TL)	850	1.308	54%
Loans (billion TL)	607	920	52%
TL Loans (billion TL)[1]	411	646	57%
Customer Deposits (billion TL)	695	1.076	55%
TL Customer Deposits (billion TL)	377	617	64%
PROFITABILITY			
Revenues (million TL)	115.783	158.263	37%
Operating Expenses (million TL)	23.705	48.857	106%
Net Income (million TL)	52.745	68.010	29%
Return on Average Tangible Equity	56.6%	45.1%	-1156
Return on Assets	5.4%	4.5%	-91
Cost/Income Ratio	20.4%	30.8%	1040
LIQUIDITY AND CAPITAL			
Capital Adequacy Ratio	18.1%	16.9%	-120
Tier-1 Ratio	16.2%	15.3%	-93
Bank Loans / (Deposits + TL Bills)	84.6%	82.2%	-245
ASSET QUALITY			
Non-Performing Loans Ratio	3.4%	2.9%	-49
Total Coverage[2]	5.9%	4.4%	-149
Cost of Risk[3]	147	14	-133

All data based on consolidated financials unless otherwise stated
(1) Excluding FX-indexed loans
(2) Based on unconsolidated financials
(3) The ratio of total loan impairment provisions to total gross loans excluding collections. Adjusted for FX hedge on ECL.

GRI 2-9, GRI 2-18, GRI 3-3

GRI 2-9, GRI 2-18, GRI 3-3

Board of Directors

ALİ Y. KOÇ

Chairman of the Board of Directors

Ali Y. Koç received his bachelor's degree at Management Faculty of Rice University. He earned an MBA from Harvard Business School. He started his career at American Express Bank as a Management Trainee and continued as an Investment Analyst at Morgan Stanley Investment Bank. Mr. Ali Y. Koç joined Koç Holding in 1997 and held senior-level positions until 2010 including new business development and information technologies. He was the President of Corporate Communications and IT Group. He served as a Board Member at Koç Holding for over 12 years. In addition, he was elected as Vice Chairman on February 2016. Mr. Ali Y. Koç serves as Chairman of the Board of Koç Financial Services and Yapı Kredi Bank since 1 April 2016. Currently, Ali Y. Koç is the Chairman of Bilkom, Digital Panorama, Ford Otosan, Koçtaş, Otokar, Setur. In addition to being Chairman and Vice Chairman at Turkey's biggest companies and financial institutions, Ali Y. Koç also contributes to country's social and economic development and currently is the President of Fenerbahçe Sports Club and the Turkish Club Association. He is a Board Member at the National Competition Research Association (URAK), Board Member at ECA (European Club Association) and Endeavor Association, a member of the Global Advisory Council of Bank of America, Harvard University and Council on Foreign Relations. He is also a member of Panel of Senior Advisers at Chatham House and a member of Trade and Investment Council at the Confederation of British Industry.

LEVENT ÇAKIROĞLU

Vice Chairman of the Board of Directors

Levent Çakıroğlu graduated from Ankara University - Faculty of Political Sciences, Business Administration Department and received his master's degree from University of Illinois. He started his professional career at the Ministry of Finance in 1988. Between 1997-1998, he taught as part time instructor at Bilkent University and served as Vice President of Financial Crimes Investigation Board at the Ministry of Finance. Çakıroğlu joined Koç Group in 1998 as Koç Holding Financial Group Coordinator. He was the General Manager of Koçtaş between 2002-2007, CEO of Migros between 2007-2008, CEO of Arçelik between 2008-2015 and the President of the Durable Goods Group of Koç Holding between 2010-2015. Çakıroğlu was appointed as the Deputy CEO of Koç Holding in February 2015 and he took over the CEO position in April 2015. As of April 2016, Çakıroğlu is also a Board Member at Koç Holding. Çakıroğlu has been a Board Member at Yapı Kredi and Koç Financial Services since April 2015 and in February 2020, he was appointed as Vice Chairman of Yapı Kredi Board. Çakıroğlu is also a Board Member in various Koç Group Companies.

GÖKHAN ERÜN

Executive Director and Chief Executive Officer (CEO)

After graduating from İstanbul High school (İstanbul Erkek Lisesi), Gökhan Erün earned his undergraduate degree from İstanbul Technical University - Department of Electronics and Communications and graduate degree from Yeditepe University - Business Administration. Erün began his career at Garanti Bank Treasury Department in 1994. Between 1999-2004, Erün served as the Senior Vice President of Commercial Marketing and Sales Department. After becoming the CEO of Garanti Pension and Life in 2004, he was appointed as Executive Vice President of Garanti Bank in September 2005. Erün began to serve as the Deputy CEO of Garanti Bank in September 2015, also in charge of Corporate Banking, Treasury, Treasury Marketing and Financial Solutions, Derivatives, Cash Management and Transaction Banking, and Financial Institutions. At the same time, he was Board Chairman and Board Member in various local and international subsidiaries of Garanti Bank. As of January 2018, Erün has continued his career in Yapı Kredi as Executive Director in Board of Directors and Chief Executive Officer (CEO). In addition, Erün is the CEO of Koç Financial Services and holds positions in the Boards of various Yapı Kredi Group subsidiaries, Koç Finansman, Tanı and Allianz Yaşam ve Emeklilik. Also as of April 2021, Erün became the President of Koç Holding's Banking Group.

GRI 2-9, GRI 2-18, GRI 3-3

AHMET F. ASHABOĞLU

Member of the Board of Directors

Ahmet F. Ashaboğlu holds a Bachelor of Science degree from Tufts University and a Master of Science degree from Massachusetts Institute of Technology (MIT) in Mechanical Engineering. In 1994, he began his career as a Research Assistant at MIT. Between 1996-1999, Ashaboğlu held various positions in capital markets within UBS Warburg, New York. Between 1999-2003, he worked as a Consultant at McKinsey & Company, New York. In 2003, Ashaboğlu joined Koç Holding as Finance Group Coordinator. He served as the CFO of Koç Holding from 2006 to April 2022. In addition to being a Board Member at Yapı Kredi and Koç Financial Services since September 2005, Ashaboğlu is also a Board Member at various other public and non-public companies.

A. ÜMİT TAFTALI

Member of the Board of Directors

A. Ümit Taftalı earned his Bachelor of Science degree in Finance from Ball State University (Indiana) and his MBA degree from University of South Carolina. He also participated in senior executive programs at Harvard University. Taftalı is an investment banker and wealth manager with nearly 35 years of international experience. He has worked in executive positions in Atlanta, New York and London for Merrill Lynch & Company, Bankers Trust Company and Goldman Sachs International. Taftalı represented and advised Mrs. Suna (Koç) Kıraç between 2001-2020 was a Member of Koç Holding Executive Committee until April 2021. He currently manages the Koç family's private investment office and is Chairman of Kare Portföy. Taftalı is or has been Member as well as Board/Founding Member of various philanthropic and professional organizations such as Suna-İnan Kıraç Foundation, Educational Volunteers Foundation of Turkey (TESEV), Turkish Industrialists and Businessmen Association (TÜSİAD), Saint Joseph Educational Foundation, Educational Volunteers Foundation of Turkey (TEGV), Galatasaray Sport Club, American Finance Association (USA), Financial Management Association (USA), Museum of American Financial History (USA), Ball State University Foundation (USA), Turkish Bankers Association (UK), University of South Carolina Foundation (USA). Taftalı has been a Board Member of Yapı Kredi and Koç Financial Services since April 2016.

DR. AHMET ÇİMENOĞLU

Member of the Board of Directors (Independent[1])

Ahmet Çimenoğlu graduated from Department of Economics at Boğaziçi University in 1992. After completing his MA in Economics at Boğaziçi University, Çimenoğlu started his professional life as an economist at Yapı Kredi in 1995. He received his PhD degree in economics at Istanbul Technical University in 2002. Until 2004, Çimeoğlu worked as an economist at Yapı Kredi, becoming the Chief Economist in 2004 and Head of Strategic Planning and Research in 2006. In March 2009, he joined Koç Holding as the Head of Economic Research. He is currently the Chief Economist of the Koç Holding. Çimenoğlu has been a Board member at Koç Financial Services and Yapı Kredi since March 2019.

VİRMA SÖKMEN

Member of the Board of Directors (Independent)

Virma Sökmen has a Bachelor degree in Finance from LaSalle University. Sökmen began her professional career at research and investment banking departments of Körfezbank and Çarşı Menkul Degerler. Between 1993-2001, Sökmen worked at Midland Bank as a Credit Analyst. Between 2001-2010, she served as Corporate Banking Group President and an Executive Vice President of Corporate and Commercial Banking at HSBC. Sökmen managed corporate banking, commercial banking foreign trade and provision management, factoring, corporate and commercial insurance, corporate marketing and cash management units since 2010. Sökmen also served as the Assistant General Manager, responsible from Corporate and Commercial Banking at HSBC. In addition, Sökmen became an Independent Board at Sarkuysan Elektrolikit Bakır Sanayi ve Ticaret in June 2020. Sökmen has been a Board Member of Yapı Kredi and Koç Financial Services since March 2019. Sökmen is also a Board Advisor of Hedef Filo Yönetimi.

NEVİN İPEK

Member of the Board of Directors (Independent[1])

Nevin İpek graduated from Ankara University, Faculty of Political Sciences, Department of Business Administration in 1993. She received an MBA degree from the same university in 1997. İpek also earned a Master of Accounting degree from the University of Michigan in 2001. Nevin İpek began her career at the Capital Markets Board (CMB) of Turkey. At the CMB, she worked as Assistant to Expert between 1994-1997, Expert between 1997-2005, Deputy Head of Corporate Finance Department between 2005-2006 and Head of Institutional Investors Department between 2006-2007. She joined Koç Group in 2007 and is still working as Finance Coordinator responsible from Compliance to Securities Regulation. She is also heading the Capital Markets Working Group in Turkish Industrialists and Businessmen Association (TÜSİAD) from 2013. Nevin İpek has been a Board Member of Yapı Kredi, Yapı Kredi Yatırım and Koç Financial Services since February 2020.

KEMAL UZUN

Member of the Board of Directors

Kemal Uzun received his bachelor degree in Business Administration from Ankara University and his Master's degree in Finance from the University of Illinois. In 1990, Uzun started his career as an Apprentice Public Account Inspector. He worked at the Ministry of Finance as Assistant Tax Auditor (1991-1994), Tax Auditor (1994-2002), Senior Tax Auditor (2002-2003) and Head of Department (2003-2005). Later, he functioned in Group Head (2005-2006) and Department Head (2006) positions at the Revenue Administration. Between 2006 and 2011, Uzun worked as Koç Holding's Audit Group Coordination and from 2011 until 2021 as Tax Management Director. Uzun has been serving as the President of Koç Holding's Audit Group since April 2021. He is also a member of the Boards of Directors of various Koç Group companies. In addition to these roles, he is a member of Turkish Industry and Business Association (TÜSİAD), Tax Council and TURMEPA. Kemal Uzun has been a Board Member of Yapı Kredi and Koç Financial Services since April 2022.

POLAT ŞEN

Member of the Board of Directors

Polat Şen received his bachelor's degree in Department of Economics at Marmara University in 1998 and master's degree in International Finance in Bradford University in 1999. He completed the Harvard Business School Advanced Management Program in 2016. Starting his professional life in Koç Holding Internal Audit Department in 2000, Şen was assigned as Arçelik's Internal Audit Manager in 2005 and as Financial Affairs Group Director in Grundig Electronics / Grundig Multimedia B.V. in 2008. Between 2009 and 2010, he was the Financial Affairs Director at Grundig Multimedia B.V. in Germany. From 2010 to 2015, he served as the Global Purchasing Director. In 2015, he was appointed as Arçelik's Chief Financial Officer. Along with financial responsibilities, he lead the M&A operations, legal affairs, purchasing, IT, as well as commercial operations in Sub-Saharan Africa for 7 years. Şen was appointed as the CFO of Koç Holding on 1 April 2022. He also serves as the board member in several Koç Group companies. Polat Şen has been a Board Member of Yapı Kredi and Koç Financial Services since April 2022.

(1) Based on Capital Markets Board's Item 6(3)a of the Communique Serial II-17.1 on Corporate Governance, Ahmet Çimenoğlu and Nevin İpek, Members of the Audit Committee are deemed as Independent Board Members.

Notes:

The members of the Board of Directors each have a one-year term of duty. Appointments of members are set out annually at the Annual Shareholders' Meeting.
Ali Y. Koç, Ahmet F. Ashaboğlu, Levent Çakıroğlu, and A. Ümit Taftalı, who are members of the Board of Directors, are also members of Board of Directors at other Koç Group companies due to their positions in Koç Holding.

Yapı Kredi Received Major International Awards in 2023

YAPI KREDI'S PROJECTS CONTINUED TO BE THE RECIPIENT OF INTERNATIONAL AWARDS IN 2023. THE BANK WON MANY AWARDS SUCH AS GLOBAL FINANCE, STEVIE, EUROMONEY, GARTNER - EYE ON INNOVATION AWARDS FOR FINANCIAL SERVICES, AND GLOBAL BANKING & FINANCE AWARDS, SOME OF THE MOST PRESTIGIOUS AWARDS IN THE WORLD.

GLOBAL FINANCE

Yapı Kredi was the only Turkish bank in the "Top Innovations 2023" list in the Innovators Competition organized by Global Finance, one of the most respected magazines in the world. The Bank owns this achievement to the "Viewing Card Information with Augmented Reality" function in Yapı Kredi Mobile. Yapı Kredi was also recognized with awards in six different categories in the "World's Best Digital Bank Awards 2023", becoming the only Turkish bank to achieve success in both the corporate and individual categories. Winning the "Turkey's Best Digital Bank" award for the seventh time in a row in the Global Finance "World's Best Digital Bank Awards 2023", Yapı Kredi also received awards in the categories of "Best Corporate Digital Bank in Turkey in Online User Experience Portal", "Best Digital Bank in Turkey in Innovation and Transformation", "Best Corporate Digital Bank in Turkey in Online User Experience Portal", "Best Corporate Mobile Banking App in Turkey", and "Best Corporate Digital Bank in Europe in Online User Experience Portal".

STEVIE AWARDS

At the Stevie Awards, Yapı Kredi received the Gold Stevie in the "Experimental and Innovation" category and the Silver Stevie in the "Financial Services/Banking" category with Yapı Kredi Mobile. Moreover, the Bank's Yapı Kredi Step won the Gold Stevie in the "Social Responsibility and Sustainability". Yapı Kredi Fast FRWRD, implemented by Yapı Kredi to support the innovation culture and entrepreneurship ecosystem, received the Bronze Stevie in the "Most Innovative Company of the Year – More than 2,500 Employees" category.

EUROMONEY

Yapı Kredi was selected as the "Sector Leader" for the ninth time in a row in the customer research conducted in the "Foreign Trade Finance" category of the annual event held by Euromoney, one of the world's leading banking and finance magazines. The Bank was also the leader in the "Best Banking Services" category. Moreover, Yapı Kredi was selected as the "Sector Leader" by user votes in the "Cash Management" category.

GLOBAL BANKING & FINANCE AWARDS 2023

Recognized with international awards every year for an outstanding performance in private banking, Yapı Kredi won the "Best Private Bank in Turkey" award at the Global Banking & Finance Awards 2023.

GARTNER - EYE ON INNOVATION AWARDS FOR FINANCIAL SERVICES

Yapı Kredi Mobile "My World" received the first prize in the "Innovation" category at the Eye on Innovation Awards for Financial Services organized by Gartner, a research organization offering recommendations on information technology products.

INTERNATIONAL FINANCE AWARDS

Yapı Kredi Private Banking won the "Best Private Bank in Turkey" award at the International Finance Awards organized every year by International Finance Magazine, one of the leading financial publications in England.

GRI 2-9, GRI 2-11, GRI 3-3

Senior Management

GÖKHAN ERÜN

Executive Director and Chief Executive Officer (CEO)

After graduating from İstanbul High school (İstanbul Erkek Lisesi), Gökhan Erün earned his undergraduate degree from İstanbul Technical University - Department of Electronics and Communications and graduate degree from Yeditepe University - Business Administration. Erün began his career at Garanti Bank Treasury Department in 1994. Between 1999-2004, Erün served as the Senior Vice President of Commercial Marketing and Sales Department. After becoming the CEO of Garanti Pension and Life in 2004, he was appointed as Executive Vice President of Garanti Bank in September 2005. Erün began to serve as the Deputy CEO of Garanti Bank in September 2015, also in charge of Corporate Banking, Treasury, Treasury Marketing and Financial Solutions, Derivatives, Cash Management and Transaction Banking, and Financial Institutions. At the same time, he was Board Chairman and Board Member in various local and international subsidiaries of Garanti Bank. As of January 2018, Erün has continued his career in Yapı Kredi as Executive Director in Board of Directors and Chief Executive Officer (CEO). In addition, Erün is the CEO of Koç Financial Services and holds positions in the Boards of various Yapı Kredi Group subsidiaries, Koç Finansman, Tanı and Allianz Yaşam ve Emeklilik. Also as of April 2021, Erün became the President of Koç Holding's Banking Group.

MEHMET ERKAN AKBULUT

Assistant General Manager – Credits

Mehmet Erkan Akbulut graduated from Business Administration Department of Faculty of Political Science at Ankara University in 1989. He started his career in Yapı Kredi Bankası as an Assistant Internal Auditor, then worked as Department Manager in Credits Management, then as Directors in Corporate Banking Management and Commercial Banking Management. He had been expatriated to Yapı Kredi Azerbaijan and worked as Assistant General Manager, Credits and Risk Management between 2009 and 2013. Returning to Yapı Kredi, he worked as Director and then Group Director in Monitoring and Workout in Corporate and Commercial Credits between 2013 and 2018. Between 2018 and 2020 he worked as the Group Director of Corporate and Commercial Credits Underwriting. He worked as a Head of Collection and Workout Management between the dates of 2020 August – 2021 August. As of August 2021 he has been serving as Assistant General Manager – Credits and Yapı Kredi Bank Executive Committee Member. Akbulut is also a member of the Board of Directors of Yapı Kredi Faktoring, Yapı Kredi Leasing and Turkish Credit Bureau.

YAKUP DOĞAN

Assistant General Manager – Limitless Banking

After graduating from the Faculty of Business Administration at Çukurova University, Yakup Doğan started his career at İşbank as an Assistant Specialist in 1992. Between 1996 and 2001, he worked at Ottoman Bank in Senior Management positions responsible for the development of Retail Banking, Credit Cards and Alternative Delivery Channels. In 2001, Doğan joined Koçbank as Alternative Delivery Channels Manager. With the merger of Yapı Kredi and Koçbank in 2006, Doğan held the position of Alternative Delivery Channels Executive Vice President in Yapı Kredi. Doğan has been Assistant General Manager in charge of Alternative Delivery Channels (Limitless Banking) at Yapı Kredi since May 2009. Doğan has also been a Member of the Executive Board at Yapı Kredi since October 2020, and he is a Member of the Board of Directors at Yapı Kredi Teknoloji A.Ş., Yapı Kredi Finansal Teknolojiler A.Ş., Yapı ve Kredi Bankası A.Ş. Mensupları Yardım ve Emekli Sandığı Vakfı and Tanı Pazarlama ve İletişim Hizmetleri A.Ş.

CAHİT ERDOĞAN

Assistant General Manager - Commercial and SME Banking Management

Following graduation from Istanbul Technical University / Faculty of Mechanical Engineering, Cahit Erdoğan completed his MBA degree from Rochester Institute of Technology. Erdoğan started his professional career at Xerox Corporation (Rochester, NY) as a Business Analyst. In 2000, Erdoğan started his Management Consultancy career by joining Accenture Turkey. Until 2019, he worked in Accenture as Consultant, Manager and Senior Manager and in February 2008, he was appointed as Turkey Country Lead of the Management Consulting. Erdoğan joined Yapı Kredi in 2009 as Chief Information Officer (CIO). Since July 2013, he assumed the position of Assistant General Manager in charge of Information Technologies and Operations at the Bank. Between May 2020 and August 2021, he was the Chief Operations Officer (COO), responsible of Information Technologies, Operations and Analytics. As of August 2021, he appointed as Assistant General Manager of Commercial and SME Banking in Yapı Kredi. Mr. Erdoğan is also a member of the Executive Committee in Yapı Kredi since July 2013, the Chairman of the Board of Directors in Yapı Kredi Technology A.Ş between May 2015- August 2021, he was the member of the Board in Yapı Kredi Investment & Securities A.Ş. between March 2020- September 2021, member of the Board in Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Bank Azerbaijan since August 2021, Yapı Kredi Bank Nederland since October 2021, Tanı Marketing and Communucation Services since December 2021, Yapı Kredi Financial Technologies since February 2022.

GRI 2-9, GRI 2-11, GRI 3-3

ABDULLAH GEÇER

Assistant General Manager - Internal Audit

After graduating from the Department of Economics at Middle East Technical University in 1996, Abdullah Geçer began his professional career at the Undersecretariat of Treasury as an Assistant Sworn Bank Auditor. Having served in this position between 1996 and 2000, Abdullah Geçer assumed Sworn Bank Auditor and Senior Sworn Bank Auditor positions in Banking Regulation and Supervision Agency of Turkey between 2000 and 2007, and completed the MBA in Finance program at University of Nottingham in 2006. Serving as a coordinator in Koç Holding Audit Group in 2007 – 2020, Abdullah Geçer was appointed as the Assistant General Manager for Internal Audit in Yapı Kredi on 20 April 2020.

DEMİR KARAASLAN

Assistant General Manager - Financial Planning and Administration (CFO)

Mr. Karaaslan graduated from Marmara University, Business Administration department in 1999. Between September 1999 and December 2004, he worked at PricewaterhouseCoopers (PwC) where he joined as an Assistant Auditor and promoted to Audit Manager. He continued his career at Koçbank between 2005 and 2006 as Head of Budget & Planning. In 2006, following the merger of Koçbank and Yapı Kredi Bank, he was appointed as Vice President responsible from Planning & Control. He has been the Head of Planning & Control since 2010 and promoted as Executive Vice President in 2011. Starting from January 2016, he was appointed as Assistant General Manager in charge of Retail Credits. Currently, he continues to serve as Chief Financial Officer (CFO) starting from March 2020. Mr Karaaslan also assumes the positions of member of Board in several subsidiaries of Yapı Kredi Bank. He was also a board member of Credit Bureau and a member of The Banks Association of Turkey Risk Center.

HAKAN KAYA

General Counsel

Hakan Kaya graduated from Istanbul University Faculty of Law in 2003, and completed his EMBA program at Koç University. Following the legal internship and starting his career in private law firms, Hakan Kaya advanced into Banking and Finance sector in 2008, as a lawyer in Turkland Bank. He joined Yapı Kredi in 2013, serving as a legal counsel until 2015, Criminal Law Affairs Manager until 2016, Head of Litigation until 2019 and Legal Follow-up Director until October 2023 respectively. He continues to serve as the Chief Legal Officer of Yapı Kredi since October 2023. Hakan Kaya also acts as the General Secretary of Yapı Kredi Sports Club and is also a member of the Disciplinary and Ethics Committees of Yapı Kredi.

E. KÜRŞAD KETECİ

CSO - Strategy & Analytics and Investor Relations

Kürşad Keteci earned his undergraduate degree from Marmara University Business Administration. Keteci began his career at Andersen Audit and Consultancy in 2001. Between 2001 and 2003 he worked in audit work of several banks and financial institutions. Between 2003 and 2006 he worked in Transaction Services Department for M&A activities as well as consultancy projects in financial sector. He worked as Deputy CFO in Bankpozitif Investment Bank between 2006 and 2012. He was responsible for budget and planning, reporting, Asset&Liability and capital management as well as FI and investor relations. He joined Yapı Kredi in 2012 and served as Head of Financial Reporting, Head of Budget and Planning and Head of Corporate Strategy and Investor Relations within CFO team. Since 2020, he left CFO parameter and reports directly to CEO. Keteci has been working as Chief Strategy Officer and Head of Investor Relations. He is responsible for strategic planning, customer and service model analytics, capacity planning, strategic investments as well as investor relations.

* As of October 9, 2023, Hakan Kaya was appointed as Chief Legal Officer due to resignation of Cemal Aybars Sanal, Assistant General Manager responsible for Legal Management, as of September 22, 2023.

GRI 2-9, GRI 2-11, GRI 3-3

KORKUT OKAY

Banking Operations, EVP

Korkut Okay earned his undergraduate degree from Middle East Technical University, Department of Management and his MBA degree from Marmara University. He started his career at Yapı Kredi Audit as a Management Trainee in 1994. Between 1999 and 2005, Okay worked in Dışbank as a director in Audit, Branch Operations and Organization Management. He worked in Fortisbank as a managing director in Operations and Retail Banking between 2006 and 2011. He returned to Yapı Kredi and served as the director of Branch Operations between 2011 and 2021. Since August 2021, he has been working as Banking Operations Executive Vice President.

ÖZDEN ÖNALDI

Assistant General Manager - Human Resources Organization and Internal Services

Özden Önaldı graduated from Istanbul Technical University's Department of Management Engineering and earned her Executive MBA degree from Koç University. She began her professional career as a Project Consultant at SAP Company in 1999. Önaldı, later continued her banking career at Osmanlı Bank in the Alternative Distribution Channels department. In 2002, she started working at Garanti Bank, where she led several strategic projects in CRM & Marketing, Strategic Planning, IT, and Human Resources at various management levels. Özden Önaldı joined Koç Holding in 2016 and worked in Human Resources and Industrial Relations Group in digital transformation, agile transformation, and leadership programs areas. As of February 2022, Önaldı has been appointed as the Assistant General Manager of Human Resources Organization and Internal Services and a member of the Executive Committee in Yapı Kredi. She also serves as the Chairperson of Yapı Kredi Group Disciplinary Committee and the member of Sustainability Committee. As of March 2023, she is a member of the Board in Yapı Kredi Technology, Yapı Kredi Invest, Yapı Kredi Factoring and Yapı Kredi Leasing.

MEHMET ERKAN ÖZDEMİR

Assistant General Manager - Compliance, Internal Control and Risk Management

After graduating from Middle East Technical University, Department of Economics in 1989, Mehmet Erkan Özdemir worked as a Sworn-in Bank Auditor on the Sworn-in Bank Audit Board of the Banking Regulation and Supervision Agency between April 1994 and August 2001. He joined Koç Holding in September 2001 as Audit Coordinator in the Koçbank Audit Group, responsible for the financial companies of the Group. Özdemir was assigned as Compliance Officer and Assistant General Manager in charge of the Compliance Office in April 2008. Özdemir has been served as Assistant General Manager in charge of Compliance and Internal Control between October 2013 and October 2020. He has been serving as Assistant General Manager in charge of Compliance, Internal Control and Risk Management since October 2020.

GÖKHAN ÖZDİNÇ

Assistant General Manager - Technology, Data and Process Management

Gökhan Özdinç earned a Bachelor of Science degree in Computer Engineering (1997), MBA (1999) and Ph.D. (in Management) (2006) degrees from Boğaziçi University. Özdinç started his career as a software engineer in Finansbank Information Technologies. He managed Card Payment Systems Applications Development, Software Architecture, Business Analysis, Project & Program Management, Digital Channels Applications Development, Data-warehouse & Business Intelligence teams till 2012. He worked as the member of the Management Board responsible from Digital Banking and Data Management teams in Finansbank's Information Technologies company, IBTECH, between 2012 and 2014. Özdinç was appointed as the COO, responsible from Information Technologies and Banking Operations departments in Aktifbank between 2014 and 2019. At the same time he also assumed the positions of the member of Board in E-kent, NKolay and Çalık Digital, the subsidiaries of Aktifbank. Özdinç joined Yapı Kredi in 2020 and worked as the Subsidiaries' Application Development & IT Governance Director and the CIO of Yapı Kredi Invest. As of August 2021, he was appointed as the Assistant General Manager of Yapı Kredi in charge of Technology, Data & Analytics and Process Management, and a member of the Executive Committee. At the same time, Özdinç has been giving lectures in the Department of Management Information Systems and the Department of Management at Boğaziçi University since 2007.

KAAN ŞAKUL

Assistant General Manager - Corporate Banking

Kaan Şakul earned his undergraduate degree from Istanbul University, Economics in English Department in 1996 and earned his graduate degree from Bilgi University, Banking and Finance (MA) in 2015. He started his banking career at Yasarbank in 1996 as Corporate Banking Management Trainee until 2000. After working at Finansbank between 2000 and 2002, he joined Koçbank of Koç Holding. He undertook various positions in branches and Head Office such as Sales Support Manager in Commercial Banking, Commercial and Corporate Branch Manager positions, Corporate and Commercial Credit Underwriting EVP position, Product Groups EVP position including Project Finance, Investment Banking, Cash Management and Trade Finance, Corporate Banking Sales EVP position until 2021 August. He has been assigned by the Board of Directors as Corporate Banking Assistant General Manager and Exco member as of August 2021. He is also member of Sustainability Committee from the beginning.

SERKAN ÜLGEN

Assistant General Manager - Retail Banking

Serkan Ülgen received his B.S. degree in Industrial Engineering from Bilkent University, Ankara in 1998. Following his graduation, he started his professional career at BENKAR Consumer Financing and Credit Card Services within Boyner Group. In 2001, he joined Yapı Kredi Bank and since then, held different positions in Retail Banking and Card Payment Systems at Yapı Kredi. In this time period he got his MBA degree from Boğaziçi University, Istanbul in 2005. Serkan Ülgen, has been working as Yapı Kredi's Assistant General Manager responsible for Retail Banking and a member of the Executive Committee since January 1, 2018. Ülgen is also a Member of the Board of Yapı Kredi Bank Azerbaijan, Yapı Kredi Invest and Yapı Kredi Financial Technologies and also Yapı Kredi Pension Fund Foundation. In addition to his responsibilities in the Bank, Ülgen is also a board member of Allianz Life and Pension, Tanı Marketing and Communication Services and UK-based 441 Trust Company companies. Also, Ülgen has been serving as the Head of the Supreme Council of Turkey within Visa Turkey and continuing his duty as the Advisory Board Member within MasterCard Europe.

GRI 2-9, GRI 2-11, GRI 3-3

SERDAR YERLİ

Collection and Workout, EVP

Serdar Yerli has undergraduate degree from Middle East Technical University (METU), Department of Economics (2000) and completed Koc University Executive MBA program (2022). He started his career in HSBC and worked as assistant portfolio manager between 2000-2003 years in Bursa corporate branch. In 2004, he joined Kocbank as credit analyst in corporate credit underwriting department. In Yapı Kredi, he worked as manager position in corporate & specialized credits monitoring unit and commercial credit underwriting region office between 2008 - 2013 years. In 2014, he was appointed as vice president at head office and worked in commercial credit underwriting, corporate & subsidiaries & specialized credits underwriting unit and finally in commercial monitoring and workout unit. In 2021, he was appointed as Executive Vice President in Collection and Workout Management and he is responsible from restructuring, collection and workout activities of Yapı Kredi's Stage 2 and Stage 3 clients.

SARUHAN YÜCEL

Assistant General Manager – Treasury and Financial Institutions

Saruhan Yücel earned his undergraduate degree from Istanbul University Department of Business Administration and his graduate degree from University of Illinois in Business Administration. Yücel started his career at Koçbank in fund Management Department in 2000. Following his role as Securities Portfolio Manager, between 2002 and 2003, in Yapı Kredi Portfolio in Investment Funds Management Fixed Income department, between 2003 and 2018, he worked as FX and Money Markets Senior Dealer, FX Markets Vice President, Fixed Income Securities Vice President and Balance Sheet Management and Fixed Income Securities Executive Vice President in Yapı Kredi Bank. Following June 2018, he continued his career as Treasury Management Assistant General Manager. He is also Member of the Executive Committee at Yapı Kredi Bank.

Board of Directors and Committees

BOARD OF DIRECTORS

The Board of Directors convenes upon the request of the Chairman when necessitated by the Bank's business. The Board of Directors reviews and decides on the corporate agenda, as authorised by the Articles of Association of the Bank, laws and regulations. In 2023, the Board of Directors convened 7 times with the required majority and quorum satisfied.

EXECUTIVE COMMITTEE

The Executive Committee is the decision making body of the Group, established to collectively decide upon priority topics, facilitate information sharing among senior management and support strong team spirit. The Committee holds regular weekly meetings or according to the needs of the bank (at least once a month). All decisions are taken unanimously by the members. In 2023, the Executive Committee convened 42 times with the required majority and quorum satisfied.

The Committee's major responsibilities include:

- Defining Group strategies and the Bank's structural risk management
- Managing asset-liability guidelines including pricing and interest rates
- Evaluating existing products and approving new products
- Assessing credit, operational, market and liquidity risks
- Ensuring coherence of the Bank's commercial policies and principles with budget objectives
- Improving customer satisfaction and marketing activities
- Internal and external communication plans
- Approving the Bank's annual project plan and major organisational changes
- Optimising market risk strategies within the guidelines set by the Board of Directors

EXECUTIVE COMMITTEE MEMBERS		
Chair	Gökhan Erün	Executive Director and Chief Executive Officer (CEO)
Member	Cahit Erdoğan	Assistant General Manager - Commercial and SME Banking Management
Member	Serkan Ülgen	Assistant General Manager - Retail Banking
Member	Saruhan Yücel	Assistant General Manager - Treasury and Financial Institutions
Member	Demir Karaaslan	Assistant General Manager - Financial Planning and Administration (CFO)
Member	Yakup Doğan	Assistant General Manager - Limitless Banking
Member	Mehmet Erkan Akbulut	Assistant General Manager - Credits
Member	Gökhan Özdinç	Assistant General Manager - Technology, Data and Process Management
Member	Kaan Şakul	Assistant General Manager - Corporate Banking
Member	Özden Önaldı	Assistant General Manager - Human Resources, Organization and Internal Services
ATTENDEES OF THE COMMITTEE WITHOUT VOTING RIGHTS		
Member	Mehmet Erkan Özdemir	Assistant General Manager - Compliance, Internal Control and Risk Management

GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-12, GRI 2-19, GRI 3-3

AUDIT COMMITTEE

The Audit Committee administers the Bank in terms of compliance with local laws and internal regulations. The Committee convenes quarterly or more, according to the needs of the Bank. In 2023, the Audit Committee convened 4 times with the required majority and quorum satisfied. The Committee reports at least once every six months to the Board of Directors.

The Committee's major responsibilities include:

- Monitoring the performance of Internal Audit as well as Internal Control, Compliance and Risk Management
- Fulfilling the relevant tasks as determined by Banking and Capital Market regulations
- Approving and monitoring the Annual Audit Plan and the charter of the internal audit function
- Verifying adequacy of internal control systems
- Monitoring audit projects and evaluating significant findings
- Appointing, compensating and overseeing external auditors, rating, valuation and support service institutions
- Monitoring the financial reporting process
- Reviewing procurement policies and practices

AUDIT COMMITTEE MEMBERS		
Chair	Ahmet Çimenoğlu	Member of the Board of Directors
Member	Nevin İmamoğlu İpek	Member of the Board of Directors

RISK COMMITTEE

Risk Committee is responsible for determining the risk management strategies and risk appetite of the Bank and to prepare the policies, to make the necessary changes in accordance with the economic conjuncture and submit them to the approval of the Board of Directors. In 2023, the Risk Committee convened 6 times with the required majority and quorum satisfied.

The Committee's major responsibilities include:

- Determining the risk strategy, policies and risk appetite of the Bank regarding the risks that may arise and to ensure that these are regularly monitored
- Evaluating issues raised by the Risk Management and ensuring that necessary measures are taken regarding these issues
- Making sure that there is necessary communication between the relevant departments throughout the Bank in order to ensure efficient risk management
- Ensuring timely and reliable reporting to the Committee regarding significant risks
- Monitoring the compliance of the Bank's strategy with determined risk management strategies and risk appetite and making suggestions to remedy in case of a contradiction
- Determining the limits on the risks that the Bank is exposed to/may remain and monitoring the determined limits, taking actions in case of exceeding the limits and making studies to eliminate them and make suggestions the Board of Directors
- Monitoring the accuracy and reliability of risk measurements, methods and results, evaluating the functionality and adequacy of the Bank's risk control systems, following that the Bank takes the necessary measures to find the necessary systems, employees and resources for risk management
- Observing the preparation processes of internal capital adequacy and prevention plan measures of the Bank and evaluating the results
- Ensuring the establishment and development of risk culture in the Bank and its subsidiaries
- Monitoring the regulatory requirements regarding risk management, encouraging the development of an advanced risk management model and risk management practices

RISK COMMITTEE MEMBERS		
Chair	Levent Çakıroğlu	Vice Chair of the Board of Directors
Member	Gökhan Erün	Executive Director and Chief Executive Officer (CEO)
Member	Ahmet Çimenoğlu	Member of the Board of Directors
Member	Polat Şen	Member of the Board of Directors
Member	Kemal Uzun	Member of the Board of Directors

CREDIT MONITORING COMMITTEE

Within the scope of the Credit Risk Policy, Credit Monitoring Committee reviews and evaluates the commercial loan portfolio, especially the risk groups/companies under the authority of the Board of Directors and the Credit Committee and determines the issues to be taken into account in the following periods regarding the mentioned companies. The Committee once a year or more according to the needs of the Bank. Documents to be submitted to the Committee are prepared by the Credits Management, when necessary, other relevant managements work on the requested subjects and submit them to the Committee. In 2023, the Credit Monitoring Committee convened 1 time with the required majority and quorum satisfied.

CREDIT MONITORING COMMITTEE MEMBERS		
Chair	Levent Çakıroğlu	Vice Chair of the Board of Directors
Member	Ahmet F. Ashaboğlu	Member of the Board of Directors
Member	Ahmet Çimenoğlu	Member of the Board of Directors
Member	Virma Sökmen	Member of the Board of Directors
Member	Polat Şen	Member of the Board of Directors

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee assists the Board of Directors on compliance to Corporate Governance Principles, investor relations activities and public disclosures. In 2023, the Corporate Governance Committee convened 2 times with the required majority and quorum satisfied.

The Committee's responsibilities include:

- Identifying and providing guidance for any conflicts of interest that may arise
- Confirming that proper flow of information is ensured by the Koç Financial Services, Subsidiaries and Shareholder Relations Unit to shareholders and investors
- Conducting studies in the scope of evaluating and determining independent candidates suitable for Board of Directors and presenting the nominated candidates to the Board of Directors for approval

GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-12, GRI 2-19, GRI 3-3

CORPORATE GOVERNANCE COMMITTEE MEMBERS		
Chair	Virma Sökmen	Member of the Board of Directors
Member	Nevin İpek	Member of the Board of Directors
Member	M. Erkan Özdemir	Assistant General Manager – Compliance, Internal Control and Risk Management

REMUNERATION COMMITTEE

The Remuneration Committee monitors and audits compliance of the Bank's compensation principles and remuneration practices with its structure, strategies, long-term targets and risk approach on behalf of the Board of Directors. The Committee convenes at least twice a year or according to the needs of the Bank. In 2023, Remuneration Committee convened 2 times with the required majority and quorum satisfied.

REMUNERATION COMMITTEE MEMBERS		
Member	Y. Ali Koç	Chairman of the Board of Directors
Member	Levent Çakıroğlu	Vice Chairman of the Board of Directors

CREDIT COMMITTEE

The Credit Committee is an advisory and deliberative body whose purpose is to provide guidelines for the Bank's lending activity in coherence with the credit policy, economic objectives and the Bank's overall risk profile. The Credit Committee convened 61 times with the required majority and quorum satisfied in 2023.

The Committee reviews loan applications and restructuring requests within its authorised delegated limit or advises the Board of Directors for those that are not. The Credit Committee also outlines parameters for credit scoring, lending and monitoring systems.

CREDIT COMMITTEE PRINCIPAL MEMBERS		
Chair	Gökhan Erün	Executive Director and Chief Executive Officer (CEO)
Member	Ahmet Çimenoğlu	Member of the Board of Directors
Member	Virma Sökmen	Member of the Board of Directors
CREDIT COMMITTEE ALTERNATE MEMBERS		
Member	A. Ümit Taftalı	Member of the Board of Directors
Member	Levent Çakıroğlu	Vice Chairman of the Board of Directors

DISCIPLINARY COMMITTEE

The Disciplinary Committee has the purpose of determining the disciplinary actions/penalties according to the cases and to the Disciplinary Regulations. The Disciplinary Committee's duties, authorities and responsibilities as well as working principles and procedures are set by the Board of Directors.

DISCIPLINARY COMMITTEE MEMBERS		
Chair	Özden Önaldı	Assistant General Manager - Human Resources, Organization and Internal Services
Member	Hakan Kaya	Chief Legal Officer - Legal Department
Member	Mehmet Erkan Özdemir	Assistant General Manager - Compliance, Internal Control and Risk Management
Member	Demir Karaaslan	A represent from Bank Assistant General Managers with the Human Resources, Organization and Internal Services Department's advice and the approval of CEO for 1 calendar year

As of October 9, 2023, Hakan Kaya was appointed as Chief Legal Officer due to resignation of Cemal Aybars Sanal, Assistant General Manager responsible for Legal Management, as of September 22, 2023.

COST MANAGEMENT AND EFFICIENCY COMMITTEE

The Cost Management and Efficiency Committee is responsible of central cost and purchase management. Within this scope, the Committee monitors monthly evolution of main cost items compared with the budgeted targets, review status of planned cost saving actions and demands related with the projects, negotiate unbudgeted and high amount demands defines new cost saving / cost management initiatives.

COST MANAGEMENT AND EFFICIENCY COMMITTEE MEMBERS		
Chair	Demir Karaaslan	Assistant General Manager - Financial Planning and Administration
Member	Cahit Erdoğan	Assistant General Manager - Commercial and SME Banking
Member	Özden Önaldı	Assistant General Manager - Human Resources, Organization and Internal Services
ATTENDEES OF THE COMMITTEE WITHOUT VOTING RIGHTS		
Member	Aytaç Yoloğlu	Purchasing Vice President
Member	İbrahim Uç	Technology Purchasing Manager
Member	Seçil Ayıntap	Cost Management Vice President
Member	Ersoy Günman	Demand and Cost Assessment Manager
Member	E. Kürşad Keteci	CSO - Strategy & Analytics and Investor Relations

CREDIT RISK STAGING AND PROVISIONING COMMITTEE

Credit Risk Staging and Provisioning Committee is formed to evaluate and make necessary decisions regarding credit staging, credit provisioning and credit rating activities in compliance with IFRS9 and reporting the results to top management and other committees. Credit Risk Staging and Provisioning Committee, conducts monitoring and evaluation of staging/provisioning risky clients, makes decisions regarding stage overrides of necessary clients evaluates LLP impact of client rating upgrade or downgrade, evaluates for approval of parameter and methodology changes regarding LLP calculations, examines and approves the staging/provisioning effect of the realization of identified risks, examines year-end and month-end LLP forecasts.

GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-12, GRI 2-19, GRI 3-3

CREDIT RISK STAGING AND PROVISIONING COMMITTEE MEMBERS		
Member	Mehmet Erkan Özdemir	Assistant General Manager - Compliance, Internal Control and Risk Management
Member	Demir Karaaslan	Assistant General Manager - Financial Planning and Administration
Member	Mehmet Erkan Akbulut	Assistant General Manager - Credits
Member	Cahit Erdoğan	Assistant General Manager - Commercial and SME Banking
Member	Kaan Şakul	Assistant General Manager - Corporate Banking
Member	Serdar Yerli	Collection and Workout Executive Vice President
Member	İrem Can	Credit Risk Strategy, Modelling and Reporting Executive Vice President

INFORMATION SYSTEMS STEERING COMMITTEE

To support IS Strategy Committee function and senior management in the Executive Board, To determine the priority order of IT investments and projects, to make the necessary guidance by evaluating the changes needed in the plan, Evaluate capacity distributions and review roadmap, To follow the status of ongoing IT programs and projects, To resolve resource conflicts between projects, To make the necessary guidance to ensure IT architecture and IT projects comply with the legislation, It is responsible for monitoring service levels for IT services and reviewing improvements.

INFORMATION SYSTEMS STEERING COMMITTEE MEMBERS		
Chair	Demir Karaaslan	Assistant General Manager - Financial Planning and Administration
Vice Chair	Gökhan Özdinç	Assistant General Manager - Technology, Data and Process Management
Member	E. Kürşad Keteci	CSO - Strategy & Analytics and Investor Relations
Member	Gökhan Yalçın	Yapı Kredi Technology Corporate Security Management Assistant General Manager
Member	Elif Küçükaltun	Project and Agile Management Vice President
Member	Özcan Yahşi	Yapı Kredi Technology Assistant General Manager
Member	Erhan Çetin	Yapı Kredi Technology Assistant General Manager
Member	Özkan Demir	Yapı Kredi Technology Assistant General Manager
Member	Hakkı Erdoğan	Yapı Kredi Technology Assistant General Manager
Member	Eylem Karaca	Yapı Kredi Technology Assistant General Manager
Member	İrem Özyurt	A representative from Human Resources, Organization & Internal Services Management
Member	Kaan Dinç	A representative from Compliance, Internal Control and Risk Management
Member	Özkan Aygül	A representative from Compliance, Internal Control and Risk Management
Member	Feyza Torlak	A representative from Legal Department
Member	Other relevant business unit representatives	

INFORMATION SYSTEMS (IS) STRATEGY COMMITTEE

The IS Strategy Committee is responsible for, on behalf of the Board of Directors, overseeing the appropriate use of IS investments in line with the IS strategy plan and the alignment of the Bank's business objectives with IS objectives; reporting directly and regularly to the Board of Directors on these matters; reviewing the IS strategy plan at least once a year, revising the plan when necessary and submitting the revised plan to the approval of the Board of Directors; and overseeing the activities of the IS Steering Committee.

INFORMATION SYSTEMS STRATEGY COMMITTEE MEMBERS		
Chair	Gökhan Erün	Executive Director and Chief Executive Officer (CEO)
Vice Chair	Demir Karaaslan	Assistant General Manager - Financial Planning and Administration
Member	Gökhan Özdinç	Assistant General Manager - Technology, Data and Process Management
Member	Kaan Şakul	Assistant General Manager - Corporate Banking
Member	Cahit Erdoğan	Assistant General Manager - Commercial and SME Banking
Member	Serkan Ülgen	Assistant General Manager - Retail Banking
Member	Saruhan Yücel	Assistant General Manager - Treasury and Financial Institutions
Member	Özden Önaldı	Assistant General Manager - Human Resources Organization and Internal Services
Member	Mehmet Erkan Akbulut	Assistant General Manager - Credits
Member	Yakup Doğan	Assistant General Manager - Limitless Banking
Member	M. Erkan Özdemir	Assistant General Manager - Compliance, Internal Control and Risk Management
Member	Gökhan Yalçın	Yapı Kredi Technology Corporate Security Management Assistant General Manager
Member	E. Kürşad Keteci	CSO - Strategy & Analytics and Investor Relations
Member	Other relevant managers	

INFORMATION SECURITY COMMITTEE

On behalf of the Bank's Board of Directors; It carries out activities for creating, updating and implementing information security policies, Information security policy reviews procedures and processes at least once a year, and also reviews them after major security incidents, new vulnerabilities or significant changes in technical infrastructure, Ensures the establishment of an information security management system that is obliged to observe its implementation throughout the bank, Provides oversight of the compliance of the Information Security strategic plan and Information Security objectives with the business objectives of the bank on behalf of the Board of Directors, Gives opinion and approval to the bank's information security policy before it is submitted for the approval of the board of directors, Approves the asset classification guide prepared for the classification of information assets, Approves the information security awareness training program, Is responsible for ensuring effective controls on information systems to ensure the confidentiality, integrity and accessibility of information assets and for conducting effective surveillance to manage security risks arising from the use of information systems, When necessary, it enables working groups to be created in different areas of information security.

INFORMATION SECURITY COMMITTEE MEMBERS		
Chair	Gökhan Erün	Executive Director and Chief Executive Officer (CEO)
Vice Chair	Gökhan Özdinç	Assistant General Manager - Technology, Data and Process Management
Coordinator	Gökhan Yalçın	Yapı Kredi Technology Corporate Security Management Assistant General Manager
Member	Cahit Erdoğan	Assistant General Manager - Commercial and SME Banking
Member	Mehmet Erkan Özdemir	Assistant General Manager - Compliance, Internal Control and Risk Management
Member	Özden Önaldı	Assistant General Manager - Human Resources, Organization and Internal Services
Member	Hakan Kaya	General Counsel - Legal Department

As of October 9, 2023, Hakan Kaya was appointed as Chief Legal Officer due to resignation of Cemal Aybars Sanal, Assistant General Manager responsible for Legal Management, as of September 22, 2023.

BUSINESS CONTINUITY COMMITTEE

Roles of the Business Continuity Committee are, to plan what needs to be done in case of any Emergency and Crisis in order to take effective measures in case of disaster, crisis or interruption, By giving opinions to Business Continuity and IS Continuity plans, Considering all the factors related to the events that occur, declaring that there is a crisis situation, Deciding on the implementation of plans to protect reputation, brand value, value-creating activities and the interests of stakeholders, To propose actions to ensure the continuity of critical operations / ensure that they can be saved within the targeted timeframe and to return to the pre-crisis state, To fulfill the function of the IS Continuity Committee described in the regulations, Coordinating with other rescue, continuity and response teams, It is responsible for informing the Crisis Management Team.

BUSINESS CONTINUITY COMMITTEE MEMBERS		
Member	Gökhan Özdinç	Assistant General Manager - Technology, Data and Process Management
Member	Özden Önaldı	Assistant General Manager - Human Resources, Organization and Internal Services
Member	Yakup Doğan	Assistant General Manager - Limitless Banking
Member	Mehmet Erkan Özdemir	Assistant General Manager - Compliance Internal Control and Risk Management
Member	Hakan Kaya	General Counsel - Legal Department
Member	İrem Can	Credit Risk Strategies, Modeling and Reporting Executive Vice President
Member	Can Daloğlu	Credit Risk Strategies and Operational Risk Vice President
Member	Yasemin Hatem	Operational, Reputational Risk and BCM Management Manager
Member	Arda Öztaşkın	Corporate Communications Vice President
Member	Korkut Okay	Banking Operations Executive Vice President
Member	Hakkı Erdoğan	Yapı Kredi Technology Infrastructure, Network and Operations Assistant General Manager
Member	Gökhan Yalçın	Yapı Kredi Technology Corporate Security Management Assistant General Manager
Member	Murat Çevikbaş	General Services Director
Member	Nurten Bakan	Humam Resources Business Partnership Director

As of October 9, 2023, Hakan Kaya was appointed as Chief Legal Officer due to resignation of Cemal Aybars Sanal, Assistant General Manager responsible for Legal Management, as of September 22, 2023.

SUSTAINABILITY COMMITTEE

Yapı Kredi Sustainability Committee was established to create Yapı Kredi's sustainability strategy and policies in economic, social and environmental areas, integrate this strategy and these policies into Bank operations, and monitor its sustainability performance. Representing various management units, the Committee is chaired by the Independent Board Member. Meeting quarterly to monitor and guide developments in sustainability, the Sustainability Committee periodically reports to the Executive Committee and to the Board of Directors every year.

Sustainability Working Groups were formed with the participation of relevant departments of the Bank in order to implement the strategy determined by the Sustainability Committee and coordinate relevant efforts.

Operating under Corporate Communications Management, the Sustainability and Corporate Social Responsibility Unit is responsible for;

- Coordinating the Sustainability Working Groups,
- Monitoring goal progress and performance on sustainability,
- Performing sustainability data consolidation,
- Evaluating activities in line with sustainability goals,
- Conducting Yapı Kredi's internal and external communications with regards to sustainability.

SUSTAINABILITY COMMITTEE MEMBERS		
Chair	Ahmet Çimenoğlu	Member of the Board of Directors
Member	Cahit Erdoğan	Assistant General Manager - Commercial and SME Banking
Member	Demir Karaaslan	Assistant General Manager - Financial Planning and Administration
Member	Kaan Şakul	Assistant General Manager - Corporate Banking
Member	Mehmet Erkan Akbulut	Assistant General Manager - Credits
Member	Mehmet Erkan Özdemir	Assistant General Manager - Compliance Internal Control and Risk Management
Member	Özden Önaldı	Assistant General Manager - Human Resources, Organization and Internal Services
Member	Serkan Ülgen	Assistant General Manager - Retail Banking
Member	Korkut Okay	Executive Vice President - Banking Operations
Member	E. Kürşad Keteci	CSO - Strategy & Analytics and Investor Relations
Member	Arda Öztaşkın	Vice President - Corporate Communications

GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-12, GRI 2-19, GRI 3-3

CUSTOMER AND SERVICE EXECUTION COMMITTEE

Customer and Service Execution Committee is responsible for (i) deciding if a new development/improvement should be considered as a "change" or "new product", (ii) guiding Project teams in order to reduce compliance risk about subjects that might cause audit findings or reputational damages; (iii) monitoring and leading of preventive actions about possible defects or malfunctions, about quality assurance and compliance topics, in existing products/services. Committee can also decide if it is necessary to follow up ongoing developments in committee level or circulate updates to executive committee or other related committees.

CUSTOMER AND SERVICE EXECUTION COMMITTEE MEMBERS		
Member	Gökhan Özdinç	Assistant General Manager - Technology, Data and Process Management
Member	Mehmet Erkan Özdemir	Assistant General Manager - Compliance, Internal Control and Risk Management
Member	Yakup Doğan	Assistant General Manager - Limitless Banking
Member	Serkan Ülgen	Assistant General Manager - Retail Banking
Member	Cahit Erdoğan	Assistant General Manager - Commercial and SME Banking
Member	Kaan Şakul	Assistant General Manager - Corporate Banking
Member	Demir Karaaslan	Assistant General Manager - Financial Planning and Administration
Member	Korkut Okay	Executive Vice President – Banking Operations
Member	Hakan Kaya	Legal Counsel – Legal Department
Member	A representative Process and Program Management (attends the meetings as the Committee Secretary and also responsible for coordination of the committee)	
Member	Business unit/channel representative who has requested the development of product/service (to be invited in accordance with the agenda when necessary and not permanent)	
Member	Other relevant business unit representatives who will be possibly affected by the development (to be invited in accordance with the agenda when necessary and not permanent)	

As of October 9, 2023, Hakan Kaya was appointed as Chief Legal Officer due to resignation of Cemal Aybars Sanal, Assistant General Manager responsible for Legal Management, as of September 22, 2023.

In accordance with the agenda, related senior managers may attend the meeting, in addition to the permanent members listed above.

GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-12, GRI 2-19, GRI 3-3

ANALYTICS COMMITTEE

Analytics Committee is responsible for directing analytical works in line with Bank's strategic goals. In this framework, the Committee (i) evaluates the important changes needed in the analytical project roadmap quarterly and makes the necessary guidance, (ii) evaluates and approves the analytical projects and modeling studies planned to be addressed next year in the last quarter of the year, (iii) within the relevant quarter, it ensures that requested analytical projects are prioritized transparently and in line with market standards.

ANALYTICS COMMITTEE MEMBERS		
Chair	Gökhan Özdinç	Assistant General Manager - Technology, Data and Process Management
Member	Mehmet Erkan Özdemir	Assistant General Manager - Compliance, Internal Control and Risk Management
Member	Serkan Ülgen	Assistant General Manager - Retail Banking
Member	Yakup Doğan	Assistant General Manager - Limitless Banking
Member	Cahit Erdoğan	Assistant General Manager - Commercial and SME Banking
Coordinator	Emin Rodoslu	Analytics and Business Intelligence Vice President
Coordinator	Sertaç Özdemir	Strategic Implementation and Analytics Vice President
Member	Bora Üzüm	Analytics and Data Governance Vice President
Member	Can Daloğlu	Credit Risk Strategies and Operational Risk Vice President
Member	Mahir Güneş İnce	Credit Risk Planning Modelling and Reporting Vice President
Member	Elif Küçükaltun	Project and Agile Management Vice President
Member	Anıl Güngör Güler	Risk Validation Vice President

According to the Committee agenda, Assistant General Managers, Executive Vice Presidents and Vice Presidents of the relevant managements requesting projects may attend the meetings as guests. At the same time, managers of model responsible experts from analytical model development teams and model consultants can participate in the work of the Committee.

INFORMATION TECHNOLOGIES RISK AND QUALITY MANAGEMENT STEERING COMMITTEE

The IT Risk and Quality Management Steering Committee is responsible for evaluating the problems experienced in system continuity, backup and recovery, evaluating root cause analyses and preventive actions, and determining and monitoring improvement actions.

INFORMATION TECHNOLOGIES RISK AND QUALITY MANAGEMENT STEERING COMMITTEE MEMBERS		
Chair	Demir Karaaslan	Assistant General Manager - Financial Planning and Administration
Vice Chair	Gökhan Özdinç	Assistant General Manager - Technology, Data and Process Management
Member	Eylem Karaca	Yapı Kredi Technology Assistant General Manager
Member	Gökhan Yalçın	Yapı Kredi Technology Corporate Security Management Assistant General Manager
Member	Hakkı Erdoğan	Yapı Kredi Technology Assistant General Manager
Member	Özkan Demir	Yapı Kredi Technology Assistant General Manager
Member	Özcan Yahşi	Yapı Kredi Technology Assistant General Manager
Member	Erhan Çetin	Yapı Kredi Technology Assistant General Manager
Member	Fethi Kaval	Yapı Kredi Technology IT Governance Manager

GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-12, GRI 2-19, GRI 3-3

TECHNOLOGY AND ARCHITECTURE STEERING COMMITTEE

The Technology and Architecture Steering Committee is responsible for monitoring the Bank's five-year architectural transformation program. To this end, the Committee decides on the use of new technologies, architectural structures or products, draws up the transformation road map, and makes and monitors decisions to terminate the use of old structures and products.

TECHNOLOGY AND ARCHITECTURE STEERING COMMITTEE MEMBERS		
Chair	Gökhan Özdinç	Assistant General Manager - Technology, Data and Process Management
Member	Özkan Demir	Yapı Kredi Technology Assistant General Manager
Member	Özcan Yahşi	Yapı Kredi Technology Assistant General Manager
Member	Erhan Çetin	Yapı Kredi Technology Assistant General Manager
Member	Eylem Karaca	Yapı Kredi Technology Assistant General Manager
Member	Hakkı Erdoğan	Yapı Kredi Technology Assistant General Manager
Member	Gökhan Yalçın	Yapı Kredi Technology Corporate Security Management Assistant General Manager
Member	Gülter Bedel	Yapı Kredi Financial Technologies Assistant General Manager

ETHICS COMMITTEE

The aim of the Ethics Committee is to develop Yapı Kredi's ethical practices and culture, and to evaluate, decide on, and make recommendations on reports containing practices/issues in violation with the Code of Ethics and Business Conduct to be submitted to the Committee.

To this end, the Committee (i) encourages and monitors efforts to create a common ethical culture, (ii) evaluates and decides on the reports submitted to the Ethics Committee and the recommendations/sanctions included in the report, and submits the relevant information to the Human Resources Organization and Internal Services Management and/or its units to ensure that the necessary actions are taken, and follows up the results, (iii) in line with the findings on the issues evaluated in the Committee, makes the necessary guidance to update relevant documents such as policies, procedures, regulations, etc. and accordingly create structured actions in order to prevent the repetition of practices contrary to the Code of Ethics, (iv) refers the ethical issues deemed necessary to be evaluated to the Disciplinary Committee in accordance with the Disciplinary Regulation, and (v) prepares documents such as processes, procedures, etc. regarding the functioning of the Committee and updates the same as required.

ETHICS COMMITTEE PRINCIPAL MEMBERS		
Chair	Mehmet Erkan Özdemir	Assistant General Manager - Compliance, Internal Control and Risk Management
Member	Özden Önaldı	Assistant General Manager - Human Resources, Organization and Internal Services
Member	Hakan Kaya	Legal Counsel – Legal Department
ETHICS COMMITTEE ALTERNATE MEMBERS		
Member	Demir Karaaslan	Assistant General Manager - Financial Planning and Administration

Yapı Kredi Advocate for Sustainability with Purpose!

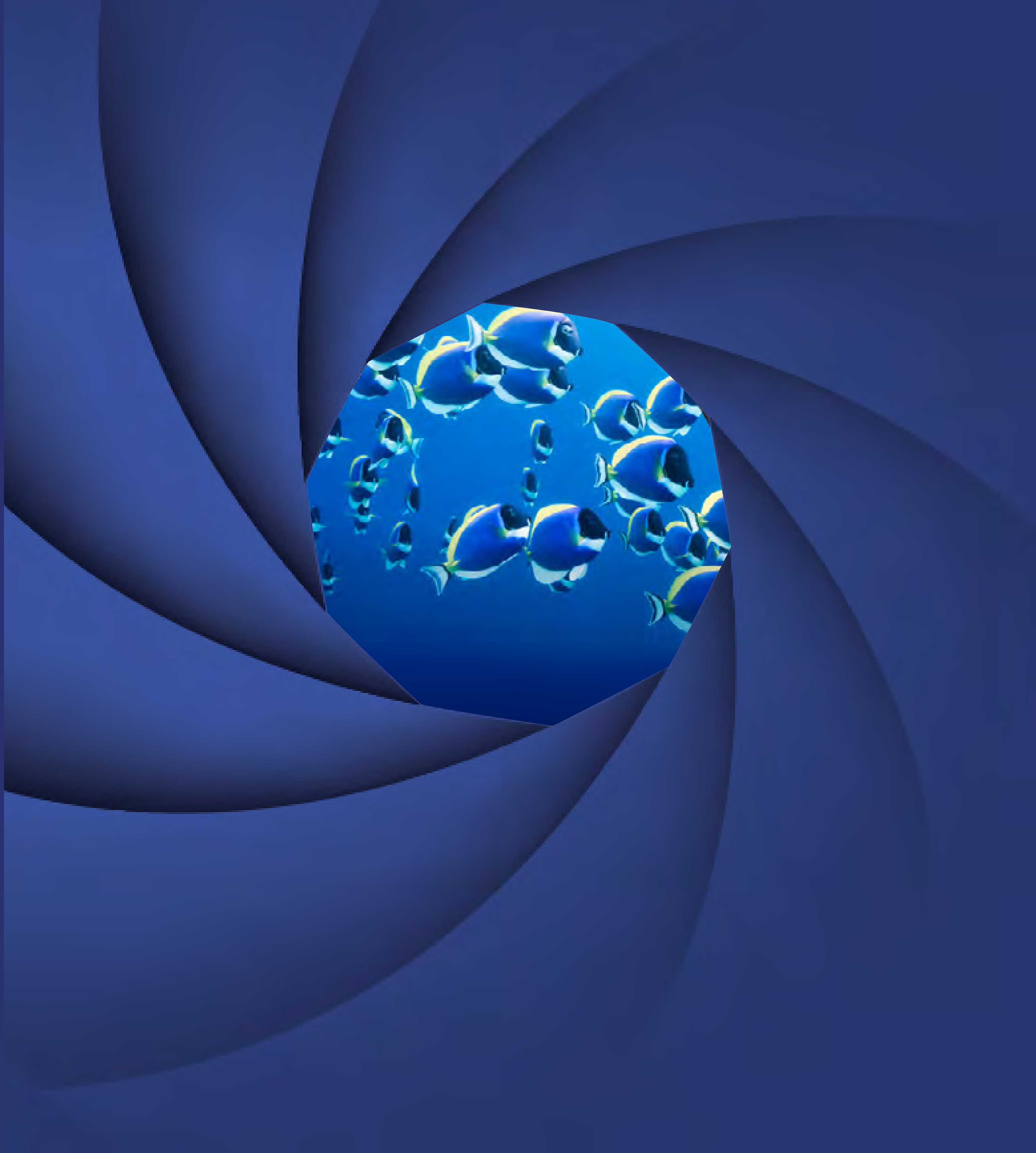
AWARE OF ITS RESPONSIBILITY TO SPREAD THE CULTURE AND AWARENESS OF SUSTAINABILITY FOR A BETTER FUTURE, YAPI KREDI INVITES ALL CUSTOMERS TO ACT TOGETHER TO FACILITATE THE TRANSITION TO A SUSTAINABLE LIFE BOTH INDIVIDUALLY AND SOCIALLY WITH ITS SUSTAINABLE PREFERENCE PROGRAM STEP.

Step Points

"One choice changes a lot": Points for your every step to make your consumption habits sustainable

Donation

Points used as donations for social responsibility projects.



YapıKredi step

SÜRDÜRÜLEBİLİR TERCİH PROGRAMI

Step | Sustainable Preference Program

GRI 2-12, GRI 2-13, GRI 2-14

Sustainability Management

The financial instruments and services offered by the banking sector have a direct and/or indirect impact on the lives of a large part of the society. Stakeholder groups, especially customers, investors, employees and non-governmental organizations demand from banks to create value in the fields of economic, social and environmental sustainability.

In its sustainability management, Yapı Kredi considers the expectations of all of its internal and external stakeholders. Yapı Kredi addresses its environmental, social and economic impacts on the entire value chain via an integrated management system. To this end, the Bank employs key performance indicators to regularly monitor the environmental, social and governance (ESG) factors, which enable the integrated monitoring of the Bank's sustainability performance. Yapı Kredi shares these indicators transparently in the integrated annual reports, receiving limited assurance statements for the indicators determined as material.

SUSTAINABILITY MANAGEMENT SYSTEM

Yapı Kredi established the "Sustainability Management System" project to carry out all its activities in line with the sustainability principles and to build its governance structure in accordance with these principles. Under this project, the Bank designed the sustainability strategy and policies, and determined the management style for sustainability issues targeted by Yapı Kredi. The Bank created the procedures required under this management system, while defining roles and responsibilities related to these procedures. Yapı Kredi developed distance and in-class trainings to raise the awareness of all employees in sustainability and to build capacity of the units planned to take part in the system.

Yapı Kredi addresses its environmental, social and economic impacts on the entire value chain via an integrated management system.

GRI 2-12, GRI 2-13, GRI 2-14

SUSTAINABILITY GOVERNANCE

BOARD OF DIRECTORS

EXECUTIVE COMMITTEE

SUSTAINABILITY COMMITTEE

Ahmet Çimenoğlu
Independent Board Member
Chair

Cahit Erdoğan
Assistant General Manager - Commercial and SME Banking
Member

Kaan Şakul
Assistant General Manager – Corporate Banking
Member

Serkan Ülgen
Assistant General Manager – Retail Banking
Member

Demir Karaaslan
Assistant General Manager - Financial Planning and Administration
Member

Mehmet Erkan Özdemir
Assistant General Manager – Compliance, Internal Control and Risk Management
Member

Mehmet Erkan Akbulut
Assistant General Manager – Loans
Member

Özden Önaldı
Assistant General Manager – Human Resources, Organization and Internal Services
Member

Korkut Okay
Executive Vice President – Banking Operations
Member

E. Kürşad Keteci
CSO – Strategy & Analytics and Investor Relations
Member

Arda Öztaşkın
Vice President Corporate Communications
Member

Sustainability Department

Sustainability Working Groups

SUSTAINABILITY COMMITTEE

The Sustainability Committee is responsible for integrating sustainability in business processes and monitoring sustainability performance. Founded in 2014, the Committee is chaired by a Board Member. The Committee annually reports its activities to the Executive Committee and the Board of Directors. In addition, under the leadership of Committee members, working groups operating in various fields of sustainability are responsible for the management of sustainability projects within the Bank.

Reporting to the Corporate Communications Management, the Sustainability Unit ensures coordination across the Bank for the implementation of Yapı Kredi's sustainability strategies and policies. The Sustainability Unit is responsible for monitoring the Bank's sustainability goals and performances, coordinating the working groups under the Sustainability Committee, making suggestions to the Committee and working groups on sustainability trends and agenda, ensuring data consolidation in sustainability at the Bank, and managing sustainability communication. The Unit directly reports the progress and performance in sustainability as well as the current developments to the Sustainability Committee.

STRATEGIC PRIORITIES IN SUSTAINABILITY

In line with the sustainability strategy defined by the Yapı Kredi Sustainability Committee, Yapı Kredi addresses sustainability under four main pillars. The Bank determines its strategic priorities by taking into account the expectations of internal and external stakeholders, national and international initiatives and trends, and environmental, social and corporate governance (ESG) indexes and ratings.

- CLIMATE CRISIS AND ENVIRONMENT
- SUSTAINABLE FINANCE
- RISK MANAGEMENT AND CORPORATE GOVERNANCE
- HUMAN AND SOCIETY

SUSTAINABILITY INDICES AND RATINGS

Yapı Kredi works to be listed in national and international ESG indexes and ratings, to consolidate its position and to continuously improve its performance.

Yapı Kredi has been listed in Borsa Istanbul (BIST) Sustainability Index since its launch in 2014, and in BIST Corporate Governance Index since 2008. In addition, the Bank has been selected for the FSTSE4Good Emerging Markets Index of the London Stock Exchange in 2017, and since then, has continued to carry its activities in the field of responsible banking to international platforms.

Yapı Kredi received a rating above the global, sectoral and Turkey averages with its reporting within the scope of the Bloomberg Gender Equality Index, and was entitled to be included in the 2023 Bloomberg Gender Equality Index.

Yapı Kredi reports to the Carbon Disclosure Project (CDP) Climate Change Program, the largest environmental reporting platform in the world, since 2016, and to the Water Security Program since 2018. In 2023, the Bank received a score of A both in CDP Climate Change Program and in CDP Water Security Program. Thus, the Bank became the first financial institution from Turkey to enter the Global A List by receiving the highest A grade in both programs.

The Bank maintained its AA (Leader) rating in MSCI ESG rating in 2023.

Yapı Kredi has been listed among the top performing companies in the international banking sector for the three times in the S&P Sustainability Yearbook, with its reporting within the scope of S&P Global's Corporate Sustainability Assessment since 2021.

In the 2023 ESG Risk Rating report of Sustainalytics, the international sustainability rating company, the Bank was evaluated as having a "Strong" ESG risk management. With this performance, the Bank was entitled to be included in Sustainalytics' Top-Rated Companies 2024 List.

Yapı Kredi was listed above the global industry average in each of the environmental, social and governance headings in Moody's ESG rating with its reporting.

Yapı Kredi works to be listed in national and international ESG indexes and ratings, to consolidate its position and to continuously improve its performance.

Business Model and Strategy

Capital	INPUTS	OUTPUTS	VALUE CREATED
Financial Capital	• TL 178.9 billion equity • TL 1,308 billion cash and non-cash loans • 64% sustainability-linked external borrowing	• TL 1.9 trillion asset size • TL 68 billion net profit • 45% return on tangible equity • 16.9% capital adequacy ratio	• Strong financial performance • Ethical, transparent and responsible banking • Sustainable investment with responsible products and services
Generated Capital	• Digital and technological infrastructure and operations • 780 braches and 5,185 ATMs with 85% being disabled-friendly • Loan and deposit products for the needs and characteristics of each customer group	• 18.7 million debit card • 17.5 milllion credit cards • 15.9% POS acquirer market share	• Safe and quality service offered to national and international investors • Limitless and innovative banking network • Increased financial access with products and services reaching all segments of society • Contribution to the empowerment of disadvantaged groups with the financial inclusion approach
Intellectual Capital	• 79 years of well-established sectoral knowledge and limitless banking approach • Strong R&D works and strategic partnerships • Talented staff	• 16% increase in the number of active digital customers and 17% increase in the number of active mobile customers • 5 billion customer interactions on digital channels • 43% customer acquisition from digital platforms	• Yapı Kredi culture preserved for 79 years • Pioneering the banking of the future in Turkey with solid banking foundations • Talented Yapı Kredi employees equipped with the competencies of the future
Human Capital	• 16,162 employees • 33 hours average annual training per employee • TL 168.2 million spent on training and talent development	• 66% employee engagement • 59% union rate • 61.4% female employees, 61.6% female managers • 2,940 annual number of internal promotions	• Reputable and reliable employment • Equal opportunities in human resources management • A decent work environment prioritizing the psychological and physical health of employees • Opportunity for professional and personal development for employees
Social and Relationship Capital	• Strong relations and two-way dialogue with stakeholders • 2,040 Yapı Kredi Volunteers • TL ~1 billion contribution to the society	• 85% customer satisfaction • 108 million annual customer contacts via customer communication center • 100% response rate of complaints received by the customer communication center	• Contribution to culture and arts for 79 years • Support for education and culture with long-term social investments • A banking approach focusing on the social and environmental needs of future generations • Support for sustainable development through multifaceted corporate social responsibility projects
Natural Capital	• Environmentally-friendly banking approach • Effective use of natural resources • 100% of electricity need supplied from renewable energy sources • Integration of climate risks into credit risks	• 1,880 GJ annual energy savings • 273 million paper savings with total project digitalization efforts • 1.7 million tons of CO_2e avoided with renewable energy financing	• Supporting Turkey's transition to a low-carbon economy with climate-focused financing products • Contribution to reducing carbon emissions with renewable energy financing • Contribution to the protection of natural resources with energy, water and waste saving studies

Business Model and Strategy

APPROACH

Customer-Centric Banking Approach that Creates Value for All Stakeholders

Yapı Kredi is active in individual banking (including card payment systems, business banking, private banking and wealth management) as well as corporate, commercial and SME banking.

Responsible Growth

Yapı Kredi adopts a corporate governance approach based on transparency, responsibility and accountability in its banking activities. The Bank continues to operate with the vision of responsible growth that creates value for all segments by considering its impact on all its stakeholders.

The Bank manages the environmental and social impacts arising from the loans it finances and its operational activities, and continues to develop new initiatives in line with its sustainability policies. Yapı Kredi contributes to the sustainability of the economy by growing with effective risk management.

Yapı Kredi closely monitored the trends affecting the sector and developments in legal regulations and determined six strategic priorities to take the Bank with more confident steps into the dynamic and rapidly changing world of the future.

People-Focused and Innovative Banking

Yapı Kredi designs its initiatives with a people-focused approach by considering its customers, employees and all stakeholders.

The Bank adopts and implements a customer-focused banking approach that is developed and improved based on their feedback. To this end, Yapı Kredi increases its investments to collect more customer feedback and to develop systems and processes to analyze this information and convert it into improvement actions. On the other hand, the Bank develops innovative services by closely following trends and the developments in legal regulations.

Yapı Kredi launched projects to join various ecosystems to meet all the needs of customers and make their lives easier in all areas. In this context, the Bank aims to increase the experience offered through third party partnerships. Yapı Kredi has established a separate fintech company by obtaining a digital bank license to provide easier access to financial products and services for customers from all walks of life. Thus, the Bank aims to provide services to the masses who cannot reach banking services to establish long-term relationships with more customers and to continuously improve their experience and satisfaction.

Yapı Kredi attaches great importance to the satisfaction and loyalty of its employees, its most important asset for realizing all of its strategic goals. The Bank continuously invests in its talents to carry the Bank forward with the strength of its competent employees and experienced management.

Agility and Competitiveness

Yapı Kredi defines one of its strategic priorities as effectively responding to the rapid change in market conditions and consolidating its leading position in the competition. To this end, the Bank digitalizes the processes and products offered to all customer groups to meet the changing customer needs and behaviors in the best manner possible. The primary focus areas are digital customer acquisition, digitalization actions for corporate customers, and enabling existing customers to use digital channels more effectively.

Moreover, the Bank makes significant investments in its technical infrastructure to adopt a more flexible (cloud-based) structure. This structure is expected to shorten product development times and to provide a more efficient working environment.

Productivity and Target-Oriented Activities

Increasing competition environment and shrinking profit margins force banks to increase their efficiency and to employ a more efficient workforce. In order to minimize these pressures, Yapı Kredi focuses on increasing efficiency in all areas. The studies carried out in this context focus on three main areas:

- Introducing remote working models and shifting existing resources to more value-added works through the changes to be made in the sales and service model,
- Developing decision mechanisms with a leaner and more controlled organizational structure, and
- Taking actions to increase job creation productivity and collection efficiency.

In order to achieve the high targets set in all areas of operation, Yapı Kredi supports all channels with analytical systems, improves channels with a mentoring approach, and monitors them with a simple and plain financial tracking system

Sustainability

In line with its vision of adding value to society, Yapı Kredi adopts as one of its strategic priorities maintaining its solid position among the banks that shape the sector in environmental, social and corporate governance areas. To this end, the Yapı Kredi Sustainability Committee, responsible for the integration of sustainability into business processes and monitoring its performance, and the working groups under this Committee, carry out studies in the following areas:

- Climate Crisis and Environment,
- Risk Management and Corporate Governance,
- Sustainable Finance, and
- Human and Society.

Yapı Kredi monitors national and international initiatives and best practices supporting its sustainability strategy that comprises four main components and achieves alignment therewith. Under the Sustainability Management System, launched to regularly monitor and improve its sustainability performance, the Bank handles all its activities holistically and monitors them within the framework of relevant policies and procedures.

Yapı Kredi embraces the United Nations Sustainability Development Goals (SDGs) and the Paris Climate Agreement as guidelines for its sustainability strategy. Yapı Kredi's sustainability strategy is also guided by national development plans and Intended Nationally Determined Contribution Statement within the scope of Turkey's sustainability priorities.

Aware of the importance of multistakeholder communication and cooperation, Yapı Kredi actively engages in sectoral initiatives and non-governmental organizations. The Bank aims to join and contribute to international standards and initiatives on sustainability.

In order to embrace a responsible and sustainable banking approach across the organization, Yapı Kredi organizes a training program for its employees covering all environmental, social and governance factors, including sustainability, environmental management system, environmental and social risk assessment, code of ethics and business conduct, anti-bribery and anti-corruption, and protection of personal data.

Trends, Their Impact on the Sector and Yapı Kredi's Response

ECONOMIC DEVELOPMENTS AND FUTURE EXPECTATIONS

A year marked by inflation, monetary policy decisions and geopolitical developments…

SUPPRESSED GROWTH IN THE GLOBAL ECONOMY, HIGH INFLATION, TIGHTENING FINANCIAL CONDITIONS

In 2023, economic growth was suppressed by the tight monetary policies implemented all over the world due to the ongoing global inflation, increasing borrowing costs, weakening global demand and increasing geopolitical risks as well as the resulting increase in energy and food prices. However, the improvement in supply chains contributed to the recovery of the global economy. Based on these developments, the IMF predicts that the global economy will grow by 3.2% in 2023. The growth expectation for 2024 stands at 2.9%.

In 2023, the tightening in global financial conditions caused funds to flow predominantly to developed countries, and while limited inflows were observed in stocks in developing country markets, outflows were witnessed in bonds. In 2024, geopolitical risks, inflation and monetary policies will continue to be one of the important topics on the global agenda. In the coming period, depending on the course of tightening financial conditions, global demand is expected to be suppressed and cause a slowdown in the growth outlook.

HIGH INFLATION AND STRONG GROWTH IN TURKISH ECONOMY

The Turkish economy continued to grow strongly in the first half of 2023 despite the adverse impact of weak foreign demand and the February 6 earthquake. In the second half of the year, domestic demand was balanced thanks to the monetary tightening policies, and the restrictive effect of foreign demand on growth continued at a lower level.

In 2023, the high inflation rate was mainly affected by high demand, wage and exchange rate-based cost pressures, tax regulations and geopolitical risks. Although there was a recovery in the current account deficit thanks to the increase in service revenues and falling energy imports, it remained at a high level. On the other hand, the strong outlook in the labor market continued. Earthquake-related expenditures created a burden on the budget balance, and measures to increase budget revenues, especially tax regulations, limited this effect.

In 2024, it is expected that uncertainties regarding global inflation and growth as well as the monetary stance of the Central Banks and geopolitical developments will affect the economic growth and inflation outlook. On the other hand, there is an expectation of relative improvement in inflation levels in the second half of 2024, with the contribution of the base effect.

UPWARD TREND IN POLICY RATE

The Central Bank of the Republic of Turkey (CBRT) continued the policy rate reduction started in August 2022, until February 2023, reducing the rate to 8.5%. The CBRT kept the policy rate at 8.5% until May 2023. As of June, the Central Bank started monetary tightening to anchor inflation expectations and control the deterioration in pricing behavior. The policy rate was raised to 45% with a total increase of 36.5% between June 2023 and January 2024. At the meeting in February 2024, the CRBT kept the policy rate at 45%. In the coming period, the stance on monetary policy will continue to be a determinant on financial market conditions, inflation and growth.

In 2023, the regulatory institutions continued to implement the measures and regulatory steps launched in 2022 under the 'liralization' strategy, based on structuring the financial system on TL instruments. The CBRT also implemented quantitative tightening and selective credit policies to complement the increase in interest rates. Moreover, with the implementation of the simplification of the micro- and macroprudential framework, the CBRT changed or revised some of the targets. Following the introduction of the currency protected deposit (KKM) regulation, securities establishment and required reserve practices were terminated in line with the simplification decisions of the CBRT. In addition, the CBRT ended the minimum interest rate application for the KKM accounts, aiming to support TL deposits, and announced its plans to continue quantitative tightening in order to support the monetary tightening. It is clear that developments regarding this process will be followed up in 2024.

These measures taken under the liralization strategy increased the share of TL in the balance sheets of the banking sector. As of December 15, 2023, the sector's TL loans increased by 49% while the growth was mainly boosted by TL corporate loans and credit cards. TL loans increased by 52% in public banks and 46% in private banks. However, foreign currency loans continued to decrease, shrinking by 4% in USD. In the same period, with the effect of the currency protected deposit and arrangements launched under the liralization strategy, the TL deposit base increased by 82%, and the foreign currency deposits contracted by 9%. Furthermore, the non-performing loans ratio of the sector improved by 56 basis points compared to the end of 2022, decreasing to 1.5% thanks to the strong economic activity, support from collections and the growth in the loan volume. In the coming period, risks in terms of asset quality are expected to be limited.

Turkey declared its aim to reduce its greenhouse gas emissions by 41% by 2030 compared to the reference scenario, and to reach emission peak in 2038 at the latest.

The banking sector's strong balance sheet position and high levels of liquidity and capital adequacy ratios were maintained. In 2023, the liquidity adequacy ratio and the capital adequacy ratio of the sector were realized as 156% and 18% (including regulatory forbearances), respectively. The net profit of the sector increased by 41% in 2023, reaching TL 567 billion, while the return on equity was 34%. Moreover, private banks increased their profits by 34% and public banks by 57% on a year basis.

HOW WE MANAGE

Since its foundation, Yapı Kredi has been more than a financial institution, always aiming to create value for society. In 2023, the Bank continued to support the Turkish economy, providing funds amounting to TL 1.3 trillion to the economy.

Yapı Kredi maintained its successful and strong performance in key indicators thanks to its solid balance sheet, strong capital structure, high liquidity levels, and prudent management approach capable of foreseeing developments. In 2023, The Bank increased its total cash loans by 52% to TL 920 billion, and its total assets by 57% to TL 1.9 trillion. Yapı Kredi enjoyed an increase of 55% in total customer deposit volume, reaching TL 1.1 trillion while the return on equity realized as 45%.

Driven by the ongoing internal capital generation, the Bank managed to maintain its capital adequacy ratios well above the legal level (without taking into account the temporary regulatory forbearances of the BRSA). The internal capital generation also enabled the Bank to attain a consolidated capital adequacy ratio of 16.9% (excluding the positive effects of regulatory forbearances). The Bank completed the year with a total liquidity coverage ratio of 160% and a and foreign currency liquidity coverage ratio of 505%.

In 2023, the Bank continued to strengthen its provisions through its prudent approach to asset quality. The Bank's total coverage level was 4.4%, the highest among its competitors. There was a limited inflow of non-performing loans in 2022, and thanks to a strong collection strategy, the annual ratio of non-performing loans decreased to 3%.

Moreover, the Bank's prudent provision strategy brought the cost of credit risk to 14 basis points, excluding the exchange rate effect.

The Bank achieved a net profit of TL 68 billion in 2023 with a 45% return on tangible equity. In addition, despite the challenging operating environment, Yapı Kredi enjoyed a cumulative net interest margin of 9.1% thanks to an effective margin management.

In the future, Yapı Kredi will maintain its prudent balance sheet management and strategies without compromising its priorities. With its lean and agile organizational structure, the Bank will continue to adapt rapidly to developments in the market, take new measures when necessary, and retain its strong key indicators.

In 2024, geopolitical risks, inflation and monetary policies will continue to be one of the important topics on the global agenda.

REGULATIONS

Being a critical component of the financial system, the banking sector is strictly regulated, which keeps its activities under control. The activities of the banks that deliver a variety of services within the financial system are regulated, controlled and supervised by several public authorities: the Banking Regulation and Supervision Agency (BRSA), the Central Bank of the Republic of Turkey (CBRT), the Capital Markets Board of Turkey (CMB), and the Republic of Turkey Ministry of Trade.

In recent years, public authorities carried out important projects particularly in relation to digitalization, open banking and fintechs while enforcing amendments to existing regulations as well as new regulations. It is expected that the works related to these topics continue and increase, as mentioned in the 2022-2025 strategic plan published by the Presidency of the Republic of Turkey.

Due to events with significant social and financial impacts such as the COVID-19 pandemic since the beginning of 2020s, extraordinary economic conditions including exchange rate fluctuations and inflationary environment, earthquake disaster and elections, there were various regulatory changes and new regulations.

At the end of 2021, as a result of the fluctuations in the value of the Turkish lira against the US Dollar and other foreign currencies, the "Turkish Liralization Strategy" was adopted in the economy.

Thus, it is aimed to gradually increase the weight of Turkish lira-denominated items in the assets and liabilities of households, companies and banking sectors to enable the financial system as a whole to have a Turkish lira-weighted structure. Although simplified after the 2023 Presidential election, the regulations towards this goal continue to be applied within a certain framework.

As a reminder, the first results of this target were the support provided for the conversion of foreign currency deposits/participation funds of domestic residents into Turkish lira in accordance with “Communiqué No. 2021/14 on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts” and the support provided to prevent the conversion of Turkish lira deposits/participation funds of domestic residents into foreign currency in accordance with the “Presidential Decree No. 5206 on Supporting Deposit and Participation Accounts against Exchange Rate Increases”. Under the above-mentioned regulations, domestic residents were able to open “Foreign Currency Protected Time Deposit Accounts” at banks and had the opportunity to gain “currency difference” based on the difference between the exchange rate on the date the account was opened and the exchange rate at the end of the maturity date as well as based on the interest yield difference. Similarly, following the publication of these regulations, “Communiqué No. 2022/7 on Deposit and Participation System Accounts of Citizens Residing Abroad (YUVAM)” was published. With this communiqué, persons residing abroad were given the opportunity to open “Foreign Currency Protected Time Deposit Accounts” with the foreign currency they would bring into Turkey, and to earn “currency difference” based on the difference between the exchange rate on the date the account was opened and the exchange rate at the end of the maturity date as well as based on the interest yield difference. In line with the economic administration's goal of gradually eliminating the opening of "Foreign Currency Protected Time Deposit Accounts", by the end of 2023, the practice of opening "Foreign Currency Protected Time Deposit Accounts" with Turkish lira deposits/participation funds by domestic residents was terminated in line with the “Presidential Decree No. 5206”.

In recent years, public authorities carried out important projects particularly in relation to digitalization, open banking and fintechs while enforcing amendments to existing regulations as well as new regulations.

With the aim of increasing the success in the conversion of foreign currency deposits/participation funds into Turkish lira and encouraging banks on the subject to ensure that their Turkish lira positions are permanent, targets periodically updated in 2022 and 2023 were defined for banks under the name of conversion rate from foreign currency deposit accounts and foreign currency denominated participation fund accounts to time deposits and participation accounts in Turkish lira. With the securities establishment regulations, additional securities establishment was required in the event that the banks remain below the targets determined for the purpose of increasing Turkish lira share in banks' deposit/participation fund liabilities. Similarly, in addition to various regulations introduced regarding required reserve practices, the practice of calculating commissions based on required reserves set aside by banks for foreign currency liabilities was launched, requiring banks to pay commissions that varied depending on the rate of realization of the targets. In 2023, although the mentioned practices were simplified, especially after the elections, banks have targets that are still in force and need to be achieved, such as conversion to Turkish lira and increasing the share of Turkish lira in their liabilities.

Moreover, the practice, launched in April 2022 by the CBRT, of setting aside reserves for Turkish lira cash loans extended by banks, except for SME-like loans, with the aim of further strengthening the macro prudential policy set by the CBRT in line with the main objective of price stability to support financial stability and encourage Turkish liralization was ended in August 2022, and was replaced by the practice of 30% securities facility. To this end, with the exception of SME and similar loans, TL cash loans were required to be subject to 30% base security facility. In addition, it is required to apply additional security facility for the loans extended according to the loan growth rate and with an interest rate exceeding the threshold determined by the CBRT. In addition, the CBRT enforced the requirement that SME-like loans, exempt from the establishment of securities, should be used against expenditure. Following the Presidential election in 2023, the regulation was simplified, and securities establishment was required only if the loan growth rate and the interest threshold determined for loan types such as export/investment loans are exceeded.

In parallel with the above-mentioned measures, the decisions taken by the BRSA in 2022 with the aim of ensuring financial stability, shifting resources to meet the financing needs of the segments in need of financing, and ensuring the effective functioning of the credit system, such as Decision No. 10248 on applying a high risk weight to the loans to be extended to domestic residents who make derivative transactions with establishments abroad, and Decision No. 10250/ 10250/10265 providing that if the foreign currency cash assets of the independently audited customers whose foreign currency cash assets are TL 10 million or more exceed 5 percent of the total assets or net sales revenue of the last year, depending on which is the larger, according to the most recent financial statements, such customers cannot use new loans and that a high risk weight is applied to the loans extended, are still in effect as of the end of 2023.

On the other hand, in order to control the inflation rate, which started to increase rapidly in the last months of 2021 and continued its upward trend in 2023, to ensure financial stability

Considering the general economic outlook, it is expected in 2024 that the regulatory authorities will continue to simplify the regulations, which started in the last months of 2023.

and to reduce the current account deficit, tightening measures were taken for consumption expenditures. Accordingly, tightening amendments were made in the loan extension rates compared to the maturities of auto loans, mortgages and general purpose loans and the value of the asset to be purchased. In addition, regulations entered into force to increase the risk weights in capital adequacy calculations of loans of this nature.

In 2021, the authorities enforced remote identification regulations for real person customers, enabling remote customer acquisition without the need for face-to-face meetings with customers, completing and accelerating the steps taken towards the digitalization of banking services, which can be considered groundbreaking in terms of providing banking services. In 2023, a regulation enabling legal customers to be remotely acquired as customers came into force and thus, it became possible to remotely acquire legal customers as customers.

Considering the general economic outlook, it is expected in 2024 that the regulatory authorities will continue to simplify the regulations, which started in the last months of 2023.

In addition, Yapı Kredi will closely monitor legal regulations regarding digital assets, including crypto assets, expected to come into force as a result of the Digital Turkish Lira works of the Central Bank of the Republic of Turkey.

HOW WE MANAGE

At Yapı Kredi, expert teams closely monitor the above-mentioned legislative changes that directly affect the banking products and services offered as well as business processes. These changes are evaluated and interpreted by legislation, law and other units, their effects are analyzed and communication is established with associations of organizations and legal authorities when necessary. As a result of the relevant planning processes, full compliance with the legislation is ensured.

Moreover, Yapı Kredi identifies the possibilities that may be brought by the changes in the regulations, and studies are carried out on these opportunities in new product and service development processes within the framework of fragmented business and transactions.

The banking sector has a very vibrant and volatile regulatory atmosphere. Although adaptation to this atmosphere is possible with an agile business model, it requires the existence of elements that complement each other. At Yapı Kredi, expert legal teams closely monitor the legal regulations, the relevant amendments and new regulatory plans as well as the amendments implemented and the new regulations entering into force.

Impact analysis is carried out as a result of close cooperations with the relevant business units, and the necessary decisions for the compliance of the processes and business models with the regulations are taken jointly and rapidly together with the relevant units. Compliance with legal regulations requires not only the harmonization of processes and business models, but also the regular activities of audit and control units. To this end, the Internal Audit and Internal Control units regularly and continuously carry out audits and controls for the compliance of banking activities with legal regulations.

ENVIRONMENTAL AND SOCIAL DEVELOPMENTS

In 2023, the world faced many socioeconomic and environmental risks, which were relatively new, and at the same time, familiar. It was a year of risks such as inflation, high living costs, crises, trade wars, social unrest, geopolitical conflicts and nuclear war. Together with risks such as the decline in human development after decades of progress and an increasingly narrow window to reach the 1.5°C target to combat the climate crisis, these risks are considered as trends that will shape the coming period.

CLIMATE CRISIS

Causing disasters affecting our planet and all living species, climate change was the most important topic of the global agenda in 2023. According to the World Economic Forum's 2023 Global Risks Report, the biggest global risk in the next decade is the inadequacy in the fight against climate change. 2023 was a year where many people around the world became homeless and agricultural areas, forests and biodiversity were damaged due to increasing floods and forest fires. Moreover, as a result of unprecedented extreme temperatures in many parts of the world in the summer of 2023, the danger of drought has arisen in many regions and countries. Turkey, one of these countries, faced the threat of drought throughout the year, due to the lowest rainfall in the last 22 years in January 2023.Therefore, climate change has gone beyond being an abstract concept with its adverse effects on the homes and businesses of millions of people.

The 1.5°C warming target was at the center of the final agreement reached at the 28th Conference of the Parties (COP28) held by the United Nations in Dubai, United Arab Emirates (UAE) this year, proving the urgency of the measures to be taken once again. Scientists once again reiterated that greenhouse gas emissions must be reduced by 43% by 2030 for the world to reach the 1.5°C target. In an unprecedented declaration, COP28 called for “transitioning away from fossil fuels in energy systems, in a just, orderly and equitable manner, accelerating action in this critical decade, so as to achieve net zero by 2050 in keeping with the science". Turkey was one of the countries that participated with over 1,000 delegates in the COP28 Summit, which attracted a record level of participation. During the Summit, 44 side sessions were held in the Turkey Pavilion, where the climate policies planned to be followed were explained and the net zero target by 2053 was reiterated. Moreover, Turkey signed nine initiatives that were implemented during the conference.

In 2023, Turkey also submitted its Nationally Determined Contribution Statement, including greenhouse gas emission reduction targets and road maps, to the United Nations Secretariat in April, within the scope of combating climate change. Thus, Turkey declared its aim to reduce its greenhouse gas emissions by 41% by 2030 compared to the reference scenario, and to reach emission peak in 2038 at the latest. The National Climate Change Adaptation Strategy and Action Plan and Climate Change Mitigation Strategy and Action Plan (2023-2030), aiming to achieve the reduction target determined by the Nationally Determined Contribution Statement, was adopted at the second meeting of the Climate Change and Adaptation Coordination Board on December 27, 2023. In this regard, 2023 was a year where awareness on the climate crisis was raised to the next level both in the world and in our country.

The issue of biodiversity, directly linked to the climate and one of the most important global risks for living things, rapidly moved to the top of the global agenda in 2023. According to the 2023 Global Risk Perception survey conducted by the World Economic Forum, biodiversity loss ranked fourth among the most important risk factors listed for the next decade. It was underlined that almost a quarter of the world's species are threatened with extinction and that we are on the verge of the sixth mass extinction. The annual investment amount required to finance biodiversity investments worldwide is estimated to be around USD 700 billion. To this end, another important development in 2023 was the publication of the Science Based Targets for Nature

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(SBTN) guide, which, in addition to land targets for the protection and restoration of terrestrial ecosystems, enables companies to assess and prioritize their environmental impact on freshwater quality and quantity. At COP28, participating countries signed a joint declaration due to the serious threat of the effects of climate change to biodiversity. The declaration includes decisions to act together for the local climate, biodiversity and land restoration of each region and to use climate finance in an equal, fair and accessible manner.

As part of the national and international initiatives to reduce greenhouse gas emissions in all sectors in order to combat the negative effects of climate change, the green transformation in the energy sector, which has the largest share in greenhouse gas emissions, continued to be an important topic in 2023. At COP28, world leaders underlined that a fair energy transition that responds to increasing energy needs is critical to achieve the 1.5°C target. To this end, a consensus package called the Global Decarbonization Accelerator Initiative was announced at the Summit.118 countries participated in the initiative and pledged to triple renewable energy capacity and double the pace of energy efficiency progress by 2030. Therefore, in recent years, there are serious global efforts to ensure transition to clean and sustainable energy sources in the energy sector, one of the main sources of greenhouse gas emissions, as part of the combat against climate change. Although Turkey does not participate in this initiative, the share of Turkey's renewable energy resources in the total installed power, which serves as a lever in low-carbon energy transformation, increased to 55.2% as of October 2023.In order to create a more flexible structure for the energy system, it is planned to increase the share of renewable energy, which is among Turkey's priority issues, to 69% in 2053. The earthquake and flood disasters in Turkey in the first half of 2023, which deeply saddened the entire country, once again demonstrated the vital importance of energy supply.

The 12th Development Plan published in November 2023 states that energy efficiency will play a major role in achieving the 2053 Net Zero Emission Target while emphasizing energy efficiency under the efforts to ensure green transformation and energy supply security. On the other hand, the use of oil and natural gas products is expected to decrease gradually over the years according to the Turkish National Energy Plan. The Development Plan also underlines that sectoral roadmaps will be prepared and awareness-raising activities will be carried out on issues such as energy efficiency and digitalization for companies within the scope of the EU Green Deal. Green hydrogen, which has been an important topic in the world in recent years, has been considered a part of the renewable energy equation in reaching Turkey's net zero emission target and the "Hydrogen Technologies Strategy and Roadmap" has been announced.

In 2023, sustainable finance, considered an important tool to address global problems such as climate change, green growth and the fight against inequality, continued to be at the top of the agenda. There has been significant progress on climate finance, which was also a critical issue at COP28. At the Summit, where the Climate and Damage Fund was introduced, a new fund of USD 3.5 billion was promised for the Green Climate Fund and the World Bank announced a total annual increase of USD 9 billion for 2024 and 2025 for the financing of climate-related projects. In this regard, in 2023, banks, which play a critical role in the green transformation process, continued to contribute to sustainable development by financing the green investments of the real sector with billions of dollars of resources provided by foreign financial institutions and funds. According to the report published on a quarterly basis by the Climate Bonds Initiative (CBI), as of the end of the third quarter of 2023, the cumulative volume of green, social, sustainability and sustainability-related debt reached USD 4.2 trillion. Although this shows a 10% decrease compared to the last year, green bond volumes exceeded the USD 2.5 trillion threshold in the third quarter, reaching USD 2.6 trillion. In addition, regarding Turkish banks, all of the syndicated loans used in 2023 were sustainability-related loans. These developments in capital markets have been also observed in the diversification of capital market instruments in line with international sustainability criteria. In this context, under the 2023 external financing program, the first green bond of USD 2.5 billion was issued by the Treasury in April, with the demand tripling the issuance amount. Turkey continued the integration with global capital markets with the said issuance and the ongoing efforts to comply with international sustainability standards. In parallel with the issues of biodiversity and ecosystem protection, the issue of blue financing has become one of the prominent items in the field of sustainable financing. In this regard, following IFC's "Blue Financing Guide", ICMA published the "Bonds to Finance the Sustainable Blue Economy" document.

Regarding Turkish banks, all of the syndicated loans used in 2023 were sustainability-related loans.

REGULATIONS

As efforts to combat climate change intensified, regulators in the international and national arenas sped up the work on regulations. Setting the goal of becoming the first carbon neutral continent in 2050, the EU started to gradually introduce acts such as the Carbon Border Adjustment Mechanism (CBAM) and the Emissions

Trading System. To this end, the CBAM Regulation was published on May 16, 2023 in the Official Journal of the EU, introduced as a part of the European Green Deal to provide for a carbon tax, like in the EU ETS (Emissions Trading System), for products imported from non-EU countries to the EU. Either pilot implementation of the CBAM started in October 2023 as a transition period for reporting only in the first stage, the EU plans to start actual pricing in 2026.In this regard, as of October 1, 2023, the CBAM covers cement, electricity, fertilizer, iron and steel, aluminum and hydrogen sectors, which are subject to the obligation to declare carbon footprint.

The EU plans to include all goods within the scope of EU ETS by 2030.Realizing more than 40% of its exports to the EU, Turkey is one of the countries that will be most affected by the CBAM. In order to guide businesses in calculating their carbon footprints and to facilitate their work in this regard, TOBB (Union of Chambers and Commodity Exchanges of Turkey), which has 2 million members, established the "TOBB Carbon Platform" and launched the platform in August 2023. Moreover, the Medium Term Program (MTP) for 2023-2025 covers issues such as implementing emission reduction policies in the sectors in Turkey that will be rapidly affected by the CBAM, developing a national ETS compatible with the CBAM, and reviewing the Turkish Tax System to convert existing taxes into carbon taxes. In Turkey, which does not have a carbon pricing practice, there are efforts to prepare a Climate Change Law and ETS Regulation to establish the framework of the carbon market. Thus, it is planned to establish an ETS that limits and encourages greenhouse gas emissions and activities that cause greenhouse gases, directly or indirectly, by buying and selling greenhouse gas emission allowances based on the upper limit emission principle. It is predicted that manufacturing industries and power plants of a certain size will be included in the scope of ETS as of the beginning of 2025.

Given that approximately 90% of the financial markets in Turkey consist of the banking sector, the role of the banks in financing the green transformation is very critical. With this awareness, another important development in 2023 was that the BRSA carried out a joint study with the banks within the Banks Association of Turkey (BAT) and published the "Draft Communiqué on Green Asset Ratio" document in line with the EU Taxonomy. With the Communiqué providing for the classification of the financial assets in banks' portfolios as green in the light of technical criteria, it is aimed to make significant contributions to the development of green finance markets and the financing of green economic transformation in Turkey. Currently, the Communiqué also takes into account local regulations and banking practices, but is mainly based on the EU Taxonomy framework. In this regard, the Communiqué on Green Asset Ratio and its annexes offer a classification system compatible with the EU Taxonomy. Another basic requirement for green transformation in the banking sector is the establishment of a corporate governance structure and the creation of capacity for the management of climate-related risks. To this end, the "Draft Guide on the Effective Management of Climate-Related Financial Risks by Banks" was prepared by the BRSA in September 2023, based on the document published by the Basel Committee on Banking Supervision in June 2022. According to the guide, banks are expected to develop an effective process to effectively manage the climate-related financial risks they encounter or are likely to encounter, and to take these risks into account while designing their strategies when necessary.

Aiming to establish a uniform set of standards for strategies and business models related to sustainability practices, plans and performance, the EU announced in July 2023 the adoption of the rules and requirements for reporting within the scope of the European Sustainability Reporting Standards (ESRS) and the Corporate Sustainability Reporting Directive (CSRD).CSRD, which will be implemented as of the beginning of 2024, is aimed to be a major update to the 2014 Non-Financial Reporting Directive (NFRD), the existing EU sustainability reporting framework. In relation to reporting, there were important developments in Turkey in 2023.The Public Oversight Authority (KGK) was tasked with publishing the "Turkey Sustainability Reporting Standards" in line with international standards in accordance with its authority granted with the amendment to the Turkish Commercial Code in 2022. As a result of the evaluations, KGK decided that the most appropriate standard for Turkey is the IFRS S1 and S2 Global Sustainability Standards published by ISSB (International Sustainability Standards Board).In order to establish a basis for compliance with global standards for sustainability disclosures, KGK made the "Turkish Sustainability Reporting Standards Draft Texts" available to public in November 2023 and published the scope of application of the standards in the Official Gazette dated December 29, 2023. These standards aim to evaluate the financial situations, performances and cash flows of businesses in the short, medium and long term regarding sustainability, with respect to governance, strategy, risk management and climate-related risks and opportunities.

HOW WE MANAGE

Yapı Kredi places the fight against the climate crisis at the center of its strategic focus. At the bank, the management of climate-related risks and opportunities is carried out under the supervision of the Sustainability Committee, chaired by an independent member of the Board of Directors and composed of all relevant senior management of the Bank. The decisions taken and the work carried out by the Committee are regularly reported to the Executive Committee and the Board of Directors. Moreover, in order to bring dynamism to its work in the field of sustainable banking, the Bank established the working groups of “Sustainable Credits Management”, “Sustainable Products and Services”, “Corporate Governance & Risk Management”, “Sustainable Products and Services” and “Cultural Transformation of Employees”, which directly report to the Committee. The Bank classifies climate-related risks and opportunities as physical and transitional. Accordingly, the Bank defines the following as climate-related risks and opportunities: extreme weather events, extreme temperatures, national and international regulations related to climate change, stakeholder expectations, changing market expectations with the transition to a low carbon economy, and emerging new technologies. The impact of these risks and opportunities for Yapı Kredi and the agenda on combating climate change are determined by taking into account national and international regulations, initiatives and trends under the joint work of different units within the Bank. To this end, Yapı Kredi continues to support many international initiatives developed for the financial sector to manage and reduce its emissions from both its own operations and loans. In line with the climate risks action plan provided for under the Paris Climate Agreement, the Bank has made a commitment to the Science Based Targets Initiative (SBTi) in 2021 to reduce its emissions. In 2023, Yapı Kredi joined the Net-Zero Banking Alliance, established by the banks committed to reach net zero by 2050 under the leadership of the UN Environment Programme Finance Initiative (UNEP FI), and reiterated its commitment to net-zero emissions.

Yapı Kredi continues to implement targets, strategies and action plans aimed at reducing GHG in all its operational activities.

Accordingly, the Bank continues to implement targets, strategies and action plans aimed at reducing GHG in all its operational activities. Moreover, the Bank works proactively to evaluate the operational risks that may be caused by extreme weather events (heavy rain, flood, drought, hail, tornado, etc.) due to the climate change in the short, medium and long term, and to create action plans accordingly.

In line with these commitments, Yapı Kredi launched a project within the Koç Holding Carbon Transformation Program to measure its emissions from its loan portfolio in 2021.Under this project, Yapı Kredi measured the emissions from the loan and investment portfolio of 2021 and 2022 based on the International PCAF methodology and published the results in the Carbon Disclosure Project (CDP) Climate Change report. Receiving the highest grade of A under the CDP Climate Change Program, Yapı Kredi outperformed the global financial sector average, becoming one of the companies that perform at the leadership level in this regard. Yapı Kredi's net zero commitment under the Carbon Transformation Program, calculation of Scope 3 loan and investment portfolio emissions, and important steps taken on issues such as the integration of climate risks with credit risks paved the way for the Bank's CDP Climate Change score to be increased to A.

In line with its SBTi commitment, Yapı Kredi completed the studies to determine science-based emission reduction targets and submitted the targets to SBTi for verification. The Bank also established its strategy for transforming its loan portfolio in line with these targets.

The Bank incorporates its strategic approaches to reducing emissions from its loan portfolio in its Reputational Risk Policy and Credit Policies approved by the Board of Directors. Issues related to risky areas and sensitive sectors (environmentally unfriendly establishments, nuclear energy, mining and thermal power plant industry, water infrastructure and dam industry, etc.) are defined in line with the general principles of reputation risk management. Based on its new policies updated in 2021, Yapı Kredi declared that the Bank will not finance greenfield coal-fired thermal power plants and new projects engaged in coal mining. Yapı Kredi manages climate-related risks arising from lending activities under the ESRA (Environmental and Social Risk Assessment) system, applied by the Bank to corporate and commercial loan requests. The Bank monitors the environmental and social impacts of high-risk projects and investments with Environmental and Social Action Plans. In 2021, Yapı Kredi carried out improvement works in the system based on national legislation, International Finance Corporation Performance Standards (IFC PSs) and Equator Principles practices.

The Bank completed its first study in this area by analyzing the climate risks, evaluated within the scope of physical and transition risks, over its entire loan portfolio. Individual loans pose only physical risks in connection with the location of the collateral and the individual customer. Individual loans were not subject to transition risk assessment because they only pose physical risks. Corporate, commercial, SME and project finance loans pose both physical and transitional risks. For corporate loans, physical risks are related to the location of the activities and collateral, while for project financing, physical risks are related to the location of the project.

The sector and sub-sectors where corporate customers are active contain transitional risks. Identification of physical risks and transitional risks is of great importance in terms of reducing the carbon intensity of the loan portfolio. The Bank takes into account various frameworks when determining the transition risk classification of different sectors, including the Transition Heatmap of the United Nations Environment Program Finance Initiative (UNEP FI) and the Environmental Risks Heatmap of the rating agency Moody's. Accordingly, five different risk rating categories are determined for different sectors where Yapı Kredi has credit risk: very low, low, medium, high and very high.

Within the scope of the science based targets set by the Bank to support the transition to a sustainable economy and the Scope 3 transformation strategy planned to be implemented, Yapı Kredi aims to make measurements and reporting on climate risks a part of its credit risk assessment processes in the future. In this context, the Bank launched a project in 2022 to incorporate climate risks in all risk processes starting from the credit evaluation stage. Under the project, a training and workshop series titled "Integration of Climate Change Risks and Opportunities into Credit Processes" is organized to build the knowledge capacity established within the Bank on this subject. Moreover, Yapı Kredi launched the "Establishment of a Sustainable Financing Infrastructure" project in 2022 to align with the EU Taxonomy and to establish a sustainability-related classification, monitoring and reporting system for loans. The project is expected to systematically monitor the climate and emission information for the loans, to measure the climate risks and to form an input in the transformation strategy. In 2023, in parallel with the BRSA's publication of the "Draft Communiqué on Green Asset Ratio" document, the Bank launched a new project to calculate the Green Asset Ratio.

Yapı Kredi embraces a sensitive attitude toward social and environmental issues while ensuring economic development and growth, and adopts this approach to create long-term value for each area and stakeholder. Accordingly, to ensure the transformation of the sector, Yapı Kredi offers sustainable finance solutions to sustainable development issues through numerous products and services such as sustainability-linked loans, renewable energy and energy efficiency loans, Nature-Friendly Mortgage, Nature-Friendly Auto Loans, and Clean Energy Fund. In the coming period, the Bank aims to expand and diversify its sustainable product portfolio in line with market and customer expectations. Thus, Yapı Kredi will support the net-zero transformation of its customers with its financial products.

Providing service with 780 branches all over Turkey', Yapı Kredi analyzes in an integrated manner the risks that may arise from extreme weather events that may occur due to climate change in an integrated manner in order to ensure business continuity. To this end, the Bank takes necessary infrastructure measures for adaptation to climate change on the basis of branches and regional directorates. In order to measure its emissions from its operational activities, Yapı Kredi calculates and validates Scope 1, Scope 2 and Scope 3 emissions in accordance with the ISO 14064 standard and the GHG Protocol. In this context, the Bank carries out energy efficiency and renewable electricity supply studies to reduce its emissions. In addition to the emission reductions achieved by the projects in 2023, the Bank neutralized Scope 1 and 2 emissions by purchasing Gold Standard Carbon Neutral Certificate for Scope 1 emissions and IREC (International Renewable Energy Certificate) for Scope 2 emissions.

Yapı Kredi joined the signatories of the Finance for Biodiversity Pledge in 2023 and became the only signatory financial institution from Turkey.

The Bank adopts a forward-looking capital planning approach to enable the Bank to continue operations in case of losses due to contingencies or deteriorations in the market. Within the scope of climate-related risks, the Bank monitors the number of flood events, the cost of physical damage caused by extreme weather events, the proportion of fossil fueled projects in the energy portfolio, the carbon footprint of the loan and investment portfolio, the Bank's operational greenhouse gas emissions and the Bank's energy consumption. Believing in the importance of transparency in climate-related risks, Yapı Kredi is one of the supporters of the Task Force on Climate-related Financial Disclosures (TCFD). In the future, Yapı Kredi will continue to closely monitor the risks and opportunities that may arise in line with the applicable regulations and to play an important role in the transformation of the real sector into a low-carbon economy.

Aware that biodiversity loss is among the most important global risks, Yapı Kredi joined the signatories of the Finance for Biodiversity Pledge in 2023 and became the only signatory financial institution from Turkey. In line with this commitment, the Bank will accelerate efforts on biodiversity and determine its targets in the coming period.

GRI 2-15, GRI 2-16, GRI 2-17, GRI 2-23, GRI 2-24, GRI 2-25, GRI 2-26, GRI 3-3, GRI 205-2, GRI 205-3

Ethics and Compliance

CODE OF ETHICS AND BUSINESS CONDUCT

The banking sector is dominated by a highly competitive environment, so it is important to adopt principles and policies to address ethical values, anti-bribery, anti-corruption, and human rights issues. Yapı Kredi manages all of its business processes in line with its Code of Ethics and Business Conduct.

The Code of Ethics and Business Conduct covers all employees, and is regularly reviewed to provide a concise, simple and easy-to-understand policy document that incorporates the current developments in the regulatory framework. The policy is updated and adapted to the Bank and all (domestic and overseas) subsidiaries. Through the system, all employees must submit a declaration of acceptance, stating their acknowledgment of the adapted Code of Ethics and Business Conduct Policy.

Yapı Kredi ensures that organization processes, internal communication, personal development and performance management comply with the disciplinary/ethical rules, and aims to prevent digressions by encouraging its employees to act in accordance with the compliance culture.

The Bank has established a Whistleblowing Policy, which defines reporting methods where employees and stakeholders can report situations that they suspect are contrary to the Code of Ethics and Business Conduct as well as to the applicable policies or legislation. The whistleblowing methods are managed under the Audit Committee that reports directly to the Board of Directors. These methods are open for use by individuals from within and outside the Bank, and are managed in line with the principle of confidentiality in five main areas: internal audit, anti-bribery and anti-corruption, ethics, sanction violations, and conflicts of interest. In addition, Yapı Kredi makes it clear that any employee who makes a report in good faith is protected against any possible retaliation. The whistleblowing methods are offered in local languages at the Bank's international subsidiaries, and the Whistleblowing Policy can be accessed in the local languages in countries where Yapı Kredi is active. The Whistleblowing Policy also explains in detail how the process of informing, notifying and reporting unacceptable behaviors within the Bank is managed while defining related responsibilities.

In 2023, 6,448 employees received 4,986 hours of training to raise their awareness on the Code of Ethics and Business Conduct.

Anyone who wants to report unacceptable behaviors violating the Code of Ethics and Business Conduct, the applicable legislation and the policies can do so via etik@yapikredi.com.trby sending a letter or calling +90 212 339 73 53. Reporting can be conducted anonymously.

Moreover, the Koç Group Ethics Line, managed by independent service providers, offers live call service and online reporting in 34 languages in 19 countries, including Turkey, and provides service 24/7.

In 2023, the Ethics Channels received 294 reports, which were all resolved. During the reporting period, there were no notifications concerning discrimination.

To ensure compliance with the Code of Ethics and Business Conduct and to disseminate the culture of ethics, Yapı Kredi periodically shares visual and video content prepared by the Bank in line with the Code of Ethics via e-mail with all the employees. In addition, meetings are held with employees to increase employee awareness, and the Bizler+ platform, which can be accessed by all employees, make relevant content available.

The Ethics Unit reviews all notifications received via the whistleblowing channels, and, if necessary, issues a preliminary warning or ethical reprimand depending on the nature of the incident. As a result of the investigation, the employee in question may receive disciplinary penalties including termination of employment contract depending on the nature of the incident. Violations of Code of Ethics resulting in an ethical reprimand are taken into consideration in the performance management of the employees in question. Guidelines and internal policies are used to determine the impacts of deficiencies in competence and behavioral indicators and/or violations of compliance matters on performance-based incentives.

The Ethics Committee was established in 2023 upon the approval of the Board of Directors. The aim of the Ethics Committee is to develop Yapı Kredi's ethical practices and culture, and to evaluate, decide on, and make recommendations on reports containing practices/issues in violation with the Code of Ethics and Business Conduct to be submitted to the Committee.

Yapı Kredi is a member of the Ethics and Reputation Society (TEID) which aims to assist and guide companies in the creation and execution of codes of ethics and business conduct, anti-bribery and anti-fraud policies and processes, and to ensure that companies' ethical values are embraced in all administrative and commercial functions.

CODE OF ETHICS AND BUSINESS CONDUCT TRAININGS

At Yapı Kredi, all employees (temporary, part-time, half-time or full-time) and managers, including the Board of Directors, receive trainings on Code of Ethics and Business Conduct. The content of the existing distance trainings was updated in line with the updated Code of Ethics and Business Conduct, and reassigned to all employees, including those at domestic and overseas subsidiaries. Moreover, virtual classroom training began to be offered through online platforms, in addition to classroom training. In 2023, 6,448 employees received 4,986 hours of training to raise their awareness on the Code of Ethics and Business Conduct.

Anti-Money Laundering and Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction

Activities associated with the legal obligations within the scope of prevention of laundering proceeds of crime and financing of terrorism and the proliferation of weapons of mass destruction to achieve full compliance with related national and international legislation and the FATF (Financial Action Task Force) recommendations are carried out by the Crime Prevention Unit of Yapı Kredi Bank Financial Group that operates under Compliance, Internal Control and Risk Management that directly reports to the Audit Committee. In accordance with the legislations, all activities are performed in line with all the policies and procedures developed Anti-Money Laundering and Combating the Financing of Terrorism. To this end, practices regarding customer acceptance, customers' risk classification, monitoring and assessment and obligations on know-your-customer are successfully carried out to achieve full compliance and prevent possible risks. Robotic technologies are integrated in operational areas for customer acceptance and monitoring activities to ensure more efficient and analytical use of the human resource. Moreover, works to integrate artificial intelligence technology into relevant processes are ongoing. In case of suspicious transactions, Yapı Kredi reports these suspicious transactions to the Financial Crimes Investigation Board (MASAK) in line with the laws and regulations governing the Bank.

In order to follow up international sanctions, the Bank performs all the controls regarding the decisions of international organizations and institutions, including the United Nations, the European Union, the U.S. Department of the Treasury - Office of Foreign Assets Control (OFAC), etc.

As the parent financial institution the Bank conducts the activities for the adoption of necessary measures and coordination of compliance functions by the companies in the Financial Group in accordance with the Financial Group Compliance Policy. All new employees of the Financial Group companies receive classroom/ virtual classroom trainings as part of the orientation program while annual online trainings are offered to the entire workforce of the Financial Group. In this regard, all employees started to received trainings to raise awareness on the issues of Anti-Money Laundering and Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction in 2023.

The Ethics Committee was established in 2023 upon the approval of the Board of Directors. The aim of the Ethics Committee is to develop Yapı Kredi's ethical practices and culture, and to evaluate, decide on, and make recommendations on reports containing practices/issues in violation with the Code of Ethics and Business Conduct to be submitted to the Committee.

The Yapı Kredi Internal Audit Department periodically performs risk-based audits to verify the compliance of all these activities with the policies and procedures. The Department regularly reports activities regarding anti-money laundering and combating the financing of terrorism to the Audit Committee and the Board of Directors.

Material Issues

Yapı Kredi's material issues form the basis of its business model and value creation approach, and guide the process of determining the Bank's corporate strategy. While determining its regularly-reviewed material issues, Yapı Kredi takes into account stakeholder expectations, sectoral and global trends, senior management views, the Bank's strategic plan and risks and opportunities based on the impact analysis carried out by the Bank.

The Bank adopted the practice of renewing its material issues every two years and updated its material issues in 2022. To this end, first, an issue universe was created, including issues potentially important for the banking and finance sector. While creating this universe, Yapı Kredi considered sector and competitor practices, global reports and important issues on the national and international agenda. In line with these issues, a stakeholder analysis and materiality study was carried out to identify Yapı Kredi' s material issues.

The stakeholder analysis was completed with the participation of more than a hundred stakeholders, including shareholders and investors, customers, supervisory and regulatory bodies, financial institutions, chambers of commerce and unions, suppliers, NGOs, universities, and research institutions. The Bank prepared an online survey to collect opinions of external stakeholders and the Bank's employees, one of the internal stakeholder groups.

While determining its regularly reviewed material issues, Yapı Kredi takes into account stakeholder expectations, sectoral and global trends, senior management views, the Bank's strategic plan and risks and opportunities based on the impact analysis carried out by the Bank.

In addition, one-on-one interviews were conducted with the senior management to take their opinions. At the last stage of the analysis, workshops were held with the members of the Sustainability Committee and the Bank's material issues were determined in line with Yapı Kredi's strategic plan. The material issues were classified in three categories as significantly material, highly material, and material. The material issues matrix was updated accordingly.

GRI 2-14, GRI 2-29, GRI 3-1, GRI 3-2, GRI 3-3

MATERIAL ISSUES MATRIX

GRI 2-14, GRI 2-29, GRI 3-1, GRI 3-2, GRI 3-3

MATERIAL ISSUES	RELATED CAPITAL ITEMS	RELATED SDGS
Business Continuity	Financial Capital, Manufactured Capital	8
Digital Transformation & Innovation	Intellectual Capital Manufactured Capital	8, 9, 10, 12, 13, 17
Customer Satisfaction	Social and Relationship Capital	8, 9, 10
Climate Change	Natural Capital	7, 8, 9, 13, 14, 15
Financial Performance	Financial Capital	8, 17
Ethics & Compliance	Human Capital	8, 16
Corporate Governance	Financial Capital Human Capital Intellectual Capital Social and Relationship Capital	8, 16
Corporate Risk Management	Financial Capital Natural Capital Human Capital	8, 13, 16, 17
Customer Satisfaction and Engagement	Human Capital Intellectual Capital	3, 4, 8, 10
Diversity & Inclusion	Human Capital Social and Relationship Capital	5, 8, 10
Cyber Infrastructure and Data Security	Manufactured Capital Intellectual Capital	8, 9, 16
Human Rights	Human Capital	5, 8, 10
Responsible Products and Services	Financial Capital Manufactured Capital Social and Relationship Capital Natural Capital	1, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13
Financial Inclusion	Financial Capital Social and Relationship Capital	5, 8, 10
Community Investments	Social and Relationship Capital Intellectual Capital Natural Capital	4, 10, 17
Brand Culture	Financial Capital, Manufactured Capital	8, 12
Talent Management	Human Capital	4, 5, 8
Resource and Waste Management	Natural Capital	6, 8, 9, 13
Transparency	Intellectual Capital Social and Relationship Capital	8
Responsible Supply Chain	Natural Capital Social and Relationship Capital	8, 12
Financial Literacy	Generated Capital Social and Relationship Capital	8, 9, 10
Open Banking	Manufactured Capital Intellectual Capital Social and Relationship Capital	8, 9
Biodiversity	Natural Capital	13, 14, 15

Stakeholder Relations

STAKEHOLDER GROUPS

- Shareholders and Investors
- Employees
- Customers
- Regulatory and Supervisory Institutions
- Financial Institutions and Creditors
- International Initiatives
- Chambers of Commerce and Unions
- Suppliers
- NGOs
- Universities and Research Institutions
- Media

While determining its business strategy and priorities, Yapı Kredi defines the expectations of its internal and external stakeholders and considers the short, medium and long term value that its activities create on its stakeholders.

Analyzing the priorities and expectations of stakeholders for Yapı Kredi enables the Bank to better manage risks and opportunities. The Bank embraces the concept of effective and two-way communication with its stakeholders, which are grouped as shareholders and investors, employees, customers, regulatory and supervisory institutions, financial institutions and creditors, international enterprises, chambers of commerce and unions, suppliers, non-governmental organizations (NGOs), universities and research institutions, and the media.

Customers are at the center of Yapı Kredi's business model as one of the most important stakeholder groups. The Bank considers its customers' feedback, and improves and enhances customer experience and the value proposition delivered to them. You can find detailed information about how customer opinions are integrated into all processes and about communication with customers in the Customer Experience section.

Human capital is the most important asset that serves as the foundation of Yapı Kredi's sustainability. In order to meet the expectations of its employees and to prepare for the business world of the future, Yapı Kredi regularly improves its working model, employee training and development programs, and the fringe benefits offered to its employees. You can find detailed information on communication methods with employees and Yapı Kredi's investments in human capital development in the Talented and Committed Employees section.

The Investor Relations Department is responsible for relations with shareholders. In 2023, within the scope of relations with shareholders, the Investor Relations Department organized 1 analyst day meetings and contacted nearly 350 investors. Moreover, the Department participated in 14 conferences and 7 roadshows to meet with current and potential investors while informing shareholders about current developments.

Aware of the importance of multistakeholder communication and cooperation, Yapı Kredi actively engages in sectoral initiatives and non-governmental organizations. To this end, the Bank joins and contributes to national and international initiatives on sustainability.

Since 2017, Yapı Kredi has been a member of the United Nations Environment Programme Finance Initiative (UNEP FI), and is a founding signatory of the United Nations Principles for Responsible Banking (UN PRB) established under the UNEP FI. Actively participating in UN PRB's working groups, the Bank cooperates and shares experience in the field of sustainability with other banks at the international level. Moreover, the Bank became a founding signatory to the new initiative of the United Nations Principles for Responsible Banking in the field of “Financial Health and Inclusion” in 2021. Under this working group, together with other national and international banks, Yapı Kredi took an active role in the creation of target and indicator sets to increase financial health and inclusion in the society. In the light of these indicators, the Bank carries out activities to increase the financial literacy of disadvantaged groups and increase their access to financial products. Yapı Kredi regularly and transparently reports developments in this area every year.

Analyzing the priorities and expectations of stakeholders for Yapı Kredi enables the Bank to better manage risks and opportunities.

You can find detailed information in the Yapı Kredi United Nations Principles for Responsible Banking Reporting Index section.

In 2023, the Bank became a signatory of the Net-Zero Banking Alliance (NZBA) established by the United Nations Environment Programme Finance Initiative (UNEP FI), committing to aligning its portfolio with net-zero emissions targets in line with the Paris Climate Agreement by 2050.

Becaming a member of the Finance for Biodiversity Foundation in 2023, Yapı Kredi became the first finance company from Turkey to become a member of this foundation and started to take an active part in its working groups.

As a member of the Banks Association of Turkey (BAT), the Bank actively participates in all the activities of the association and is represented on the Board of Directors of the BAT. In addition,

GRI 2-29

the Bank is a member of the "Role of the Financial Sector in Sustainable Growth Working Group", one of the continuous working groups of the BAT, and actively participates in all the studies carried out under this group.

Yapı Kredi is also an active member of the Turkish Industry and Business Association (TÜSİAD) Environment and Climate Change Working Group, and participates in the Climate Change and Paris Agreement and Sustainable Finance Sub-Working Groups of the relevant working group. Moreover, the Bank is an active member of the Gender Equality and Energy Working Groups. Through TÜSİAD working groups, Yapı Kredi enters into collaborations with various public institutions, non-governmental organizations and international organizations. Yapı Kredi contributes to TÜSİAD opinion papers according to the agenda of the working groups, and supports reports and research related to its fields of activity.

As a signatory of the United Nations Global Compact, the world's largest corporate sustainability initiative, Yapı Kredi follows up the Sustainable Finance, Diversity and Inclusion, Gender Equality and Environment Working Groups operating under the Global Compact Turkey. In 2017, within the scope of the activities of the Global Compact Turkey Sustainable Finance Working Group, the Bank became the founding signatory of the Global Compact Turkey's Declaration of Sustainable Finance in cooperation with the sector. The Bank contributes to updating the declaration in the light of sustainable finance developments.

Since the 2019 reporting period, Yapı Kredi has been presenting its financial and non-financial data to its stakeholders in annual integrated reports based on the shared value creation model.

Since the 2019 reporting period, Yapı Kredi has been presenting its financial and non-financial data to its stakeholders in annual integrated reports based on the shared value creation model. In this context, the Bank is a member of the Integrated Reporting Turkey Network (ERTA) with the aim of contributing to the development of integrated reporting and integrated thinking system in Turkey.

Yapı Kredi actively participates in seminars, panels, conferences and workshops organized by the Turkish Investor Relations Society (TÜYİD) to closely monitor the developments in investor relations in Turkey and in the world.

Yapı Kredi is also a member of the Ethics and Reputation Society (TEID). The Bank attends the training and working group activities of TEID.

GRI 2-28

CORPORATE MEMBERSHIPS AND INITIATIVES

- Interbank Card Center (BKM)
- United Nations Environment Programme Finance Initiative (UNEP FI)
- United Nations Generation Equality Forum
- United Nations Principles for Responsible Banking (UN PRB)
- United Nations Net-Zero Banking Alliance (NZBA)
- Finance for Biodiversity Foundation (FfB FoundatioN)
- Turkish Marine Environment Protection Association (TURMEPA)
- Foreign Economic Relations Board (DEİK)
- Integrated Reporting Turkey Network (ERTA)
- Ethics and Reputation Society (TEID)
- Financial Literacy and Inclusion Association (FODER)
- Global Compact Turkey
- Task Force on Climate-Related Financial Disclosures (TCFD)
- Sustainable Development Association (SKD)
- Economic Research Foundation (IAV)
- İstanbul Foundation for Culture and Arts (IKSV)
- Equality at Work Platform and Declaration
- İzmir Foundation for Culture Arts and Education (IKSEV)
- Women's Empowerment Principles (WEPs)
- Credit Reference Agency (KKB)
- Corporate Communication Professionals Association (KID)
- Corporate Volunteers Association (ÖSGD)
- Advertisers Association (RVD)
- Foreign Trade Association of Turkey (TURKTRADE)
- Turkish Family Health and Planning Foundation (TAPV)
- Banks Association of Turkey (TBB)
- Learning and Development Association of Turkey (TEGEP)
- Educational Volunteers Foundation of Turkey (TEGV)
- Corporate Governance Association of Turkey (TKYD)
- International Chamber of Commerce - Turkey (ICC)
- Turkish Industry and Business Association (TÜSİAD)
- Institute of International Finance (IFF)
- For My Country Project
- Turkish Investor Relations Society (TÜYİD)

GRI 201-2

GRI 201-2

Risk Management

Risk management is essential to capitalize on opportunities by following up global trends, to stand out in the competitive environment, and to improve economic, social and governance performances. Aware of the role of risk management in long-term sustainable growth, Yapı Kredi takes steps to create an effective risk management structure and risk culture.

Risk management is carried out by 98 employees under the management of the Audit Committee to, on an individual and consolidated basis, measure, monitor, report and control the risks that the Bank may encounter, taking into account international legal regulations, and using methods in accordance with national legislation. The highest-ranked manager responsible for risk management is the Assistant General Manager for Compliance, Internal Control and Risk Management. Risk management consists of Credit Risk Strategy, Modeling and Reporting Group Directorate, Market Risk Directorates, and Risk Validation Directorate.

Yapı Kredi ensures accurate and healthy strategic risk management through corporate functions and management committees. In this process, the Board of Directors sets up and oversees all control mechanisms and processes necessary for successfully implementing targets and strategies.

Yapı Kredi ensures accurate and healthy strategic risk management through corporate functions and management committees.

EMERGING RISKS

Climate Action Failure Risk

Climate change has become the biggest risk factor that that affects all areas globally and threatens our world. In this context, in line with the 2022 Global Risks Report published by the World Economic Forum, Yapı Kredi considers the risk of “climate action failure” as a long-term and increasingly important risk with effects expected to continue in the coming period. Therefore, combating climate change is among Yapı Kredi's strategic focal points. The Bank guides the climate agenda under the leadership of the Sustainability Committee, chaired by an independent Board Member and includes senior management, and its subordinate working groups. Within the scope of combating climate change and in order to eliminate the risk that the measures taken will fail in the fight against climate risk, the Bank works to monitor and reduce the carbon footprint both in the operational areas of activity and in the lending processes of the Bank.

Yapı Kredi continues to support many international initiatives developed for the financial sector to manage and reduce its emissions from both its own operations and loans. To this end, Yapı Kredi launched a project for the Carbon Transformation Program, initiated under the leadership of Koç Holding, within the framework of the Scientific Based Targets Initiative (SBTi) and the "Business Ambition for 1.5°C".Under the project Yapı Kredi measured its emissions from its operational activities as well as its loans and investment portfolio for the first time in 2022 and published it in the Carbon Disclosure Project (CDP) Climate Change report. Within the framework of the SBTi commitment, the Bank continues its efforts to set out its medium and long-term science based emission reduction targets for both operational and lending activities.

Yapı Kredi addresses the risks it may face in the event that the net-zero target is not achieved, within the scope of physical and transition risks. Physical risks are considered as the risks that sea level rise and extreme weather events (heavy rain, flood, drought, hail, tornado, etc.) may impose on the Bank's operations. Accordingly, with a proactive approach, the Bank continues to implement targets, strategies and action plans aimed at reducing energy and resource consumption in all its operational activities.

These physical risks may also have devastating effects on the Bank's customers' operations and thus their financial resilience. Yapı Kredi's lending activities are located in Turkey, located in the Mediterranean Basin, which will be greatly affected by rising average temperatures. It is anticipated that the potential capacity drops of the financed hydroelectric power plant projects may increase the credit risk of these projects and affect Yapı Kredi's corporate and commercial banking activities. Issues related to risky areas and sensitive sectors (environmentally unfriendly establishments, nuclear energy, mining and thermal power plant industry, water infrastructure and dam industry, etc.) are defined in line with the general principles of reputation risk management and are also evaluated under the Environmental and Social Risk Assessment (ESRA) system.

It is important for real sector companies to be aware of the physical risks that they may face and to be encouraged to use lower emission technologies and investments.

Increasing the resilience of customers against the physical risks they may be exposed to and encouraging them to comply with net zero require the banking sector to develop innovative loan products. To ensure the transformation of the sector, Yapı Kredi offers financial solutions to sustainable development issues through numerous products and services such as sustainability-linked loans, renewable energy and energy efficiency loans, Nature-Friendly Mortgage, and Nature-Friendly Auto Loans. Thus, by responding to the net-zero transformation of its customers with its financial services, the Bank takes steps to prevent the market and competition risks that the Bank may face in reaching net zero in its loan portfolio. The Bank also incorporates its strategic approaches to reducing emissions from its loan portfolio in its Reputational Risk Policy and Credit Policies approved by the Board of Directors. Based on its new policies updated in 2021, Yapı Kredi declared that the Bank will not finance greenfield coal-fired thermal power plants and new projects engaged in coal mining.

Identification of transition risks is important for reducing the carbon emission intensity of the credit portfolio, which is the biggest emission source for the banking sector.

The Bank takes into account various frameworks when determining the transition risk classification of different sectors, including the Transition Heatmap of the United Nations Environment Program Finance Initiative (UNEP FI) and the Environmental Risks Heatmap of the rating agency Moody's. Accordingly, five different risk rating categories are determined for different sectors where Yapı Kredi has credit risk: very low, low, medium, high and very high.

GRI 201-2

Supporting the TCFD since 2021, the Bank carries out studies in line with TCFD recommendations, on evaluating climate change-related financial risks and opportunities, integrating climate change-related physical and transition risks into risk management processes, and reporting the same in a transparent manner. In this context, the Bank launched a project in 2022 to incorporate climate risks in all risk processes starting from the credit evaluation stage. Under the project titled "Integration of Climate Change Risks and Opportunities into Credit Processes", training and workshops were organized to build the knowledge capacity established within the Bank on this subject.

Moreover, Yapı Kredi launched the "Establishment of a Sustainable Financing Infrastructure" project in 2022 to align with the EU Taxonomy and to establish a sustainability-related classification, monitoring and reporting system for loans and to systematically track emission information. These projects are expected to generate important inputs for the Bank's net-zero transformation strategy.

Business Interruption Risk During Disasters

The Bank defines 'disaster' as situations that occur as a result of not being prepared for emergencies and not being able to respond in a timely manner, that generally affect the majority of the society, that cause social, physical and economic losses, and that are caused by nature or humans. The definition of disaster covers earthquakes, landslides, floods, rockfalls and avalanches. A disaster may damage the Bank's employees, facilities, assets, suppliers and service providers, may interrupt access to systems and may affect the supply chain. Bank services may be interrupted due to these effects. In particular, the earthquake risk is considered one of the most important risks for the Bank, and Yapı Kredi plans and implements various actions to reduce the impact of this risk on the Bank's resources.

The Business Continuity Committee is responsible for planning what needs to be done in an emergency and crisis to take effective actions in the event of a disaster, crisis or interruption; implementing plans to protect reputation, brand value, value-creating activities and stakeholder interests; and recommend actions for ensuring the continuity of critical operations and their recovery within the targeted time frame. The Committee meets at least four times a year, and the number of meetings is increased when necessary.

The Yapı Kredi Search and Rescue Team (YAKUT) is a team established with the aim of executing the search and rescue activities that the Bank's employees will need during and after a disaster.

The Bank has a "Business Continuity Management Policy" covering the regulations to be implemented in Business Continuity Management as well as a "Business Continuity Management Plan" covering Emergency, Crisis Management, Business Recovery, Crisis Communication, IT Emergency and Continuity Plans. Under the business continuity activities, regular trainings are offered to employees depending on their tasks and responsibilities.

Under the Emergency Management, Emergency Teams are responsible for the coordination of emergency response teams after a disaster or emergency and these teams receive special training to fulfill their duties. In case of crisis, the Crisis Management Team makes critical decisions on issues such as stopping and restricting operations, crisis communication, managing systems from the Emergency Center, transferring employees to alternative locations, their possible needs, and returning to normal, etc. The Yapı Kredi Search and Rescue Team (YAKUT) is a team established with the aim of executing the search and rescue activities that the Bank's employees will need during and after a disaster. Yapı Kredi established a Yapı Kredi Disaster Line to enable the employees to reach YAKUT in case of disasters. If a live search and rescue operation is required in emergencies, YAKUT provides the necessary coordination according to the location, size and scope of the incident.

Technology and Cyber Security Risk

Today, technology risk and cyber security have become even more important due to security and regulation needs, increasing threats and expanding networks. Yapı Kredi may be exposed to accessibility, integrity and confidentiality risks arising from technology risks, since the Bank uses information technologies intensively as part of its operations.

Various factors such as malware, ransomware, data breaches, and use of outdated equipment are considered as technology risk. With technology risk management and risk mitigation, the Bank's security gaps are eliminated and possible risks can be prevented. The successful management of technology risks that may cause disruptions in the Bank's business processes enables improved business continuity by finding agile solutions to risk incidents, thus preventing financial and reputational losses.

With the Information Technologies Risk Management Process developed to analyze, reduce, monitor and report the information technology risk, Yapı Kredi tries to bring the technology risk to a tolerable level, taking into account the current security management and potential breaches. Risks are defined and risk is rated according to probability and impact value in the light of vulnerabilities and control environment. Yapı Kredi has created metrics and risk indicators to measure whether the risk is within tolerance. These metrics and risk indicators are closely monitored, and additional actions are taken for risks when necessary. In addition, the Bank follows the compliance requirements of IT processes with legal regulations and relevant standards. Yapı Kredi is regularly audited every year in accordance with regulations and the Control Objectives for Information and Related Technologies (COBIT).

In order to ensure business continuity at Yapı Kredi, an Information Technologies business continuity plan is developed and launched in line with the needs of customers and other stakeholders.

In order to ensure business continuity at Yapı Kredi, an Information Technologies business continuity plan is developed and launched in line with the needs of customers and other stakeholders. Yapı Kredi determines the impact of potential incidents, develop appropriate recovery strategies and plans to ensure the continuity of products and services, and take necessary precautions through training, implementation, maintenance and review. Under the Business Continuity Management Plan, the Bank prepares and annually reviews the necessary plans to make the critical processes interrupted in the event of an emergency operational again within the specified recovery time target period. The Bank's Disaster Recovery Center is located in a different city, away from the Head Office locations, in order not to be subject to the same risks geographically, and is designed to back up all critical systems and data. Disaster recovery tests (transition tests from live environment to Disaster Recovery Center) and crisis simulation are carried out at least once a year. After extraordinary situations, lessons learned during the operation of the plan and procedures are reviewed and necessary updates are made, if any.

Yapı Kredi manages information systems and data security under relevant policies and processes. Data are classified according to confidentiality, integrity and accessibility values and security measures are taken, if required. The Bank designs data leak detection and prevention controls. The Information Security Committee carries out the activities of establishing, updating and implementing the information security policies in the Bank on behalf of the Board of Directors. Data sharing with third-party companies at Yapı Kredi is also kept under control in line with regulations and internal bank policies. All employees receive trainings on information security awareness and Personal Data Protection Law, cyber security bulletins and information security announcements are published, and the awareness of employees is raised.

The Bank carries out monitoring activities 24/7 to detect and prevent cyber attacks. Security trail logs collected from all products are subject to correlation rules, which makes the detection and prevention of cyber incidents possible.

Critical Human Resources Risk

Finding and retaining talent is considered one of the most important risks for the next decade. Therefore, talent management has become a strategic priority not only for the human resources department but also for risk management. Skill management also covers strategy, corporate culture, being a learning organization, technology, management philosophy and system. Yapı Kredi considers understanding the business expectations of Y and Z generations, developing value propositions for them, and adapting, training, retaining and backing up the same among the material issues of risk management.

Today's business challenges prove the necessity of having competent human resources, being able to act quickly and designing an "agile and adaptable model" focused on technology. In particular, the risk of having insufficient or incompetent human resources, loss of critical human resources and not backing up critical human resources leads to the risk of limiting success in operational targets. To this end, due to the increase in the use of technology and digitalization in human resources management processes (hiring, development, retention, etc.), a global human resources management approach should be adopted, and technology-oriented and data-supported decision mechanisms should be prioritized.

Yapı Kredi places great importance to human resources in terms of operational risk, reputation risk and business continuity management.

Yapı Kredi manages the transformation in human resources with the vision defined in terms of acquiring the competent human resources that the Bank will need as soon as possible. The Bank's Human Resources started to implement new practices related to the transformation in human resources in all areas from employer branding to recruitment, from training-development practices to career management, from performance and leadership development to employee loyalty-motivation. Accordingly, the Bank designs risk reduction actions through training, workshops and coaching projects, which are implemented with broad participation. Moreover, the Bank periodically monitors the targets set for human resources and the realization of the targets.

Yapı Kredi places great importance to human resources in terms of operational risk, reputation risk and business continuity management. To this end, the Bank carefully examines the qualifications of employees, their educational status, satisfaction and loyalty levels, expectations, problems in the media and social media, employee turnover rates, gender balance, critical positions and backup situations, equipment needs and communication strategies. Moreover, Yapı Kredi attaches the utmost importance to employee safety and health in emergencies or unexpected situations. These studies are carried out by defining business impact analyses, business recovery, emergency strategies as well as key risk indicators, and by regularly monitoring these indicators.

In addition, possible complaints about employee rights violations, negative working conditions, intimidation, and faulty managerial

attitudes that may occur in the working environment are forwarded to the Ethics Line under the Compliance, Internal Control and Risk Management, and actions are taken within the framework of the Code of Ethics and Business Conduct Policy.

RISK CULTURE AT YAPI KREDI

The Bank's Risk Management Framework consists of the following components: risk governance, definition of scope and identification of risk, evaluation of the risk profile, determining the risk appetite, monitoring, and reporting.

For effective risk management, the Bank trains internal experts, and makes investments to establish risk system infrastructures. The Bank carries out activities to create a risk management infrastructure that seeks not only to achieve regulatory compliance but also allows monitoring and measuring independently from executive functions, supports business and decision-making processes, and is integrated with day-to-day operations.

Automated reporting and validations are conducted for effective analysis, monitoring and control mechanisms. The employees are enabled to embrace the risk culture with the policies established, processes defined, targets, responsibilities and regular trainings. In order to establish a common risk culture across its subsidiaries, Yapı Kredi acts with the principle of maximum compliance in relation to risk management activities. The Bank provides the necessary coordination in line with the responsibility of ensuring effective risk management suitable for the structure, complexity and risks of the Bank and its subsidiaries.

The Risk management strategy of the Bank aims to ensure the optimized use of the capital by measuring risks with methods complying with international standards and local regulations and maintaining risk-return balance in line with the sustainable growth target, and to secure sustainable growth within this balance. The Bank's risk management approach, namely the Internal Capital Adequacy Assessment Process (ICAAP), is based on solid risk

Yapı Kredi regularly and annually reviews the Lending Policies, which reflect the Bank, asset quality, effective risk management and regulatory compliance strategy.

management methods, and prospective planning and capital assessment based on the risk profile.

The Bank adopts a forward-looking capital planning approach to enable the Bank to continue operations in case of losses due to contingencies or deteriorations in the market. The most advanced international practices are utilized to identify, measure, analyze and control risks. The process of defining the risk and determining the appropriate measurement method has a dynamic structure, where risk management is improved based on advanced international practices and analyses used by the Bank are updated parallel to the business evolution. A risk appetite framework integrated with the budgeting process is designed to optimize the operations while achieving the budget targets set for the Bank, thus, taking the proper risk positions.

Yapı Kredi regularly and annually reviews the Lending Policies, which reflect the Bank, asset quality, effective risk management and regulatory compliance strategy. Lending Policies cover common standards, restrictions and principles applicable across the Bank, including all practices in relation to credits management.

In addition, the rating / scoring systems are also regularly updated and improved. The Bank adopts a forward-looking capital planning approach to enable the Bank to continue operations in case of losses due to contingencies or deteriorations in the market.

As part of the Bank's risk management activities, the Bank prepares the Liquidity Coverage Ratio Report and submits the report to the Banking Regulation and Supervision Agency (BRSA) pursuant to "Regulation on Calculation of Liquidity Coverage Ratio for Banks" published by the BRSA in accordance with Basel III guidelines. The Total Liquidity Coverage Ratio (LCR) of Yapı Kredi exceeds the regulatory and internal limit and triggering levels. This ratio is annually approved by the Board of Directors and closely monitored in terms of its conformity to threshold levels.

RISKS

To identify the Bank's risk exposure, the Bank takes into consideration its main fields of activity, competitive environment, regulatory framework, best practices by international banks, and cost-benefit analysis in relation to the measurement of the risk exposure.

Credit Risk

Credit risk refers to possible loss that the Bank may be exposed to due to the borrower's failure to timely fulfill its contractual obligations in part or in whole.

Under the credit risk management, Yapı Kredi aims to measure, mitigate and take necessary precautions against the credit risk by using efficient and smooth rating / scoring models, strategies and processes. Internal rating models used for measuring credit risks are designed in accordance with the criteria set forth in the "Communiqué on Calculation of the Risk Weighted Exposure Amount for Credit Risk by Internal Ratings-Based Approaches" published by the Banking Regulation and Supervision Agency (BRSA). Following the approval of the BRSA, the Bank, as of June 30, 2021, started to calculate capital adequacy ratios with the Internal Ratings-Based (IRB) approach using these internal rating models. With this development, Yapı Kredi became the first bank in Turkey to adopt the IRB approach.

Under the credit risk management, Yapı Kredi aims to measure, mitigate and take necessary precautions against the credit risk by using efficient and smooth rating / scoring models, strategies and processes.

Yapı Kredi uses the following primary strategies for Credit Risk:

- Effectively implementing the Credit Policies Guidelines to ensure the continuity of the common risk management approach adopted across the Bank
- Directing the credit portfolio to less risky sectors
- Avoiding excessive concentration in group risks and strictly adhering to the applicable legal limits
- Focusing on customers with better ratings
- Avoiding transactions that will cause high credit risk and reputational risk
- Managing the country risk in accordance with the defined strategy, policy and implementation procedures

In addition to financial credit risks, Yapı Kredi evaluates possible environmental and social risks of investments such as environmental, human rights, ethical and corruption risks. New investments and projects to be financed are handled under the Environmental and Social Risk Assessment System.

You can find detailed information on the management of the loans extended with respect to environmental and social risks in the section titled Responsible and Sustainable Finance.

Counterparty Credit Risk (CCR)

Counterparty credit risk is the risk of the counterparty to a financial agreement to lapse into default before the due date specified in the agreement and its failure to fulfill its contractual payment obligations.

Agreements subject to CCR are agreements concluded individually between the parties, such as over-the-counter derivatives agreements and margin trading.

Yapı Kredi daily calculates and monitors amounts involved in counterparty credit risk, using the most advanced methods provided for by international regulations. The calculations take into account the current market conditions and various stress scenarios.

Risks subject to counterparty credit risk is ultimately a credit risk and is a part of the Bank's general credit risk monitoring / follow-up processes.

Credit Concentration Risk

Credit concentration risk refers to exposure to potential losses at a magnitude that might hinder the Bank from carrying out its core activities in a healthy manner due to the concentration of risk in a certain loan or group.

Monthly reports prepared for analyzing and monitoring credit concentrations at the Bank with respect to sectors, currencies, countries, geographical distribution etc. and for taking action when necessary are regularly shared to be used by sales / marketing and credit allocation departments, as well as by compliance, internal control and risk management units. The reporting aims to analyze the Bank's credit portfolio to avoid the concentration risk by monitoring the performance of the credit portfolio, and to take necessary actions. Moreover, the Bank has introduced the group-based threshold value methodology, and credit concentrations at large groups are monitored and reported to the senior management regularly in line with the Group-Based Threshold Value methodology.

Yapı Kredi's Operational Risk Management Policy updated in 2023.

Residual Risk

Residual risk refers to risks that occur when the credit risk mitigation techniques used turn out to be less effective than projected. For residual risk management at Yapı Kredi, adequate liquidity and validation of collateral valuation is monitored regularly at least once a year, and monitoring and revaluation frequency is increased in case of major changes in market conditions. In addition, the Bank's units regularly update collaterals, and apply the rules on reviews in line with the regulations and communiqués published by the BRSA.

Operational Risk

Operational risk is defined as the risk of loss arising from errors, violations, interruptions or damages caused by internal processes, employees and systems or external events.

Updated in 2023, Yapı Kredi's Operational Risk Management Policy covers groupwide principles and standards regarding operational risk management structure; strategies concerning operational risk control, measurement and management system practices as well as the frequency, content and addressees of operational risk reports.

The Business Continuity Management Policy aims to minimize the systemic risks that may be caused by suppliers, natural disasters, etc. that may threaten the continuity of the Bank's operations, and to ensure the operationalization of critical products and services under acceptable times in case of possible interruptions. The Business Continuity Management Policy is regularly updated and submitted for the approval of the Board of Directors.

Operational risks are quantified in accordance with Basel II's advanced measurement methods. To this end, the Bank's operational risk losses and key risk indicators are monitored, scenario analyses are performed, and risk-based insurance management activities are carried out. Operational risk limits are determined based on the risk appetite, approved by the Board of Directors, and monitored throughout the year. The Bank carries out the risk assessment of support services, outsourced services and new products and prepares a risk inventory of information technologies.Risk is mitigated by preparing action plans and business continuity plans for potential disasters such as the Istanbul earthquake, COVID-19 pandemic, etc.Risk culture and awareness are improved by means of the operational risk strategies and training programs developed by the Bank. Activities conducted in relation to operational risk and business continuity are periodically submitted to the Audit Committee, the Executive Board and the Board of Directors.

Yapı Kredi also takes into account environmental, social and climate change-related risks in addition to other risk factors under the operational risk and business continuity management. The Bank aims to detect, measure, mitigate through action, and report these risks.

Reputational Risk

The Reputational Risk Management Policy published in 2013 to define the fundamental principles and procedures for controlling, measuring and mitigating reputational risks is updated annually in view of legal and internal standards. The Policy was last updated in 2023. The Policy focuses on reputational risk control system for establishing and maintaining effective reputational risk management; measuring, monitoring and reporting activities involved in defining and preventing reputational risks and restoring the Bank's reputation; sensitive sectors and sectoral norms complying with lending policies; and relevant international standards.

Yapı Kredi also takes into account environmental, social and climate change-related risks in addition to other risk factors under the operational risk and business continuity management. The Bank aims to detect, measure, mitigate through action, and report these risks.

Yapı Kredi also takes into account environmental and social risks in addition to other risk factors under the reputational risk management. Sectors with environmental and social risks such as mining, coal mining, coal-fired thermal power plants, nuclear energy industry, hydroelectric power plants, dam industry, water infrastructure and agricultural sector are evaluated in line with sectoral norms, international standards and best practices. In these sectors, Yapı Kredi adopts strategies such as reducing carbon footprint and supporting renewable energy as well as basic approaches to climate-related risks. In addition, general principles of reputation risk management are also taken into account in these processes. Risks in these areas are identified, monitored and reported to senior management through risk and performance indicators.

Market Risk

Market Risk refers to the risk exposure of the Bank due to the fluctuations in the market, particularly in interest rates, exchange rates, credit spread, equity and commodity prices due to the positions followed up in the trading portfolio. The term 'position' refers to the positions the Bank takes in its own portfolio and the positions arising from the services offered to the customers or from market-making activities. The trading portfolio covers the financial instruments exposed to short term price / interest rate fluctuations. Valid positions should comply with the standards and principles set forth in the Financial Markets Policy and its appendices, as well as in the Policy for Inclusion in Trading Accounts. The Financial Markets Policy and its appendices are updated at least once a year in line with the new legal and internal regulations, the needs of business units and the annual budget, providing guidance to market risk measurement, limiting and monitoring functions.

Guiding all treasury operations and market risk management functions of Yapı Kredi, the Financial Markets Policy and its appendices identify the competencies and procedures in the relevant area and also cover all detailed provisions governing these areas.

The Policy is primarily implemented by the Treasury Management and Market Risk Management units, and also observed by all the other units to provide an integrated risk management system. It is ensured that all positions carried by Yapı Kredi comply with the limits set out in the Policy and its appendices.

The limit system regarding Treasury Management and Market Risk activities covers all factors associated with the market risk as well as the organizational structure, the list of approved treasury products and the list of approved intermediary agencies / platforms. The Market Risk Management Department is responsible for expanding and adapting the limit systems in line with their experiences, the needs of business units and the annual budget. The limits set are monitored in comparison with current limit utilizations through daily reports. The related reports also take into account the current market conditions, stress and scenario analyses. In cases of limit overruns, the actions set out in the Policy are taken. Regulatory and economic capital requirement is calculated and monitored regularly within the scope of market risk.

Financial Investment Risk

Financial investment risk stems from the subsidiaries included in the Bank's or the Group's balance sheet or from items arising from equity not included in the trading accounts. Financial investment risk is used to determine the risk specific to equity. Equity investment portfolio basically consists of listed and unlisted stock / subsidiaries, equity-backed derivatives, private equity, investment trusts, hedge funds and related private equity funds. Financial investment risk is quarterly monitored and reported to related units.

Thus, Yapı Kredi closely monitors the status of the Bank's liquidity risk under current and extraordinary market conditions, submits necessary information to senior management, and ensures the continuity of the healthy structure of the Bank's balance sheet by taking timely and effective actions.

Property Risk

Property risk is defined as potential losses arising from the fluctuations in the market value of the real estate portfolio of Yapı Kredi. Property risk is measured to determine the underlying risk of property prices and to be included in total economic capital calculation within holistic risk profile assessment. Basically, property risk is calculated for two purposes: Retrospective (for follow-up purposes) and Prospective (for capital planning purposes).Thus, the Bank takes property risk into consideration for risk management purposes and in relation to its capital planning goals. Property risk is quarterly monitored and reported to related units so as to incorporate unconsolidated and consolidated results.

Liquidity Risk

Liquidity risk refers to the Bank's inability to fulfill its repayment obligations timely and completely with the assets at its disposal. By nature, liquidity risk is a kind of risk that banks can face suddenly and that may create dramatic outcomes for financial institutions, and needs to be frequently monitored, for example daily, weekly or monthly, and closely monitored separately in relation to major currencies. Yapı Kredi measures liquidity risk as short-term and medium / long-term liquidity risk. Various stress tests are also performed on liquidity risk in the light of statistical and scientific analyses and assumptions based on historic experiences. Thus, Yapı Kredi closely monitors the status of the Bank's liquidity risk under current and extraordinary market conditions, submits necessary information to senior management, and ensures the continuity of the healthy structure of the Bank's balance sheet by taking timely and effective actions.

The scope of the liquidity risk is composed of both on- and off-balance sheet items. The magnitude and the highly dynamic nature of the scope of liquidity risk necessitates multifaceted measurements.

Yapı Kredi monitors liquidity risk by taking into consideration the latest local and international regulations (e.g. Basel, EBA) and best practices, and through the dedicated liquidity risk policy that is annually reviewed and revised. To this end, the Bank performs liquidity risk measurements, assigns a wide variety of limits ranging from risk appetite indicators to granular indicators, and regularly monitors the existing status of each metric as compared to its respective limits to take necessary actions.

Some of the actions taken include money swaps, coordination in deposit and credit movements, management of interbank transactions, repo and reverse repo transactions, and management of the Central Bank of the Republic of Turkey (CBRT) reserves in harmony with liquidity risk management. At the same time, the Bank's profitability and risks are assessed together to ensure that the Bank's liquidity risk is managed conservatively.

Strategic Risk

Strategic risk refers to the risk of loss that the Bank may suffer due to faulty commercial choices, misimplementation of commercial choices, or failure to analyze or interpret the changes in the sector well.

Yapı Kredi ensures accurate and healthy strategic risk management through corporate functions and management committees.

Yapı Kredi ensures accurate and healthy strategic risk management through corporate functions and management committees. In this process, the Board of Directors sets up and oversees all control mechanisms and processes necessary for successfully implementing targets and strategies.

Interest Rate Risk

Interest rate risk is the risk of loss that may result in the Bank's capital or revenues due to the fluctuations in interest rates. Changes in interest rates affect and change the underlying values of the Bank's assets, liabilities and off-balance sheet items and / or economic values of future cash flows (and in some cases, the cash flows themselves).

Interest rate risk management at Yapı Kredi aims to protect the financial strength of the balance sheet against the possible adverse effects of the changes in interest rates on net interest income and economic value. Interest rate risk is managed through an adequate assets / liabilities composition that will comply with the Bank's Risk Appetite Framework (RAF), and measurement and close monitoring of revenues and economic value sensitivity. Designed in view of the latest local and international regulations and best practices, the Bank's interest rate risk policy is reviewed and revised at least once a year. Moreover, the Bank performs interest rate risk measurements periodically by means of metrics and limits determined by taking into account the current market conditions and stress scenarios, and reports there measurements to the senior management.

In order to mitigate interest rate risk, Yapı Kredi implements hedge accounting, which complies with the International Financial Reporting Standards (IFRS) and allows application of specific accounting procedures for derivative products.

Country and Transfer Risk

Country risk refers to the potential risk of loss for the Bank that may result from failure of, or avoidance by, the borrowers in a country to fulfill their external liabilities due to the volatilities in the economic, financial, social and / or political conditions.

The Bank addresses country risk management from two angles. The first one is the risk appetite limits and approval authorization levels involved in risk management assessment, and the second one is the country credit limits allocated to countries with the financial institutions perspective and associated workflows.

Country credit risk appetite refers to the maximum risk the Bank targets to assume, which is determined by the Board of Directors. These risk levels are determined based on the ratio, to the Bank's capital, of the total risk calculated on the basis of country of customer's residence and risk for countries classified according to their ratios. Actualizations of defined risk appetite limits are monitored and reported monthly.

Transfer risk refers to the potential risk of loss for the Bank that may result from the borrower's inability to convert the local currency into the foreign currency payable to the Bank and / or its failure to make the payment in the foreign currency. This risk usually occurs due to the foreign currency scarcity that may result from the foreign currency restriction measures adopted by the government of the borrower's country. Loans in a foreign currency are followed up in the Bank's concentration reports, and sensitivity analyses are monthly shared with the senior management.

Bribery and Corruption Risk

Banks are institutions that operates based on the trust. Increased competitive environment and digitalization force banks to improve their efficiencies, to perform more profitable transactions at lower costs and use more productive workforce.

These developments in the competitive environment and digitalization expose the banks to various risks including anti-bribery and anti-corruption.

Yapı Kredi evaluates business processes against bribery and corruption risks. Areas susceptible to corruption risk are identified and analyzed according to the risk assessment methodology. Giving / receiving gifts and entertainment offers made / received, sponsorships and donations, outsourced tasks, business offers, mergers, acquisitions, major investments and relations with civil servants are defined as activities susceptible to high corruption risk, and are reviewed with priority under the risk assessment methodology. The Bank periodically assesses operations, carries out activities to identify possible risks and updates business processes when necessary.

Assessment results are periodically reported to the Audit Committee. Disciplinary punishment up to and including termination of the employment contract is imposed in case of the violation of the Anti-Bribery and Anti-Corruption Policy.

In the reporting period, no confirmed bribery incidents were reported to the whistleblowing channels set up within the scope of the combat against bribery and corruption. No disciplinary punishments were imposed in the reporting period due to bribery or corruption.

To ensure compliance with the Anti-Bribery and Anti-Corruption program, contents and images prepared by the Bank are periodically e-mailed as announcements to all employees throughout the year. In addition, relevant messages are posted under the tab Compliance on Bizler+, an internal platform accessible by all employees.

All employees of Yapı Kredi, including subcontractors, receive Anti-Bribery and Anti-Corruption trainings. In 2023, employees received 725 hours of training to raise awareness of employees on anti-bribery and anti-corruption. Trainings are periodically reported to the Audit Committee.

Under the anti-bribery and anti-corruption program, third parties are requested to comply with the relevant Yapı Kredi policies while their employees are requested to embrace the principles set forth in these policies, and to carry out their activities in accordance with those principles. By carrying out training and awareness activities, the Bank performs reviews to determine the preagreement status with the third parties, and incorporate related provisions in the agreements concluded with third parties. In 2023, no bribery and corruption incidents involving third parties occurred and there were no companies with their contracts being revoked on such grounds.

You can reach Yapı Kredi Anti-Bribery and Anti-Corruption Policy here.

Environmental Risks

Aware of the transformative power of financing on the real sector, Yapı Kredi manages all of its environmental impact including climate change and water risks stemming from its lending activities under the Environmental and Social Risk Assessment (ESRA) System. To this end, all new investment and project finance loan requests and project advisory services, covered by corporate and commercial banking and have an investment amount of USD 10 million and above, are subject to the ESRA System.

By establishing IT risk management policies, the Bank measures, monitors and reports IT risks.

The combat against climate change and water management are addressed in the Bank's Reputational Risk Policy and Lending Policy. Reputational risk management concerning risky areas and sensitive sectors (companies and establishments with a high environmental impact, nuclear energy, mining and thermal power plant infrastructure etc.) are outlined in these policies.

Technology Risks

The banking sector, one of the sectors that invest the most in technology, is also among the sectors that are exposed to the risks brought by technology and digitalization, and that are best placed to seize the opportunities.

From the standpoint of banks, the opportunities internet and mobile banking offer to banks and customers can be defined as the capability to offer products at lower costs, to be accessible 24/7 independent from time and place, to reduce transaction costs in branches and to constantly reduce costs as the number of customers using internet / mobile banking increases. From the standpoint of customers, the opportunities include the relatively faster and easier accessibility of the system, the time and cost saving provided by the system, and increased financial access.

Information technology (IT) risks are among the most important risks for the Bank. By establishing IT risk management policies, the Bank measures, monitors and reports IT risks. Thus, Yapı Kredi can define the threats against the Bank's critical assets and processes, identify weaknesses and keep them under control, thus preventing unexpected threats against the Bank and mitigating losses.

Policies are annually reviewed, revised when necessary and submitted for the approval of the Board of Directors. In addition, the Bank creates an IT risk map and action plans to perform Information and Communication Technologies risk assessments. The Bank has a Business Continuity Management Policy designed to ensure the continuity of operations and to mitigate associated risks. In addition to this policy, Yapı Kredi introduces necessary practices for business continuity through Contingency Action, Crisis Management and Business Recovery Plans.

Moreover, the related business unit and internal systems analyze in detail losses resulting from external fraud. To this end, the Bank completed a number of developments for monitoring and preventing fraud. As part of the activities to combat external fraud, customers' suspicious transactions are monitored 24/7.In order to prevent possible incidents of fraud, regular analyses are performed using attempted frauds and new fraud trends. Yapı Kredi monitors new products / services and updates the supervision systems to respond to current fraud trends.

Human Rights Risks

Addressing and most effectively managing risks related to all forms of modern slavery including but not limited to child labor, forced labor and human trafficking under the human rights risks, Yapı Kredi attends to human rights risks in line with its Human Rights Statement. The Yapı Kredi Human Rights Statement has been prepared based on the Universal Declaration of Human Rights, Fundamental Conventions of the International Labour Organization (ILO) and the United Nations Guiding Principles on Business and Human Rights, as well as national legislation and internal policies.

The Yapı Kredi Human Rights Statement addresses gender equality, diversity, right to collective agreement, prevention of forced labor and child labor, work-life balance, protection of personal data, relations with suppliers, human rights awareness activities for employees, and measures against human rights violations.

The Yapı Kredi Human Rights Statement is regularly shared with all employees through internal communication announcements. The Statement can be accessed on the intranet and corporate website. In addition to the Turkish version, the Yapı Kredi Human Rights Statement has also been translated into English and local languages of the countries where Yapı Kredi is active to ensure access by subsidiaries. The Yapı Kredi Human Rights Statement is regularly reviewed and updated when necessary. Furthermore, Yapı Kredi is also a signatory to the UN Global Compact. Yapı Kredi annually reports on the 10 principles of UN Global Compact.

Sharing its sensitivity in relation to human rights with the entire value chain, the Bank incorporates in the agreements concluded with suppliers an article requiring compliance with the Universal Declaration of Human Rights, Fundamental Conventions of the ILO and Yapı Kredi Human Rights Statement. Moreover, suppliers are encouraged to operate responsibly in relation to environmental and social rights, including human rights in line with the Yapı Kredi Responsible Procurement Policy.

In the reporting period, the Bank continued to offer awareness trainings to employees regarding human rights. No cases of child labor, forced or compulsory labor, preventing of employees' right to organize or collective bargaining were detected in the reporting period.

You can reach the Yapı Kredi Human Rights Statement here.

You can reach Yapı Kredi Responsible Procurement Policy here.

Yapı Kredi Advocate for Sustainability in Action!

YAPI KREDI TAKES STEPS TO CREATE A SUSTAINABLE FUTURE FOR SOCIETY, PEOPLE AND NATURE AND TO POPULARIZE MASS TRANSFORMATION IN BOTH THE INSTITUTION AND INDIVIDUAL PREFERENCES. STEP AMBASSADORS ACT WITH A FOCUS ON SUSTAINABILITY IN BOTH THEIR BUSINESS AND PRIVATE LIVES FOR A HEALTHY AND SUSTAINABLE FUTURE, READY TO TAKE RESPONSIBILITY TO MOBILIZE THE PEOPLE AROUND THEM TO THIS END.

1,350
STEP Volunteers

1,708
hours of training

(STEP AMBASSADORS DEVELOPMENT PROGRAM IN COOPERATION WITH YAPI KREDI ACADEMY / BAHÇEŞEHIR UNIVERSITY AND CIFAL ISTANBUL. SUSTAINABLE DEVELOPMENT 101, POVERTY AND INEQUALITIES, EARTH AND WATER, PLANET AND CLIMATE, GENDER EQUALITY, SOCIAL MOBILITY AND INEQUALITIES, QUALITY EDUCATION, ACCESSIBLE ENERGY, QUALITY AND HEALTHY LIFE, ESG AND BUSINESSES, FINANCIAL SUSTAINABILITY, RESPONSIBLE PRODUCTION-CONSUMPTION, SUSTAINABLE CITIES, PEACE-JUSTICE AND PARTNERSHIPS, GREEN FINANCE PRACTICES)

YapıKredi step
SÜRDÜRÜLEBİLİR TERCİH PROGRAMI

STEP | Sustainable Preference Program

GRI 203-2

Responsible and Sustainable Finance

Aware of the wide sphere of influence of the sector, Yapı Kredi has adopted a responsible growth approach that will increase the positive impact on all its stakeholders and create value for all segments of its operations. Yapı Kredi's main approach to sustainability is based on creating long-term value for each area and stakeholder by adopting a sensitive attitude toward social and environmental issues while ensuring economic development and growth. Sustainability lies at the heart of the Bank's business culture and philosophy.

Given the huge responsibility that falls upon the finance sector for finding solutions for the global environmental and social issues, Yapı Kredi effectively manages the environmental and social impacts arising from its own operations and the projects and investments financed by the Bank.

Yapı Kredi has adopted a responsible finance approach to support the fight against environmental, social and governance (ESG) problems, including the climate crisis, and to increase its contribution to Turkey's sustainable development. To this end, the Bank reviews its current business processes and redesigns these processes in line with current trends in ESG, the changing legal framework, its commitments to international sustainability initiatives and stakeholder expectations. In addition, Yapı Kredi carries out various activities on risk assessment processes, loan policies, reducing the environmental footprint of financing and developing new products. The Bank transparently shares these activities with all its stakeholders under international sustainability initiatives and reporting standards.

In line with its responsible banking approach, Yapı Kredi will continue its transparent communication and pioneering work in sustainable finance. The Bank will follow its roadmap created to fulfill its commitments to the international sustainability initiatives. The Bank has set increasing the variety and volume of sustainable finance products one of its most important goals. In addition, Yapı Kredi places utmost importance to actions planned to achieve the targets of carbon emission reduction arising from both the operational activities and the loan portfolio.

Diversifying and expanding sustainable finance products is among the most important tools in the transition to a low carbon economy. In this context, Yapı Kredi works to increase the number of sustainable finance products for its customers in individual and corporate segments. The Bank sets strategic targets to increase the share of these products in the loan portfolio. Another aim of the Bank is to contribute to the capacity building of its customers on sustainable finance products, thus supporting the financing of transformation.

Cooperation with international financial institutions is also of great importance for the Bank for transferring its funding resources to sustainability-related fields. For foreign borrowing transactions, Yapı Kredi's goal is to increase the number and volume of sustainability-related transactions. In 2023, Yapı Kredi increased its support for green transformation with sustainability-related financing agreements provided in the international arena, earning the trust placed upon the Bank. You can find detailed information on sustainability-related foreign borrowing transactions carried out in 2023 in the Financial Institutions and International Debt and Capital Markets sections of the report.

ESRA SYSTEM

Yapı Kredi launched the Environmental and Social Risk Assessment (ESRA) System under the Sustainability Management System established in 2017.

The ESRA System continues to be implemented with updates in its scope and content throughout the process. To identify, prevent or minimize the environmental and social risks of investments to be financed by Yapı Kredi, the Bank implements the ESRA System, based on national legislation and International Finance Corporation (IFC) Environmental and Social Performance Standards. Under the ERSA, all loan requests submitted to the Bank are evaluated in line with the loan policies and the Exclusion List provided in the Yapı Kredi Environmental and Social Policy. Activities that do not comply with these policies or are on the Exclusion List are not financed under any circumstances.

You can reach the Yapı Kredi Environmental and Social Policy and the Exclusion List here.

At Yapı Kredi, the ESRA System is carried out by an expert staff under the Loans Management. The Assistant General Manager of Loans, a member of the Sustainability Committee, is responsible for the management of the system. The effectiveness of the ESRA System is closely monitored through internal audits as well as regular trainings given to all teams responsible for the implementation of the model, especially portfolio managers. Yapı Kredi made improvements in the reporting steps of the ESRA System to the Credit and Sustainability Committees, increasing the control of the senior management over the system. The Bank expanded the scope of the ESRA System in 2019, which has been applied to investment and project finance loans with a loan amount of USD 20 million or more and a loan demand of at least three years since 2017. The ESRA system is used to evaluate all new investment and project finances with an investment amount of USD 10 million and more and provided with resources and services under the corporate and commercial business lines. Moreover, since 2019, environmental and social risk assessments have been performed for thermal power plant projects requesting the restructuring of existing loans.

Diversifying and expanding sustainable finance products is among the most important tools in the transition to a low carbon economy.

In order to align the scope of the ESRA System with the Equator Principles, improvements were made in 2021 with reference to national legislation and the International Finance Corporation Performance Standards (IFC PSs) as well as Equator Principles practices. In 2022, system automations required for monitoring the ESRA System on the bid screens were completed and implemented.

Yapı Kredi works in line with its material issues, particularly the fight against climate change and responsible products and services, and aims to minimize environmental risks. To this end, the Bank updated its policies in 2021, and decided not to finance new coal-fired thermal power plants and new coal mining projects, and included these activities in the Exclusion List under its Environmental and Social Policy.

Investment and project finance loan requests with an investment amount of more than USD 10 million, which are not in the Exclusion List in line with the updated policies in 2023, were subjected to an environmental and social risk assessment in accordance with the Procedure for Assessment of Environmental and Social Risks of Credit Activities.

With the ESRA System, investments are evaluated in line with the national Environmental and OHS legislation as well as within the scope of various international standards on issues such as key sensitive areas, cultural heritage, resettlement of affected people, natural resource use, stakeholder engagement, environmental management systems, community health and safety, media, and community objection. According to the results of the assessment performed with the question sets defined specifically for the sector, the relevant risk category of the investment in question is determined and action and monitoring plans suitable for this classification are created in cooperation with the investor. In case the investment is found to be high risk, these actions are monitored in cooperation with independent consultants. Yapı Kredi clearly defines the criteria and control definitions for the selection of independent consultants for investments, and includes these in the implementation processes of the ESRA System.

The investments assessed are classified into four categories according to their risk level: high (Category A), medium high (Category B+), medium low (Category B-) and low (Category C).The risk categories are briefly described below.

CATEGORY A

Business activities that may have various, irreversible or unprecedented serious adverse environmental or social risks and / or impacts

CATEGORY B+

Business activities that may have a large number of limited adverse environmental or social risks and / or impacts that are largely reversible, often specific to the project site, where mitigation measures are already being applied

CATEGORY B-

Business activities that may have a low number of few adverse environmental or social risks and / or impacts that are largely reversible, often specific to the project site, where mitigation measures are already being applied

CATEGORY C

Business activities with minimal or no environmental or social risk and / or impact.

Yapı Kredi reports the implementation results of the ESRA System every year and publishes the results as a part of this report after the relevant activity year is completed. The results are presented to the Sustainability Committee every year.

To this end, the Bank reports:

- the number of projects evaluated under the system, the total credit limit allocated and the number of projects with the first loan disbursement, and
- the risk assessment distribution of the projects evaluated under the system.

In 2023, 16 investments were evaluated under the ESRA System, and a total of USD 568 million credit limit was allocated to these investments as of December 2023.

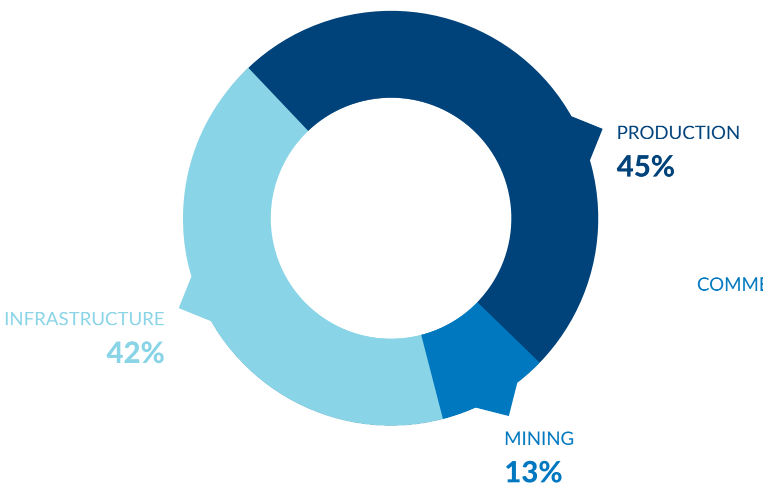
GRI 203-2

The distribution of the projects evaluated under the ESRA System in 2023 by categories is as follows:

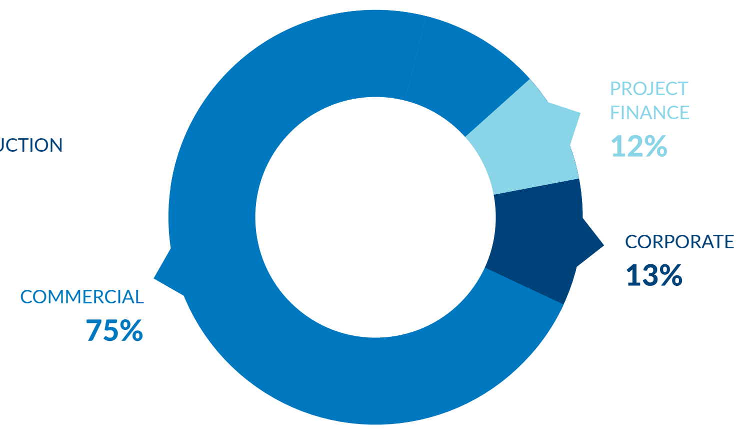
RISK CATEGORY	TOTAL INVESTMENTS ASSESSED
A	1
B+	0
B-	3
C	12

PROJECTS ASSESSED UNDER THE ESRA SYSTEM IN 2023	
Sectoral Breakdown	Assessed Investment (USD million)
Infrastructure and Superstructure	392
Mining	127.3
Production	418.6
TOTAL	937.6

SECTORAL BREAKDOWN OF PROJECTS ASSESSED UNDER THE ESRA SYSTEM BY INVESTMENT AMOUNT



SECTORAL BREAKDOWN OF PROJECTS ASSESSED UNDER THE ESRA SYSTEM BY NUMBER OF INVESTMENTS



SUSTAINABLE PRODUCTS AND SERVICES

When evaluated together with the indirect effects generated by the financing provided to the business world, the finance sector has a quite wide field of activity. Thanks to its transformative power, the responsibilities of the sector in sustainability are also extremely important. Aware of its responsibilities, Yapı Kredi transparently defines and reports its impacts and targets, and gives priority to financing green and sustainable projects that the real sector needs. While taking responsibility for green and sustainable transformation, the Bank supports its customers in their transition to sustainable business models.

Yapı Kredi offers financial solutions to sustainable development issues through numerous products and services such as sustainability-linked loans, renewable energy and energy efficiency loans, Nature-Friendly Mortgage, and Nature-Friendly Auto Loans.

On the other hand, encouraging its customers to take action in sustainability, Yapı Kredi sets certain targets linked with the customers' sustainability performances independent of where the loan is planned to be used in sustainability-linked loans extended to corporate and commercial customers. Advantages are provided in loan conditions if these targets are achieved during the loan's term.

Yapı Kredi also participated in the equality mobilization in technology and innovation at the United Nations Women's Generation Equality Forum, where the Koç Group plays a transformative role. To this end, the Bank aims to reach a total of 20,000 women entrepreneurs in five years with an advantageous product and service package.

In addition to the products and services developed to support the sustainability journey of its customers, Yapı Kredi also assists its customers in their sustainability transformations with the communication activities carried out by the Bank. The Bank contributes to increasing the awareness and knowledge of its customers on sustainability through various communication channels, including live broadcast programs, webinars, podcast series, press interviews, news and publicly disclosed reports.

Nature-Friendly Mortgage

Yapı Kredi launched the Nature-Friendly Mortgage product to raise awareness on energy savings. With Nature Friendly Mortgage, the Bank offers 50% exemption in the loan allocation fee just for residences with Class A and B Energy Identity Certificates.

Nature-Friendly Auto Loan

Supporting its customers' sustainability journeys with the Nature-Friendly Auto Loan, Yapı Kredi also offers attractive interest rates for the financing of electric and hybrid vehicles, and 50% discount on the allocation fee.

Rooftop Solar Power Systems Leasing

In collaboration with Arçelik Solar Energy, Yapı Kredi Leasing provided consumers with the opportunity to purchase rooftop solar energy systems with installments of up to 18 months, as a first in the sector. With the new financing model, customers can access green energy with the installment options determined by choosing the most suitable one from the eight packages offered, without the need for completing any procedure, in all kinds of structures such as houses, summer houses, offices, workplaces and gas stations. The financing model enables anyone who wants to switch to an eco-friendly rooftop solar energy system to access green energy on a turnkey basis.

Yapı Kredi Asset Management offers the following sustainability funds;

Clean Energy Variable Fund

Launching Yapı Kredi Asset Management Clean Energy Variable Fund as the first of the sustainability-themed funds, Yapı Kredi firmly maintains its support to energy efficiency, renewable energy and other low-carbon energy resources with its products and services. Yapı Kredi Asset Management Clean Energy Variable Fund invests in the domestic or overseas capital market instruments of companies engaged in sustainable and alternative energy technologies as manufacturer, developer, distributor and founder. The Fund plans to gain returns by investing in companies with the potential to contribute to the transition process in the global energy industry.

BIST Sustainability Index Stock Fund

With the Yapı Kredi Asset Management BIST Sustainability Index Stock Fund launched in 2022, Yapı Kredi Asset Management invests on partnership shares selected by sampling among the partnership shares under the BIST Sustainability Index, which is an index where at least 80% of the total fund value is continuously taken as basis and also invests on the stock exchange mutual fund participation shares which constantly invest on only the assets under the BIST Sustainability Index.

Electric Vehicles Variable Fund

Yapı Kredi Asset Management Electric Vehicles Variable Fund was launched in 2022. With this Fund, Yapı Kredi invests in capital market instruments issued domestically and abroad to companies active in electric vehicle production and / or in fields supporting electric vehicle production (such as spare parts production, vehicle technology production, battery production, mining, etc.).

Climate Change Solutions Variable Fund

The aim of the Yapı Kredi Asset Management Climate Change Solutions Variable Fund is to invest in the capital market instruments issued domestically and abroad of companies that offer solutions to climate change with technology and production alternatives in various sectors. With this fund, Yapı Kredi Asset Management invests in companies active in fields that can participate in the transformation process that may take place in the global energy sector in the upcoming period (companies that provide solutions with technology and production alternatives in sectors such as agriculture, electricity, heating, transportation, recycling, reuse and construction, and companies that provide services to these companies). Thus, the Bank aims to provide a reasonable level of return to the holders of participation shares through the investments made within the scope of the fund.

CREATING SUSTAINABLE VALUE THROUGH TREASURY OPERATIONS

In 2023, Yapı Kredi completed one of the syndicated loan transactions in line with its goal of ensuring sustainability and creating long-term sustainable value for all its stakeholders. The transaction completed in November includes targets for increasing the loan volume given to businesses managed or owned by women and decarbonization strategies in the loan portfolio. The syndicated loan signed in May by the Bank to support the foreign trade transactions of customers in provinces affected by the earthquake on February 6, 2023 was the first social syndication loan. Moreover, Yapı Kredi issued its first sustainable Eurobond in November. The resulting amount will be used in accordance with the Yapı Kredi Sustainable Finance Framework.

Under the sustainability-related syndicated loan realized in 2022, the Bank aims to generate 460,000 kWh of renewable energy with the solar power plant (SPP) installed on the roofs of the buildings in the Banking Base in the first half of 2023, and to save 180 million sheets of paper by digitalizing the retrieval of product and transaction documents from customers. Under these projects, at the end of the first half of 2023, Yapı Kredi generated 624,451 kWh of energy from the solar power plant installed on the roof of the Banking Base building, and saved 272.96 million sheets of paper through digitalization. In line with its targets of combating the global climate crisis and syndication loan, the Bank achieved approximately 35,862 tons of CO_2e reduction by supplying the total 2023 electricity need from renewable energy sources of all service points (the Bank and its subsidiaries Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Culture and Arts and Publishing (YKKSY), Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Technology, Yapı Kredi Azerbaijan and Yapı Kredi Nederland).

You can find detailed information on Borrowing Transactions at the Treasury Management section.

Environmental Impact Management

Environmental sustainability is one of the main responsibilities of banks in terms of sustainability. Yapı Kredi manages the environmental impact of its operational and lending activities as part of its Sustainability Management System and reports it annually.

In order to strengthen its role in the transition to a net zero economy, Yapı Kredi made a new commitment and became a member of the Net-Zero Banking Alliance in 2023.

NET-ZERO STRATEGY

Net-Zero Transition Plan

While posing a serious threat to society and the global economy, climate change also offers a commercial opportunity for businesses that deliver solutions to enable the transition to a green economy. In this transition, the banking sector, due to its role as a financier, plays an important role in scaling new technologies that will decarbonize other sectors. Yapı Kredi, one of the important players of the Turkish banking sector, has taken important steps on environmental, social and governance issues, while prioritizing the effects of climate change. The Bank mainly focuses on supporting its customers in their transition to carbon neutral operations, managing climate risks and making commitments for initiatives that prevent global climate change. To this end, Yapı Kredi maintains its commitment to reducing the emissions from both its own operations and those of the initiatives financed by the Bank and to supporting the transition to a net zero economy, with the aim of guiding its customers on their journey to net zero not only as a financier but also as an advisor and partner.

In this regard, Yapı Kredi has made commitments to many leading international initiatives and proved its determination to transition to net zero. As a first step, the Bank became one of the founding signatories of the United Nations Principles for Responsible Banking (UN PRB) in 2019 and became one of the leading banks in sustainability. In line with the climate risks action plan provided for under the Paris Climate Agreement, the Bank has made a commitment to the Science Based Targets Initiative (SBTi) in 2021 to reduce its emissions. Moreover, Yapı Kredi became the first and only institution in Turkey to commit to set emission reduction targets within the framework of the "Business Ambition for 1.5°C". In order to strengthen its role in the transition to a net zero economy, the Bank made a new commitment and became a member of the Net-Zero Banking Alliance (NZBA) in 2023.

In order to fulfill these commitments, Yapı Kredi initiated a project under the Carbon Transition Program initiated by Koç Holding. Within the scope of this project, the Bank has carried out extensive studies to measure climate impact and set targets since 2021. These works include measuring the financed emissions, determining interim net-zero emission reduction targets in line with science-based methodologies, outlining strategic actions towards these targets, and transparently disclosing the progress towards achieving those targets on an annual basis.

GRI 3-3

Emission Measurement

Yapı Kredi has been calculating and verifying emissions from its operational activities of its Head Office and service buildings (Bayramoğlu Training Facilities, Yeniköy Koru and Darıca Archive) since 2011. In 2019, the validation scope was expanded and implemented in all locations. Since 2021, the Bank has been calculating and verifying Scope 1,2&3 emissions arising from its operational activities of its all locations (including all domestic and abroad subsidiaries) in accordance with the ISO 14064 standard. For the first time in 2022, the Bank calculated the 2021 emissions arising from the loan portfolio corresponding to Scope 3 Category 15, using the PCAF (Partnership for Carbon Accounting Financials) methodology as a reference. According to current calculations, all Scope 1, 2 and 3 emissions in 2021, including Scope 3 Category 15 financed emissions, were equivalent to ~18,453 thousand tons of CO_2e emissions, while total emissions in 2022 corresponded to ~11,249 thousand tCO_2. Approximately 99.9% of these carbon emissions stems from Scope 3 Category 15, financed emissions. During the emission measurements, the GHG (Greenhouse Gas) Protocol for Scope 1 and 2, and the PCAF guide for Scope 3 Category 15 financed emissions were taken as reference. For financed emissions, corporate loans, business loans (commercial and SME loans), project loans, mortgage and vehicle loans within the scope of PCAF were the segments included in the calculation while Yapı Kredi, YK Netherlands, YK Azerbaijan are the group companies included in the scope of consolidation for emission measurements. Initially, the asset management segment was included in the financed emissions for 2021. However, since PCAF does not require the calculation of off-balance sheet asset management activities, the asset management segment was excluded from 2021 emissions and was not included in 2022 emissions calculations. Detailed data regarding emission calculations is available in the environmental performance indicators section of this Report.

For the first time in 2022, Yapı Kredi calculated the 2021 emissions arising from the loan portfolio corresponding to Scope 3 Category 15, using the PCAF (Partnership for Carbon Accounting Financials) methodology as a reference.

Improving Data Quality

There are various challenges and uncertainties regarding data and methodologies in measuring financed emissions. Today, there are no comprehensive and globally-standardized climate-related data. This lack of data is reflected in the high PCAF data quality scores for financed emissions calculations across the sector. It is estimated that there will be an increase in the works related to the standards to be developed by regulators for climate-related disclosures. Therefore, like other banks in the sector, 2021 emission calculations were largely based on assumptions and income-based calculations. However, in 2023, taking these limitations into account, Yapı Kredi launched two new projects. The first is the establishment of a software infrastructure for regular measurement and monitoring of financed emissions according to the PCAF methodology. Planned to be completed in 2024, the project aims to eliminate the manual calculation processes of financed emissions involving big data and to ensure their systematic tracking. Another project launched in 2023 aims to improve the quality of the data used in the calculation of financed emissions. Under this project, specific data used in emission calculations were collected through surveys from customers operating in the sectors mentioned as the most emitting sectors within the scope of NZBA. Thus, the PCAF score was increased from the range of 4-5 in 2021 to the range of 2.5-3 in 2022, improving the calculation quality. These improvements in emission calculation quality are an important input for developing an understanding of current emissions as well as transition strategies.

Target Modeling

After measuring its emissions, Yapı Kredi determined science-based reduction targets for emissions from its loan portfolio, including its own operations, in line with its SBTi commitment. To this end, in line with the guide published by SBTi for the financial sector, the Bank has taken the 2021 activity period as the target baseline year and modeled the interim targets for 2026 and 2030 according to the selected target methodology while submitting its targets to SBTi verification to confirm that the methodologies used are based on the latest scientific research. The results are given below:

TARGET SEGMENT	MODELING METHODOLOGY	TARGET BASELINE YEAR	TARGET YEAR	METRICS	TARGET
Scope 3: Category 15					
Corporate Loans: Electricity Generation	SDA	2021	2030	tCO_2e/MWh	41.7%
Project Finance: Electricity Generation	SDA	2021	2030	tCO_2e/MWh	73.7%
Real Estate	SDA	2021	2030	$kgCO_2e/m^2$	67.4%
Corporate Loans: Other Long-Term Borrowing	Temperature Rating	2021	2026	°C	2.64

Net-Zero Transformation Strategy

In 2023, in line with its climate change strategy, Yapı Kredi developed decarbonization strategies for the prioritised sectors in order to achieve its targets determined in line with the SBTi guidelines and determined action sets to realize these strategies. While developing the transformation plan, an interactive process was performed with the Steering Committee consisting of senior management and the Working Group members including the relevant teams and works were carries out in line with the Bank's loan policies and strategies.

The basis of the transformation strategy developed by Yapı Kredi for these sectors is to support the transformation needs of its customers. The financing needs that will arise for the most important transformation actions for the sector in investment loans form the basis of the sector lending strategy. With the increase in capacity utilization rates in response to increasing demand, extending loans for technologies that reduce emission intensities for capacity increase investments in companies is one of the most basic investment loan opportunities. The strategy also covers meeting the financing needs that will arise for the transformation of existing capacities in line with the commitments of companies to reducing their emission intensity.

Companies with high energy consumption among prioritised sectors plan investments to ensure energy production with renewable resources in order to reduce their emission intensity, and accordingly, Yapı Kredi's sector strategies include providing financing for such investments, and in case of no integrated facility investment, purchasing green electricity certificates and extending loans for the need to green energy consumption. Moreover, as part of its transformation strategy, the Bank offers financing for customers to ensure the integration of technologies developed following the widespread use of carbon capture strategies suitable for sectors such as carbon capture and storage. In addition to investment loans, the Bank plans to apply the current strategy and targets to working capital loans.

In line with SBTi targets, Yapı Kredi plans to reshape its lending policies according to the sectoral transformation plans developed in in the 2023. Furthermore, in line with its NZBA commitment, determining 2022 as the target baseline year for the priority sectors, the Bank will publish reduction targets until the end of 2024.

OPERATIONAL ENVIRONMENTAL MANAGEMENT

Environmental Management System

To systematically manage its environmental impacts, Yapı Kredi received ISO 14001 certification for its head office buildings, Yapı Kredi Plaza Block D and Yapı Kredi Banking Base, and established the Environmental Management System (EMS) in 2016. Since 2018, the EMS has been expanded to the Bank's subsidiaries: Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Culture and Arts and Publishing (YKKSY), Yapı Kredi Asset Management, and Yapı Kredi Invest. In 2022 the EMS certification was expanded to Mutlukent Warehouse, Darıca Archive, all regional and service buildings and branches, Yapı Kredi Technology, Yapı Kredi Azerbijan and Yapı Kredi Nederland. In 2023 all regional and service buildings and branches in Marmara Region, Ankara, Izmir, Eskişehir, Kırıkkale, Kütahya and Muğla, also included to EMS certification.

The buildings where approximately 75% of the employees of the Bank and its domestic and international subsidiaries work are certified by ISO 14001 Environmental Management System.

Yapı Kredi reached the targets set by utilizing the Green Office action plan prepared by WWF Turkey and received the Green Office Certificate on October 01, 2023.

The Green Office Environmental Management Program launched by WWF Turkey was incorporated into the environmental management system currently implemented in Yapı Kredi Head Office buildings. The Green Office program aims to reduce the ecological footprint with viable resource management and awareness-raising activities in offices. Yapı Kredi reached the targets set by utilizing the Green Office action plan prepared by WWF Turkey and received the Green Office Certificate on October 01, 2023.

At Yapı Kredi, EMS-related activities are managed by the Environmental Management Team reporting to the Budget Planning, Facility and Environmental Management. The responsibility of the EMS at the senior management level rests with the Assistant General Manager for Human Resources Organization and Internal Services Management. Yapı Kredi aims to comply with EMS requirements at all stages of its banking activities, to inform its employees about the latest legal developments, and to raise awareness on energy efficiency, climate change, water management and waste management. To this end, the Bank regularly provides trainings every year to develop environmentally-friendly behavior models both inside and outside the Bank.

GRI 302-4, GRI 303-1, GRI 303-2

Yapı Kredi monitors its indirect and direct environmental performance with targets and improvements. The Bank has defined strategic targets in three categories, annual, 5-year and 10-year, covering greenhouse gas (GHG) reduction, energy efficiency, water efficiency, and waste management. Relevant targets are included in the performance evaluation processes of the teams that implement, manage and monitor the projects.

Performance evaluations against the determined targets are examined and evaluated within the framework of the results of internal audits conducted at least once a year and periodic management review meetings. The main purpose of the management review process is to evaluate the annual performance in line with the EMS objectives, to monitor the effectiveness of the system in practice and to ensure its continuous improvement. Review activities are supported by senior management.

In the reporting period, the Bank made investments, expenditures and donations amounting to approximately TL 29.2 million to protect the environment. Yapı Kredi did not receive any administrative penalty due to non-compliance with the Environmental Law and regulations within the reporting period.

Energy Management

Since 2011 Yapı Kredi has calculated Scope 1 and Scope 2 GHG emissions of its Head Office (Plaza D Block and Banking Base) and service buildings (Yeniköy Koru and Darıca Archive) in line with the ISO 14064- 1 Greenhouse Gas Emissions Reporting Standard. These emissions are verified by independent accredited institutions. In 2023, the Bank calculated its GHG emissions to cover all its buildings and subsidiaries (Yapı Kredi Azerbaijan, Yapı Kredi Nederland, Yapı Kredi Invest, Yapı Kredi Asset Management, Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Culture and Arts and Publishing (YKKSY), and Yapı Kredi Technology), including its branches, and renewed its ISO 14064- 1 certificate. During the verification phase, it was determined that Scope 1 emissions increased compared to 2022, which was caused by the change in the emission factors published by IPCC and the leakage gases released as a result of the destruction of air conditioners in the earthquake zone. Yapı Kredi received the ISO 50001 Energy Management System Certificate for the Head Office buildings (Plaza D Block and Banking Base), which were among the 2022 targets, and brought its energy management systems to the international standard. Moreover, the Bank successfully completed the third party audits in this scope and maintained the ISO 50001 Energy Management System Certificate in 2023. With ISO 50001 Energy Management System, based on the principle of determining energy policies, managing energy consumption and ensuring continuous improvements by evaluating energy management performance, Yapı Kredi will continue to work on various projects with the aim of reducing environmental impact, reducing costs and using resources effectively.

Yapı Kredi carries out projects to ensure energy efficiency in its operational activities and to use renewable energy sources while reducing the energy consumption resulting from its operations. One of these projects is the "Rooftop Solar Power Plant (SPP)" project, installed and commissioned in the Banking Base Head Office Buildings last year. Another important project is the on-site SPP installation project to generate ~12% of electricity need from renewable energy sources in all locations. The Bank applied for a land SPP in 2023 and the application evaluation continues.

Within the scope of energy saving works, the LED conversion project continued in 2023, thus saving 304 GJ of electrical energy. A corridor closure project was implemented to reduce the energy spent on cooling in the system rooms in the Banking Base data center, which resulted in 1,576 GJ of electrical energy savings.

With the Banking Base and Bodrum SPP projects, Yapı Kredi generated 4,580 GJ of electricity in 2023, achieving savings in electricity purchased from the mains.

Water Management

Yapı Kredi closely monitors water consumption and implements various projects for its reduction. As the first financial institution in Turkey, the Bank received the ISO 14046 Direct Water Footprint

GRI 303-1, GRI 303-2, GRI 306-1, GRI 306-2

Certificate for its Head Office and service buildings in 2019. The scope of ISO 14046 was extended to regional directorate and branch buildings in the Istanbul region in 2022, and to regional-service buildings and bank branches in the Marmara Region, Ankara, Izmir, Eskişehir, Kırıkkale, Kütahya and Muğla provinces in 2023. Thus, the Bank's effective management system for the efficient use of water resources and reduction of waste water was certified in line with international standards.

The Bank continued its efforts for efficient and effective management of water resources in 2022. In 2021, Yapı Kredi launched the project of using drinking water treatment units to supply ready-to-use and sufficient quality fresh water in the Head Office buildings. As a continuation of this project, purified water dispensers and under-the-counter water treatment systems provide drinking water in accordance with hygiene conditions in Plaza Block D, Yeniköy Koru facility, Plaza Block A cafeteria, Yapı Kredi Invest, Yapı Kredi Asset Management and Yapı Kredi Culture and Arts.

Another water efficiency project continued in Darıca Administration and Archive facilities. Under the project, well water, rain water and building drainage water were collected to be used in landscape irrigation. The rainwater collection project was implemented in the Banking Base facility in 2022 and in the Yeniköy Koru facility in 2023. Thus, approximately 7.76 thousand m^3 of water was used in garden irrigation in 2023. The projects enable the use of rain water for landscape irrigation instead of well water.

Waste Management

Yapı Kredi attaches great importance to natural resource management and develops programs and projects to generate less waste and to recycle the waste generated. Yapı Kredi has been carrying out the recycling project since 2008 to ensure and support the sustainability of natural resources. With the aim of minimizing wastes, the first principle is to prevent waste at its source, and the second principle is to reduce the amount of waste. To this end, packaging wastes are collected by sorting in the recycling boxes within the facility and sent for recycling.

Yapı Kredi's effective management system for the efficient use of water resources and reduction of waste water was certified in line with international standards. Approximately 7.76 thousand m^3 of water was used in garden irrigation in 2023.

Out-of-use electronic equipment in the Bank is evaluated, and if the equipment is suitable for reuse, it is donated as second-hand, thus reducing waste. In 2023, 21.79 tons of electronic equipment were evaluated as second-hand and waste generation was prevented. Equipment that cannot be reused is evaluated as electronic waste and sent to licensed recycling facilities, and if it is not suitable for recycling, it is disposed of by authorized companies. Thus, electronic wastes can be used as raw materials by recycling and are prevented from harming the environment.

In 2023, the Bank launched a compost project for the upcycling of household waste and procured a bicycle-powered compost machine. In the bicycle-type compost machine, as the employees ride the bicycle, food waste is converted into compost and used as fertilizer in the Banking Base garden. In December 2023, the first compost was obtained from the compost machine, which started to be used in September 2023.

Under the Zero Waste Project launched in 2021, waste sorting was ensured in the Head Office buildings in accordance with the Zero Waste Regulation, and thus the Banking Base and Plaza Block D buildings were entitled to receive a Zero Waste Certificate. In 2023, Zero Waste Certificate was obtained for Kadıköy Branch, Beylerbeyi Branch, Batı Ataşehir Branch and Anadolu Corporate Banking Branch,

GRI 3-3, GRI 306-1, GRI 306-2, GRI 308-1

increasing the number of certified locations to 6. Under the project, Zero Waste Management was expanded to 511 locations in various provinces. Moreover, under the Business Plastics Initiative, signed by Koç Holding to prevent plastic pollution which poses a threat to human and environmental health, the use of single-use plastics in the Head Office, service buildings, regional buildings and branches was terminated.

Yapı Kredi attaches great importance to the recycling of wastes arising from its operations with the right methods. To this end, a total of 1,002.5 tons of waste, including 107.7 tons of hazardous waste and approximately 894.8 tons of non-hazardous waste, was recovered and recycled in 2023.

The paper use during many transactions is eliminated thanks to innovative investments and digital processes offered to both employees and customers at Yapı Kredi. Under the paperless transactions and digitalization efforts started in 2018, 620 million sheets of paper were saved in transactions made through all service channels in 2023, thus saving approximately 52,700 trees. In 2023, 157 million sheets of paper were saved in transactions made from branches, and approximately 13,345 trees were saved from being cut down.

Environmental Impact Management in the Supply Chain

In addition to the management of the environmental impact of its operational activities, Yapı Kredi monitors the environmental impact of its customers and suppliers, which make up its value chain, as part of its Sustainability Management System.

With the Responsible Procurement Policy launched in 2016, the Bank gives priority, in its procurement processes, to suppliers that prefer efficient production methods that reduce GHG emissions, support the transition to a low-carbon economy, and reduce the use of natural resources and waste generation. Yapı Kredi also encourages all its suppliers to comply with the Bank's environmental, social and human rights criteria.

620 million sheets of paper were saved in transactions made through all service channels in 2023, thus saving approximately 52,700 trees.

Awareness and Training Projects

Yapı Kredi pays attention to the contributions of all employees and individuals to improving environmental performance. The Bank believes in the importance of raising awareness and behavioral change in this regard. To this end, in 2023, the Bank provided 9,956 hours of environmental training to 6,908 Yapı Kredi employees and ~31 hours to 41 subcontractor employees, on various topics including ISO 14001 Environmental Management System, climate change and water stress. Moreover, in 2023, awareness-raising materials and content on environment and sustainability were shared with employees and customers through the in-house portal, e-mail and social media. Awareness-raising communications and seminars were also held within the framework of the WWF Green Office Program. In addition, a webinar was organized for employees on composting at home to ensure the upcycling of food waste.

Since 2017, drills under the Environmental Emergency strategy have been held in the Head Office buildings, and employees have been informed about proactive methods that should be applied in case of possible environmental spills and environmental accidents and activities continued in 2023.

YAPI KREDI'S ENVIRONMENTAL TARGETS

ENVIRONMENTAL TARGETS FOR 2023	COMPLETION STATUS
Ensuring the continuity of the certification in accordance with the ISO 14064-1 Greenhouse Gas Emissions Reporting Standard at all locations of the Bank	ISO 14064- 1 Greenhouse Gas Emissions Reporting Standard certificate was renewed at all locations of the Bank.*
Ensuring the continuity of the ISO 14001 Environmental Management System certification of the Head Office buildings and locations in Istanbul, and expanding the certificate to locations with a high number of branches	The continuity of ISO 14001 Environmental Management System certification was ensured and the process of expanding the certificate in 2023 was completed.*
Ensuring the continuity of ISO 14046 Direct Water Footprint certification in the Head Office, service buildings and branches in Istanbul, and expanding the certificate to locations with a high number of branches	The verification process for the ISO 14046 Direct Water Footprint certificate was completed and in line with the 2023 expansion plan, the process was completed and the scope of the certificate was expanded.
Obtaining 100% of the Bank's electricity demand from renewable energy sources	100% of the Bank's electricity demand was obtained from renewable energy sources.
Neutralization of Scope 1 and Scope 2 emissions	Scope 1 and Scope 2 emissions are neutralized with IREC and Carbon Neutral certificates.
Ensuring the continuity of the ISO 50001 Energy Management System certificate for Head Office Buildings	The continuity of the ISO 50001 Energy Management System certification for Plaza Block D and Banking Base buildings was ensured.

* In 2022, ISO 14064-1 and ISO 14001 certifications were expanded to cover all subsidiaries, including Yapı Kredi Azerbaijan, Yapı Kredi Nederland and Yapı Kredi Technology, and the systems were recertified in 2023.

ENVIRONMENTAL TARGETS FOR 20024
Ensuring the continuity of the certification in accordance with the ISO 14064-1 Greenhouse Gas Emissions Reporting Standard at all locations of the Bank
Ensuring the continuity of the ISO 14001 Environmental Management System certification of the Bank and expanding the certificate to all locations by 2024
Ensuring the continuity of the ISO 14046 Direct Water Footprint certification of the Bank and expanding the certificate to all locations by 2024
Ensuring the continuity of the ISO 50001 Energy Management System certificate for Head Office Buildings
Ensuring the continuity of the waste management system in the locations where the Zero Waste System is installed, and installing the Zero Waste System in all locations in 2024
Obtaining 100% of the Bank's electricity demand for 2024 from renewable energy sources
Neutralization of Scope 1 and Scope 2 emissions for 2024
Monitoring the efficiency with the project of transferring electricity and water consumption data of all the Bank's locations to the digital monitoring platform

GRI 3-3, GRI 413-1

Contribution to the Society

Yapı Kredi has been carrying out activities and designing long-term projects in line with its responsibility to add value to society. Striving to ensure holistic development in every corner of Turkey since its foundation, the Bank operates the inspiration and responsibility drawn from its deep-rooted history.

Yapı Kredi supports all its investments, from education to culture and arts, from environment to economic development, with innovative and sustainable social responsibility projects to generate permanent solutions to social problems. In order for all these projects to reach wide audiences, Yapı Kredi continued its efforts without slowing down in 2023, a devastating year for Turkey due to the Kahramanmaraş earthquakes.

CULTURE & ARTS PROJECTS

Aware of the importance of culture and arts for society, Yapı Kredi supports various artistic disciplines.

Yapı Kredi pays tribute to Afife Jale, the grand stage actress, with the Yapı Kredi Afife Theater Awards, an acclaimed event in the Turkish theater world, continuing to support all the people who contribute to theater since 1997. In its 25th year, Yapı Kredi Afife Theater Awards have become the most prestigious theater awards ceremony in Turkey.

Yapı Kredi Publications (YKY) is one of the most influential institutions in the Turkish publishing scene. Publishing its 6,327th title since its establishment, YKY published 1,341 titles in 2023, with 203 new titles, reaching a total printing volume of approximately 6 million books. YKY plans to publish 170 new books in 2024.

Established under the Yapı Kredi roof in 1984, Yapı Kredi Culture and Arts and Publishing (YKKSY), each year, breathes new life into the cultural and artistic world.

The Yapı Kredi Culture and Arts building in Beyoğlu has been the home of Yapı Kredi's cultural and artistic activities since 1964, bringing art lovers together with exhibitions and events. Yapı Kredi Bomontiada, another important art venue in Istanbul, is frequented by art lovers for talks, concerts, exhibitions, and workshops.

Yapı Kredi owns important and rich art collections, gathered since early 1950s, which are preserved and exhibited in the Yapı Kredi Museum established in 1992.

In 2023, the Yapı Kredi Culture and Arts Exhibitions and Museum were visited by 65,987 art lovers. YKKSY organized about 43 online events on platforms such as YouTube and Instagram. The events are still online, reaching more and more people each day. These events can also be watched live on YKKSY's social media platforms.

KoçSistem, Turkey's leading technology company, signed a new collaboration with Yapı Kredi Publications (YKY) as a part of its corporate social responsibility project Family Time in December 2020.YKY has been the "Book Partner" of the Family Time corporate social responsibility project launched by KoçSistem. The Mother Child Education Foundation (AÇEV) also participates in the project as the "Education Partner". As part of the cooperation between KoçSistem and YKY, parents were invited to regain and reinstill the habit of reading to spend more quality family time and improve communication among the family members, especially as the pandemic led to an increase in the time spent before digital screens. Under this cooperation, AÇEV Mother and Father Support Programs provided trainings to parents on instilling reading habit and how to select books. Moreover, the project partners shared with parents attending trainings the books titled "Her Güne Bir Masal" (A Tale for Every Day) and "Her Güne bir Oyun" (A Game for Every Day) published by YKY to support "screen-free" home activities.

Yapı Kredi Culture and Arts will open two comprehensive thematic group exhibitions in April and September 2024. The April exhibition will focus on a specific medium, featuring works created in Turkey while the exhibition planned to open in September will be an international exhibition on social transformation, awareness and today's urgent issues.

In 2023, "Portico Readings and Performances" were launched, feeding from the threshold between street and building, and between public space and institutions. The events will continue in 2024. Moreover, in January 2024, our magazine "Sanat Dünyamız" (Our Art World) will celebrate its 50th anniversary. For this occasion, it is planned to launch an art film festival called "Sanat Dünyamız Movie Days". Festival will host short, medium and feature-length art films from Turkey and around the world.

Aware of the importance of culture and arts for society, Yapı Kredi supports various artistic disciplines.

Striving to protect the historical and cultural heritage of Turkey, Yapı Kredi has intensified its efforts to support the ancient city of Aphrodisias and raise awareness on the city since the last quarter of 2007.In 2023, Yapı Kredi continued its support to the excavations in Aphrodisias, the city of Goddess Aphrodite, as well as the work carried out by the Geyre Foundation to ensure that the ancient city, famous for its sculptures, takes its rightful place in the agenda of culture and arts and will be enjoyed by future generations. Moreover, in the last year, Yapı Kredi also supported the archaeological excavations of the ancient city of Syedra, which was dated to the 13th century BC.

In 2023, Yapı Kredi's support to cultural and artistic events, sponsorships and corporate social responsibility projects amounted to TL 23.5 million. The Bank also donated TL 1 billion 24 million for various causes in the reporting period.

Supporting culture and arts in line with its founding mission, Yapı Kredi will continue its activities in 2024.

GRI 3-3, GRI 413-1

YAPI KREDI SUSTAINABLE PREFERENCE PROGRAM (STEP)

Believing that small steps of individuals make a big impact, which in turn will bring the change we need in the world, Yapı Kredi launched Step, the Sustainable Preference Program, in 2023, to create a sustainability ecosystem built on solid foundations, parallel to the needs of society and individuals. With Yapı Kredi Step, the Bank helps its customers prefer sustainable options, and share its belief in the importance of the small steps taken by individuals. In addition to providing guidance to its customers with Step, Yapı Kredi carries out various activities to motivate all its stakeholders. Users can prefer sustainable options such as e-receipt, e-statement, investing in ESG investment funds, donating to NGOs, using public transportation and shopping from Step brands, thus earning Step points through Yapı Kredi Mobile. Then, users can use these points to make donations to Step-specific projects launched by NGOs under the Step program via Yapı Kredi Mobile. Thus, individuals contribute to social benefit with the results of their sustainable preferences. In this sense, Step represents a large ecosystem. Yapı Kredi customers can become a member of Step, which focuses entirely on social benefit, free of charge via Yapı Kredi Mobile. With this pioneering transformation program designed to improve sustainability awareness and culture, Yapı Kredi makes a permanent, solution-oriented and sustainable contribution to our country. With the number of members exceeding 450,000 by the end of 2023, Step creates long-term value for all stakeholders of Yapı Kredi and the world.

INCREASING AWARENESS ON SUSTAINABILITY

Carrying out activities in the field of sustainability, Yapı Kredi actively and effectively uses all communication channels to create a common awareness regarding sustainability. Promoting a responsible behavior with the leading credit card brand of Turkey, World, the Bank invites consumers to simplify their lives, start savings and shop smart with the “As Simple as the World” project instead of encouraging them to spend more, and calls for the prevention of waste and responsible consumption in all areas of life. Moreover, Yapı Kredi's podcast channel “Let's Talk Sustainability” shares sustainability tips from life with a dynamic and easy-to-understand style of narration. The Bank publishes various content on sustainability on all social media channels as well as on Yapı Kredi Blog.

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The "Sustainability Talks" series, broadcast live on Yapı Kredi's YouTube channel and Facebook page, focus on the impact of sustainability on the business world, and share success stories and good practice examples. The importance of sustainability and the transformation created by sustainable development are discussed with expert guests. Live programs can also be accessed on Yapı Kredi's “Let's Talk Sustainability” podcast channel.

ACCESS TO FINANCE AND FINANCIAL INCLUSION

An advanced financial system and widespread availability of financial services are important factors for improving social welfare and reducing inequalities. Access to financial services plays a key role for sustainable economic growth. Sustainable financial development will be possible only by making participation in the financial system available to, and accessible by, large populations.

The UN Sustainable Development Goals (SDGs) emphasize under a number of its goals the importance of financial accessibility for society, especially for women, farmers, SMEs, startups and youth, for sustainable growth and development. With its financial solutions, Yapı Kredi aims to improve access to finance of all segments of the society and to offer products in line with their needs, thus eliminating borders.

GRI 3-3, GRI 413-1

FINANCIAL LITERACY

Yapı Kredi is focused on contributing to awareness, training and research activities and policymaking processes in order to improve financial literacy and financial awareness of individuals throughout Turkey. To this end, the Bank launches various projects through its services and collaborations with public and non-governmental organizations.

Yapı Kredi believes in the importance of financial literacy education received at a young age and gives priority to this issue in its social responsibility activities for young people. Launched in 2019, Yapı Kredi Youth Development Program continued in 2023. Second and third year university students, applying from various cities of Turkey to be branch interns, participated in the program.

The program offers to the students various sectoral and personal development training programs and webinars. The training programs on basic financial analysis, general economy and markets, money management, basic financial concepts aim to boost financial literacy of young people and their awareness on this topic. Yapı Kredi Youth Development Program reached 685 students in 2023. The training programs on basic financial analysis, general economy and markets, money management, basic financial concepts aim to boost financial literacy of young people and their awareness on this topic.

Yapı Kredi is a corporate member of the Financial Literacy and Access Association (FODER). The Bank supports individuals receiving financial literacy training to be informed on management of household budget and debt as well as payment of debts as well as how to benefit from various loan and investment products.

BARRIER-FREE BANKING

Yapı Kredi successfully continues the Barrier-Free Banking Program, which was launched in 2008 and is a first in the sector.

Yapı Kredi is focused on contributing to awareness, training and research activities and policymaking processes in order to improve financial literacy and financial awareness of individuals throughout Turkey.

Barrier-Free Yapı Kredi ATMs, specially designed for physically- and visually-impaired customers, provide service throughout Turkey while and an online chat application is available for the hearing-impaired customers. At ATMs open to all customers, customers with disabilities can perform transactions free of charge, and are granted priority on their calls to the Customer Communication Center. Thus, persons with disabilities are supported with respect to inclusion in the financial system.

Highlights of Barrier-Free Banking Program

Barrier-Free ATM for the Visually-Impaired Persons: Voice-commanded transactions for unsighted and visually-impaired persons.

Enabled POS for the Visually-Impaired Persons: Voice-commanded Barrier-Free POS Devices introduced for the first time in the world by Yapı Kredi provide convenience to visually-impaired persons in credit card transactions.

Text-to-Speech Technology for the Visually-Impaired Persons: This special technology that converts text to speech allows visually-impaired customers to receive spoken information about instant changes in the markets.

Barrier-Free ATM for the Orthopedically-Impaired Persons: The service grants orthopedically-impaired customers easier and modern access to banking services.

Online Chat for the Hearing-Impaired Persons: With online chat, lost/stolen card notification, card closure, new card request due to magnetic damage, credit card data update and similar transactions can be all performed without getting into contact with a branch or the call center.

Moreover, during video calls carried out for remote customer acquisitions, hearing-impaired customers are served in sign language.

With the cooperation between Yapı Kredi Publications (YKY) and Boğaziçi University Assistive Technology and Education Laboratory for Individuals with Visual Disabilities (GETEM), every book published by Yapı Kredi Publications is made available to the visually-impaired persons simultaneously with the readers under the project "No Barriers for My Country". Under the "Book Reading Project", the books read by Yapı Kredi employees were added to the online audiobook library accessible by visually-impaired persons.

You can visit Yapı Kredi Barrier Free Banking microsite here.

EDUCATIONAL SUPPORT

Snowball for Tomorrow

As we celebrated the 100th anniversary of our Republic in 2023, Yapı Kredi launched the "Snowball for Tomorrow" education and development project to contribute to the development of our children, who are the future of our country. The Snowball for Tomorrow project focuses on the development of children in the 0-6 age group as well as on supporting their parents. The project aims to support the development of social, emotional, physical and cognitive skills of children in the 0-6 age group and to raise the awareness of their parents. Within the scope of the Snowball for Tomorrow project, under the consultancy of Prof. Dr. Selçuk Şirin and the expert project team consisting of distinguished academicians, educational content and educational sets on various subjects are prepared to provide developmentally appropriate experiences for children aged 0-6. The training and development

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materials contribute to the cognitive development of children, while providing basic information and resources about child development to parents. Under the project, a wide range of online and physical educational and development materials have been prepared for both parents and children. The project started to be implemented in the provinces affected by the Kahramanmaraş earthquakes. The project aims to support children aged 3-6 who experienced disasters in these provinces to help them overcome the earthquake trauma and ensure a healthy development for these children. We aim to expand the project to every region of Turkey in the future.

I Read, I Play

Launched in 2006 with the collaboration between Yapı Kredi and the Educational Volunteers Foundation of Turkey (TEGV), the project "I Read, I Play" enable elementary students, who do not have access to modern educational means, to benefit from extracurricular educational activities. Under the project, 12,871 volunteers carry out activities at TEGV's event points around Turkey. As of the end of 2023, the project reached 345,691 children through face-to-face trainings. Due to the pandemic broke out in the first months of 2020, education programs under the project were moved to digital platforms, and the digital version of the "I Read, I Play" program was developed. From July 2020 to the end of 2023, the online I Read, I Play activities were offered to 4,875 children, with the number of volunteers reaching 501.

Design and Skills Workshop

Launched in 2018 in cooperation with TEGV, the "Design Inventors Firefly" project aims to support children's personal, social, emotional, cognitive and academic skills. The project also aims to upbring individuals with high adaptability and learning skills in the ever-changing and developing global world while enabling children to think outside the box. In the Design and Skills Workshop in TEGV (Educational Volunteers Foundation of Turkey) Mersin Learning Unit, established with the support of Yapı Kredi, 90 children participated in the activities in 2023 with the support of 11 volunteers.

Yapı Kredi Vocational and Technical Anatolian High School

Yapı Kredi Vocational and Technical Anatolian High School is one of the main education projects Yapı Kredi supports. The school was founded in Çayırova, Kocaeli in the 2008- 2009 academic year. Enrolling girl students only, the high school had its first graduates in 2012. Today, more than 600 students study in Child Development and Education, Graphics and Photography, Information Technologies, Food and Beverage Services and Office Management departments. In 2012, Yapı Kredi started to grant scholarships to further support students. In 2023, achievement scholarships were granted to 20 students studying at Yapı Kredi Vocational and Technical Anatolian High School.

For My Country Fund

For My Country Fund (Yapı Kredi Asset Management Third Variable Fund) creates income opportunities for its investors thanks to its structure that adapts to changing market conditions. With this mutual fund, added by Yapı Kredi to its wide product range in parallel with the increasing awareness on social responsibility, investors sensitive in social responsibility issues can donate to social responsibility projects without making any additional payments by only making use of their savings.

Anatolian Scholars

Yapı Kredi continued to support students under the Anatolian Scholars Program launched in 2011 by Koç University. Under the program, the Bank supported 16 scholars.

From July 2020 to the end of 2023, the online I Read, I Play activities were offered to 4,875 children, with the number of volunteers reaching 501.

Yapı Kredi Economics Research Chair

Yapı Kredi founded the Yapı Kredi Economics Research Chair at Koç University to remove the barriers between the economy and finance sector and universities.

Yapı Kredi Economics Research Chair aims to contribute to the sustainable development of Turkey by creating a common working ground for academics in economics and finance and representatives of the private sector. The head of the chair is Prof. Dr. Selva Demiralp, Faculty Member at Koç University Faculty of Economics and Administrative Sciences.

Yapı Kredi Afife Theater Awards Scholarship

Enabling Turkish theater to flourish with the efforts of young people, Yapı Kredi Afife Theater Awards granted scholarships to 18 undergraduate and PhD students, studying theater studies at universities in various provinces of Turkey through the scholarship fund created by Yapı Kredi at the Turkish Education Foundation. The scholarship fund created in cooperation with the Turkish Education Foundation aims to contribute to the education of successful young people who need financial support.

Yapı Kredi Private Banking Art Scholarship

Established in collaboration with the Turkish Education Foundation (TEV), Yapı Kredi Private Banking Art Scholarship Fund aims to make contributions to the "Superior Achievement Art Scholarship" and "Higher Education Art Scholarship" programs to support the young talents studying in arts. At the start of each academic year, students attending the conservatory and schools of fine arts of universities can apply for the scholarship. Students who successfully pass the assessment qualify for scholarship. Students studying at the piano, harp, guitar, strings, wind and percussion instruments, painting, sculpting, graphics, and calligraphy departments can apply for Yapı Kredi Private Banking Art Scholarship Fund.

With the Yapı Kredi Private Banking Art Scholarship Fund launched in 2021 in cooperation with the Turkish Education Foundation, Yapı Kredi support arts and talented young artists who continue their education. The successful cooperation continued in 2022 and 2023.Throughout the year, meetings were organized with students to increase interaction, and opportunities were provided for students to take part in Bomonti World Acoustic concerts with a focus on increasing the awareness of the fund. Moreover, the content generated was used in image making studies and in advertising activities.

GENDER EQUALITY

Women Removing Barriers

Since 2022, Yapı Kredi has committed to reaching 80,000 women aged 18- 27 in five years to increase their technological knowledge, skills and competencies.

Collaborating with the European Bank for Reconstruction and Development (EBRD), Yapı Kredi launched e-export trainings for women entrepreneurs with the "Women Removing Barriers Program" in 2023.The project supports the sustainable development of women entrepreneurs in the field of e-export with the trainings offered on various titles such as "E-Export Basic Information and Requirements for Selling in Marketplaces", "Preparing Target Market, Competitor Analysis and Profit/Loss Analysis", "Supplementary Warehouse Service and VAT Registration Processes", "Online Payment Systems and Preliminary Account Opening", "Establishing Overseas Companies, Advantages and Comparisons", "Product Content Preparation and Photograph Selection" and "Financial Management for Women Entrepreneurs". As a result of the evaluation made by a jury, 40 female entrepreneurs among the entrepreneurs who completed the training received free end-to-end e-export consultancy provided by Lenta Enterprise.

Equal Opportunities in Technology

Yapı Kredi launched the "Equal Opportunities in Technology" project in 2023 in partnership with the International Training Centres for Authorities and Leaders (CIFAL Istanbul) under the United Nations Institute for Training and Research (UNITAR) and Bahçeşehir University (BAU).Under the project, training materials are prepared by experts on topics ranging from big data to AI, from cloud technologies to cyber security, from the Internet of Things to Industry 5.0.With the trainings to be offered by Yapı Kredi Academy and Bahçeşehir University, it is aimed to reach 80,000 women in three years until 2026 and raise knowledge and awareness in the field of technology. Participants who complete the training and achieve a score of 70 or more in the exam at the end of the training are entitled to receive an E-Government approved "Equal Opportunities in Technology" certificate signed by Yapı Kredi, UNITAR and Bahçeşehir University. Participants who attend 75% of the training receive a UNITAR accredited certificate of achievement. Young people, regardless of gender, living in Umut Kentler (Cities of Hope) established by Koç Holding and earthquake zones can benefit from the trainings, offered free of charge to all women between the ages of 18-27 from all over Turkey.

Support to Friends with Paws

Yapı Kredi meets the food, drink, shelter and health needs of cats and dogs at two shelters established at the Banking Base. Veterinary services are provided for the health and care needs of friends with paws in shelters. Full-time employees work for the care of cats and dogs, and the needs of friends with paws are regularly shared with the Bank by the interested employees. Yapı Kredi plans to establish new cat and dog houses in 2024.In addition, in 2023, excess food from the Yapı Kredi Banking Base cafeteria was used to feed stray animals.

Yapi Kredi in Solidarity with The People After The February 6 Earthquakes

Working with all their strength to heal the wounds of the people after the earthquake, YAKUT Search and Rescue Volunteers and more than 1,500 Yapı Kredi Volunteers have been on the field since the first day of the earthquake. Yapı Kredi established logistics centers to quickly meet the basic aid material needs of the region and reach every corner. Sixty vehicles departing from Yapı Kredi Head Office delivered approximately 11,000 boxes and more than 400,000 products to the people in need in the first two weeks of the disaster. A temporary living space was prepared for Yapı Kredi employees and their families affected by the earthquake, with safe shelters created in the region. The Bank established instant communication with all Yapı Kredi employees affected by the disaster, and the coordination center delivered the necessary products to them. Moreover, citizens affected by the earthquake were supported through every channel to meet their needs. Considering the long-term effects of the disaster, Yapı Kredi donated TL 580 million to the Disaster and Emergency Management Authority (AFAD) to be shared with the disaster victims in the earthquake region.

In 2023, Yapı Kredi Volunteers organized 53 projects for regions and people in need of aid with the participation of 2,040. Various communication channels are used effectively to enable more people to have their voices heard, while supporting social development in many areas through volunteering projects.

Customer Communication Center at The Cities Of Hope

Following the earthquake of February 6, which deeply affected our country, Koç Holding, together with the Group Companies, established “Umut Kentler” (Cities of Hope) in five locations, composed of 5,000 containers as well as social spaces for approximately 20,000 people. As one of the Koç Group companies that provides employment in the region, Yapı Kredi started the recruitment of the young people in the Cities of Hope in order to establish Customer Communication Centers with 20 people each in Cities of Hope founded in Hatay, Kahramanmaraş and Adıyaman. Following the recruitment process, candidates received a 2-month banking training at Yapı Kredi Banking Academy. Moreover, 60 people returned to their locations in the earthquake zone and started to work and receive calls from all over Turkey on behalf of Yapı Kredi Customer Communication Center.

Working with all their strength to heal the wounds of the people after the earthquake, YAKUT Search and Rescue Volunteers and more than 1,500 Yapı Kredi Volunteers have been on the field since the first day of the earthquake.

Yapi Kredi Volunteers

Yapı Kredi Volunteers are goodwill ambassadors who want to add value to society, are sensitive to what is happening around them, look for and use opportunities to make a difference, and bring their spirit, expertise and skills wherever they go. Volunteers aim to make the world a better and more sustainable place and add value to society by not limiting the scope of their work to the people they can reach.

Yapı Kredi Volunteers was established with the aim of creating an easy, transparent and secure way for employees to be informed of all projects carried out with NGOs, to participate in existing projects and to create their own projects. Yapı Kredi carries out activities to make volunteering a corporate culture by increasing awareness of volunteering among Yapı Kredi employees and by promoting teamwork.

In 2023, Yapı Kredi Volunteers organized 53 projects for regions and people in need of aid with the participation of 2,040.

Yapı Kredi Advocate for Supporting Future Generations!

YAPI KREDI LAUNCHED THE “SNOWBALL FOR TOMORROW” TRAINING PROGRAM ON THE 100TH ANNIVERSARY OF THE REPUBLIC, TO BUILD A STRONG FOUNDATION FOR OUR FUTURE AND TO BETTER EDUCATE AND BETTER PREPARE OUR CHILDREN BETWEEN THE AGES OF 0-6 FOR THE FUTURE OF OUR COUNTRY.

IN THE PROGRAM INITIATED UNDER THE CONSULTANCY OF PROF. DR. SELÇUK ŞIRIN AND THE EXPERT PROJECT TEAM CONSISTING OF DISTINGUISHED ACADEMICIANS, EDUCATIONAL CONTENT AND EDUCATIONAL SETS ON VARIOUS SUBJECTS ARE PREPARED TO PROVIDE DEVELOPMENTALLY APPROPRIATE EXPERIENCES FOR CHILDREN AGED 0-6. THE SNOWBALL FOR TOMORROW, ACTIVELY SUPPORTED BY YAPI KREDI VOLUNTEERS IN THE FIELD, CONTRIBUTES TO THE COGNITIVE DEVELOPMENT OF CHILDREN WITH THESE TRAININGS, WHILE PROVIDING BASIC INFORMATION AND RESOURCES ABOUT CHILD DEVELOPMENT TO PARENTS, SUPPORTING THEM IN RAISING HEALTHIER, HAPPIER AND MORE SUCCESSFUL INDIVIDUALS.

480
Number of volunteers receiving Snowball for Tomorrow trainings

1,920
total hours of training

+100
Educational video prepared under the consultancy of Prof. Dr. Selçuk Şirin and the expert project team consisting of distinguished academics.

Education Program for Children Aged 0-6 | Snowball for Tomorrow

Banking Activities

IMPACTFUL PRODUCTS AND SERVICES

INDIVIDUAL BANKING

The Individual Banking business line encompasses Payment Systems, Business and Agricultural Banking, Private Banking and Wealth Management, and Bancassurance Management.

Breakdown of Individual Banking by Business Units

LOANS	DEPOSITS
48%	64%

COMMERCIAL AND SME BANKING

In 2023, the SME Banking activities covered companies with an annual turnover between TL 5 million and TL 100 million, and 637 branches offered services in the SME Banking segment.
In 2023, Yapı Kredi's Commercial Banking business line provided services to companies with an annual turnover between TL 100 million and TL 2 billion.

Commercial and SME

LOANS	DEPOSITS
30%	26%

CORPORATE BANKING

Corporate Banking serves companies with an annual turnover of TL 2 billion and higher.

Corporate

LOANS	DEPOSITS
22%	10%

Retail Banking

PROFILE

Number of Branches	714

SECTOR POSITIONING	MARKET SHARE *(SECTOR)*	MARKET SHARE *(PRIVATE BANKS)*
Consumer Loans	11.6%	18.0%
General Purpose Loans – including overdraft account	13.9%	18.1%
Flexible Account	18.8%	26.0%
Mortgages	4.0%	11.9%

Growth Strategy Focused on Digitalization

In line with its strategy of digitalization of sales processes and customer experience, Yapı Kredi continued its investments in 2023 to ensure the continuous development of products and services in digital channels.

In 2023, the number of active digital customers increased by 16% and the number of active mobile customers by 17% such that 91% of active retail banking customers now use digital channels. Moreover 66% of financial transactions were carried out using the digital channels except for ATMs. On the other hand, 82% of cash transactions were carried out using the widespread ATM network throughout Turkey.

RETAIL BANKING

In 2023, Yapı Kredi continued to grow in terms of revenue and active customers in the Retail Banking business line.

The Bank continued to make investments in line with its approach of providing high quality and unlimited service through all its channels, and also maintained its strong position in the sector by offering a wide range of products and services to its customers in the Retail Banking business line with its Individual, Individual Portfolio and Blue Class sub-segments. With developments in the digital infrastructure, the Bank continued to offer the remote service model for customers who prefer to fulfill their banking needs without visiting a branch.

Under the service model created with a high customer satisfaction strategy, the focus was on effective portfolio management, effective lobby management and increasing loyalty of all customers and deepening relations with them.

In 2023, Yapı Kredi maintained its growth in the number of Retired Banking customers, one of its strategic targets, thus increasing its market share to 12.7%.

Digital Customer Acquisition Reaching 43% of Total New Customer Acquisition!

The onboarding service via Yapı Kredi Mobile launched at the end of 2018 was improved in 2022, and the Bank started to offer products during the onboarding process, thus deepening relations with customers. Thus, customers were enabled to be a Yapı Kredi customer and buy the products they need in a single process. Yapı Kredi continuously improves its onboarding service via Yapı Kredi Mobile in line with customer needs and experience. As of 2023, customers can now invite their relatives to become customers via Yapı Kredi Mobile. The Bank acquires 43% of new customers through digital channels.

Individual Deposit Performance

Yapı Kredi maintained its steady growth in deposits in 2023.On the demand deposit side, the growth in both TL and foreign currency deposit volumes continued. Among private banks, Yapı Kredi achieved a market share of 21.04% in TL demand deposits with an annual increase of 112 basis points, and 15.05% in foreign currency demand deposits with an increase of 62 basis points, thus making a positive contribution to funding costs.

By increasing the number of Yapı Kredi branches holding Gold Days events in 2023, Gold Days are now organized every day in eight branches in Istanbul, 10 branches outside Istanbul where scrap gold is collected. Moreover, the Bank started to offer gold collection services by contracted jewelers in 2023.Thus, physical gold valued by contracted and authorized jewelers can be transferred to the Gold Demand Deposit Account in grams.

In line with this development, Yapı Kredi's Precious Metal deposit market share increased by 283 basis points in 2023, reaching 15.8% market share among private banks. These developments and improvements in 2023 contributed to Yapı Kredi's diversified funding growth.

General Purpose Loans and Growth in Flexible Account Market Share

Yapı Kredi continued to focus on general purpose loans and flexible account products in 2023 to offer solutions for various cash needs of its individual customers.

Yapı Kredi displayed an amazing performance in auto loans in 2023, maintaining the leadership in the entire sector, including public banks.

With the increase in customers' income, leading to the improvement of customers' ability to pay, as well as the increase in prices and spending, the total volume of general purpose loans and flexible accounts increased by 53% in 2023 compared to the previous year and Yapı Kredi's market share among private banks increased to 18.1% by the end of 2023.

Individual banking customers continued to prefer digital channels for their instant product needs. The extension rate of general purpose loans through digital channels reached 81%.

In 2023, 54% of the loans were extended to salary customers, thus maintaining the asset quality.

Another product that contributes to customer satisfaction is the online shopping loan, which proves that Yapı Kredi always stands by its customers. Shopping loan products are actively used in almost all of the major e-commerce sites operating in Turkey, and periodic campaigns are designed in special collaborations with companies. The number of brands offering active shopping credit products in 2023 is 23.

Moreover, the Bank continued to offer the World PAY Shopping Loan in stores, launched in 2022.Especially in sectors where the number of credit card installment is restricted and/or the average spending amount is high, customers prefer shopping loans to avoid using their card limits and to easily benefit from the opportunity to pay in longer-term installments. Thus, customers can pay for their purchases at Yapı Kredi Merchants with the transaction initiated by the store employee via the POS device in installments via Yapı Kredi Mobile or World Mobile applications, without the need for a credit card or limit. With the World PAY Shopping Loan available at more than 350,000 Yapı Kredi Merchants, the world's most extensive "Buy Now, Pay Later" function is offered to customers, and periodic campaigns are designed in special collaborations with companies. Moreover, this service, which can be offered to new customers, supports new customer acquisition from all stores in the extensive merchant network.

Focusing on overdraft account products with increased profitability in 2023, Yapı Kredi Flexible Account increased its market share by 399 bps, reaching leadership in receivables balance with a 26.0% market share among private banks. Limit increases for customers with limit increase orders, made through regular evaluations in parallel with customers' income increases, had a significant impact on this achievement.

In addition, Yapı Kredi concluded agreements with 94 new schools in 2023 for the Installment Payment System for Schools (TEST) product, which enables long-term relationships with customers, thus reaching a total of 395 schools. In 2023, the Bank enjoyed an increase of 200% in the TEST limit assigned.

In addition, Yapı Kredi launched the Credit Regular Payment System (KDS) product, which supports the payment process between the customer and the service provider in long-term rentals. The product provides services for the Car Rental, Marina and Building Maintenance Fee sectors. Customers who make individual long-term rentals in the relevant sector are assigned a limit equal to the annual rental fee. Automatic payment is made from the account in monthly installments according to the payment plan requested by the company. If the balance in the account is not sufficient on the payment day, the installment amount is covered from the limit. The product can only be used for contracted companies.

While maintaining its leadership in health insurance with a market share of 31.3%, Yapı Kredi enjoyed a market share of 16.3% in life insurance and 17.8% in private pensions through the pension company for which the Bank mediates sales.

OUTLOOK

- Yapı Kredi continues to evaluate products and services for Service Banking and holds discussions with strategic partners on potential collaborations.
- In order to stand by customers whenever and wherever they need and to offer them alternative payment methods, the product range will be expanded and the number of collaborations will be increased.
- More flexible pricing and campaign structures will be developed, focusing on personalized campaigns.

Developments in Mortgages

2023 was a successful year for Yapı Kredi in mortgages with custom-tailored products offered via call center, branches and mobile banking channels. The Bank continues to collaborate with corporate real estate firms and construction companies to offer mortgages for housing projects.

Yapı Kredi focused on smart growth due to new legal regulations regarding lending rates that were implemented specifically for housing and housing-secured loans in 2023.Yapı Kredi's market share among private banks is 11.86%.

In order to increase the number of houses with high energy efficiency and raise environmental awareness in Turkey, the Bank focuses on houses with Class A and B Energy Performance Certificates, offering a special Eco-Friendly Mortgage product for such houses. Yapı Kredi reduces loan allocation fee depending on the energy class of the house to be purchased. In 2023, the mortgage processes and infrastructure were redesigned. In the upcoming period, Yapı Kredi aims to focus on customer-oriented lending processes by offering digital solutions instead of traditional loan processes.

Strong Performance in Auto Loans

Yapı Kredi displayed an amazing performance in auto loans in 2023, maintaining the leadership in the entire sector, including public banks. The Bank improved the quality of the auto loan services offered to retail and commercial customers at dealerships and branches thanks to a wide and effective dealer network, and campaigns with attractive payment terms suitable for customer needs.

Although supply-related production problems in the automotive sector persisted throughout 2023, the total volume of auto loans of private banks increased by nearly three times due to the high demand.

Yapı Kredi will increase the number of active digital and mobile users in 2024 by launching customer-oriented projects under its digitalization strategy.

Established in collaboration with Ford in 2008, the Ford Finance program enjoyed a successful year in 2023, as well. In addition to the central agreements with Hyundai and Fiat, the acclaimed brands of the sector, concluded in 2022, Yapı Kredi completed agreements with the Stellantis Group, one of the most important actors of the sector, and Chery, promising a high level of growth, and organized campaigns under the business partnership.

Moreover, in parallel with digitalization, the first dealer-free and branch-free loan disbursement process was completed with the business partnership with TESLA, the pioneer of the electric vehicle industry. Yapı Kredi is the only financial partner of TESLA in Turkey.

The Bank also continued to focus on second-hand markets and expand its network of contracted dealers.

Thus, Yapı Kredi maintained its strong growth rate in the auto loans sector, increasing its balance by 55% and maintaining the first place in the market with a 34.6% share. The Bank will focus on digitalization and new collaborations in the coming period.

Installment Payment System for Schools (TEST)

Just like many other segments, Yapı Kredi is also a pioneer in the school payments segment. Customers can apply for the limited loan product, the Installment Payment System for Schools (TEST), facilitating the school payments of parents at Yapı Kredi Mobile and Customer Communication Center channels in addition to Yapı Kredi branches. The Bank offers TEST as a payment option to parents at 395 schools.

In 2023, the Bank enjoyed an increase of 200% in the TEST limit assigned.

In 2024, Yapı Kredi will expand the number of contracted schools with the field staff focused on new school acquisition.

Bancassurance

Yapı Kredi is a leading and innovative player in bancassurance. While maintaining its leadership in health insurance with a market share of 31.3%, Yapı Kredi enjoyed a market share of 16.3% in life insurance, a market share of 4.7% in non-life insurance and 17.8% in private pensions through the pension company for which the Bank mediates sales.

In 2023, Yapı Kredi offered innovative bancassurance products through digital channels. The Bank offers 10 Insurance and Pension products via Yapı Kredi Mobile, and all processes can be completed end-to-end on digital channels. Customers enjoyed the ability to log in to the Private Pension System in just a few steps, and more than 60,000 Yapı Kredi customers joined the system via Mobile Banking. Moreover, The Bank offers renewal and cancellation transactions of insurance products as well as all fund, contribution changes and payment instrument transactions of Private Pension Contracts under the Yapı Kredi Mobile Insurance and BES (Private Pension System) menu.

Yapı Kredi continues to prioritize digital actions to deliver bancassurance products and services to customers in the fastest and easiest way.

OUTLOOK

In the coming period, Yapı Kredi Retail Banking aims to;

- Continue to deepen customer relations thanks to strategic actions aiming to support customer growth and products and services offered in response to needs with an efficient customer focus, Increase profitability in Salary and Pension Banking customers by growing with an efficient customer focus,
- Maintain market share growth by expanding deposit volume with controlled costs, Continue to offer products that meet the needs of customers in deposit assets,
- Continue to meet customers' needs by adding innovative products to the portfolio to reach the first place in consumer loans,
- Continue to increase customer satisfaction with the understanding of perfect customer experience at every point of contact with customers,
- Continue to invest in the development of the Open Banking Service offered to customers, an important innovation in the banking sector, in order to facilitate the financial tracking of customers,
- Provide appropriate products and services according to the analysis of customers' needs and expectations and in line with regulations, and
- Launch new digital projects, continue to focus on products and services 24/7 to meet customers' daily banking needs, and increase the number of active digital and mobile users.

Business Banking

PROFILE

Number of Branches	647

HOLISTIC APPROACH TO INDIVIDUAL AND COMMERCIAL ACTIVITIES

Yapı Kredi Business Banking adopts an integrated approach while offering services for the individual and commercial needs of its customers. To this end, over 700 Asset Managers provide services to customers to meet their financial needs.

With the launch of digital customer acquisition projects in 2023, customer acquisition processes were facilitated and accelerated. As a first in the sector, Yapı Kredi started to acquire corporate customers through the mobile banking channel. The Bank continued to provide digital solutions for all banking services and customers' demands and needs at full speed.

Yapı Kredi's Digital Channel Solutions

Two projects of similar structure were launched within the scope of digital acquisition of Corporate Customers through the mobile banking channel. Thus, corporate entities were enabled to become customers via the corporate page on Yapı Kredi Mobile without having to visit a branch.

In this context, customers with Joint Stock, Limited, Collective and Limited partnerships were enabled to become Yapı Kredi customers via Yapı Kredi Mobile.

Approximately 1,200 customers became customers through digital channels within the scope of digital customer acquisition projects.

Profession-Specific Services for Business Banking Customers

Since its foundation, Yapı Kredi has stood by its customers in line with its customer-focused approach.

In 2023, the Bank continued to launch special campaigns for tradespeople, businesses in the healthcare sector and women entrepreneurs. Moreover, campaign packages were also offered to customers, containing special advantages for businesses in the restaurant and café industry, lawyers, and housing estates and apartment building managements.

To provide customers with customized support based on their needs, Yapı Kredi diversified special campaigns for professional groups, and expanded the scope of advantages provided to customers through collaborations with holding companies. In addition, the Bank entered into agreements with Cooperatives, Chambers of Tradespeople, Unions and Bar Associations in order to support mass customer acquisition.

In 2023, the campaign package offered to pharmacy customers was extended to customers working in the healthcare sector. Customers were also given the opportunity to benefit more from special advantages.

Within the scope of the "Women Entrepreneur Support Package", launched to support women entrepreneurs, Yapı Kredi continued to provide special opportunities for women entrepreneurs.

The "Special Hepsiburada Advantage Package for Women Entrepreneurs" was also included in the campaign, supporting the initiatives of Women Entrepreneurs through e-commerce platforms with e-commerce advantages.

In order to increase access to financial products for customers who are legal consultants, Yapı Kredi provided cash support with the Worldpoint advantage to customers who receive their UYAP (National Judiciary Informatics System) payments through the Bank, as part of the benefit package that includes special advantages for lawyers.

The Bank launched a campaign package of special advantages to support customers who own restaurants and cafes. Support was provided to restaurant customers as Worldpoint advantage for meal card turnovers and automatic bill payment orders. Through the cooperation with Aygaz – KeyifliBahçe, Yapı Kredi offered restaurant and café owners a 15% discount on heaters.

The Bank started to work on an ecosystem consisting of housing estate residents, managements and employees by offering a gain package containing special advantages to apartment building and housing estate managements. Under this campaign, advantages are provided to customers who want to create value with their cash flows. In cooperation with Wat Motor, electric charging stations that contribute to sustainability were offered to apartment building and housing estate managements.

Within the scope of ongoing and newly added campaigns in 2023, package customers were offered special advantages such as advantageous POS pricing, commercial credit card advantages, advantageous membership fee, salary promotion, no EFT/money transfer fee and discount opportunities at Yurtiçi Kargo shipping company.

Yapı Kredi entered into agreements with Cooperatives, Chambers of Tradespeople, Unions and Bar Associations in order to support mass customer acquisition. By working specifically for each collaboration, different cash flow-oriented product gains were achieved.

The volume of loans extended to Business Banking customers grew by 55% compared to 2022. Through the digitalization projects, the number of business banking customers using digital channels increased by 15%.

Yapı Kredi Providing Support to Customers

The Bank participated in the Treasury-Backed Credit Guarantee Fund loan programs to support customers in need of financing for their expenses such as salary and rent payments, raw material purchases, and check payments. Through the programs, the Bank provided necessary financing to businesses.

The volume of loans extended to Business Banking customers grew by 55% compared to 2022.

Interest payments were postponed for customers affected by the earthquake, thus facilitating loan repayment.

Efficient Service for Yapı Kredi Mobile Business Banking Customers

Yapı Kredi Mobile enables tradespeople and individual businesses to access both individual and commercial products on digital channels, allowing easy transition between individual and corporate users without the need for a password. With this system called Easy Transition, customers are provided with an effective service in digital channels.

Moreover, with the "For My Business" menu in individual digital channels, business owner customers were enabled to apply for commercial products that suit their company's financial needs and switch to the corporate channel.

Through the digitalization projects, the number of business banking customers using digital channels increased by 15%. Our teams continue to develop new features to help the customers doing business complete their transactions with mobile approval via Yapı Kredi Mobile without visiting a branch.

In 2023, Yapı Kredi continued to develop processes such as digital/mobile approval that would further support customers in their digitalization journey while reducing contact. The Bank simplified the contract processes for commercial customer opening and the process for the sale of Productive Card contract products with mobile approval.

Stronger Deposit Base

In 2023, Yapı Kredi offered campaign packages with a focus on strengthening the deposit base and reached customers with new packages. Thus, the Bank recorded a growth in deposits, especially with the Apartment Building and Housing Estate Management package and through the collaborations. The deposit volume of Business Banking customers increased by 44% compared to the previous year, and the demand deposit baseby 112%.Business Banking will continue to expand the deposit base by focusing on the needs of customers, gaining new customers and offering a wide portfolio of products.

Solutions for Better Presence in the Digital World

Every year, the presence of businesses in the digital world becomes more important and the value of e-commerce increases. In 2023, Yapı Kredi continued to offer solutions to help businesses increase their presence in the digital world through collaborations with companies active in e-commerce, e-document solutions and website installation services.

AGRICULTURAL BANKING

Agricultural Banking offers products and services to support the crop and animal production of producers. Yapı Kredi offers the Productive Card, which can be used by producers in purchasing agricultural inputs. The Productive Card enables customers to make interest-free transactions at merchants participating in the campaign with payment opportunities at harvest.

For the Productive Cards, producers are offered the most advantageous and longest-term statement discount campaigns in the sector. Moreover, by providing farmers with the opportunity to pay their electricity bills in installments of up to three months without interest, many electricity distribution companies have become productive merchants.

Thanks to the Agricultural Value Chain, the payments of the parent companies and producers can be made through the Bank, thus allowing the producers to manage their cash flows with a wide range of products. Under the Agricultural Value Chain, preapproved productive cards were offered to producers who received their payments from the Bank.

Loan finance support was provided to the producers by securing the Electronic Produce Certificates, issued in return for the delivery of agricultural produce to the licensed warehouses throughout Turkey that joined the program.

OUTLOOK

In 2024, Yapı Kredi Business Banking aims to:

- Maintain its Demand Deposit focus with acquisition packages and mass customer acquisition projects,
- Continue to invest in digital banking channels to providing transaction-facilitating solutions to its customers,
- Ensure healthy and sustainable growth in loans through effective risk management,
- Contribute effectively to sustainability policies,
- Increase profitability by selling multiple products instead of a single product to become the favorite bank of in terms of cash flow and product diversity, and
- Provide special services to the entrepreneurial ecosystem.

Payment Systems

PROFILE	DECEMBER 2023
Number of Credit Cards, including Virtual Cards	17.5 million
Number of Debit Cards	18.7 million
Number of Merchants	979,700

SECTOR POSITIONING	MARKET SHARE (SECTOR)	MARKET SHARE (PRIVATE BANKS)
Credit Card Outstanding*	13.7%	18.9%
Credit Card Issuer	14.6%	19.6%
Commercial Credit Card Outstanding*	8.5%	16.5%
POS Acquirer**	15.9%	22.7%
Number of Credit Cards	14.9%	20.5%
Debit Card Issuer***	13.2%	21.1%

* Sector and private bank market shares are calculated based on the data disclosed in Yapı Kredi December 2023 Balance Sheet. Sectoral data consists of deposit and development and investment banks, while private banks data are compiled from deposit/domestic private and deposit/foreign bank data.

** Includes credit card acquirer POS and ATM transactions.

*** Includes debit card issuer POS transactions.

THE UNDISPUTED LEADER SINCE 1991:WORLD

Yapı Kredi, with its main credit card brand World, has been the leader in the Turkey in card payment systems since 1991. The Bank owes this strong position over the past 32 years to its focus on innovation, going beyond customer expectations and pioneering the card payment systems sector.

With World, Yapı Kredi is the architect of the credit card market in Turkey while continuing to open new horizons for the world credit card industry.

In 2023, Yapı Kredi maintained its pioneering approach in Payment Systems, consolidating its leadership in the sector with 17.5 million credit cards.

According to the 2022 Nilson Report published November 2023, Yapı Kredi has an outstanding performance in credit card outstanding volume.

Despite intense competition, challenging market conditions and the adverse effects of the legislation in 2023, Yapı Kredi achieved a strong growth in credit card total outstanding volume.

Throughout the year, the Bank focused on acquiring new customers, deepening customer relations and increasing cross-selling. Yapı Kredi also maintained its disciplined approach to installment payments and credit card loyalty points.

Repeating its success in 2022, Yapı Kredi enjoyed the highest growth rate among private banks in terms of active debit cards in 2023.

YAPI KREDI PAYMENT SYSTEMS CONTINUES TO OFFER INNOVATIVE SOLUTIONS

Yapı Kredi developed various innovative, customer-focused projects in addition to its current efforts to strengthen its position in the sector and to further improve customer satisfaction.

In 2023, Yapı Kredi maintained its pioneering approach in Payment Systems, consolidating its leadership in the sector with 17.5 million credit cards.

New approaches to data analysis continued to be implemented to better define the card usage habits of cardholders and to design personalized and more effective offers.

As the pioneer of digital banking in Turkey, the Bank created the “Digital Slip” and “My Tracked Expenses” functions to take the customer experience to new heights in 2022. The digital slip technology enables customers to quickly access the slips of their card expenditures while with the My Tracked Expenses option customers can group and save their expenses with the digital slip as they prefer. These functions enable the customers to quickly view the details of the expenditures in the groups they create. Moreover, they can set reminders for any expenditure to easily follow up the corresponding return and warranty periods.

As of the last quarter of 2023, for transactions to be made with individual and commercial Yapı Kredi cards, debit and prepaid cards on other valid bank POSs as well as transactions to be made with cards of other banks on Yapı Kredi POSs, transaction slips are no longer produced in printed form for all transactions or only for contactless transactions depending on the preference of the customers and the merchant.

Relaunched in 2019 as Yapı Kredi Wallet's new user-friendly interface, World Mobile continued to expand its active user base in 2023.

Moreover, the Augmented Reality technology allows customers to view their card information easily and safely without entering a password, by scanning their credit, debit and prepaid cards with the camera. Leading the digital transformation of card payment systems, Yapı Kredi continues to offer all digital payment solutions under the roof of World PAY through various functions such as Payment with QR Code at POS and on the Internet, Mobile Payment and In-Car Payment while providing its customers with the option to make contactless payment with their mobile devices. In addition, with the inclusion of Physical and E-Commerce Shopping Loan functions, World PAY’s digital payment solutions are now richer than ever. Thus, World PAY now offers diverse payment options such as credit card, debit card, prepaid card and account as well as through a shopping loan.

With the introduction of the feature of offering installments in contactless transactions, customers now have the option of requesting installments in the NFC Mobile Payment solution.

With World PAY Shopping Loan, Yapı Kredi customers can use a paperless and unsigned shopping loan while shopping, without visiting a branch, just by scanning the QR code generated on Yapı Kredi POS via the payment step in Yapı Kredi Mobile or World Mobil applications. Users who are not yet Yapı Kredi customers, can instantly become Yapı Kredi customers and benefit from this service by scanning a QR code via POS in the merchant. With the World PAY Shopping Loan available at more than 400,000 points, Turkey’s most extensive “Buy Now, Pay Later” function is offered to customers.

Offering convenient and fast customer experience on credit card purchases, Yapı Kredi increased the number of contactless card transactions in 2023 thanks to the contactless payment feature that decreases the time spent at payment and increases shopping circulation at merchants. Almost all World credit cards and more than half of debit cards have contactless feature. In 2023, the number of contactless transactions increased 1.2 times while the transaction volume grew approximately 2.2 times due to the increase in card limits.

In 2023, the number of contactless transactions increased 1.2 times while the transaction volume grew approximately three times due to the increase in card limits.

Yapı Kredi continued to organize communication activities and campaigns in 2023 to promote the use of contactless cards in transportation. As a result of expansion activities, contactless cards can now be used in 29 provinces of Turkey for transportation. Customers can also use Yapı Kredi Mobile to top up their Istanbulkart, used for transportation in Istanbul, and to give an automatic top-up order.

Focusing on improving its customers’ online shopping experience in 2023, Yapı Kredi increased the share of online shopping in total shopping compared to 2022.

Customers applying for a credit card can now start shopping using their digital cards, without waiting for the delivery of their plastic cards. After the approval of their card applications, Yapı Kredi customers can instantly access their digital cards and define shopping limits via World Mobile, Yapı Kredi Mobile and Internet Branch, and start using their digital cards within the limits in online shopping and on POS devices with a QR code.

In 2023, the Bank focused on growth from a profitability perspective regarding commercial card holder customers, and carried out improvements to make it easier for customers to complete their transactions through digital channels. For commercial cards, the commercial card contract can be concluded remotely via Corporate Internet Branch. Moreover, the digital card created with the card application can be used for shopping without the need for physical delivery of the card.

Customers made four out of every five physical purchases contactless in 2023.

Remote access shopping trend also enjoyed a boost in 2023. To this end, the campaigns offered on World Mobile were tailored to customer needs to be valid in physical stores and e-commerce.

Payment with QR Code at POS, E-Commerce Payments, Mobile Payment and In-Car Payment solutions offered by World PAY were preferred more by customers in 2023, leading to an increase in active customers by approximately 48% and in total transaction volume with World PAY by approximately 75% compared to 2022.

On the other hand, there was an upward trend in e-commerce turnover throughout 2023. As of March 2023, Yapı Kredi started to offer credit card limit increase at the 3DS step of e-commerce transactions made by credit card. Thus, offers are made to customers who cannot complete their e-commerce transactions due to insufficient limits or whose limits have decreased to a certain extent to enable them to easily complete their e-commerce transactions.

As of the end of 2023, the share of Yapı Kredi e-commerce turnover in shopping turnover stood at 28%, while the sector average was 29%. Compared to the same period last year, the Bank's e-commerce turnover in 2023 grew by 119%.

In the last quarter of 2023, Hepsiburada Premium Worldcard was offered to customers under the cooperation with Hepsiburada. This card enables customers to enjoy the premium customer experience at Hepsiburada without paying any fees and benefit from extra rewards, installments and many other benefits for their purchases.

As of March 2023, Yapı Kredi started to offer zero limit credit cards to customers who do not have any limit gaps in the sector. In this way, the limit of customers are regularly inquired, without the need for customers to apply for the credit card again, and when the limit is assigned, the card is sent to their addresses.

In the last quarter of 2023, Yapı Kredi broke new ground in Turkey and started offering contactless payment options for installment transactions in addition to one-time payment.

Yapı Kredi customers are offered important advantages with the option to apply for credit cards via World Mobile, Yapı Kredi Mobile, Internet Branch and Customer Communication Center, to conclude distance contracts and to perform similar transactions via connections with video transaction assistants through Yapı Kredi Mobile.

LARGEST MERCHANT NETWORK OF TURKEY

In 2023, Yapı Kredi consolidated its pioneering position in merchant networks thanks to the contribution of its wide product range boosted by its strong collaborations and innovative investments. In line with its customer-centric approach, the Bank offered more than 100 campaigns a month via 980,000 merchants in 2023.

In 2023, Yapı Kredi continued its successful performance by taking pioneering steps towards digitalization and expanded its merchant network via cooperations with tradespeople businesses.

Yapı Kredi offers its customers hassle-free contactless payment experience and ease of use thanks to the ability of receiving payments from accounts with the QR code from the cards and applications of all participating banks via TR QR Code in its widespread network of more than 400,000 merchants.

In the last quarter of 2023, Yapı Kredi broke new ground in Turkey and started offering contactless payment options for installment transactions in addition to one-time payment. Thus, Yapı Kredi customers can now complete their installment transactions quickly, easily and reliably, contactless, without inserting their cards into the POS. In the Yapı Kredi merchant network, four out of five physical POS devices have contactless features. With the acceptance of contactless installment transactions, nine out of every ten face-to-face transactions are expected to be contactless.

In 2023, Yapı Kredi broke new ground and became the first bank to accept payments with contactless debit and credit cards on buses, metrobuses, metro and ferries within Istanbul under the cooperation with the Istanbul Metropolitan Municipality.

Yapı Kredi POS Cepte application, launched for merchants in 2021, was renewed in accordance with the Tax Procedure Law communiqué No. 507 (VUK 507) and gained the cash register POS feature. Thus, merchants, that use cash register POS devices, can now accept payments via Android-based mobile phones, and customers can make payments using contactless and QR payment technologies with contactless cards or mobile banking applications. Thanks to the new features added under the VUK 507 communiqué, the POS Cepte application can instantly send e-invoices or e-archive invoices to the customer's e-mail address for all sales and payment transactions. Yapı Kredi plans to expand the Yapı Kredi POS Cepte application to wider audiences in the coming period.

In 2023, Yapı Kredi launched the Yapı Kredi Link Payment solution, which allows merchants to securely collect payments for their businesses by creating a payment link without the need for a website, physical POS device or mail order. Yapı Kredi Link Payment makes it easier for merchants to receive seamless and instant payments, even when customers are not physically present. Moreover, the overall cardholder experience is improved by offering digitization to corporations and SMEs as well as micro businesses.

OUTLOOK

In 2023, Yapı Kredi's goals for card payment systems are:

- Ensuring the acceptance of card transactions in transportation expenditures in cooperation with municipalities,
- Expanding the acceptance of contactless card transactions in vending machine payments,
- Increasing the digital channel usage rate of both card and POS customers with customer experience improvements in digital channels,
- Enriching and improving the function set in channels to offer cards to business customers through digital channels and increase channel usage by all commercial card holder customers,
- Adding new products to new generation digital payment solutions offered under the umbrella of World PAY, enabling customers to have a faster and easier payment experience,
- Making the necessary improvements for the payment experience to be carried out at the merchant side through digital applications,
- Expanding the customer base of World Cash, Play Cash and World Cash Digital prepaid cards developed for customer needs, allowing cash withdrawals and spending as much as the amount deposited into these cards, without the need for a loan limit or bank account, and reaching unbanked people with these cards,
- Adding new functions to World Mobile to offer a hassle-free shopping experience for customers and launching new projects to increase customer satisfaction,
- Viewing the digital platforms where the cards are registered and easily managing the payment orders on World Mobile and Yapı Kredi Mobile thanks to the 'Digital Platform Payment Orders' function, thus providing customers with an even more secure digital platform payment order experience,
- Being a pioneer in payment systems by following and implementing the global and local developments related to fintechs, and
- Realizing a gradual transition to the use of recycled materials in card plastics in the following years.

Yapı Kredi 2023 Integrated Annual Report

Private Banking and Wealth Management

PROFILE	
Number of Branches	15

The Private Banking and Wealth Management offers services to high net-worth individual customers.

In addition to the entire range of banking products and services for all financial needs of its customers, Yapı Kredi Private Banking also provides integrated wealth management through the Bank's subsidiaries, Yapı Kredi Invest and Yapı Kredi Asset Management.

SUSTAINABLE SUCCESS

Yapı Kredi Private Banking manages a total of TL 280 billion in assets via 15 Private Banking Centers with five centers located outside Istanbul. Thanks to a wide range of products that meet the expectations and risk perceptions of its customers, Yapı Kredi Private Banking and Wealth Management maintains its successful performance in the sector.

Yapı Kredi Private Banking improved its already-strong performance in 2023, embracing an approach that prioritizes the financial expectations and needs of its customers with strong customer communication. In 2023, the Private Banking deposits grew by 36%, mutual funds by 67%, assets under custody by 51%, stocks by 42%, and pension funds by 86%.

In 2023, the Private Banking deposits grew by 36%, mutual funds by 67%, assets under custody by 51%, stocks by 42%, and pension funds by 86%.

Yapı Kredi Private Banking offers asset distribution recommendations to improve its customers' experience with investment products and to enable customers to choose investment products compatible with their investment profiles both at branches and digital channels. In 2023 the recommendations were updated in line with market conditions to improve customer satisfaction.

NEW MUTUAL FUNDS

In 2023 Yapı Kredi created new mutual funds in line with the market developments to meet the investment needs of customers and enable them to diversify their portfolios.

To this end, the Bank started to offer 8 mutual funds:

- five hedge funds,
- one capital investment fund,
- two under different umbrellas.

Yapı Kredi Asset Management offered the following funds:

- Yapı Kredi Asset Management Agriculture Variable Fund),
- Yapı Kredi Asset Management Non-BIST 100 Equity Fund (Equity Intense Fund),
- Yapı Kredi Asset Management Dividend Paying Lease Certificate Participation (Foreign Currency) Hedge Fund,
- Yapı Kredi Asset Management Kilyos Dividend Paying Equity Hedge (TL) Fund (Equity Intensive Fund),
- Yapı Kredi Asset Management Nişantaşı Dividend Paying (Foreign Currency) Hedge Fund,
- Yapı Kredi Asset Management Maslak (Foreign Currency) Hedge Fund,
- Yapı Kredi Asset Management Money Market Hedge (TL) Fund, and
- Yapı Kredi Asset Portföy Yönetimi A.Ş. Frwrd First Venture Capital Investment Fund.

A new way of investment at Yapı Kredi Mobile

Many transactions in Yapı Kredi Mobile's renewed investment menu have become more user-friendly and can be easily performed on a single screen, such as "Quick Transaction Cards", "New Navigation Menu", "Market News" and "Returns of 1,000TL?" on the "Markets" screen, "My Watchlist" and "Investment Transaction Movements", and the "Reports" section including "Periodic Investment Returns", "Asset Change Report" and "Capital Market Statement".

ALWAYS BETTER DIGITAL CUSTOMER EXPERIENCE

In the Private Banking customer base, where the average age is high, Yapı Kredi achieved 80% active usage rateof digital channels among customers thanks to the new digitalization steps taken. With the digitalization of the processes carried out at branches and the mobile approval function, the Bank's customers were enabled to perform all their transactions without visiting a branch. Launched during the pandemic to respond to the changing customer interaction, online video calls between branch teams and customers have been welcomed by customers. In line with the continuous improvement approach, Yapı Kredi continues development works on online video calls. In 2023, the Bank's specialist teams closely monitored global uncertainties and market fluctuations, and developed projections to assist customers in their investment decisions. The teams shared the daily projections with the customer while also offering recommendations on investment products suited to market conditions.

AN INVESTMENT PRODUCTS BASED GROWTH PERFORMANCE

In line with the challenging market conditions of 2023, Yapı Kredi Private Banking focused on customer acquisition and deepening relations with existing customers through strong brand perception and intensive customer communication via alternative channels, and continued to develop new investment. More than half of the assets managed by Private Banking consist of non-deposit investment products. The Bank offers its customers new products tailored for investors.

CUSTOMER SATISFACTION FOCUS

As part of its holistic asset management approach offered to its Private Banking customers, Yapı Kredi creates solutions by focusing all the expectations of the customers, not just their financial needs.

In 2023, Yapı Kredi organized events in various cities such as Istanbul, Izmir and Bursa, to enable customers to ask questions to economists. Moreover, the Bank offered informative online training seminars about the entrepreneurship ecosystem. Customer satisfaction was increased by providing certain privileges to customers through collaborations with brands that appeal to high net-worth customers.

The Bank provides tax, inheritance, real estate, education, art and philanthropy consultancy services for Yapı Kredi Private Banking customers through the best contracted firms. Customer demands are received both at branches and via internet banking. To this end, articles and news about these topics are posted on digital channels, and various events are organized.

With the Yapı Kredi Private Banking Art Scholarship Fund launched in and 2021 in cooperation with the Turkish Education Foundation, Yapı Kredi support arts and talented young artists who continue their education. The Bank extended the scope of this successful cooperation in 2023, increasing the number of students receiving scholarships. Throughout the year, meetings were organized with students to increase interaction, and opportunities were provided for students to take part in Bomonti World Acoustic concerts with a focus on increasing the awareness of the fund. Moreover, the content generated contributed to increasing the visibility of young artists.

2023 CUSTOMER SATISFACTION SURVEY

Always giving priority to the opinions of its customers, Yapı Kredi Private Banking conducted a general customer satisfaction survey

In line with the challenging market conditions of 2023, Yapı Kredi Private Banking focused on customer acquisition and deepening relations with existing customers through strong brand perception and intensive customer communication via alternative channels, and continued to develop investment products while focusing on integrated wealth management.

in 2023 as well. The satisfaction score increased significantly compared to the previous year. The survey shows that customers are satisfied with the service they receive and consider Yapı Kredi as their main bank.

PERFORMANCE RECOGNIZED WITH AWARDS

Yapı Kredi Private Banking received various awards in 2023 as well. Yapı Kredi Private Banking was recognized with “Turkey's Best Private Banking Award” in 2023 in the International Finance Awards organized by the International Finance magazine, one of the UK's leading finance and business analysis publications. Moreover, Yapı Kredi Private Banking was the recipient of an award in the "Best Customer Relationship Management Technology in the Middle East and Europe" category at PWM (Professional Wealth Management) WEALTH TECH AWARDS 2023 as well as the “Turkey's Best Private Banking” award at GLOBAL BANKING & FINANCE AWARDS 2023, one of the leading finance magazines in the field of banking.

Limitless Banking

PROFILE	
Number of ATMs	5,185
Number of Active Digital Customers	~13.5 million
Increase Rate in Number of Digital Product Sales*	~20%
Annual Customer Contacts of Customer Communication Center	89 million

* General Purpose Consumer Loans, Credit Cards, Bill Payments, Flexible Accounts, Time Deposits, Stock Account

Yapı Kredi’s Targets in Limitless Banking

- Transform into a "Super App" where customers can meet their financial and non-financial needs with integrated solutions
- Expand the Bank's customer base by gaining new customers via digital channels and deepen relations with digital customers
- Develop sales competencies that capture customers' moments of need and provide personalized experiences digitally
- Eliminate interbank inconveniences with Open Banking
- Provide services beyond banking by developing new business models
- Continue to support the entrepreneurial ecosystem to create global opportunities for start-ups
- Meet the corporate and banking needs of legal customers with end-to-end digital services
- Create value both for the Bank and the customers by enhancing customer satisfaction
- Increase contact points by expanding the ATM network to meet the increasing need for cash transactions and grow ATM revenues
- Develop new collaborations with other banks, fintech and e-money institutions through the widespread ATM network and become the cash solution partner of organizations within the financial ecosystem
- Be the best bank in ATM experience by supporting customer-oriented banking approach with the widespread, fast and user-friendly ATM network.

DIGITAL BANKING

Yapı Kredi always aims to make its customers’ lives easier and offer them the best experience with its digital services. In 2023, the Bank initiated the "Super App" transformation from Yapı Kredi Mobile, which provides solutions that will meet both the banking and daily needs of customers. Moreover, the Bank offers unique applications the fintech work to shape the banking world of the future. While expanding its active customer pool with digital channels and technologies, the Bank also increased financial depth and customer lifetime value. Moreover, Yapı Kredi enriches the functions offered on its digital platforms while increasing its sales competencies and offering its customers hyper-personalized products and offers with deep analysis.

In keeping with its vision of delivering a perfect customer experience that will provide the direct solution for customers’ needs, Yapı Kredi focused on perfecting customer experience, optimizing customer interaction and delivering standard-setting solutions in the sector in 2023.To this end, the Bank offered several new services on digital channels to its customers while improving the banking ecosystem. The Bank’s innovative applications improved the number of digital active and mobile active customers, customer acquisition, customer interaction, number of transactions, and digital penetration.

In 2023, Yapı Kredi acquired more than 2 million digital banking active customers, reaching a total of 13.5 million customers.

Moreover, 9 out of 10 active customers preferred digital banking channels. Customer interaction on digital channels exceeded 5 billion in 2022.

Super App Transformation from Yapı Kredi Mobile

In line with the "Super App" strategy first introduced in 2021, Yapı Kredi completed the transformation that made an enormous impact in the sector and moved Yapı Kredi Mobile to the "My World" platform, where customers can combine their banking and daily life needs while also managing other bank accounts in a consolidated manner. To this end, the new 4.0 version of Yapı Kredi Mobile application was released with the Super App concept in line with the slogan "Application of Your Life". The Bank also introduced a new generation design to easily manage all accounts with tabs of Yapı Kredi and Other Banks on the home page dashboard, and to easily access all assistance services from a single point with the My World section.

While meeting its customers' needs in banking and beyond, Yapı Kredi offers at Yapı Kredi Mobile various financial and non-financial services such as travel planning, using sustainable services, and tracking their assets in other banks, through mini apps such as My Home+, My Travel+, Chippin, STEP, and My Bank+.

Expanding the Bank's Customer Base through Digital Channels

Designing the experience of becoming a customer via the Video Transaction Assistant at Yapı Kredi Mobile for real persons, a first in Turkey in 2018, Yapı Kredi maintained its leadership in this field in 2023. As of August 2023, for the first time in Turkey, Yapı Kredi launched the practice of becoming a remote customer for legal customers on the day the relevant legal regulation came into force. Thanks to the remote acquisition of partner companies, the Bank contributed to the acceleration of the digitalization of legal customers.

In 2023, Yapı Kredi supported profit-oriented customer acquisition with a data-based marketing strategy and a content perspective that differs from the competition, and the monthly revenue generated by users who became customers via Yapı Kredi Mobile increased 7 times compared to the previous year.

All Vehicle Needs Solved with My Car+ on Yapı Kredi Mobile

Yapı Kredi aims to offer various services to customers in addition to banking products within the scope of ecosystem banking. In line with this goal, the My Car+ platform, launched in 2021, offers a structure where vehicle owners can meet their needs and manage their vehicle ownership processes. With its rapidly increasing number of users and vehicles, the My Car+ platform continues to offer services to make the lives of its 1.8 million registered users easier.

In order to make the lives of owners of automobiles, motorcycles and light trucks easier, My Car+ offers various functions including MTV (motor vehicle tax) payments and reminders, HGS (Rapid Pass-through Label) applications and transactions, traffic fine payments and proactive notification of fines issued to vehicle plates for vehicle owners, auto loan calculation and tracking, in-car payment when buying gas, proactive automobile insurance quotations at the end of policy term and motor insurance policy purchase, vehicle inspection appointment, and vehicle buying / selling through secure payment system. In addition, customers are provided with reminder notifications by adding the vehicle inspection date, and automobile insurance renewal offers are displayed in the reminders area. Avis car rental service via Yapı Kredi Mobile continues with the third party collaborations. In the coming period, Yapı Kredi aims to strengthen cooperations and expand the transaction set to stand by customers for all their vehicle-related needs.

All Housing Needs Solved with My Home+ on Yapı Kredi Mobile

As part of its ecosystem banking activities, Yapı Kredi introduced the My Home+ platform to its users in 2023. Regardless of whether they are homeowners or tenants, customers can add their homes to the platform and complete their transactions. Reaching hundreds of thousands of users in a short time, the My Home+ platform works to improve its services so that users can easily carry out their home-related transactions.

The My Home+ platform offers its users various services and products such as easy tracking for invoices related to their registered homes, automatic invoice order creation, home insurance and DASK (Turkish Catastrophe Insurance Pool), mortgage and general purpose loan. Moreover, with e-government integration, users can receive a residence certificate, perform DASK transactions and use address-related services. Yapı Kredi continues to work in collaboration with third parties to offer end-to-end solutions to customers' house-related needs from Yapı Kredi Mobile.

Travel Planning via Yapı Kredi Mobile with My Travel+

The My Travel+ platform, which allows customers to manage their travel transactions from a single place, was offered to users in 2023. In cooperation with Setur, Yapı Kredi Travel line enables customers to make tour and hotel reservations, purchase flight tickets and plan their travels by using the points on their cards. Moreover, in order to facilitate travel-related transactions, the following transactions are offered to customers via the My Travel+ menu: Avis car rental, general purpose loan for travel expenses, credit card application, credit card limit increase, point usage, creating foreign exchange account statement instructions, foreign exchange buying and selling, purchasing travel health insurance, passport fee, passport book fee payment, departure fee payment and creating a passport appointment with e-government integration.

Open Banking

Yapı Kredi continues to play a leading role in supporting change in the financial world. In addition to being one of the first banks to offer open banking services to customers, Yapı Kredi made a difference in the sector by developing value-added services integrated throughout the application, and introduced customers to open banking.

Yapı Kredi has worked towards the goal of becoming the main bank of customers in the open banking world and has taken a big step towards becoming the only application of customers by combining functions with its super app strategy. To this end, the Bank launched the My Bank+ platform, which is also a first in Turkey, so that customers can follow all their banking activities. With its new positioning and the My Bank+ platform, the Bank strengthened its leading position by reaching a wide open banking audience.

In addition to account information service and payment order initiation services, which are the main functions of open banking, Yapı Kredi also offers functions such as bring money, my bank+ platform, bring time deposit, loan installment payment, credit card debt payment, becoming one of the banks where customers most prefer to use open banking services.

Innovative Solutions Meeting Customer Expectations

Yapı Kredi further improved the digital customer experience of its General Purpose Loans, Card Payment Solutions and Flexible Account products while launching new services.

In this regard, for customers who cannot get a card due to insufficient limits, the Bank started to offer a 0-limit card product, which automatically assigns a limit to their cards without the need to re-apply when the limit can be assigned.

Customers' lives have been made easier with integrations to complete transactions with a single click by increasing the limit in case of insufficient limit during shopping through 3Ds integration with companies.

Yapı Kredi contributed to sustainability by ensuring that slips can be received digitally in all updated POS devices. The Account Statement Delay feature is launched, to allow customers who have difficulty paying their credit card debts to delay their account statement debts for 1 month. Moreover, customers with positive balances on their cards can use a new feature on mobile to use these balances by transferring them to different accounts and cards.

Yapı Kredi started to offer via digital channels the Regular Credit Payment feature, which provides regular monthly payments with loan support for annual payments, and the "My Rent in My Account" product, enabling regular loan-supported payment of rent in accordance with the annual agreement made between the landlord and the tenant. Moreover, Yapı Kredi Mobile enabled customers with overdue payments to have easier payment experiences and to provide payment with smart reminders after the delay.

Yapı Kredi implemented growth solutions that make a difference to the customer experience at Yapı Kredi Mobile and managed to increase its sales by correctly predicting the moments of need. The Bank improved its digital sales capabilities by offering one-touch solutions for the needs of customers when the customers are in need, and by implementing behavioral-based analytical methods. The Bank developed the first and only online bidding system in the industry.

In addition to new services, Yapı Kredi increases its market power with its pioneering experiences. The Bank launched the QR code withdrawal/deposit feature for the first time in Turkey and made it an industry standard. Moreover, the Bank enriched the transactions made with QR codes by adding mobile payment solutions and increased its market share to dominate the sector.

Yapı Kredi Mobile continued to be the highest-rated finance application in Turkish application markets.

Collaborations for Easier Experiences

In order for customers to easily access loan and card products, Yapı Kredi cooperated with third-party companies and established digital integrations where customers can quickly apply for cards and loans through companies when they need banking solutions while spending at different companies. Under this initiative, the Bank implemented a shopping loan collaboration with Trendyol and Hepsiburada, a loan collaboration with Hepsipay that replenishes the wallet with individual general purpose loans, and a vehicle loan collaboration with Tesla as the only bank in Turkey.

Renewed Investment Experience

The investments menu was renewed with various features such as My Investment Portfolio menu designed to enable customers to manage all their investments from a single screen, quick transaction cards for displaying portfolio-specific summary information, and a markets menu that can guide investment decisions. In Yapı Kredi Mobile's Investments menu, customers can easily access the details of investment products thanks to the card view that is separated by product, and they can instantly follow the markets and related news from the Markets section.

My Investment Portfolio enables customers to follow the current status and development information of all of their investment products or on a product-by-product basis. While customers can separately track Portfolio Assets and Portfolio Liabilities, they can also view the asset change rate and amounts of total investments in selected periods and carry out investment transactions instantly. Moreover, customers can create their own lists for stocks and indices that they want to monitor, and can follow the prices instantly thanks to the My Watch List menu.

In the investment menu, customers can access quick transaction cards to get information about the products and to easily carry out their frequently used transactions.

Enriched Digital Insurance Products

Based on the ever-changing customer needs, Yapı Kredi continued to introduce new insurance products to Yapı Kredi Mobile in 2023 that will best meet these needs.

Yapı Kredi started to offer My Paying Family and Travel Health insurances via mobile, and rearranged Personal Assurance and Supplemental health insurance infrastructures.

The Bank also provided easy guidance via mobile channels to Damage Notification via e-government to ensure convenience to its users after the February 6 earthquakes.

University Payments now on Yapı Kredi Mobile

With the new University Payments step offered in the Yapı Kredi Mobile application, Yapı Kredi enabled its customers to choose a university and make payments easily and quickly with their student and/or Turkish ID Number information. Payments can be made in TL and USD currencies.

Jet Menu renewed and transformed into Jet QR!

The Jet menu was renamed as Jet QR so as to include all transactions that can be performed with QR. Thus, via this menu available before logging into the app, customers can withdraw and deposit money from ATMs, share the QR code of their accounts or scan the QR code to transfer money, and make their payments using a QR code with World Pay.

Service Model Banking

Yapı Kredi continued to develop innovative, inclusive and model-specific services in the field of service model banking. In this regard, the Bank aims to contribute to the financial ecosystem and provide users with faster and more effective access to the financial services they need.

In order to respond quickly to customer needs in the field of service banking, Yapı Kredi designed new business models through discussions with various business partners. These strategic collaborations were developed to offer customers a wider range of services and gain competitive advantage.

With its service model banking, Yapı Kredi aims to go beyond the limits of banking with new business partners and products in accordance with legal regulations in the future. Yapı Kredi aims to maintain its leading position in the industry by offering more comprehensive and customized financial solutions.

Supporting Sustainability with Step

The Step platform for a sustainable future was made available at Yapı Kredi Mobile. Step users can earn points with their sustainable choices and donate with their points. Through collaborations with TEGV (Educational Volunteers Foundation of Turkey), Koruncuk Foundation, ÇEKÜL (Foundation for the Protection and Promotion of the Environment and Cultural Heritage) and TEV (Turkish Education Foundation), Yapı Kredi identified sustainability standards, and included merchants that met these standards in the Step program. These merchants were positioned under Step Brands and customers began to earn step points from purchases of these brands.

Loyalty application Chippin now on Yapı Kredi Mobile

In collaboration with Tanı, Chippin is now featured in the Yapı Kredi Mobile My World section. Within the scope of strategic cooperation with Chippin and innovative projects, Yapı Kredi started to offer Chippin & World Mobile joint campaigns to customers with a special design. Users can now register to Chippin via Yapı Kredi Mobile.

Innovations for corporate customers

My Cash Flow

In 2023, Yapı Kredi increased the variety of existing products and services offered through Corporate Banking and developed new features under the remote service model. The Bank launched My Cash Flow in 2023, to combine collection and payment information at a single point and enable legal customers to easily track their cash flows via Yapı Kredi Corporate Internet Branch and Yapı Kredi Mobile Corporate.

Letter of Guarantee via Digital Channels

Yapı Kredi introduced a new feature to enable legal customers to easily and quickly apply for certain letters of guarantee via the "Yapı Kredi Corporate Internet Branch", without visiting a branch.

Payment with Link

Moreover, the Bank offered the "Payment with Yapı Kredi Link" application to its customers, continuing to facilitate banking transactions and enabling Merchants to create a payment link specifically for their products or services via the "Corporate Internet Branch", to share the link with their customers, and to receive payment via the secure payment page with the payment link.

World PAY QR Payment for Corporate Customers

Prioritizing customer satisfaction, Yapı Kredi developed a new payment solution, World Pay QR Payment, to enable its corporate customers to manage their digital payments more effectively.

Innovation and Ecosystem Management

Under Yapı Kredi FRWRD, innovation and ecosystem studies were carried out under one roof both within and outside the Bank in 2023.In parallel with its strategic focus areas and holistic strategies such as Super App and Artificial Intelligence, Yapı Kredi creates innovative solutions, collaborations, POC and investment opportunities that will provide concrete benefits.

Yapı Kredi launched the Fast FRWRD Acceleration Program on critical innovation areas/themes that will determine the future in order to realize pioneering and innovative collaborations in the sector and turn these collaborations into concrete benefits. The first program was held in 2023, focusing on SME solutions. During the program application phase, a total of 91 applications were collected from different fields focusing on the SME Solutions vertical, and 15 qualified startups among these applications were included in the program. At the Fast FRWRD Demo Day 15 held on July 12, 2023, 15 startups made presentations. The event was held with the participation of a significant audience, including ecosystem stakeholders, investors and members of the press. Yapı Kredi Environmental Management team entered into a collaboration with Apollo IoT, one of the program initiatives. Thanks to the cooperation, Yapı Kredi will monitor monthly consumption on behalf of the Bank and identify excess consumption points and reasons, ensuring less and effective energy use.

The Bank launched the FRWRD Global program in order to grow by combining strong points, especially through the collaborations in the ecosystem, to expand the Bank's network and awareness of the global ecosystem, and to globalize the success achieved in Turkey.

Under the FRWRD Global Acceleration Program, the first of which was held in 2023, in collaboration with the Tehnopol acceleration center at Tallinn University of Estonia, one of the most important startup centers in Europe, 10 startups developing products and services with artificial intelligence were selected and enabled to visit Estonia, and offered support to enable them to promote their companies internationally, interact with global ecosystem stakeholders, and come together with foreign investors and mentors who are experts in their fields. Startups had the chance to grow and develop themselves in Estonia with the 10-week program also supported by KOSGEB (Small and Medium Industry Development Organization).Moreover, a meet-up was organized with the participation of the Estonian ambassador and investors, and together with 10 startups, the Bank participated in Slush held in Helsinki, Finland, and organized a side event at the venue, allowing the startups to introduce their companies to the world. The “Yapı Kredi FRWRD Global” program contributed to the promotion of startups in the international markets.
FRWRD has the richest network in Turkey and is the operator of one of the strongest acceleration programs with over 60 ecosystem leader mentors and over 30 leading partners in the startup ecosystem. FRWRD will continue to organize programs in 2024.

Benefiting from the local and global expansion in the entrepreneurial ecosystem with pioneering and effective actions, FRWRD is used as a catalyst to create sustainability, savings, profitability and high customer satisfaction and to make the right investments with FRWRD venture capital investment fund while providing innovative solutions for scouting, POC, collaborations, strategic focuses such as "My World" and "AI" and all managements of the Bank.

In 2023, the Bank got into contact with more than 300 startups and established various collaborations. The Bank continue to perform and increase startup screenings with the contribution of partners and ecosystem partners.

In 2023, the FRWRD team carried out TÜBİTAK BIGG studies together with KWORKS and other consortium partners. Moreover, support was provided to projects such as KoçGPT and Koç Entrepreneurship Platform carried out within Koç Holding.

With the aim of increasing the know-how of bank employees on the innovation and entrepreneurship ecosystem, supporting innovation production, increasing collaboration and sharing of ideas among teams, creating a team that will lead innovation within the Bank, and leading innovation "continuously" inside and outside the Bank, the “Yapı Kredi FRWRD Idealist Working Group” was launched in cooperation with Yapı Kredi Banking Academy, graduating a total of 22 employees experienced and expert in various disciplines from 15 departments. The group will continue to expand throughout the Bank and develop its activities in two different cycles in 2024.

Two projects, Metaverse Banking Academy and My World Artificial Intelligence Assistant, were determined to be implemented in 2023 within the scope of Experimental Innovation Projects. Under the umbrella of Experimental Innovation Projects, activities were carried out in 2023 to collect and support innovative projects from different departments of the Bank that will make a difference in the sector, and to implement them in an agile and simple manner. Activities will continue in 2024 to increase the number of applications and projects implemented.

As part of the efforts to support innovative thinking and spread the innovation culture, the “FRWRD Innovation Bulletin” continued to be communicated to the entire bank every two weeks, reaching a total of 23 bulletins. The bulletins were received with interest and admiration by the employees, and the opinions of the employees were asked for content suggestions. In 2023, in cooperation with Private Banking, a “Latest Developments from the World of Technology and Innovation” bulletin was launched for Private Banking customers.

Yapı Kredi continued collaborations with Private Banking and Wealth Management under the FRWRD brand. Seven Private Banking employees who participated in the Idealist Work Program successfully completed the 3-month program and produced two innovative projects. Keiretsu Forum Turkey provided two trainings on entrepreneurship ecosystem and angel investment for Private Banking employees and selected customer groups. Moreover, the Bank conducted the Priority Topic Study for Private Banking employees, to collect innovative ideas that could contribute to Private Banking customer satisfaction.

In the third Yapı Kredi FRWRD Innovation Week, various events, trainings and webinars were organized between December 11-13, 2023 with the aim of finalizing the works done throughout the year and explaining them inside and outside the Bank in the best way possible.

Digital

The number of fintechs, that emerged as a result of the developing technology, changing customer behaviors and new regulations around the world, rapidly increases. Banks diversify added value and products / services by offering innovative financial solutions and customer-oriented applications for users. Banks step up the development and digital transformation of the market, especially thanks to the new generation banking service models they offer through their own digital platforms.

Parallel to these developments, the fintech ecosystem is rapidly expanding in Turkey. It is predicted that this sector will grow faster with the new regulations. This growing ecosystem creates an environment for catching opportunities especially in global finance and technology, and ensuring the sustainability of the financial system as well as the inclusion of people who have not been involved in the financial system before.

Constantly developing its digital ecosystem, Yapı Kredi aims to provide better tailored solutions to meet the needs of users, while determining solutions based on customer needs and ensuring that these solutions are quickly included in the system in order to remain competitive.

Yapı Kredi established a fintech company that can offer next-generation banking services and provide a wider range of services by creating added value to users. Fintech aims to introduce the financial products and innovative business models created by using digital technologies to users while providing added value. Yapı Kredi's main goals in establishing a Fintech company are to enable people who have not yet been included in the financial system or who have been outside of this system, to enter the financial ecosystem. Thus, by creating equal opportunity in access to financial services, the Bank will contribute to the generation of wider social benefits.

The services to be offered by the Bank will enable customers to access many different products from a single point and perform their transactions more easily and quickly. These services will cover many products and solutions from payment services to investment services.

Supporting financial innovation with Yapı Kredi's agile working methodologies, the fintech company will create a new generation banking system, provide equal opportunities for all users, and increase access to financial services and inclusiveness.

Best Digital Bank of Turkey for the Seventh Time!

Yapı Kredi's products and services offered through digital channels have been endorsed by prestigious organizations in the world, as well as in Turkey. Crowned with more than 30 awards in 2023 around the world, Yapı Kredi was recognized with the Best Digital Bank in Turkey award for the seventh time in a row at the Digital Banking Awards held by the Global Finance magazine. With "My World" launched under its "Super App" strategy, the Bank was awarded the first prize worldwide at the Eye on Innovation Awards for Financial Services organized by Gartner. Moreover, Yapı Kredi's FRWRD program won the first place in the "Innovation in Product Transformation" category at the BAI Global Innovation Awards, where the world's leading financial service innovations are rewarded.

OUTLOOK

In 2024 Yapı Kredi Digital Banking aims to:

- continue to meet customers' needs digitally and end-to-end by expanding its customer base via digital channels,
- continue to increase strategic collaborations in this field as the pioneer of the sector, and offer more diverse services to customers via Yapı Kredi Mobile and continue to grow the ecosystem, following the adoption of the ecosystem approach and the transformation from a digital bank mobile application into a financial super application,
- develop innovative, inclusive and accessible banking products and services with service model banking, offer them on third-party platforms with APIs, expand the customer base, and contribute to the growth of the fintech ecosystem,
- use the data obtained through open banking to provide qualified services to customers and develop solutions for their benefit,
- facilitate customers' financial journey with hyper-personalization in digital products and services,
- offer complex digital solutions by focusing on the customer and developing core banking products to meet their real needs,
- create investment opportunities through innovative solutions, collaborations and FRWRD Ventures that will provide tangible benefits parallel to FRWRD and strategic focuses such as Super App and Artificial Intelligence and the Bank's holistic strategies,
- continue to strengthen its position as the leading bank with the activities carried out in the Innovation and Entrepreneurship ecosystem,
- continue to carry out Activities aimed at increasing the innovative perspective and concrete innovation outputs of employees and create new values, products and services thanks to the Experimental Innovation process and the maturing innovation culture within the Bank,
- continue to increase awareness in the ecosystem as an entrepreneur-friendly bank with the products, services and supports offered to startups,
- create new and constantly accessible channels in order to establish mutually beneficial relationships, including investment and cooperation opportunities through initiatives, and
- continue to expand and develop Artificial Intelligence, and especially Generative Artificial Intelligence, in internal processes and at customer contact points.

NINE OUT OF TEN CASH TRANSACTIONS WERE PERFORMED VIA ATMs.

With 5,185 ATMs, Yapı Kredi is one of the top five banks with the most extensive ATM network in Turkey. The Bank continued to expand and renew its ATM network in 2023.

The Bank expands its ATM network at points most suitable for customer needs by utilizing AI-based analytical decision support models and constantly improves the existing network composition. All ATMs of the Bank can be used for withdrawal and deposit. Moreover, 94% of ATMs are Recycle ATMs. Yapı Kredi is among the pioneers of the sector with its ATMs, which enable the paying of the money deposited by customers to other customers who want to withdraw money when necessary.

The annual transaction volume at Yapı Kredi ATMs stood at TL 654 billion. Nine out of ten cash transactions were performed via ATMs. Providing the opportunity to make transactions without touching the ATM, the QR Code was welcomed by customers and was used in more than 60 million transactions at ATMs. In addition, Yapı Kredi is one of the first banks to offer the QR code withdrawal service (TR QR Code) to other bank customers under the Shared ATM initiative. Under barrier-free banking, four out of five ATMs have been made suitable for use by persons with disabilities.

Moreover, Alternatif Bank A.Ş. was added to the bilateral agreements started with Türkiye Finans Katılım Bankası A.Ş. and continued with Kuveyt Türk Katılım Bankası A.Ş. and Albaraka Türk Katılım Bankası A.Ş. to enable other bank customers to benefit more from Yapı Kredi ATMs. With the contributions of all these efforts, the use of Yapı Kredi ATMs by other bank customers continued to increase. In addition to existing agreements, Yapı Kredi continues to work on new collaborations with other banks, fintech and e-money institutions. Thus, the Bank aims to be the cash solution partner of organizations within the financial ecosystem with its widespread ATM network.

The annual transaction volume at Yapı Kredi ATMs stood at TL 394 billion.

In order to increase the use of Yapı Kredi ATMs by cardholders of foreign banks, Yapı Kredi continued to expand its penetration in regions that are centers of attraction for culture, faith, border, health and holiday tourism. Yapı Kredi offers the DCC (Dynamic Currency Conversion) option for cash withdrawals made with foreign bank cards from Yapı Kredi ATMs. Moreover, by adding new language options and card brands, the customer base and transaction experience that can receive service has been improved with actions taken regarding awareness, prevalence and functionality, thus enabling foreign bank customers to prefer Yapı Kredi ATMs more.

One out of every ten tourists who withdraw cash across Turkey preferred Yapı Kredi ATMs for their transactions.

To meet customer expectations parallel to the rapidly digitalizing world, the Bank plans to expand the set of transactions performed with QR code, as well as diversify ATM access with alternative technologies such as NFC (Near Field Communication).

Yapı Kredi continued to support the customer-oriented banking approach with its widespread, fast and user-friendly ATM network, while renewing its ATM cabinets with a modern design to increase brand awareness.

In order to meet the increasing need for cash transactions in line with the growing number of customers and to continue to grow ATM revenues, the Bank will continue its investments and increase its contact points in line with the strategy of expanding its ATM network both at branch and non-branch locations.

Commercial and SME Banking

SME BANKING

Supporting the economy with the philosophy of "Limitless Service" since its foundation, Yapı Kredi combined its Commercial Banking and SME Banking activities under one roof, continuing to stand by its customers in 2023 with its wide range of banking products services.

COMPANY PROFILE

Number of Branches	637

SUPPORTING SMEs VIA AN EXTENSIVE SERVICE NETWORK

In 2023, the SME Banking activities covered companies with an annual turnover between TL 5 million and TL 100 million, and 637 branches offered services in the SME Banking segment.

Adopting a customer-oriented service approach, Yapı Kredi continued to provide financial support to SMEs, which are the lifeblood of the economy, as well as to support their sustainable growth and facilitate their business.

Continuing its support for the sectors, the Bank maintained its collaborations in e-commerce and e-export to facilitate its customers' access to new markets and to increase their competitiveness while offering advantageous services with product and service packages tailored for its customers engaged in e-commerce.

HIGHLIGHTS OF FINANCING SUPPORT TO SMEs

Yapı Kredi continued to remove the limits faced by its customers with a financial support amounting to TL 77 billion in 2023.

In addition to its own resources, the Bank increased the financing resources provided to SMEs in collaboration with various organizations.

In 2023, under the cooperation with the Credit Guarantee Fund (CGF), the Bank provided loan support under the guarantee of the CGF to SMEs with three loan programs.

Launched in April 2022 in cooperation with the European Bank for Reconstruction and Development (EBRD), the TURWIB Program continued in 2023, providing financing of TL 350 million to businesses with female managers under the guarantee of the CGF.

In 2023, Yapı Kredi launched the CGF Support Loan 3 program, designed as a separate package to be granted from the CGF equity capital. Under the program, the Bank extended loans amounting to TL 1.7 billion to support SMEs. Moreover, the Bank started to extend loans under the CGF Investment Support Package and Export Support Package.

With the equity protocol signed with İhracatı Geliştirme A.Ş. (IGE) in 2022, Yapı Kredi aims to provide financing to exporters and customers with export potential under the guarantee of IGE. In this context, the Bank extended a loan of TL 1 billion from the loan source created in 2023. Moreover, in 2023, the Bank provided TL 1.6 billion support to exporters and customers with export potential with the IGE Centennial Treasury Support Package program.

Yapı Kredi 2023 Integrated Annual Report

GRI 203-2

Two programs for green transformation and women entrepreneurs were launched in collaboration with IGE in 2023.With the Women Support Package in Export, Yapı Kredi aims to increase the number of women entrepreneurs in exports as well as the export volumes of exporting women entrepreneurs, extending loans of up to TL 3 million to female entrepreneurs who are exporters or have export potential.

The Energy Efficiency for SMEs program aims to provide financial support under the guarantee of IGE to the energy and resource efficiency investments of companies who are exporters or have export potential and to facilitate the green transformation of SMEs.

In addition to the financing programs carried out with IGE, Yapı Kredi facilitated the discussion of solutions to find new markets and increase exports by exporting SMEs at the Clusters Focused Export Financing Meetings organized by IGE and sponsored by Yapı Kredi.

Cooperations with International Funds

Yapı Kredi grants thematic resources to its commercial customers as part of its strong cooperation with international funding sources. Brief information about the thematic funds in use and about ongoing negotiations are as follows:

Under the **EBRD - Disaster Response Program Loan,** an agreement was signed with EBRD for a resource of USD 65 million for companies operating in provinces affected by the February 6 earthquakes or having a fixed workplace in this region.

EBRD - TURWIB is a financing program designed to support women entrepreneurs. Under the program, the EBRD provided USD 50 million in funding and Yapı Kredi started to extend loans in April 2022, which continued in 2023.Loans are also extended under the guarantee of the CGF.

With the **EBRD - Green Economy Program**, Yapı Kredi offers financing for Renewable Energy and Energy Efficiency projects, Electric Vehicle and Charging Station Purchases and operating expenses of companies producing machinery and equipment suitable for Green Transformation. Under the program financing with a total amount of USD 52.7 million was provided.

TKYB (Development Investment Bank of Turkey) – World Bank Emergency Firm Support Project is designed to support firms affected by the pandemic and that suffered revenue loss, especially for inclusive, young firms managed by women entrepreneurs and operating outside metropolises. An agreement was made with the World Bank for a US$ 50 million fund through TKYB. The disbursement of the first tranche of resources amounting to USD 20 million started in December 2022, which continued in 2023.

With **IFC-Earthquake Resource**, as 60 million USD resource agreement was signed with IFC in December 2023 in order to support people and companies in the region affected by the earthquake.

Under **IFC-DPR,** USD 125 million was received for the financing of climate projects, women entrepreneurs and SMEs.

Environmental Social Rating Infrastructure in Commercial Loans

Thematic loans require an environmental and social risk assessment (ESRA).The assessment aims to promote the financing of environmentally and socially sustainable projects. In this context, Yapı Kredi launched the " Environmental and Social Risk Assessment module" in 2022.

The Bank adopted the General Principles of Business and SME Banking Environmental and Social Management System and integrated the system into its internal processes with the aim of ensuring that loan activities related to these segments comply with environmental and social standards, carrying out environmental and social due diligence before loan disbursement, performing adequate supervision of investments throughout the loan agreement, ensuring that the Bank avoids loans that involve potential environmental and social risks and manage these loans effectively. In the coming years, Yapı Kredi will carry out relevant controls in cooperation with foreign financial institutions and in loans to be extended to existing customers.

Enriched Digital Function Set for SMEs

Aiming to offer a smooth customer experience, in 2023, the Bank expanded the end-to-end digital solutions offered to its customers, creating a platform with Yapı Kredi Internet Branch and Yapı Kredi Mobile that meets all banking needs of companies from a single point and makes their business lives easier.

In 2023, as a first in Turkey, Yapı Kredi launched a project to allow legal companies to become bank customers easily and quickly and open an account instantly via Yapı Kredi Mobile, without visiting a branch. Companies can receive end-to-end digital services, from the step of becoming a customer to the approval of banking transactions, and carry out more than 800 transactions through the corporate digital channels of the Bank.

The Bank introduced the ‘My Cash Flow’ module, which allows legal companies and sole proprietorships to easily track their cash flows via Yapı Kredi Internet Branch and Yapı Kredi Mobile. The module enables customers to monitor their cash inflows and outflows, add collection and payment information, make forward-looking forecasts, and evaluate the campaign offers offered to them through the application.

Prioritizing digital solutions based on customer satisfaction, Yapı Kredi also introduced the digital application for letters of guarantee. The new practice allows legal customers to issue electronic and physical letters of guarantee from Yapı Kredi Corporate Internet Branch, without the need for a signed instruction. Thus, customers can view the text of the letter they

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request from the Corporate Internet Branch and receive the letters physically from their branches.

As part of the "Open Banking" service launched at the beginning of 2023 as an important initiative in digital banking activities to remove the borders in banking, SMEs are enabled to view their accounts at other banks and initiate transactions from a single point via Yapı Kredi Internet Branch and Yapı Kredi Mobile, with the functions of "add account information", "monitor account movements" and "initiate payment".

Non-Financial Support for SMEs

A pioneer of many innovations for SME customers, Yapı Kredi started to focus on e-export in addition to e-commerce in 2023. The Bank continued to enter into collaborations to enable exporting SMEs to move their businesses to the digital world and increase their competitiveness in the field of exports.

Under the cooperation agreements with Turkey's leading companies active in e-export and exports, Yapı Kredi provided its customers with many solutions to

- open a virtual shop for a discounted free in the online marketplace and make advantageous collections,
- determine target market place with special prices,
- integrate marketplaces,
- carry out search engine optimization,
- benefit from discounted prices at Virtual POS, and
- minimize e-document costs.

Under the Women Removing Borders Program, implemented in 2022 in cooperation with the European Bank for Reconstruction and Development (EBRD), Yapı Kredi continued to offer end-to-end e-export trainings and webinars to women entrepreneurs who plan to operate in e-export. In 2023, the Program granted free e-export consultancy to 40 female entrepreneurs who attended the training and met the necessary criteria, and female entrepreneurs started e-commerce activities in at least one foreign marketplace. Moreover, Yapı Kredi provided assistance in the establishment of overseas companies of the entrepreneurs upon their request, and offered guidance regarding shipping agreements and photo shoots suitable for marketplaces. The Women Removing Borders Program will continue with new participants in 2024.

Support to SMEs Active in E-commerce and E-Export

In 2023, Yapı Kredi partnered with e-commerce brands and continued building on the value proposition provided to vendors. To this end, vendors were provided with various advantages such as exemption from EFT/money transfer fees, free-of-charge cheque books, advantageous commission rates on Business cards, Worldpuan bonus point campaigns, salary promotions and low-rate loan packages entailing grace periods for the needs of suppliers. With the cooperation in e-export B2B, membership packages specially created for Yapı Kredi’s SME clients with export-oriented activities are offered at a discount. In addition to collaborations that allow importers and exporters in international markets to follow their shipments and access new customers and markets, companies were enabled to access end-to-end e-export management solutions at advantageous prices.

In the field of B2C in e-export, Yapı Kredi entered into cooperation to offer special prices to the Bank customers and consultancy service providers for online sales via websites and international online sales.

In 2023, Yapı Kredi introduced the "Export Talks" in the field of B2B and B2C, and organized physical events for SMEs on their needs in this sector, which are planned to continue in 2024.The physical events will be held with e-export stakeholders.
The Bank plans to enter into cooperations in e-export and sustainability in 2024.In the field of sustainability, the Bank plans to conduct integration studies to enable SMEs to view all their needs from a single screen. Moreover, Yapı Kredi also plans to launch projects targeting the green transformation of companies in Anatolia.

The Bank collaborated with marketplaces and e-commerce website software companies to offer numerous advantages in digital sales to SMEs ranging from setting up e-commerce websites to marketplace integration, from search engine optimization to shipping management. Moreover, advantageous prices for Virtual POS were offered to companies on their way to become a merchant for the first time.

OUTLOOK

In 2024 Yapı Kredi SME Banking aims to:

- Improve customer satisfaction by support its customers whenever they need with a wide range of products, services and digital solutions,
- Stand by its customers at every point in their cash flows,
- Offer services by maintaining the “credit / deposit” balance in order to maintain healthy growth,
- Respond to the varying demands of customers in the best manner by expanding products and services specific to the sector and province, and
- Introduce products and services through digital channels at the highest level in line with digitalizing banking approaches.

COMMERCIAL BANKING MANAGEMENT

COMPANY PROFILE

Number of Branches	44

Yapı Kredi is one of the leading banks in Commercial Banking thanks to its privileged products and services. In 2023, Yapı Kredi's Commercial Banking business line provided services to companies with an annual turnover between TL 100 million and TL 2 billion.

Yapı Kredi offer services in 23 regions with 44 Commercial Branches and Commercial segment representatives in 95 branches.

In addition to its core banking products, Yapı Kredi also provides services to domestic and foreign companies that meet the Commercial Banking segment criteria in specialized areas such as project finance, cash management, foreign trade finance, and investment banking. Established in the last quarter of 2022 to deliver Yapı Kredi's products and services to public institutions and organizations and to create a value chain, the Public Banking Management continues to expand its customer base and offer services.

Yapı Kredi continued to support its Commercial Banking customers by complying with legal regulations under the macroeconomic conditions and high inflation environment of 2023.Focusing on providing fast and quality service to its customers in the Commercial Banking segment through various channels, with simplified business processes and digital solutions, Yapı Kredi continuously invests in technology and human resources to make its products and services sustainable.

Cash Management and Foreign Trade Finance

Yapı Kredi enjoys a strong position in the sector with its Turkish lira and foreign currency cash management and foreign trade finance solutions offered to its customers through numerous channels. The Bank supports these services with its expert teams working in the Head Office, Corporate Banking Centers and commercial and retail regions.

Cash management services provided by Yapı Kredi throughout Turkey cover various products and services, including collection and payment services, cash transfer services, digital banking and operational services. In addition to cash management services, customers are also provided with data integration and reconciliation solutions for these products.

Yapı Kredi further strengthened its pioneering position in banking with its high performance in Direct Debit System (DDS), supplier financing and bulk payment systems (Banko) in 2023.

With products such as Automobile Stock Finance and DDS Discount, the Bank offered digital solutions to support its customers in their financing and cash management needs. The Bank continued to expand its Supplier Finance product in 2023, offering products both in its own unlimited banking channels and collaborating with different platforms to enable its customers to manage their procurement processes more efficiently and to access alternative financing options.

Digital payment and collection solutions such as the bulk payment system BANKO, Supplier Finance and DDS provided conveniences for customers in their operations while improving their access to finance in 2023.

In 2024, Yapı Kredi will continue to design its own solutions and collaborate with potential business partners in the fields of Service Banking and Platform Banking, and to support its customers with new products and applications in order to enable them to manage their collection and payment systems end-to-end and access financing.

Through Turkish Eximbank credit programs, CBRT Rediscount Credits, export credit institutions and Eximbanks in other countries in addition to its own sources, the Bank develops alternative solutions to customers' foreign trade financing needs as well as long-term and convenient financing products sourced from correspondent banks in order to meet the investment needs of its customers.

Yapı Kredi's Share in Check Collections and Foreign Trade Volume

Enjoying a market share of 10.7% in check collections and payments as of the end of 2023, Yapı Kredi intermediated foreign trade transactions of more than 20,000 customers. In 2023, Yapı Kredi's share in Turkey's foreign trade volume stood at approximately 13.1%.

OUTLOOK

In 2024 Yapı Kredi Commercial Banking aims to:

- Consolidate its business partner position with customers by offering a wide range of services ranging from basic banking transactions to financial advisory,
- Expand the legal person customer network across Turkey with cash flow-centered, active and widespread customer acquisition,
- Create a value chain by establishing strong relations with the subsidiaries and suppliers of customers,
- Provide customers with the speed and quality of the digital age through the effective use of digital channels,
- Continue to offer a unique customer experience through processes designed with smart systems,
- Develop new products to support customers' transition to a sustainable economy and increase the share of these products in the portfolio, and
- Continue to participate in important projects that require expertise while adding value for Turkey.

Yapı Kredi 2023 Integrated Annual Report

GRI 203-2

GRI 203-2

Corporate Banking

Yapı Kredi Corporate Banking serves large-scale domestic companies and multinationals, e-commerce companies, payment and electronic money institutions and financial institutions with specially-tailored products and services at four corporate banking centers, three in Istanbul and one in Ankara.

Under Corporate Banking, the Bank also provides various others services to its customers such as project and structured finance including sustainable finance; corporate finance advisory, capital management advisory, and merger and acquisition financing under investment banking; financial advisory; cross-border banking as well as services to the dealers and suppliers of the Koç Group.

Yapı Kredi Corporate Banking's specialized team aims to deepen relations with customers based on long-term cooperations, swiftly present products and services best suited to ever-changing needs of customers and market conditions while acting as the financial business partner and advisor, and maximize service quality and customer satisfaction.

CROSS-BORDER BANKING

Yapı Kredi Cross-Border Banking, the first point of contact for investors from abroad, provides advisory services on Turkey and the Turkish banking system. Presenting the Bank at consulates and channels related to foreign capital investments (domestic fairs, attaché offices, etc.), information about Yapı Kredi and the banking sector is shared with interested parties. The Bank also carries out sales and marketing activities to attract foreign investors to the Bank. Yapı Kredi gives support to companies with foreign partners in account opening processes at any branch or subsidiary of Yapı Kredi while promoting the products in all product groups offered by various units in the Bank in collaboration with the units.

Offering exclusive products and services, Yapı Kredi is among Turkey's leading banks in Corporate Banking.

In 2023, the Bank assisted Turkish companies abroad regarding foreign account opening transactions and their investments abroad. In Turkey, Yapı Kredi acquired customers by completing the account openings of many foreign-capital companies at Yapı Kredi branches.

PROJECT AND STRUCTURED FINANCE

Yapı Kredi is one of the leading banks in long-term project and structured finance.

Drawing power from its strong balance sheet, Yapı Kredi provides financing support to large-scale projects.

The Bank benefits from its unique service model and well-established experience in this business line, offering to its customers a wide range of services such as financial advisory, structuring, arrangement, and project finance.

RENEWABLE ENERGY PROJECTS FINANCED AS OF THE END OF 2023

TYPE OF PROJECT/INVESTMENT	INSTALLED CAPACITY[1] (MW)	ELECTRICITY GENERATION[2] (KWH)	AVOIDED GHG EMISSIONS3 (TCO_2e)
HEPP	2,284	4,473,018,843	637,639
WPP	836	2,371,212,891	715,830
GPP	26	130,778,460	56,640
SPP	262	389,642,455	168,754
Biomass	129	565,539,313	144,169
Total	**3,537**	**7,930,191,962**	**1,723,032**

1 Installed Capacity of the renewable energy portfolio as of the end of 2023.
2 Electricity Generation data for 2023 of renewable energy plants in the renewable energy portfolio. The data was compiled in line with the following:

- Calculation covers the period from January 1, 2023 to December 31, 2023,
- Real-time production figures of renewable energy projects are obtained from Energy Piyasaları İşletme A.Ş. (EPIAŞ, Energy Exchange Istanbul) (https://seffaflik.epias.com.tr/transparency/index.xhtml),
- Based on customer statements for production figures of unlicensed SPP projects,
- For SPP projects with a total installed capacity of 15.59 MW, 12-month production figures could not be obtained for 2023. The figures here were obtained through a proportional estimation made for the months with no production figures based on 2022 production figures.

3 Calculation of Avoided GHG Emissions: Avoided GHG Emissions (tCO_2e) = Annual power generated from renewable energy power plants (kWh)*IEA Statistics Data Service Emissions Factors (2022 edition) Turkey emissions coefficient *Yapı Kredi's Financing Share Percentage (%)

Yapı Kredi's project finance portfolio consists of projects in infrastructure, energy, commercial real estate, and acquisition finance.

2023 started with an earthquake disaster, which deeply saddened all. It was a year which witnessed a significant increase in inflation in Turkey due to the uncertainties caused by the general election held in May. This environment led to the postponement of newly-developed projects.

On the other hand, there was an increase in public offering and bond issuance transactions since active energy companies with a renewable energy portfolio preferred different capital market instruments to gain resource diversity. The sector was energized especially by meeting the highly increased demands for the installation of solar energy panels on the roofs of production facilities.

GRI 203-2

SUPPORTING RENEWABLE ENERGY PROJECTS

In line with its responsible finance approach, Yapı Kredi also focuses on sustainable products and services.

It is important for the banking sector to effectively manage the risks caused by climate change and to capitalize on opportunities. Yapı Kredi supports the increase of renewable energy capacity of Turkey to contribute to the transition to a low carbon economy.

Yapı Kredi Project Finance aims to support renewable energy and energy efficiency investments in order to protect the environment and minimize the effects of climate change, contribute to the development of Turkey through long-term business partnerships with customers, and lead the banking sector by increasing its market share.

SUSTAINABLE FINANCE

Aware of its responsibility to environment and society, Yapı Kredi provides financing for sustainable projects while diversifying its portfolio in this field.

To this end, the Bank designs financing structures in line with its customers' sustainability goals and strategies, and creates sustainable products such as sustainability- linked loans, and green and social loans. The Bank also raises the awareness of its customers in sustainable finance and promote sustainable financing instruments offering alternatives alongside traditional financing instruments.

OUTLOOK

In project financing transactions, the slowing effect on investments caused by the volatile exchange rates and foreign currency borrowing costs due to macroeconomic developments is expected to continue in the short and medium term. In the long term, Turkey's growing energy needs will require an increase in new investments.

Turkey has a great potential in renewable energy, which plays an important role in reducing foreign dependency in energy and reinforcing supply security. With the Grand National Assembly of Turkey's ratification of the Paris Climate Agreement on October 6, 2021, an important step was taken in Turkey's transition to a low carbon economy and growth in renewable energy. Turkey aims to rapidly boost its renewable energy generation to reduce its foreign dependency and GHG emissions.

Increasing energy demand and the share of renewable energy sources in production as well as the targets of transition to a net zero carbon economy by 2053 call for the transformation of the energy system in Turkey. The Turkish National Energy Plan envisages that the share of renewable energy in the total installed power will increase from 55% to 65% by 2035.Legislation published in Turkey in recent years regarding renewable energy and storage also supports growth in this field. With YEKDEM (Electricity Market Renewable Energy Resources Support Mechanism) announced this year, it is expected that renewable energy project financing transactions will increase in the coming period.

On the other hand, thanks to the stabilization of the macroeconomic conditions, it is projected that in 2024, investments in energy continue in addition to state-supported infrastructure investments such as transportation and health.

Yapı Kredi will continue to support renewable energy and energy efficiency projects. The Bank will also engage more actively with its customers on issues such as environmental and social impact management, new regulations including the European Green Deal, and occupational health and safety.

INVESTMENT BANKING

Investment Banking manages Yapı Kredi's corporate finance advisory and capital management advisory services.

Corporate Finance Advisory

The Corporate Finance Advisory team develops strategic dialogues with Yapı Kredi customers active in energy, infrastructure, consumer products, retail, finance, telecommunications, media, technology and general industry, and provides comprehensive merger and acquisition advisory services to companies both in Turkey and abroad.

Two transactions were completed, one in the insurance sector in the first quarter of 2023, and another in the energy sector in the last quarter of 2023. Yapı Kredi aims to continue to play an active role in the market in 2024.

Capital Structure Advisory

Capital Structure Advisory(CSA) provides advisory services to customers on creatinga healthy balance sheet structure specific to the sectors in which they operate, ensuring the most appropriate debt-equity balance, and meeting their financing needs with the right products while offering the most suitable banking products and financing options. Moreover, CSA also mediates all kinds of balance sheet-based structured finance services (syndications, club loans, refinancing, etc.) required that companies need as well as make newly-established green field projects (factory investments, infrastructure projects such as airports, ports, bridges, tunnels, highways and hospitals) suitable for financing.

KOÇ GROUP DEALER AND SUPPLIER NETWORK BUSINESS DEVELOPMENT

Koç Holding is Turkey's oldest and largest conglomerate.

Koç Holding carries out its activities, investments and expansions under its global growth vision with the largest and most effective ecosystem in Turkey of companies, dealers, suppliers, employees and other stakeholders.

The Koç Group Dealer and Supplier Network Business Development unit was launched in 2018 under Yapı Kredi Corporate Banking Management to meet the financial needs of the dealers and suppliers in the ecosystem with fast solutions, to support their development by providing financial advisory when necessary, and to achieve sustainable quality standards in the services provided. Koç Group Synergy Workshops were held in 2022 with the participation of Group companies to increase the synergy within the Group and to create new cooperation opportunities. During the Workshops, more than 120 new ideas were generated to increase benefits to the entire ecosystem consisting of Group companies, dealers and suppliers, and internal and external customers. By the end of 2023, implementation of 23 of the new ideas was completed.

In 2024, Koç Group Dealer and Supplier Network Business Development Unit aims to

- Create more benefits for the entire ecosystem within the Group through new workshops to be held on various topics,
- Strengthen its business partner position by meeting the needs of the dealers and suppliers of the Koç Group with a service model offering a wide range of banking instruments and financial advisory.

Yapı Kredi products and services make Koç Group dealers and suppliers stronger, and develop new opportunities for them to make great contributions to the economy.

OUTLOOK

In 2024 Yapı Kredi Corporate Banking aims to:

- Strengthen its business partner position by meeting the needs of customers with a service model offering a wide range of banking products and financial advisory,
- Continue to participate in important projects that require expertise while adding value for Turkey,
- Contribute to market share with Cash Management and Foreign Trade Finance products,
- Continue to offer a unique customer experience through processes designed with smart systems and alternative digital solutions,
- Focus on value chain management to enable customers to establish stronger relations with their subsidiaries and suppliers, and
- Increase the rate of sustainable finance in total loans with a focus on sustainability.

Yapı Kredi Asset Management

COMPANY PROFILE

Number of Employees	61

Yapı Kredi Asset Management, the pioneer of the sector, was established in 2002 to provide consultancy services on mutual and pension funds as well as discretionary portfolio management and investment advisory services to individual and corporate investors. The Company has consistently maintained its strong position and activities, and expanded its range of products and customer portfolio since 2002.

In line with this approach, last year, the Company offered a total of 11 new funds to the public, including the venture capital fund, to increase investor satisfaction.

Yapı Kredi Asset Management aims to maintain its leading position in the sector in 2024 and to pioneer various activities and provide social benefit to increase financial literacy among individual investors. In 2023, aware of its responsibility to inform investors, the Company launched the "Investment World" YouTube channel to offer targeted-content. Yapı Kredi Asset Management works on various projects to benefit from a wide range of communication channels in the most effective way and to encourage investors to adopt Yapı Kredi Asset Management as an organization offering transparent and detailed information.

Moreover, with the spread of the TEFAS fund platform and as a result of direct or indirect sales and marketing activities to TEFAS member financial institutions other than Yapı Kredi Bank, the Company achieved new business partners and over 150% increase in volume. The Company carried out activities to meet the mutual fund needs of many institutions' customers in the capital markets, to democratize the sector, to contribute to strengthening the Yapı Kredi brand in every field and to improve financial literacy.

Defining its primary goal as adding innovative products to its portfolio in line with the changing and developing investor needs, Yapı Kredi Asset Management offered four dividend-paying funds to individual investors. These funds are created to invest in different assets such as FX denominated Sukuks, stocks and Eurobonds and to offer a suitable instrument for every investor by increasing the inclusiveness of the Company. The Company adopted a similar approach in thematic funds and funds for investing in stocks traded on Borsa Istanbul with different strategies.

In 2023 Yapı Kredi Asset Management increased its total size to TL 143 billion with a 9.02% market share in mutual funds, while enjoying 12.50% market share in pension funds with a total asset size of TL 94.4 billion. On the other hand, excluding money market funds, also known as value dated funds, and hedge funds, the Company has been the leader of the sector for years. The Company manages a total volume of assets amounting to approximately TL 237.5 billion.

YAPI KREDI FRWRD FIRST VENTURE CAPITAL FUND

With the vision of building the banking of the future today, Yapı Kredi designs and implements innovations to add value to the sector and maintains its leading innovative position in the sector. Yapı Kredi FRWRD First Venture Capital Investment Fund was created in 2023 by Yapı Kredi and Yapı Kredi Asset Management with the aim of supporting innovative projects, contributing to the potential growth in the business world and eliminating the problems of enterprises in accessing finance. The size of the fund reached TL 291 million/$10 million. The fund plans to complete its investments in two years.

In 2023, Yapı Kredi Asset Management received the "Best Asset Management Company, Turkey 2023" and the "Best Pension Funds Management, Turkey 2023" awards from four institutions, including the Global Business and Finance Magazine Awards.

Yapı Kredi Invest

COMPANY PROFILE

Number of Branches	23
Number of Employees	284

Yapı Kredi Invest, one of Turkey's leading investment companies, aims to offer one-stop solutions to meet all needs of its customers, providing a wide range of services from domestic and foreign stock transactions to advanced derivative products and consultancy services.

Yapı Kredi Invest is the sector leader in terms of transaction volume and market share in the Equity Market and VIOP market, the two most important markets of Borsa Istanbul. Despite the challenging conditions brought by the intensifying competition in 2023, the Company maintained its leadership in the sector with 15.8% and 24.8% shares, respectively, in stock and VIOP transactions, thus leading the sector for six years in a row since 2018. Thanks to its wide range of products, expert staff and efficient transaction channels, Yapı Kredi Invest offers the best service to more than 2.5 million customers while expanding the customer base.

The Company engaged in active marketing and communication campaigns, thus further increasing brand awareness and receiving various awards. In 2023 Yapı Kredi Invest was listed again in the "Brokerage Company" category in the "Most Admired Companies" survey conducted by Zenna Research and Consultancy and led by Capital Magazine. In the 8th TSPB Golden Bull Awards, Yapı Kredi Invest received two Golden Bull awards for "Highest Trading Volume" in Borsa Istanbul Equity Market and Borsa Istanbul Futures and Options Market. Moreover, Yapı Kredi Invest was the recipient of the "Best Brokerage House" award of 2023 in the Brokerage category of the Global Business Outlook Awards, which reward the best companies with innovative work in different sectors. Yapı Kredi Invest also won the "Gold Globee" at the Globee Business Awards and the "Bronze Stevie" at the Stevie International Awards in the company of the year category in the financial sector. Finally, for the first time this year, Yapı Kredi Invest received the "Turkey's Best Employer" award in the Kincentric Best Employer 2023.

Playing an active role in IPOs in 2023, Yapı Kredi Invest mediated the public offering revenue of TL 15.4 billion from six public offerings realized under the leadership of the Company, thus becoming the leader in terms of amount in 2023. In addition, Yapı Kredi Invest acted as an intermediary in consortiums in 20 IPOs amounting to TL 35.4 billion.

In debt instruments, Yapı Kredi Invest intermediated issuance of TL 45.6 billion in 100 transactions. Thus, 22 issuers obtained funds from the capital markets. In addition, the Company successfully completed the first TL bond/bill issuances of three important institutions in the sector and intermediated the issuance of green bonds for the first time.

Aiming to offer continuous services to its customers throughout Turkey, Yapı Kredi Invest has a total of 23 branches in Turkey, with the recent addition of two new branches. The Company continues to grow in line with its targets, increasing its number of employees to 284 people to provide better service to its customers.

In 2024 Yapı Kredi Invest will continue to maintain its market leadership and operate in line with its sustainable growth and development targets. The project of presenting foreign transactions to individual customers through digital channels to increase the number of customers transacting in foreign markets will be completed at the beginning of 2024.The Company will monitor risk management issues more closely due to the increasing volatility in the market. Yapı Kredi Invest will expand its customer base with new branches and investments in technology and innovation.

Providing privileged services to its customers in the capital markets thanks to its experienced investment advisors, who monitor technological opportunities day by day and evaluate and interpret developments instantly, Yapı Kredi Invest aims to diversify its services in digital channels always focusing on the needs and expectations of its customers in volatile market conditions. The Company will, as always, respond quickly to changing customer needs and offer premium products.

Playing an active role in IPOs in 2023, Yapı Kredi Invest mediated the public offering revenue of TL 15.4 billion from six public offerings realized under the leadership of the Company, thus becoming the leader in terms of amount in 2023.

Yapı Kredi Leasing

COMPANY PROFILE

Number of Branches	13
Number of Employees	133

Yapı Kredi Leasing was founded in 1987. Yapı Kredi owns 99.99% of Yapı Kredi Leasing. Yapı Kredi Leasing has a 17% market share in terms of leasing receivables. Thanks to its infrastructure supported by technology investments, rational solutions, expert staff and market experience, Yapı Kredi Leasing is an important player in the leasing sector, always supporting and standing by its customers.

In 2023, Yapı Kredi Leasing performed beyond the expected figures and amounts with its new products, its collaborations with solution partners, and its cutting-edge applications. Maintaining its strong position in the market, the Company provided financing for machinery investments in the real sector, particularly in the manufacturing, textile and construction equipment sectors.

Focusing on green energy for a sustainable world, Yapı Kredi Leasing aims to reduce its carbon emissions to zero by 2050. In this context, the Company intermediates the financing of sustainable products such as wind power plants, rooftop solar power systems, and charging stations for electric vehicles.

Yapı Kredi Leasing extended approximately 60% of USD 395 million of resources obtained from abroad for renewable energy, energy efficiency, water efficiency and sustainable soil management investments. The loan of USD 120 million provided by the International Finance Corporation (IFC) is the first blue loan in Turkey. With this loan, Yapı Kredi Leasing finances sustainable water and energy projects in various fields such as clean water, water efficiency and wastewater as well as green energy, energy efficient equipment, electric vehicle and charging infrastructure, energy efficiency improvements in buildings and facilities, and renewable energy solutions. As the first leasing company to receive a share from the Green Economy Financing Facility (GEFF) of European Bank for Reconstruction and Development (EBRD), Yapı Kredi Leasing will continue to finance green investments.

Yapı Kredi Leasing’s excellent performance was recognized in Turkey and abroad, receiving the “Best Equipment Leasing Company” award in 2023, as in 2022, organized by the Global Banking & Finance Review magazine.

Moreover, Yapı Kredi Leasing was also selected as "Turkey's Best Workplace" for the fourth time according to the global "Kincentric Best Employers" research conducted by Kincentric for more than 20 years.

In 2024 Yapı Kredi Leasing aims to maintain its leadership in the sector, expand its customer network and further consolidate its position in the market.

Yapı Kredi Leasing also aims to increase its market share in quantity and amount, with the aim of carrying out one in every three transactions in the sector by 2024.

Yapı Kredi Factoring

COMPANY PROFILE

Number of Branches	10
Number of Employees	130

Founded in 1999, Yapı Kredi Factoring stands out among its competitors thanks to its strong capital structure and performance, vast experience and expert human resources embracing a high quality service approach.

As of the end of 2023, the Company reached a transaction volume of 92,2 billion TL, consisting of 87% domestic transactions and 13% international transactions.

Yapı Kredi Factoring provides factoring services with its Istanbul Head Office and its branches throughout Turkey in Adana, Ankara, Antalya, Beyoğlu, Bursa, Güneşli, İzmir, Kadıköy, Kartal and Trakya. In 2023 Yapı Kredi Factoring continued to provide cost-effective financing to its customers by diversifying its funding sources.

Yapı Kredi’s close relationship with its national sales and service organization and the organization-wide synergy are among Yapı Kredi Factoring's most important service and competitive advantages.

Yapı Kredi Factoring was recognized as Turkey's Best Factoring Company by the Global Banking and Finance Review magazine in 2023.

Yapı Kredi Factoring once more received the Most Admired Company award in the factoring sector in 2023 in the “Most Admired Companies” survey held by Capital Magazine.

For two decades since 2002, Yapı Kredi Factoring has been one of the leading companies in the Best Export Factoring Companies list published by Factors Chain International (FCI), headquartered in Amsterdam. In the 2023 list, the Company ranked third among 167 members in the category of correspondent service quality and transaction volume.

Yapı Kredi Factoring is a member of the Association of Financial Institutions, as well as of FCI.

In 2024, Yapı Kredi Factoring aims to expand the number of customers and penetration in each segment and to further its relations with existing customers.

Yapı Kredi Bank Nederland

COMPANY PROFILE

Asset Size	USD 3 billion
Number of Employees	67

Yapı Kredi Bank Nederland offers a wide range of products and services in retail, corporate, and private banking. The Bank mainly aims to provide support to Yapı Kredi customers residing abroad. Yapı Kredi Bank Nederland, wholly owned by Yapı Kredi, deliver services to its customers from its head office in Amsterdam and via digital channels.

Yapı Kredi Bank Nederland took a cautious approach in 2023 and maintained its healthy performance in an environment of volatile market conditions, high inflation, rising interest rates, and increased legal regulations. In 2023, the Bank increased its asset size by 24% and its net profit by 68%.The Bank's goal is to keep its return on equity at high levels under current conditions. As of the end of 2023, the return on equity reached 11.3%.

The Bank offers savings and deposit products to its customers in retail banking, and project finance, structured commodity finance and foreign trade finance solutions in corporate banking. While carrying out operations, the Bank also benefits from the synergy of the Yapı Kredi Group.

Yapı Kredi Bank Nederland continues its activities in project finance and foreign trade finance, highly influenced by market conditions, and also offers its corporate customers working capital finance, ship finance, cash management, and Islamic banking products. Also active in correspondent banking, the Bank evaluates the opportunities offered by the money and capital markets as required by the Bank's balance sheet.

In 2024, Yapı Kredi Bank Nederland aims to meet the needs of its customers through investments in technology and innovation that take risks into account and comply with the legislation, to grow efficiently and consistently, and to achieve strong and sustainable profitability with outstanding and long-term customer satisfaction.

Yapı Kredi Bank Azerbaijan

COMPANY PROFILE

Asset Size	USD 314 million
Number of Branches	9
Number of Employees	270

Yapı ve Kredi Bankası A.Ş. has a 99.80% stake in Yapı Kredi Bank Azerbaijan, which was established in 1998. Yapı Kredi Bank Azerbaijan offers a wide range of products and services in retail (card payment systems and retail banking), corporate and commercial banking with a total of nine branches.

Yapı Kredi Azerbaijan successfully continued its policy to maintain macroeconomic and financial stability in 2023. Although the decrease in oil production and the general decline in energy prices adversely affected Azerbaijan's growth indicators compared to last year, the economy grew by 1.1% in 2023. Thanks to the positive results of the monetary policy measures implemented by the Central Bank, average annual inflation reached a single-digit level of 8.8% by the end of 2023. Azerbaijan's foreign exchange reserves increased by 17% compared to the end of 2022, reaching a historical high of USD 67 billion.

Yapı Kredi Bank Azerbaijan successfully completed 2023 with healthy balance sheet management and achieving a net profit of USD 5.6 million with an annual increase of 75%. In 2023, the bank increased its revenues by 35% amounting to USD 22.8 million and its loans by 34% to USD 186 million.

Yapı Kredi Bank Azerbaijan focuses on contributing to Azerbaijan's economy and growing by meeting the ever-increasing banking demands of its customers. Yapı Kredi Bank Azerbaijan will continue to provide added value to Azerbaijan's developing financial market and support Azerbaijan's development.

Treasury Management

In 2023, Yapı Kredi Treasury Management closely followed the reflections of domestic and international developments on the economy. Due to the impact of the opening up and real estate crisis in China after the COVID-19, the Chinese economy cannot meet the growth expectations. The increase in interest rates by the central banks against the increasing inflation environment due to the increase in energy prices as a result of the pandemic and the Russia-Ukraine war played an active role in the fight against inflation, which led to a decrease in the global growth rate. Moreover, in line with the soft landing scenario, it is estimated that many central banks, especially the FED, reached the end of the interest rate increase phase at the end of 2023, which will be followed by interest rate cuts in the market as of the second half of 2024.

Another global development was the Israeli-Palestinian conflict following the Russia-Ukraine crisis. Since as a result of the decrease in tension in the Russia-Ukraine war, energy prices approached the pre-war period and the Israeli-Palestinian conflict did not cause as great an increase in oil prices as expected, the impact of the war on the economy remained limited compared to 2022. In Turkey, healing the wounds following the material and moral destruction caused by the earthquake of February 6 was everyone's first priority. The May general elections were closely monitored at home and abroad regarding its impact on economic policies. The indication of a return to orthodox policies in the post-election period and the resulting adjustment of tight monetary policies and fiscal policies reduced inflationary pressures, which resulted in the suspension of economic deterioration. The intensity of macroprudential measures continued to be gradually decreased in line with the rationalization and simplification policies in the economy, which was reflected in products such as Currency Protected Deposits (KKM) and Currency Conversion Deposits (DDM) under the "Liralization" strategy. In parallel with the decrease in CDS (Credit Default Swap) levels in the post-election period and the positive developments in the economy, foreign credit rating agencies are expected to positively update their ratings for Turkey in 2024.

Throughout 2023, Yapı Kredi further diversified its funding by effectively managing its liquidity with its experience in interest and exchange rate risk management, and successfully completed transactions to close its balance sheet interest position.

AN APPROACH OF ENSURING EFFECTIVE LIQUIDITY MANAGEMENT AND MAINTAINING A DIVERSIFIED FUNDING BASE

Throughout 2023, Yapı Kredi further diversified its funding by effectively managing its liquidity with its experience in interest and exchange rate risk management, and successfully completed transactions to close its balance sheet interest position. Moreover, the Bank took quick steps to comply with the new regulations. On the other hand, the Bank continued to meet the financing needs of the real sector with its product and maturity variety offered within the framework of asset-liability management. Yapı Kredi Treasury Management carries out its activities through the Treasury and Financial Institutions groups.

TREASURY MANAGEMENT

The Treasury Management is responsible for managing Yapı Kredi's liquidity needs, interest rate risk, foreign currency position and asset-liability structure, and controls the Bank's investment portfolio. The Treasury Management is also responsible for closely monitoring the markets, investor needs, risk and return expectations, and relevant legal regulations, and developing and managing investment products.

Fixed Income Securities

Yapı Kredi is one of the 11 market makers designated by the Ministry of Treasury and Finance in the Borsa Istanbul Debt Securities Market. Actively involved in the securities market in 2023, the Bank's market share in the BIST Debt Securities Market Outright Purchases and Sales Market stood at 3.42% as of the end of December 2023.

Yapı Kredi also borrowed TL 23.46 billion from the domestic market with a total of 37 issuances in 2023.

Money Markets and Balance Sheet Management

The Money Markets and Balance Sheet Management Department manages the interest rate risk of Yapı Kredi's balance sheet and off-balance sheet liabilities in an approach that adapts quickly to market developments and in accordance with the Bank's Risk Policy. To this end, the Department built a flexible balance sheet structure by taking into account the effective management of loan and investment portfolios and liquidity positions as well as risk-return balance and customer needs.

Although 2023 was a year where geopolitical tensions increased and inflation uncertainties continued to fluctuate in financial markets, Yapı Kredi continued to provide cost-effective resources with various debt instruments in international financial markets thanks to its reputation and reliability.

Foreign Exchange and Derivatives

The Foreign Exchange and Derivatives Department carries out the pricing of spot and forward foreign exchange as well as all kinds of commodities, derivatives and structured products in international markets. The Department develops various derivative products in the over-the-counter derivative markets, taking into account the customer's needs, while providing effective pricing in accordance with the Bank's position and market conditions.

Treasury Marketing

Blending its technological infrastructure and know-how, the Treasury Marketing Group offers products to hedge current and future financial risks to its customers in all segments of the Bank. These products are designed according to customer-specific needs in a wide range from spot foreign currency transactions to foreign currency, to interest and commodity derivatives. In line with the Bank's policies prioritizing digitalization, the Treasury Marketing Group aims to take customer experience and satisfaction to new heights thanks to its constantly-improved digital infrastructure.

Balance Sheet Planning and Financial Monitoring

The Balance Sheet Planning and Financial Monitoring Department is responsible for the effective management of Yapı Kredi's balance sheet and income statement in line with risk management principles and the practices of the legal authority. The Department analyzes the effects of changes in market conditions on the Bank's profitability and operations, and provides support to other business units in the Treasury Management.

Treasury and Investment Products Management

The Treasury and Investment Products Management closely monitors the markets, investor needs, risk and return expectations, and relevant legal regulations, and offers investment products to customers in line with Yapı Kredi's digitalization strategy. Three departments under the Management offers investment products for investors through various channels.

Mutual Funds and Savings Products Management Department

The Department is responsible for the management of mutual funds and savings products. It also handles the coordination between Yapı Kredi Asset Management and the Bank. Embracing an approach that quickly adapts to market developments and customer needs, the Department offered 15 new funds to customers in 2023, in addition to the existing 73 mutual funds with different strategies. With Agriculture Variable Fund and Non-BIST 100 Companies Stock Fund (Stock Intensive Fund), two of the new funds, the Bank closely followed new trends and companies with high growth potential and offered their customers the opportunity to invest in relevant sectors. Moreover, dividend-paying funds were added to the product range in 2023, and a venture capital investment fund was offered to the market. In line with the amendment made in the Corporate Tax Law, mutual funds investing in TL and having (TL) in its title were added to the product range.

In addition, the Department continued to create mutual funds tailored for a single institution or individual in 2023.

In 2024, Yapı Kredi aims to develop existing products with new functions and to launch new products in line with the Bank's digitalization strategy.

The Koç For My Country Variable Fund, transferring at least 50% of the fund income to social responsibility projects every year, continued to support social responsibility projects in 2023.

Yapı Kredi customers can access their mutual funds at branches and via all digital channels. Under the Bank's digitalization strategy, Mutual Funds pages of Yapı Kredi Mobile were redesigned with additional functions offered to customers. In order to enable customers to follow their fund investments in detail, to perform their transactions easily and to access detailed information about mutual funds, My Fund Portfolio, Buy/Sell/Convert, Fund Income and Fund Detail pages were redesigned with new functions.

In 2024, Yapı Kredi aims to develop existing products with new functions and to launch new products in line with the Bank's digitalization strategy.

Foreign Currency, Derivatives and Fixed Income Securities Product Management Department

In line with Yapı Kredi's product policies, the Department is responsible for the design, operation and effectiveness of products as well as implementation of changes. The Department is responsible for various products such as foreign currency transactions, gold, bills, bonds, IPO, Eurobonds, repo, and derivatives.

Under the Bank's digitalization strategy, the Foreign Currency, Derivatives and Fixed Income Securities Product Management Department launched projects to offer foreign currency order transactions, foreign currency alarm, foreign currency calculator, foreign currency transaction history and foreign currency movements functions to the Bank's customers. As part of the improvements in mobile and internet banking service designs, new frontends were introduced to investors and the Investment menus were updated.

Within the scope of the Bank's activities on compliance with intensive amendments in legislation in the last two years and on new product and service development, the Department introduced Currency Conversion Protected TL Time Deposits, Currency Protected TL Time Deposits, and YUVAM accounts. The Department closely monitors all the amendments and new regulations.

In 2024, Yapı Kredi will continue to work to implement new products and services and to deliver them to customers through all channels with an uninterrupted experience.

Stock, Derivatives Market Order Transmission and Product Management Department

With its function of intermediating order transmissions, the Department is responsible for uninterrupted execution of the intermediation activities at all branches and other sales outlets for stock, public offering, Derivatives Market (VIOP) and Tradebox products, which fall under the scope of Yapı Kredi Invest's transaction intermediation activities. The Department is also responsible for resolving technical issues and client disputes, and fulfilling the regulatory responsibility of Yapı Kredi as defined by the Capital Markets Board for the intermediation function in its entirety.

The Product Management function is responsible for all kinds of operation, efficiency, productivity and revision requirements, except for pricing, of the stock, public offering, Derivatives Market and Tradebox products to ensure their delivery to the customers in accordance with the Capital Market Law and the Order Execution Policy (transaction and portfolio intermediation), Company Policy on Order Transmission Intermediation, Compatibility Test Company Policy and Customer Classification Policy.

Throughout the year, the Bank fulfilled customers' foreign trade financing needs with the support of a network of around 1,600 international banks.

The Department plans to offer the Overseas Stock, which will give the opportunity to trade in international markets, to customers in 2024.In the first half of 2024, the Department expects to complete the project on the diversification of products to be secured in stock purchase transactions. In 2024, Yapı Kredi aims to improve existing products and to launch new products in line with the Bank's digitalization strategy.

FINANCIAL INSTITUTIONS

Correspondent Banking

Yapı Kredi continued its successful performance in correspondent banking in 2023 despite the volatile and uncertain conditions in both global and local markets. After the earthquake disaster in February, many correspondent banks provided both material and moral aid to the region and sincerely showed their faith and support in Yapı Kredi and Turkey.

Throughout the year, the Bank fulfilled customers' foreign trade financing needs with the support of a network of around 1,600 international banks. During this period marked with a low global risk appetite, the success of correspondent banking activities and the solid foundations of correspondent relations contributed to the renewal of syndication transactions, the increase in the volume of other short-term loans, and the preservation of foreign trade finance market share. Thanks to the recovery of market conditions and the positive outlook in the second half of 2023, the Bank accelerated its activities.

The Bank continued to work actively on the introduction of new technologies by closely monitoring the developments in the world in the field of foreign trade finance and cash management while aiming to provide faster, more transparent and less costly services to its customers by maintaining its cooperations with technology companies in the field of payment solutions and foreign trade.

Yapı Kredi successfully completed its first social syndication loan of USD 580 million in May 2023 with the participation of 35 banks from 21 countries, and the sustainability-linked syndicated loan of USD 755 million dollars in November 2023 with the participation of 39 banks from 22 countries. The syndicated loan, with a maturity of 367 days, consists of two tranches, in USD and Euro.

Syndicated Loans

Yapı Kredi completed its first social syndicated loan in May to support the foreign trade transactions of customers in provinces affected by the earthquake of February 6.The syndicated loan, with a maturity of 367 days, consists of two tranches, in USD and Euro. With a total loan amounting to USD 201.5 million and EUR 353.4 million, the Bank aims to meet the resource needs of customers affected by the earthquake disaster regarding foreign trade financing. The transaction was secured with the participation of 35 banks from 21 countries. The total cost of the syndicated loan was SOFR+4.25% and Euribor+ 4% for a maturity of 367 days.

Yapı Kredi rolled over its second syndication loan in November, with a maturity of 367 days, in two tranches, in US dollars and

Yapı Kredi successfully completed its first social syndication loan of USD 580 million in May 2023 with the participation of 35 banks from 21 countries, and the sustainability-linked syndicated loan of USD 755 million dollars in November 2023 with the participation of 39 banks from 22 countries.

Euros, amounting to a total of USD 359 million and EUR 372.5, in line with the sustainability criteria selected by the Bank. Secured to support foreign trade financing, the loan was extended in two different currencies with the participation of 39 banks from 22 countries. The total cost of the loan was SOFR+ 3.25% and Euribor+ 3.25% for 367 days. With the aim of increasing the loan volume given to businesses managed or owned by women and decarbonization strategies in the loan portfolio, the transaction increased diversity and supported export customers.

In addition to syndicated loans, Yapı Kredi increased and continued its activities throughout the year in funding related to foreign trade.

INTERNATIONAL DEBT AND CAPITAL MARKETS

Yapı Kredi continued to diversify its funding sources in international markets in 2023, and to raise funds from foreign markets through products such as syndication, securitization, bond issuance and bilateral loans. In 2023, Yapı Kredi secured funds worth more than USD 4.09 billion, including syndications, from overseas markets thanks to its strong international relationships and respected shareholding structure.

The Bank completed its May 2023 syndicated loan as a social loan for the first time to support foreign trade financing of customers in provinces affected by the earthquake. The November syndicated loan was completed based on Environmental, Social and Governance (ESG) performance criteria. The total funding amount in the two transactions is approximately USD 1.3 billion and will be used for foreign trade financing.

In order to support the development of the regions affected by the earthquakes of February 6, Yapı Kredi signed a financing agreement of up to USD 108 million with the European Bank for Reconstruction and Development (EBRD) in August and a financing agreement of USD 80 million with the International Finance Corporation (IFC) in December.

In September, Yapı Kredi issued the first sustainable Eurobond from international markets amounting to USD 500 million, with a maturity of 5 years 1 month, fixed interest rate and coupon payment every 6 months with a yield of 9.375% and a coupon rate of 9.25%.With the additional issuance of USD 300 million with a yield of 8.75 in November, the total amount of the issuance reached USD 800 million.

The resulting amount from this first sustainable eurobond issuance of the Bank will be used in accordance with the Yapı Kredi ‘Sustainable Finance Framework’.

Yapı Kredi carried out future flow and treasury transactions based on remittance flows with a total of USD 889.4 million and EUR 100 million, with maturities of 5 to 8 years, with 8 different investors in September and October.

In 2023, Yapı Kredi secured funds worth more than USD 4.09 billion, including syndications, from overseas markets thanks to its strong international relationship and respected shareholding structure.

OUTLOOK

In 2024, Yapı Kredi’s Treasury Management aims to:

- Meet the financing needs of the real sector,
- Maintain its leading position in its relations with correspondent banks and contribute to the foreign trade activities of Turkey by expanding its correspondent network,
- Increase the share of Sustainable Finance in 2024,
- Maintain the diversity of funds,
- Maintain cooperation with international finance institutions,
- Implement new products and services and to deliver them to customers through all channels with an uninterrupted experience,
- Continue its disciplined approach to maintain its solid liquidity and funding position, and
- Adapt quickly to new regulations.

Technology, Data and Process Management

In 2023, Yapı Kredi Technology, Data and Process Management continued its activities without slowing down to ensure the transition to the digital business model in line with Yapı Kredi's strategy and to offer the best experience to customers. To this end, the Bank introduced innovative applications to its customers.

WHAT'S NEW IN 2023

As a result of the improvements made in all channels with the aim of providing customers with the highest level of digital customer experience through advanced innovative technologies and projects, an average of 97% of financial transactions were carried out digitally or automatically in 2023.

OUR PRIORITY: SUSTAINABILITY

In line with the focus on sustainability and the remote service model, Yapı Kredi expanded its work on paperless transactions with digital approval. In 2023, the rate of digital approval for the documents received from customers in product sales and transaction processes increased by 6% compared to 2022 from 85% to 91%, saving more than 3,000 tons of paper and contributing to the protection of environment. Moreover, Yapı Kredi became the first bank offering the end-to-end digital approval of auto loans from both dealers and branches. Yapı Kredi also introduced a new feature to enable legal customers to easily and quickly apply for certain letters of guarantee via the "Yapı Kredi Corporate Internet Branch", without visiting a branch, provided that the credit limit is sufficient for the use of letter of guarantee.

As part of the work on digitalizing corporate customer transactions, the Bank enabled customers to easily complete an average of more than 25,000 product sales and other banking transactions per month with mobile approval. Yapı Kredi was once again a pioneer among all banks in terms of the works carried out to extend the coverage of the legal regulations, that allow individual customers to access and open accounts remotely, to include legal customers. Thanks to the infrastructure used in corporate mobile approval, Yapı Kredi became the first bank to implement the end-to-end digital customer process for legal customers by connecting to the Video Transaction Assistant without visiting a branch as of the day the legal regulations were published in the Official Gazette.

Moreover, under the Carbon Conversion Program launched as part of Koç Holding's transition journey to combat the climate crisis, Yapı Kredi prevented 182 tons of CO_2 in one year with the Gebze data center hot and cold air corridor project. In addition, the Bank decreased data center energy use by 14%, and provided savings reaching 550,000 kWh and TL 1.9 million. The total cost of the project is equivalent to the annual energy savings.

Powered by technology to increase customers' awareness of sustainability and guide them to a sustainable life, thus increasing the value it creates, Yapı Kredi launched the Step platform in January 2023, which can be accessed via mobile banking. Thanks to the project, reaching more than 450,000 members by the end of 2023, the Bank saved approximately 4,000 trees and 230 tons of paper. Donations earned by members were used to support NGOs.

Yapı Kredi accelerated infrastructure and development work in the field of **artificial intelligence and intelligent Automation Solutions.** Moreover, the Bank expanded the scope of works with the implementation of smart automation solutions in domestic and foreign subsidiaries. To this end, with the support of 39 robots and 11 AI products, employees of the Bank and the subsidiaries were supported with an average of 32 million transactions. Compared to 2022, 60 new business processes were added, achieving a 15% increase in the number of transactions. In order to implement Smart Automation Solutions in a shorter time, Yapı Kredi offered training to various teams to spread development competence to the base, and determined implementation principles with the aim of using common modules in development. To this end, the Bank ensured that Responsible Banking control scenarios are followed much more effectively and quickly. A daily banking transaction volume of 150,000 transactions was realized in 236 scenarios.

Yapı Kredi also developed a new technology based on image processing and deep learning algorithms to perform signature control with the support of AI. The technology is used to control the signatures on physical documents and checks received from customers. Product range was diversified in the AI-supported Intelligent Document Processing infrastructure, which reads, classifies and processes customer orders. Moreover, in order to achieve rapid gains, Yapı Kredi aims to introduce new technologies for document reading and processing, laying the foundations of generative artificial intelligence.

In order to support sales activities,

Yapı Kredi continues to develop the online shopping loan product to always stand by customers for their needs. In this context, the Bank collaborated with 23 companies to offer active shopping loan in 2023.

With the "My Cash Flow" function, a platform was created in 2022 where customers can monitor their cash flows based on their income and expenses through Corporate Internet Banking and Mobile Banking applications. Yapı Kredi enriched the functions on the platform to provide customers with a better service experience.

New products and functions were added to the portfolio in 2023 under the Insurance Program, launched with the aim of making a difference in the sector and increasing product diversity through digital investments in bancassurance products. Regarding digitalization works, My Paying Family and YUVAM Insurance sales renewals started to be offered via mobile channel. The Bank also started to offer Cyber Assurance, Travel Health and YUVAM products at branches with new functions. The Loan Payment Assurance Unemployment Coverage product was revised in line with customer needs and expectations. Moreover, new packages were added to the ideal life product. The Customer Communication Center channel was enriched with the BES (Private Pension System) offer creation function.

Yapı Kredi continues to create innovative applications to customers through rapid adaptation to innovations in technology.

To increase the services offered to customers within the scope of the "My World" platform established with the motto of "The Application of Your Life", the My Travel+ application was launched in 2023, enabling customers to meet their holiday needs via the mobile banking application. Similarly, with the developments made under My Home+, Yapı Kredi launched a platform where customers can manage their household expenses, mortgage and consumer loans, insurance and other household needs, thus providing an end-to-end life experience.

In a rapidly developing world, the security of the Bank and its customers is the priority. In 2023, Yapı Kredi initiated the Secure 360 program with a holistic approach under the main headings of the security of the Bank and customers. With the regulations put into effect, the Bank's security levels are constantly improved.

The service offered to customers was expanded with products including new features in credit cards. With the Zero Limit Card, customers with no limit gaps were brought to the Bank, and in case of limit gaps, the customer was provided with instant service by defining a limit. The secured card product was launched, allowing customers to benefit from credit card services in exchange for cash collateral. With the collaborations with e-commerce companies, Yapı Kredi launched a co-branded card that provides customers with extra advantages in e-commerce transactions. Moreover, more than 11,000 turnstiles were used in Istanbul with Yapı Kredi cards. Yapı Kredi also continued to carry out developments regarding sustainability. Thanks to digital slips, approximately 7 million slips were processed without being physically printed, thus providing savings. With Worldpay shopping loans, a fluent customer experience was achieved by ensuring the extension of shopping loans via physical and virtual POS devices end-to-end. With the Link Payment product, an infrastructure was designed to enable customers, who want to make remote payments online, to make payments without the need for an e-commerce site or creating a basket. This method provides customers with new and secure payment flexibility. In the 3D Secure card verification step, in case of limit insufficiency, a limit increase offer was offered to customers, allowing customers to carry out their transactions without interruption while gaining a limit. With merchant Fast Payments, Fast payments received during the day are instantly transferred to merchant accounts.

Within the scope of technological collaborations, Yapı Kredi completed the preparations regarding infrastructure for Digital TL, the digital version of the Turkish Lira developed by the CBRT on the blockchain infrastructure. The Bank cooperates with TUBITAK, the most advanced organization in Turkey in the field of blockchain.

Aiming to provide perfect service to the Bank's customers, Yapı Kredi renewed its infrastructure and developed modular software to meet all the requirements of all banking applications. Under the infrastructure automation project, standardization and optimization were achieved with end-to-end designs. Thus, a wide range of infrastructure tasks were optimized. The Bank branch network was moved to a new software-based central network management platform called SDWAN. Thanks to this structure, network device management and operation in the branch network was made safer and manageable with less effort by minimizing the human error factor. SDWAN infrastructure design and installation was completely performed by Yapı Kredi Network Experts. Approximately half of the branches transitioned to this structure. The transition will continue in 2024.

The Bank should resume its operations within twenty-four hours at the latest, even in the worst disaster scenarios where primary systems are completely disabled.

Tests are carried out to simulate a disaster scenario at least once a year. The emergency test carried out on 17-18 June 2023 was the most comprehensive test carried out in the Bank so far and was carried out in a single day. In 2023, DRC switch tests of 11 platforms were completed with robots.

With the Azure project, Dutch data center operations were completely moved to the cloud. Cloud migration is an important step taken to both strengthen the Bank's technical infrastructure and improve operational costs. In addition to datacenter operations (cooling, electricity and space), many operations such as purchasing and installation were completed. The cost of monthly charged environments dropped to around USD 60,000. In addition to economic gains, Yapı Kredi completed the preparations of the infrastructure to be one step ahead of competitors in terms of time to market and scalability.

OUTLOOK

In 2024 Yapı Kredi Technology, Data and Process Management aims to:

- Develop new applications for the New Generation Banking Architecture, the first in the banking sector,
- Continue projects aimed at improving the decision quality of business units as well as big data-oriented architectural transformation and analytical process automation,
- Increase investments in corporate intelligence and analytics platforms to develop smart models used to support the decisions of business units and to provide the Bank with technologies that will create competitive advantage, such as generative artificial intelligence,
- Apply AI-assisted software development methodologies to increase the quality of developed technologies,
- Make necessary updates and investments to achieve cost advantage in the infrastructures of cloud systems, which have a critical place in bank infrastructures,
- Prioritize infrastructure investments and automation projects to increase the DRC Switch Maturity Level,
- Provide environment isolation in case of possible problems with the transformation in data center architecture, which operates in a traditional structure, and continue relevant works in 2024,
- Continue to work on new digitalization and tokenization opportunities that will emerge with the digital TL,
- Implement processes and practices to increase digital channel functions so that legal customers can complete loan applications, loan disbursement and other product transactions without visiting a branch after remote acquisition of legal customers,
- Include Joint Stock Companies in the application implemented for Limited Companies, which allows customers to complete their product sales and banking transactions remotely with mobile approval in line with the aim of supporting the digitalization of legal customers,
- Obtain documents that require wet signatures with digital approval in line with the guidance of regulatory institutions and with the aim of supporting the digitalization of legal customers,
- Develop new artificial intelligence technologies and introduce them to the Bank in order to increase the current capacity and speed for systematic classification and processing of physical documents received from customers,
- Develop the technology that enables the control of handwritten statements as well as the verification of signatures on documents, which are legally obligatory in documents received from customers, with the support of artificial intelligence, and integrate this technology into document control processes,
- Continue to develop automation processes in letter of guarantee disbursement transactions of legal customers,
- Enable users to quickly access the current information they need through a single generative artificial intelligence-assisted search function, thus increasing employee productivity and reducing the risk of operational errors,
- Continue to work on the automation of emission calculations in order to monitor customer-related carbon footprints more effectively and efficiently in line with the Bank's sustainability approach,
- To expand the use of common modules, smart automation solutions and artificial intelligence products used in the Bank to subsidiaries in order to enable subsidiaries to maintain their leadership in the competitive environments of different sectors and countries in which they operate and to achieve their profitability targets,
- Continue to work on fraud, abuse and transaction security issues in order to use cloud-compatible security solutions to effectively combat new generation cyber threats under Customer Security and Bank Security, introduce new generation security technologies to the Bank and ensure the safety of customers,
- Carry out developments to further advance the services offered to Salary and Retirement customers,
- Expand the scope of digitalization and product diversity in bancassurance products,
- Continue to evaluate products and services for Service Banking and carry out discussions with strategic partners on potential collaborations in order to stand by customers whenever and wherever they need and to offer them alternative payment methods, and to expand the product range and increase the number of collaborations.

Banking Operations Management

Banking Operation teams of Yapı Kredi Bank continued to serve its customers with a focus on efficiency and service quality despite many developments in 2023 such as the earthquake of February 6, regulations and EYT (Victims of Delayed Pension Age), which deeply affected the banking world.

SERVICE QUALITY

In 2023, Yapı Kredi reached a 88% rate of compliance with target Service Level Agreement times regarding operational transactions despite various factors adversely affecting business practices.

The Bank achieved 50% improvement in customer service time in corporate Internet Banking authorization and limit definition transactions.

In 2023, 26% of the transactions regarding the transfer of export income to the CBRT were carried out via internet banking.

Yapı Kredi started to disburse letters of guarantee via internet banking, and launched the practice of offering loans directly by central teams upon receiving loan applications from automotive industry dealers.

The Bank also launched the "Guarantee Transactions" screen, enabling guarantee transactions to be carried out under a single module, increasing customer service quality, improving efficiency for the Bank, reducing operational risk and serving the digitalization target.

In 2023, the POS installation rate within 3 days increased from 87% to 93%, resulting in a 6% improvement.

Yapı Kredi put into practice the infrastructure that enables merchants to be automatically informed at every stage of the process regarding installation and malfunction requests, starting from the moment of POS application, and to monitor their status through digital channels.

PRODUCTIVITY

Thanks to the "Operation Sharing Model", central teams were enabled to support each other systematically, and the automatic assignment of tasks was launched. The new structure eliminates, inefficient steps such as the selection of tasks by employees and the manual pool management by managers. Moreover, in 2024, automatic job assignment between the branch and central operations teams will also start, aiming to maximize efficiency.

SWIFT made changes in the global messaging infrastructure. In this context, the Bank started to receive payment orders in the new message formats adapted to the developments.

As a result of the works by R&D teams on transactions against Foreign Trade Documents, physical documents were enabled to be read by the system.

In order to reduce the number of transactions coming to Central Operations, digitalization options were evaluated, focusing especially on high-volume transactions. Throughout 2023, the Bank worked on digitalization to monitor the usage rates of digital products for maximum efficiency and to reduce the preordered incoming transactions, and established the Digital Dashboard. Yapı Kredi started to receive check return without transaction and maturity postponement orders with digital confirmation.

OPERATIONAL RISK

Purchased in 2021 to mitigate risks stemming from operations in Cash Centers, the Main Vault Automation Software is now available in all Cash Centers. In 2023, work on the integration of the software with our main banking system started. The first phase of the integration is expected to be completed in 2024.

After the system transition that allows distress warrant to be sent online by lawyers in 2021, there was a backlog in these transactions in all banks. After managing the transactions with in-house resources for two years, Yapı Kredi outsourced these services for appropriate transaction types in July 2023.The Bank plans to continue outsourcing services that have positive effects in terms of risk management and internal/external customer satisfaction.

ECO-FRIENDLY OPERATIONS

All our operation teams with customer contact continue to direct physical document requests to digital channels (E-receipt, Corporate Internet Banking, etc.).

The project was completed to reduce the use of plastic money bags in branches or during cash transfers to branches, and purchasing procedures were prepared with necessary process changes to switch to the use of cloth bags. Thanks to the project launched to save 600,000 plastic bags annually, Yapı Kredi will eliminate serious annual costs, while making a positive contribution to sustainability.

With the digital slip application implemented in 2023, customers can now receive their slips digitally instead of printed slips, thus reducing paper consumption.

By ending the practice of photocopying check-bill slips at branches and sending them to the head office, the Bank will save 500,000 sheets of A4 paper annually. The pilot application was launched in December 2023 with the plan to complete full implementation in 2024.

OUTLOOK

In 2024 the Yapı Kredi Banking Operations Management aims to:

- Rapidly complete the training and orientation of new team members, whose average age decreased four years due to EYT,
- Use the digitalization initiative at the highest level to reduce risk while increasing service quality and efficiency in all processes for our customers and our Bank, and
- Increase efficiency through business model changes (inclusion of branches in the "Non-Operation Branch" and "Operation Task Sharing" system).

GRI 3-3, GRI 418-1

GRI 3-3, GRI 418-1

Technological Risks and Cyber Security

Digital transformation and technological developments have led the banking industry to develop risk management tools to ensure the security and privacy of customer information and personal data, and to manage increasing cyber threats.

The Information Security Committee is responsible for the oversight of the information security management system at Yapı Kredi. The Committee carries out the activities of establishing, updating and implementing the information security policies in the Bank on behalf of the Board of Directors, and reports annually to the Board of Directors on cyber security.

You can find more information about the Information Security Committee here.

CYBER SECURITY INVESTMENTS COME FIRST

Yapı Kredi manages data security under relevant policies and processes. Data are classified depending on their confidentiality, integrity and accessibility. In this context, security measures are taken to ensure the integrity and confidentiality of data.

The Bank designs and implements controls to detect and prevent data leakage, while prioritizing cyber security investments. Yapı Kredi carries out monitoring activities 24/7 to detect and prevent cyber attacks, to realize immediate interventions if necessary. Security trail logs collected from all related software and hardware products are subject to correlation rules, making the detection and prevention of cyber incidents possible. In line with international standards and local legal regulations, the Bank regularly conducts internal and external audits, application security tests on applications as well as vulnerability analysis and penetration tests on information assets.

Under the information security awareness program, as part of the Information Security Awareness Days, 14,071 Bank employees received 4,250 hours of information security training in 2023.

Yapı Kredi aims to constantly review and improve its banking processes, and to enrich digital channels with innovative products and services. The Bank further aims to expand the use of AI, advanced analytics and machine learning technologies to different channels and applications to improve the agility and scalability of the technology infrastructure and to increase the success and efficiency of fraud detection systems. To this end, Yapı Kredi develops and implements systems that monitor customer behaviors, and anti-fraud processes with analytical behavior-based detection applications, and AI-based models to protect customers from fraud.

GOING BEYOND FULL COMPLIANCE WITH LEGISTATIONS

Yapı Kredi implements practices that go beyond the requirements of the Banking Law and other legislation, with in-house policies such as the Code of Ethics and Business Conduct, Corporate Policy on Protection and Processing of Personal Data, and Information Security Policy. The Bank constantly informs its customers about the internal policies in this area and the measures the customers can take for cyber security. In addition, the Bank informs all its employees about the changes and amendments in the applicable legislation and/or rules, and observes the obligation of the employees to comply with the internal policies and rules.

Yapı Kredi is subject to the regulations of the Banking Regulation and Supervision Agency (BRSA), the regulatory authority of the banking sector in Turkey. The BRSA published a regulation on Information Systems and Electronic Banking Services. This regulation requires an information security management system mechanism equivalent to ISO 27001 Information Security Management System. Yapı Kredi is regularly audited by the BRSA every year. In addition, audit activities are carried out every year under the SWIFT framework, which defines money transactions in foreign currency to bank accounts located in Turkey or abroad.

In cases where it is necessary for Yapı Kredi to share data with third-party companies, contracts with companies comply with Yapı Kredi policies and standards, and include commitments to ensure the data security required from banks under Foreign and Support Service procurement section of the BRSA Information Systems and Electronic Banking Regulation.

In 2023, Yapı Kredi launched new projects to evaluate and score the security levels of the Bank's suppliers, to mitigate the cyber security risks originating from the suppliers, and to automate the processes.

In 2023, the Bank continued its development and improvement works in supplier security. Yapı Kredi launched new projects to evaluate and score the security levels of the Bank's suppliers, to mitigate the cyber security risks originating from the suppliers, and to automate the processes.

Yapı Kredi carries out a comprehensive information security awareness program for all employees. The program covers trainings, tests, announcements, and bulletins related to information security. Organized for the first time in 2021 as part of the information security awareness program, the Information Security Awareness Days are now held annually. In 2023, the third Information Security Awareness Days were held for the employees. During the event held in October, the Cyber Security Month in the world, the Bank's senior executives and speakers from the security sector shared information with the employees on various issues related to information security. Yapı Kredi plans to continue the Information Security Awareness Days events in 2024 and beyond.

Moreover, phishing tests are conducted throughout the year to raise awareness of all employees against phishing attacks, one of the biggest threats to cyber security. Data security and privacy issues are included in various trainings on information security awareness to improve the awareness of employees on these issues. In addition to information security trainings, awareness is also raised through trainings for employees on the Law on the Protection of Personal Data. Under the information security awareness program, 14,071 Bank employees received 4,250 hours of information security training in 2023.

In addition to the security awareness raising activities for the Bank's employees, information is regularly shared with customers to increase their security awareness against possible external fraud cases. Security notifications sent via various channels such as SMS, MMS, e-mail, and social media explain how customers can ensure the security of their information against current fraud methods and attempts. Proactive information activities continued in 2023.

Always focusing on the security of customers and employees, Yapı Kredi Studies continued cyber security awareness activities in 2023. In line with the principle of quality, responsible and compliant banking, the Bank gives priority to compliance with banking laws and regulations. The Bank regularly monitors developments in information technologies, new business models, security solutions, cyber security-related attacks and threats as well as security regulations.

In 2023, Yapı Kredi carried out projects to improve threat intelligence and threat hunting activities. Under these projects, the current processes were expanded to include operational and strategic threat intelligence and hypothesis-based threat hunting studies. As a result of the studies, ten strategic and operational threat intelligence reports were prepared and four hypothesis-based threat hunting studies were conducted.

Ten strategic and operational threat intelligence reports were prepared and four hypothesis-based threat hunting studies were conducted in 2023.

Additionally, in a CA (Compromise Assessment) study conducted in cooperation with an American cyber security technology company, our environments were checked to determine whether there was or is a security incident not detected by security devices or during other controls, has occurred or is still ongoing. No security incident has been found.

Yapı Kredi plans to continue and expand studies and projects on cyber security in 2024. To this end, the Bank continued to apply the program called Secure 360, covering the years 2023- 2025, developed to maximize the security of both the bank and its customers. The Secure 360 corporate security program aims to effectively combat new generation cyber threats, introduce new generation security technologies, and work on fraud, abuse and transaction security in order to ensure the security of customers.

Works on customer security continue under the subheadings of "Abuse - Transaction Security", "Effective Data Use and Automation", "Customer Communication" and "Excellence in Fraud Prevention Operations". The works planned for 2023 are completed. In the field of bank security, works continue under the subheadings of "Cloud Compatible Security Platform", "Proactive Security Approach", "Data Security" and "New Generation Security Technologies". Under the program, projects are launched on various topics such as the use of AI and machine learning technologies in cyber security and the automation of security operations. Yapı Kredi completed the works on the proactive security approach through security analytics, and threat intelligence and hunting.

The Bank aims to design new projects in line with the Zero Trust principles that became prominent in cyber security in recent years. In 2023, Yapı Kredi launched important data security projects as well as projects on critical data discovery in structured and unstructured environments and on Hardware Security Module (HSM) transformation.

To protect the information entrusted by customers, Yapı Kredi will constantly review, improve and implement cyber security measures in accordance with national and international security standards.

INFORMATION SECURITY AUDITS

Units reporting to the head of the Corporate Security Management take action and measures against risks related to information security. Units reporting to the Corporate Security Management and other Yapı Kredi Technology teams are subject to security audits by the Information Security Audit and Information Technologies (IT) Audit units.

The Bank continued to apply the program called Secure 360, covering the years 2023-2025, developed to maximize the security of both the bank and its customers.

GRI 3-3, GRI 418-1

Other Subsidiaries

BANQUE DE COMMERCE ET DE PLACEMENTS

Yapı Kredi holds 31% of the capital of Banque de Commerce et de Placements (BCP), established in 1963 in Switzerland, active in structured commodity finance, wealth management, treasury, and capital markets. Celebrating its 60th anniversary, BCP has been offering custom-tailored services and solutions to its commercial, private and corporate customers. The Bank provides high level of service quality and innovative products and services with high added value in its segments, enjoying a respectable position with its ever-growing customer and correspondent bank portfolio around the world. Established in accordance with Swiss Banking Laws and Regulations, BCP is subject to the supervision of the Swiss Financial Market Supervisory Authority (FINMA). BCP is headquartered in Geneva. The Bank also operates through its branch in Luxembourg and its representative office in Dubai.

In 2023, the increase in global inflation and low demand in the commodity market due to the ongoing effects of the second year of the war between Ukraine and Russia and the impact of the Israel/Gaza war adversely affected the Bank's working environment. 2023 also witnessed negative investor response, strong turmoil in financial markets and stagnation in commodity demand as well as hesitant private customers. As a result, due to various factors, the Bank's transaction volume in all business segments decreased, reaching its lowest level of credit leverage since the beginning of the COVID pandemic. However, in addition to the new markets, products and customers added by the Bank to its portfolio, the high interest margins since the beginning of the year continued to make positive contributions to the financial performance, enabling the Bank to increase its income flow

In 2024, BCP aims to achieve results in line with its budget by maintaining its controlled growth strategy and prudent risk management.

and its profitability over the budget target. Moreover, the Bank strategically kept its risk appetite under control and limited its growth rate to a cautious level.

In 2023, BCP's cost-to-income ratio stood at 42.6% and Tier 1 capital ratio at 18.5%. The Bank's economic profit reached 64 million Swiss Francs in 2023 with an average return on equity of 10.3%. BCP's international commodity finance transaction volume was realized as 32 billion Swiss Francs in 2023. The Bank's consistency in its customer-focused business policy and in its service to its long-established and broad customer base in its sector further increased BCP's recognition in the commodity finance market.

In 2023, the Bank strengthened its second main area of activity, asset management, in line with market and customer expectations. In 2024, BCP aims to achieve results in line with its budget by maintaining its controlled growth strategy and prudent risk management.

Focusing on product and geographical-oriented diversification as a strategic goal in its main fields of activity, BCP commits to maintaining a healthy level of asset quality with effective risk control while expanding its customer portfolio.

YAPI KREDI TECHNOLOGY

Yapı Kredi Technology (Yapı Kredi Teknoloji A.Ş.) has been working on innovative, high value-added and R&D-oriented products and activities for the financial sector in the Istanbul Technical University ARI Teknokent Technology Development Zone since 2015. In 2019, Yapı Kredi added the “On-Site R&D Center” to its innovation centers. With the new center established in the Yapı Kredi Bank Çayırova campus, the Bank now carries out R&D-focused studies in two campuses.

In Digital Channels, the number of active customers rapidly increased, and new functions such as Cross-Selling and Invite Your Relative were introduced in Remote Customer Acquisition processes for individual customers. The Digital Corporate Customer Acquisition feature was launched on Yapı Kredi Mobile for the first time in the sector. Yapı Kredi Mobile My World started to offer smart services to customers to ease their lives, and enriched My World with various products such as My Home+, My Travel+, STEP, My Bank+, Chippin after the launch of My Vehicle+. The My Other Banks section was added to the Home Page, enabling customers to make payments by combining their accounts in other banks. With the My Investment Portfolio screen added to Yapı Kredi Mobile, customers can see the total amount, profit/loss, monthly/annual asset change for all investment products in their portfolio, and can also access product-based total amount and asset change information from the portfolio screens of the products themselves. With another new feature, the Investor Corner, it became possible to monitor the main investment products via Yapı Kredi Mobile. Yapı Kredi Mobile continues to provide uninterrupted service to over 13 million mobile active customers, with daily transaction volumes exceeding 27 million.

Following the February 2023 Gaziantep-Kahramanmaraş earthquakes, Yapı Kredi gave priority to serving 3.6 million customers in the earthquake region for all their transactions through the 24/7 Customer Communication Center channel. Fast and secure banking services were provided to all customers with self-service functions added to Voice Response System applications.

Thanks to the Central Bank of the Republic of Turkey (CBRT)'s value-added services such as Money Fetching, launched during the year as part of Open Banking (Data Sharing Services in Payment Services), and the positioning of My Bank+, a component of the super app concept, more than 300,000 customers were enabled to use Yapı Kredi Mobile as a single bank, monitoring their accounts and making money transfers from a single point.

Digitizing Yapı Kredi’ internal processes while facilitating the lives of its customers with its digital solutions, Yapı Kredi Technology designed pioneering R&D and innovation projects in 2023, as in previous years. In 2022, Yapı Kredi started R&D studies in the field of quantum computing, and in the last year, the Bank developed a second-order constrained hybrid optimization model on quantum processor computers in order to determine which customers in the financial relationship network will be affected and to what extent, if any of the Bank’s midsize enterprise and SME customers are faced with financial difficulties.

With the ARIM project, developed for the Treasury to provide offers to customers for term deposit transactions above a certain limit, interest rate suggestions can be offered with a machine learning algorithm. This application generates interest rate offers based on the interest rates, maturities and amounts of customers' past term deposits while taking into account their competitiveness compared to other customers.

The SWAN project developed using open source programming libraries ensures the automation of the validation of legal and managerial models regularly prepared by Risk Validation teams. The aim of the project is to run models automatically at certain periods and send the resulting model validation reports to relevant people via e-mail.

By integrating ChatGPT with the chatbot creation tool BotYap, the first usage scenario was made ready for Travel+. Moreover, by training productive artificial intelligence models using customers' conversations with the bot and the representatives, preliminary studies were carried out on chatbots that can respond without the need for specific content definition.

With the aim of accelerating and automating individual customer opening processes, an artificial intelligence application was developed to evaluate the questions asked to the customer and decide whether to accept or reject the customer or direct them for further control. The project is in the integration phase.

Within the scope of SAFIRX, Yapı Kredi's general document processing platform product, an algorithm was developed to classify more than 60 document types to be used in the Smart Document Processing software. Moreover, as part of SAFIRX, an information extraction method using both images and OCR outputs of documents was developed, and the results were presented at the internationally-recognized ECML-PKDD conference. The algorithm developed under this study was integrated into the product and made available for both previous and future document reading requests.

In 2023, Yapı Kredi Technology sat down with organizations from various sectors and continued negotiations for the commercialization of existing R&D and innovation solutions.

As part of blockchain works, a Digital ID and the relevant demo were developed with the library provided by TÜBİTAK (Scientific and Technological Research Council of Turkey) within the scope of the cooperation with TÜBİTAK. The iOS app, web interface and back-end services developed for the demo are presented for use in end-to-end scenarios. These projects were made available to use the SSI Turkey Testnet created by TÜBİTAK, as the first (and so far only) participant of this network. Yapı Kredi continues the work on hosting nodes and joining the network for SSI Turkey Publicnet. In connection with these studies, the Bank aims to present the infrastructure preparations for the Digital TL studies, expected to be published by the Central Bank of Turkey in the near future, to the relevant authorities and thus to become an active stakeholder of the study.

Moreover, the Bank entered into collaborations with various universities while promoting R&D activities through publications in prestigious academic conferences/journals and blogs. Yapı Kredi also made presentations at prestigious academic events. As part of Koç Holding's cooperation with TÜBİTAK and the Directorate for EU Affairs, Yapı Kredi Technology joined mentors from five group companies with Horizon Europe support programs competence, and worked to extend the coverage of the program at the level of SMEs working with a focus on R&D and innovation. Yapı Kredi Technology took part as a technology provider in international EUREKA supported projects for the first time and started working on projects smarTravel and NextconAI.

In 2023, Yapı Kredi Technology sat down with organizations from various sectors and continued negotiations for the commercialization of existing R&D and innovation solutions, carrying out multiple PoC studies. It is aimed to increase efficiency and benefits by offering the solutions developed by the R&D teams to organizations active in various sectors.

In 2024, Yapı Kredi Technology will continue to work on new products and services to meet the needs of customers in digital transformation and provide them with the best experience by using technologies such as AI, smart solutions, blockchain, quantum computing, anomaly detection, machine learning, natural language processing, sound processing, deep learning, and robotics.

ALLİANZ YAŞAM VE EMEKLİLİK

Allianz, the parent company of Allianz Yaşam ve Emeklilik A.Ş., is one of the largest insurance and asset management groups in the world, serving to over 122 million customers with more than 159,000 employees in more than 70 countries.

Acting with the vision of pioneering a new generation insurance business focused on customer satisfaction and technology and being a social brand that increases the life quality of the society, Allianz Yaşam ve Emeklilik, under the roof of Allianz Turkey, provides services in private pension and life insurance with products for individual and corporate needs.

Together with its subsidiaries, Yapı Kredi Bank holds 20% shares of Allianz Yaşam ve Emeklilik A.Ş. The long-term strategic cooperation between the Bank and Allianz is regulated by a 15-year exclusive bancassurance partnership agreement concluded in 2013. Allianz's insurance and private pension products are offered to customers through Yapı Kredi's extensive branch network and innovative alternative distribution channels.

Allianz Turkey, that incorporates Allianz Yaşam ve Emeklilik, is one of the leading companies in the insurance and pension sector, with a premium and contribution production of TL 74 billion in 2023 and an Individual Pension fund size of TL 124 billion, according to consolidated data. The company aims to grow in real terms in both insurance and pension branches in 2024 and beyond. Leading the sector in areas such as customer experience, employee loyalty, agility, digitalization, sustainability and innovation, Allianz Turkey was the first institution to publish an integrated report in the insurance and pension sector and among non-public companies.

TANI

Tanı has been serving its customers with loyalty programs, campaign management, data analytics and business intelligence solutions since 2002. In addition to data and CRM services, Tanı offers end consumers payment and loyalty experiences for various brands on a single platform with its mobile payment and loyalty application "Chippin".

In 2024, Tanı aims to enrich the CRM customer portfolio by continuing infrastructure investments, to position Chippin as a "loyalty program aggregator" through collaborations with leading retailers from different sectors, and to create an eco-system that responds to the shopping needs of the consumer's daily life, including different payment solutions.

YAPI KREDI CULTURE AND ARTS AND PUBLISHING

Established in 1984 and wholly owned by Yapı Kredi, Yapı Kredi Culture and Arts and Publishing (YKKSY) is one of the most oldest culture and arts institutions in Turkey. YKKSY publishes important works and organizes cultural events and exhibitions, thus making valuable contributions to social development and cultural life.

You can find detailed information on Yapı Kredi Culture and Arts and Publishing's activities in 2023 in the Contribution to the Society section.

Yapı Kredi
Advocate for Equal Opportunity!

IN LINE WITH KOÇ HOLDING'S GLOBAL LEADERSHIP IN THE GENERATION EQUALITY FORUM, YAPI KREDI LAUNCHED THE "EQUAL OPPORTUNITIES IN TECHNOLOGY" PROJECT IN LINE WITH ITS GENDER EQUALITY COMMITMENTS IN THE FIELD OF TECHNOLOGY AND INNOVATION. IN COLLABORATION WITH CIFAL ISTANBUL AT BAHÇEŞEHIR UNIVERSITY, THE TURKEY DIRECTORATE OF UNITAR, THE UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH, TRAINING VIDEOS ARE PREPARED BY PROFESSORS AND ASSOCIATE PROFESSORS, EXPERTS ON TOPICS RANGING FROM BIG DATA TO AI, FROM CLOUD TECHNOLOGIES TO CYBER SECURITY, FROM THE INTERNET OF THINGS TO INDUSTRY 5.0.

Reaching
80,000
by the end of 2026

TEKNOLOJİDE FIRSAT EŞİTLİĞİ

Equal Opportunities in Technology

Customer Experience

BECOMING THE BANK OFFERING THE BEST EXPERIENCE TO CUSTOMERS

With the aim of "Becoming the Bank Offering the Best Experience to Customers" in 2023, Yapı Kredi focused on understanding the needs and expectations of its customers and offered products and services to deepen its relationship with its customers to show that Yapı Kredi always stand by its customers. The Bank benefited from solutions created by the Bank's pioneering technological and digital infrastructure to understand the financial needs of its customers and receive feedback from every contact point, while offering customers a distinctive experience.

MAKING ACCESSIBLE THE INSIGHTS GAINED FROM EVERY CONTACT POINT

In 2023, Yapı Kredi continued its efforts to receive feedback from every contact point and share this feedback on a platform accessible to everyone within the Bank. The Research Laboratory, established in 2022, launched new generation neuroscience research in 2023, in addition to quantitative and qualitative research methods. Thanks to these researches, the Bank focused on learning more than the feedback of customers, and redesigning products and services to meet these expectations.

In 2023, 2 million customers were surveyed and their feedback was regularly received. Moreover, as a first in the sector, Yapı Kredi started using analytical models to predict customers' attitudes towards the Bank. The dissatisfaction rates of all customers were calculated, and this information began to be used as input in customer relations management and sales actions in order to increase our loyal customer ratio. The customer experience prediction project won the "Best Customer Experience Team" award at the Hammers Awards.

Approximately 2.5 million feedback from customers were received and areas to improve the customer experience were identified.

Loyal customers who recommend the Bank to their friends generate more income. In 2023, with the Loyalty Economy calculation, the lifetime value between loyal customers and dissatisfied customers began to be automatically calculated.

Moreover, the Customer Experience Research Laboratory team gathered all research activities under a single roof, working with a proactive perspective to create solutions for customer demands, needs and problems. More than 50 studies were completed by using internal Bank resources.

The experience offered to customers is regularly measured with the Net Promoter Score, a global research metric, focusing on both post-transaction and relational experience. In 2023, Yapı Kredi maintained its second position in the Net Promoter Score survey. Customer satisfaction rate is above 85 on a 100 point scale.

CUSTOMER EXPERIENCE PERFORMANCE METRICS	2023
Net Promoter Score Ranking	#2 (rank retained)
Number of Customer Complaints	19% below the industry average.
Customer Complaints Resolution Time	52% below the industry average.
Experience Research Sent to Customers	Surveyed 10 million+ customers with 75 different surveys with an increase of 25%.
Customer Feedback	Collected 2.5 million feedback and 500K open-ended customer comments with an increase of 25%.
Services Improved with Customer Feedback	20+ experience development projects carried out with a ~70% increase.
Customer Experience Committee	Convened four times.
Number of Barrier-free ATMs	4,414
Contracts Translated into Sign Language	28 contracts and information forms were translated into sign language.
Customer Information Score	#1 (first place retained)

In addition to customer experience research, the Research Laboratory carried out the Internal Customer Satisfaction research in 2023.Development processes are planned by evaluating the results of the research where Yapı Kredi teams evaluate each other, and the research method is improved according to the feedback.

In the coming period, the Bank will carry out researches to better understand its customers and offer them a unique experience, while making improvements in line with the expectations and needs of the customers. As a result of the audits in 2023, the Bank successfully renewed its ISO 10002 Customer Satisfaction Quality Management Certificate.

CUSTOMER-FOCUSED CULTURE EMBRACED BY ALL EMPLOYEES

The philosophy of "Our Focus Is Our Customer" continued to be at the heart of all works to improve customer experience in 2023. Centered on this value, the Customer Focus Program was launched in 2021, and an experience interface structure was established to enable all Yapı Kredi employees to instantly monitor customer feedback. Thanks to this structure, the voice of the customer was put at the center of all decision-making mechanisms, increasing the ability of teams to take fast and transparent actions. In order to provide a perfect experience to customers, Yapı Kredi organized communication activities and trainings to raise the awareness of employees and improve their competencies. Moreover, the Bank conducted journey mapping studies based on customer insights obtained from research and complaints, and designed projects to improve the experience offered to customers using design-oriented thinking methods. Experience projects are discussed in regular cycle meetings attended by all relevant stakeholders within the Bank and are launched upon joint decision-making sessions. Yapı Kredi implemented more than 20 projects to improve customer experience in 2023. All projects and activities are regularly reported by the Customer Experience Committee and monitored by the Senior Management.

NUMBER OF COMPLAINTS PER ACTIVE CUSTOMER DECREASED BY 45%

Yapı Kredi maintained its focus on complaint resolution processes in 2023. In case of a problem encountered by customers, the Bank continued to systematically detect and solve the problem with proactive solutions to inform the customers about the results. Adopting the principle of First Contact Resolution (FCR), the Bank resolves the problem at the first contact with the customer. By evaluating customer complaints, the Bank determined the pain points experienced by customers in existing products and services, developed experience projects and resolved any dissatisfaction.

Although the number of active customers has increased by 60%, the number of complaints per active customer decreased by 45%, the number of complaints reaching the Bank by 13%, and the number of complaints reported to the Banks Association of Turkey by 4%.

Yapı Kredi uses cutting-edge technologies such as big data, machine learning and artificial intelligence to design solutions to improve customer satisfaction as well as operational efficiency.

Although the number of active customers has increased by 60% in 2023, the number of complaints per active customer decreased by 45%, the number of complaints reaching the Bank by 13%, and the number of complaints reported to the Banks Association of Turkey by 4%.

In 2023, all complaints regarding the breach of customer privacy and data loss were answered and resolved. Yapı Kredi scores its complaint resolution staff with score cards that include parameters such as productivity, number of solutions, resolution times, and survey results, and makes measurements according to performance targets. In these scorecards, the greatest weight is given to efficiency, followed by the number of solutions, solution quality and solution time parameters. In this respect, the Bank follows its complaint resolution staff within the framework of customer-focused approach and efficiency, paying due attention to an area that directly touches the lives of its customers.

OUTLOOK

2024 TARGET: BECOMING THE BANK OFFERING THE BEST EXPERIENCE

Always the Best Experience for the Customer

- To expand the use of the platform within the Bank, where feedback collected from all contact points is regularly shared,
- To carry out qualitative and neuroscience research with internal resources n addition to the quantitative research conducted by the Research Laboratory,
- To categorize and score open-ended comments from customers with artificial intelligence,
- To improve customer experience and operational efficiency by further expanding the use of technological resources in complaint management,
- To ensure a deep understanding of customer insight and to continue to design all processes end-to-end in line with customer needs and expectations, and
- To continue change management and training activities to ensure the internalization of the customer-focused corporate culture by all employees.

Customer Communication Center

Yapı Kredi Customer Communication Center meets all kinds of needs of its customers 24/7 in Turkish and English, embracing the philosophy “Limitless Service”. The Customer Communication Center offers services with more than 1,200 employees in a total of six locations, Kocaeli, Samsun and Izmir, as well as three new locations, Hatay, Kahramanmaraş and Adıyaman, established after the earthquake disaster of February 6, 2023.

Through the Customer Communication Center, the Bank offered its customers uninterrupted service through Voice Assistant and various channels such as self-service transactions, incoming calls, external calls, Video Banking, WhatsApp, IVN. In 2023, Yapı Kredi teams completed more than 89 million customer contacts.

In line with the regulations introduced by the BRSA, the Bank focused on improvements related to efficiency, providing customers with much faster and easier access to customer services. The Customer Contact Center provides service 7 seconds faster than the sector with the self-service usage rate being 10 points above the sector.

The Customer Communication Center continued to be a strong sales channel for Yapı Kredi. In 2023, the Center increased the sale of strategic products and services by 29% compared to the previous year.

Customer acquisition and customer capitalization performance increased in the Video Banking channel, one of the many firsts offered by Yapı Kredi in Turkey. In 2023, in addition to the acquisition of new customers, the video banking channel was also active in the sale of value-added products. The Bank increased new customer acquisition by 30% while providing support to the branches by ensuring the performance of seven transactions through this channel.

The Customer Contact Center provides service 7 seconds faster than the sector with the self-service usage rate being 10 points above the sector.

Yapı Kredi became the 1st bank in the sector with 63 points in the Customer Contact Center scoring recommended the most by customers.

Becoming the leader in the sector, the Customer Communication Center received the "Customer Brand of the Year" award in the Best Call Center category at Alfa Awards in 2023.

The Center was the recipient of another important award in the Sustainability category at CX Awards Turkey, with the three new Customer Communication Center locations established to contribute to the reconstruction and employment in the region devastated by the earthquake.

EARTHQUAKE ZONE SATELLITE LOCATIONS: HATAY, ADIYAMAN, KAHRAMANMARAŞ

Following the earthquake of February 6, which deeply affected our country, Koç Holding, together with the Group Companies, established “Umut Kentler” (Cities of Hope) in five locations, composed of 5,000 containers as well as social spaces for approximately 20,000 people.

At the beginning of the project, the Koç Group called the Group companies to shift as many employment opportunities as possible to the region. As a result of this call, Yapı Kredi launched the project of establishing new Customer Communication Centers in Hatay, Adıyaman and Kahramanmaraş. Under the project, a new Customer Communication Center was opened in Hatay, on July 19, 2023, in Kahramanmaraş on July 27, 2023, and in Adıyaman on September 19, 2023.These new Centers employ 60 young people living in Cities of Hope.

EASY BANKING WITH VOICE ASSISTANT

The Voice Assistant welcomes customers to the Customer Communication Center. To establish natural dialogue, the Assistant is designed in line with cutting-edge technology and the needs of the users.

The natural dialogue technology of the Voice Assistant ensured 98% accuracy in responding to customers’ voice commands. Thanks to the technology capable of more than 170 self-service transactions, a total of 37.5 million transactions were carried out in 2023 without the need for customer representatives, providing fast and secure access to extensive banking services.

Maximizing its smart sales capabilities, the Voice Assistant can direct customers with high sales potential to special agent groups by analyzing the customer commands. In addition to presenting 17 products to customers, the Voice Assistant’s smart features also provide proactive notifications and smart directions to customers, meeting customer needs.

YOUR ASSET MANAGER AT THE CUSTOMER COMMUNICATION CENTER

Yapı Kredi’s Central Asset Management Services continued to meet the asset management needs of customers in the most convenient manner in 2023.The Central Asset Management provides asset management services focusing on customer demands and expectations thanks to its experts licensed by the Capital Markets Board, PPS and SEGEM with their extensive knowledge and experience on market, investment products and deposits.

The Central Asset Management aims to increase the customers’ wallet share in the Bank by diversifying investment products in their portfolios, and to expand relations with potential customers beyond loan sales, thus ensuring efficient customer acquisition.

Positioned to support branches, the service’s 68 Asset Managers served 113,000 customers. The Central Asset Management Service achieved 195% growth in net income per customer in 2023.In addition to managing customer portfolios, the service improved customer productivity through cross-selling.

TRADITIONAL AUDIO CHANNEL LEAVING THE STAGE TO VIDEO CALLING

The video banking channel focuses on assisting customers on their digital transformation journey through rapid solutions. The channel aimed to acquire new customers while capitalizing existing passive customers.

Breaking new ground in Turkey, the video banking function offers the opportunity to become a bank customer without visiting a branch, thus increasing the acquisition of new customers by 30% compared to 2022.

The Video Banking is designed to eliminate the functional difference between the branch and the Customer Communication Center to enable customers to perform banking transactions easily wherever they are.

Transactions that require a signature and visit to a branch are performed through video calls. The Video Banking channel offers services and eliminates the need for visiting branches for seven transactions, focusing on sales activities in addition to its current functions in 2023.

In 2023, the channel offered services to hearing-impaired customers with 100 Video Call Assistants proficient in sign language.

GROWING SALES PERFORMANCE

The Customer Communication Center, one of Yapı Kredi's main sales channels, achieved an outstanding success in 2023 with a total of 2.8 million sales. In addition to incoming and outgoing call channels, products and services are also offered for sale to customers through the outsourcing business model.

The Video Banking channel offers services and eliminates the need for visiting branches for seven transactions, focusing on sales activities in addition to its current functions in 2023.

Using data analytics in all business processes, the Customer Communication Center offers products by creating smart scenarios and ensuring pinpoint customer-product matching. Yapı Kredi constantly reviews and updates Smart Sales scenarios to increase sales efficiency. The sales volume obtained with Smart Sales scenarios realized as 80% of all sales. This positively affected the sales performance both in volume and quantity.

AI-ASSISTED ADVANCED ANALYTICS APPLICATIONS

The voice analytics application, launched in 2023, enables smart data analytics applications such as end-to-end monitoring and analysis of the experience in the contact center, automatic completion of checkpoints by artificial intelligence, and automation of quality processes.

Enabling data to be used more effectively, the voice analytics application helps to better understand customer preferences and provide personalized services. Yapı Kredi constantly improve and develop systems with end-to-end solutions to maximize customer experience.

GRI 418-1

Personal Data Protection and Processing

Personal data rights are among the fundamental rights and freedoms protected by the Constitution of the Republic of Turkey (Article 20).Yapı Kredi places the utmost care to ensure full compliance with the Law on the Protection of Personal Data No. 6698 (“Law”), adopted on March 24, 2016 and entered into force after being published in the Official Gazette dated April 7, 2016, as well as with other regulations regarding the implementation of this law.

Yapı Kredi respects the rights and freedoms of its customers, and carries out its activities without any compromise in this regard to ensure the best customer experience and satisfaction. All personal data relating to real persons associated with the Bank, including people who benefit from the financial products and services offered by the Bank, are processed in accordance with the Law on the Protection of Personal Data (KVKK), and utmost care is taken to ensure the confidentiality and security of the relevant data.

The Bank assigned the Assistant General Manager for Compliance, Internal Control and Risk Management reporting to the Audit Committee was as the Personal Data Protection Compliance Officer. To this end, the Personal Data Protection Law Compliance Department was established.

The Bank's compliance with the obligations set forth by the regulations on the protection of personal data is ensured through the “Yapı ve Kredi Bankası Anonim Şirketi Corporate Policy on Protection and Processing of Personal Data" and the "Yapı ve Kredi Bankası Anonim Şirketi Corporate Policy on Employee Personal Data Protection and Processing". Yapı Kredi adopts a risk-based approach to evaluate issues related to the processing of information obtained within the scope of the Bank's activities and to the protection of its confidentiality while the Bank's strategy, internal controls and Measures, operating rules and responsibilities are determined accordingly. In addition, the Bank carries out awareness-raising activities for personal data owners and its employees.

The Bank's Personal Data Protection Policies ensure the protection and processing of personal data of:

- Existing and potential customers
- Executives and shareholders of customers
- Real person guarantors
- Employee and intern candidates,
- Prospective business partners
- Employees of business partners
- Shareholders and executives of the Bank
- Prospective contractors/suppliers/support service providers
- Shareholders/executives/employees of contractors/suppliers/support service providers
- Participants of campaigns/competitions
- Visitors
- Press members
- Family members and relatives of data subjects, and
- Other third parties.

Personal data are disclosed to the following third parties for the purposes stipulated in the Law, applicable legislation and related policies: authorized institutions and organizations; business partners; suppliers; financial group companies; shareholders; affiliates; subsidiaries and organizations whose transactions are mediated; domestic and foreign banks; payment service providers and international or domestic payment systems institutions and organizations; asset management companies; persons related to the sale of bank receivables and possible buyers; and institutions and organizations that are parties to Yapı Kredi's products/services and whose payments we mediate. Yapı Kredi ensures that contracts with third parties include provisions for meeting obligations required by the Law. Moreover, the Bank complies with the legal obligations set out in the legal arrangements published by the Banking Regulation and Supervision Agency (BRSA) regarding data sharing in outsourced services.

For the Yapı ve Kredi Bankası Anonim Şirketi Corporate Policy on Protection and Processing of Personal Data, which sets forth the principles and rules regarding the personal data processing activities carried out in accordance with the provisions of the Law and the applicable regulations as well as regarding the rights of the persons concerned, please visit here.

As required by the Law, Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management and Yapı Kredi Investment have a separate corporate policy on protection and processing of personal data. These policies are available on the corporate websites of Yapı Kredi subsidiaries.

Personal data subjects may contact Yapı Kredi in writing or through registered email (KEP), secure e-signature, mobile signature, or the data subject's e-mail address shared with Yapı Kredi and registered in the Bank's systems and/or any channel allowing verification of the data subject's identity to exercise their rights below:

- To inquire about whether or not their personal data is being processed,

Obligations regarding data security play a crucial role among the obligations of the Bank regarding the personal data processed by the Bank.

- To request information on personal data if the personal data has been processed,
- To receive information about the purpose of processing personal data and whether the personal data is used in line with the purpose,
- To request information about the domestic and foreign third parties to whom the personal data have been disclosed,
- To request rectification of the processed personal data in case of incomplete or incorrect processing and to notify the third parties, to whom the personal data has been disclosed, about the actions taken,
- To request erasure or destruction of personal data that is lawfully processed under the Law and other applicable legislation in the event that the reason for processing is no longer present, and to notify the third parties, to whom the personal data has been disclosed, about the actions taken,
- To object to any result that is to the detriment of the data subject as a result of an exclusively automated analysis of their personal data, and
- To claim compensation for the damages that the data subject may suffer / might have suffered in case of unlawful processing of their personal data.

Obligations regarding data security play a crucial role among the obligations of the Bank regarding the personal data processed by the Bank. To this end, the Bank takes the necessary technical and administrative measures to ensure the appropriate level of security

in order to prevent the unlawful processing of data, to prevent illegal access to personal data and to protect personal data. Moreover, via an effective and fast solution mechanism against data breaches in its internal plans and procedures, the Bank takes necessary and sufficient action to eliminate any breach. In case of policy changes and updates, the updated policies are made available to the public on the corporate websites.

In 2020, Yapı ve Kredi Bankası A.Ş. and its subsidiaries were registered at the Data Controllers Registry (VERBIS), which is a legal obligation under the Personal Data Protection Law.

TRAININGS ON PERSONAL DATA PROTECTION LAW

Under the Personal Data Protection Law, the Bank, as the data controller, is required to provide training to all its employees on the protection of personal data. To ensure compliance with the Law and to raise awareness about personal data, annual trainings are provided to all employees, including the employees of Yapı Kredi subsidiaries. During the 2023 reporting period, employees received 16,963 hours of trainings on the Personal Data Protection Law.

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Talented and Committed Employees

Yapı Kredi believes that delivering the best products and services to customers and thus driving its business forward every day is possible only with a talented and committed workforce. The Bank invests in its flexible, innovative and experienced human capital that bears the well-established sectoral know-how of 79 years, and responds to the evolving conditions of the world and the sector together with its competent employees. Yapı Kredi continues to create value through professional training programs, employee development programs, and working conditions based on work-life balance. Operating in line with the equality, diversity and inclusiveness principles, Yapı Kredi is among the Turkish banks with the highest ratio of women employees.

TALENT ACQUISITION

The Yapı Kredi human resources vision aims to efficiently hire the human capital possessing the qualifications needed to take the Bank to the future. In 2023, the Bank continued to introduce a wide range of projects from employer brand works to hiring, training and development activities to career and talent management, from leadership development to activities for improving employee engagement and motivation.

Working to strengthen its employer brand perception in the eyes of students, candidates and Yapı Kredi employees, the Bank carries out its human resources operations to select the right talents in line with its goals and values.

While developing approaches and practices that will attract young talents to Yapı Kredi, the Bank gave priority to activities that will help Yapı Kredi employees draw their own career paths, make them feel valuable and fuel their sense of belonging.

The Yapı Kredi human resources vision aims to efficiently hire the human capital possessing the qualifications needed to take the Bank to the future.

To this end, Yapı Kredi improved its hiring processes and enriched on-campus and social media communications in line with the needs of young talents. The Bank conducts surveys to understand the expectation of the young people and designs the social media communication and events targeted at university students in this direction.

In the Most Popular Companies Survey conducted in 2023, Yapı Kredi was one of the most preferred banks. In addition, Digipro Head Office Internship Program was chosen as the most popular talent program of the year in the field of Banking and Finance in a competition where internship and young talent programs were evaluated by the votes of students and young professionals. Thanks to its digital approach in Talent Acquisition processes, the Bank was recognized with the "Digital Human Resources Award" by Peoplise.

Moreover, in order to contribute to our country's global competitiveness in the IT sector and to support the digital economy, the Ctrl+ Future talent program was launched in cooperation with Koç Holding and Microsoft Turkey. Yapı Kredi supported the project by offering internship opportunities.

Graduates of the program continued their development through internships at Yapı Kredi.

TALENT MANAGEMENT AND DEVELOPMENT

Talent management at Yapı Kredi starts with the identification of potential employees, followed by leadership development and preparation of the employees for future roles. In order to strengthen the sustainable leadership line, potential employees are prepared for the future with leadership development programs, assessment center practices and inventories designed to be compatible with Yapı Kredi leadership principles and corporate values.

In addition to BizTube, the internal video platform launched to help employees learn from one another to support the development process that starts with the individual, where rich and current contents are shared, the digital library BizRead launched in 2021 and the podcast platform BizCast continued to offer opportunities for Yapı Kredi employees to focus on their own development in 2023.

Since 2008 Yapı Kredi Banking Academy has been offering professional and personal development training to all employees, including employees of domestic and foreign subsidiaries, and half-time and full-time employees.

The Bank also provides its employees with the opportunity to access rich digital content that will contribute to their development through “My Digital Library”. The online training platform E-Academy enables employees to access distance training contents that they may need in order to support their development in both professional and legally compulsory matters as well as personal development. The platform is structured to contribute to the development needs of the employees in various areas, where they register in line with their preferences and wishes, and are entitled to a certificate by completing the training and exams. There are also online certificate programs within the same structure.

Yapı Kredi aims to identify and develop talents through various employer brands and internship programs before they are incorporated into the bank.

Yapı Kredi aims to identify and develop talents through various employer brands and internship programs before they are incorporated into the bank. By offering an end-to-end experience and career path to the talents gained, the Bank offer opportunities to employees to develop themselves in the right areas. For branch employees, Yapı Kredi offers technical trainings such as customer-focus, sales, products, risks, service model and credits, as well as personal development trainings focusing on the development of behavioral competencies under the main topics of effective communication, agility, endurance and innovation. For the Head Office employees, technical and personal development training programs are planned under topics that vary according to the needs of units. In 2023, all Yapı Kredi employees participated in synchronous and asynchronous training programs newly designed in parallel with Yapı Kredi's competencies.

With the contribution of leading consultants and academicians in the sector, 363 volunteer internal trainers design development programs for employees, university students and customers.

Yapı Kredi enters into cooperation with prestigious universities of the world, which include Turkey's leading universities to provide special opportunities to all employees for graduate studies and professional development programs while employee development is encouraged through special certification programs designed for Yapı Kredi employees with academic support. In 2023, an average of 33 hours of training per employee was organized.

EMPLOYEE DEVELOPMENT PROGRAMS

Directorate General
Specially designed technical and behavioral development opportunities are offered to support the professional development of Yapı Kredi Head Office teams.

My Leadership Journey Program
Designed for managers and prospective managers at any level, the program aims to create a sustainable leadership line and to train leaders that speak the same language across the Bank. As of 2023, a total of 1,663 Yapı Kredi employees participated in the program.

Personalized Development Coaching
Following their evaluation at the evaluation center, managers at any level and potential managers participate in personalized development programs which focus on their strengths and improvement areas and are designed in line with Yapı Kredi leadership principles and corporate principles. Under this initiative, 27 people participated in the Executive Coaching program and 25 managers participated in personalized leadership programs on different topics in 2023.

Employee development is encouraged through special certification programs designed for Yapı Kredi employees with academic support. In 2023, an average of 33 hours of training per employee was organized.

Koç Holding Training Programs
The programs include various trainings designed to gain experience in the areas of networking and cooperation between Koç Group employees, personal brand creation, agile leadership, understanding different industrial dynamics, artificial intelligence, innovative perspective and global perception. In 2023, Koç Holding training programs were offered to 129 employees and Koç University MBA and Executive MBA programs to 17 employees. Moreover, 15 employees participated in the Data Science Certificate program held in cooperation with Koç University. Under Lead trainings offered by Koç Academy in line with the philosophy of life-long development, Yapı Kredi enters collaborations with the world's best business schools and universities such as Harvard Business School, McKinsey, Udacity, Koç University, Columbia Business School, MIT and Oxford. In 2023, a total of 59 employees attended online development and overseas development programs under the collaborations with international business schools.

Assistant Inspector Program
The Assistant Inspector program is a new-graduate hiring program for the Internal Audit Department. In 2023, the program was offered to 8 employees.

Assistant Auditor Program
The Assistant Auditor program is a new-graduate hiring program for the Internal Control Unit. In 2023, the program was offered to 11 employees.

Management Trainee (MT) Program
The Management Trainee Program is a new-graduate hiring program for certain teams at the Head Office. In 2023, a total of 75 people attended the program for 1.5 months covering technical and competence trainings. Moreover, Management Trainees have additional opportunities such as pursuing a Master of Business Administration (MBA) degree with an education grant with varying coverage depending on certain criteria at Koç University.

DigiPro
Under the Digipro Internship Program, students experience business life with contents designed according to the different dynamics of the units at the Head Office and at Yapı Kredi's subsidiaries and find self-development opportunity with the comprehensive development program. In 2023, the program was offered to 41 students for 8 weeks

IT Trainee Program
Under this program launched for technology teams, 79 people participated in new graduate development programs in 2023. Training was provided on both technical issues and competencies during a two-month camp.

Field and Segment
Yapı Kredi offers development and certifications programs specifically designed to support the current development needs of Yapı Kredi employees in various branches and segments. In 2023, two different development journeys consisting of 21 different competencies and technical trainings were designed and implemented for 130 Corporate Banking employees under the Corporate Banking Development Journey and for 505 Commercial Banking employees under the Commercial Banking Development Journey. With the aim of spreading the leadership culture in the field, Yapı Kredi designed and launched a Champion Leaders program for 23 Regional Managers and a Segment Manager Development Program for 99 segment managers. The leadership power development workshop was launched with the participation of 200 Branch Managers. The workshops will be expanded to the remaining 600 Branch Managers.

In 2023, the intersegment transition training program was offered to 1,740 employees.

Şubeme Doğru Branch Manager Designation Program
In the new Şubeme Doğru Branch Manager Designation Program launched in 2023, candidates participated in the technical competence development camp after submitting their applications and passing the criteria control. In 2023, 600 Branch Manager candidates were involved in the program and 277 Yapı Kredi employees in the Şubeme Doğru Branch Manager Designation Program participated in the Evaluation Center Application in the Branch Manager elections.

My Career Journey
Under the program My Career Journey launched in 2019, branch employees can design their career paths from their first day at the Bank. In 2023, the intersegment transition training program was offered to 1,740 employees. My Career Journey training programs for all segments were reviewed and redesigned according to today's needs and development trends.

My Career Journey program introduced changes to the internal announcement process and promotion criteria for the Head Office employees. With the evaluation center designed for manager designation, participants attend a half-day program, and according to the result of the program, they either qualify as a prospective manager or participate in development programs. In 2023, under the Head Office Manager Evaluation Center Implementation, 120 Yapı Kredi employees were evaluated for manager positions.

Yapı Kredi Youth Development Program

The internship program invests in the development of Turkey's young talents by offering professional and personal development opportunity to junior and senior students at universities. In 2023, a 4-week development program was designed and implemented for 700 students.

Sales Trainee (ST) Program

Under the ST program, four main modules of technical, competency, on-the-job training and mentoring, were offered to 63 newly graduated Commercial Banking and Corporate Banking authorized candidates. In this program, new graduates start their careers with a development program for branch sales teams.

Bank and Subsidiaries

The Development Catalog consists of training programs covering the competencies expected of Yapı Kredi employees and is enriched with new headings each year. In 2023, six catalogs were designed for YK Technology, Head Office management and Branch employees, including employees and leaders. A total of 10,637 Yapı Kredi employees requested to participate in 36,796 trainings. There was a 247% increase in demands compared to the previous year.

Digital Competency Improvement Programs

Yapı Kredi launches a large number of programs for developing digital competencies. The Bank aims to contribute to the increase in the digital skills of the workforce with the programs and collaborations specially organized for 2023.Some of the programs organized to improve the digital competencies of employees were Blockchain, Metaverse, Koç University Data Science Certificate Program, Agile Trainings, Data Literacy Certificate Program, Digital Transformation and Technology Trends Transforming Banking, Digital Transformation in Banking and Fintech.

We Are Yapı Kredi Value Awards program received 70 stories from the employees, cherishing the values of the Bank in 2023.

LIFE AT YAPI KREDI

Yapı Kredi develops approaches and practices that focus on employee experience with the insights received from employees. Employee experiences and insights are collected with various activities from anthropologist evaluations in work areas to measuring satisfaction with experiences such as food and service, to field visits by Human Resources. The opinions and suggestions of the employees serve as a guide for Yapı Kredi while designing practices in every field, from career paths to performance management to physical and social elements of working life.
As part of the Special Day Experience, various special days of employees such as birthdays, birthdays of their children, seniority, etc. are celebrated. Employees are supported with activities that balance and integrate work and private life.

Launched to enable Yapı Kredi employees to embrace the Bank's values and to spread the culture of appreciation in the Bank, the We Are Yapı Kredi Value Awards program received 70 stories from the employees, cherishing the values of the Bank. The award-winning stories were celebrated with the participation of the entire staff of the Bank in a live-streamed award ceremony.

Allowing all Yapı Kredi employees to participate in social events, concerts, workshops under a single roof and at more favorable terms, with the privilege of being a member of the Yapı Kredi family, BizClub celebrated its 5th anniversary. Employees joining BizClub can take part in various events and activities including sports clubs, workshops and major cultural and artistic events in Turkey, and enjoy quality time together outside of work. In 2023, 10,235 BizClub members got together in a total of 200 events.

Yapı Kredi Sports Club has been active since 2007 to support employees in sports events and contests organized with the permission of the Ministry of Youth and Sports and sports federations, to assist employees in the preparation of and training for these activities, and to help them spend their free time by improving their physical and mental health.

With a total of 70 licensed athletes in the federated branches of sailing, tennis and swimming, and a total of 690 athletes across all branches, Yapı Kredi teams competed in Koç Group Sports Club joint tournaments and Turkey's leading corporate leagues, winning medals in a large number of branches. Outdoor activities such as trekking and hiking received great interest by the employees, and the athletes of the athletics team participated in running competitions on behalf of NGOs in the Istanbul Marathon.

Yapı Kredi adopted the "New Rhythm of the Future at Yapı Kredi" working model to focus on the insights received from employees, work activities and team interaction. To this end, employees work in four models determined by their duties, in a hybrid order, at the frequency required by their models. As of November 2023, the rate of employees working in these models is 92%, excluding branch employees. The New Rhythm of the Future at Yapı Kredi working model was deemed worthy of the Gold award in the category of "Achievement in Managing a Remote Workforce" at the 2023 Stevie Awards for Great Employers.

Moreover, the Bank employees are provided with mechanisms that will offer consultancy, guidance, training and support services if needed. Employees can direct their questions and requests on issues such as human resources practices and personal rights to career advisors and managers, and can also share them through the Ask HR channel. Possible complaints about employee rights violations, negative working conditions, intimidation, and faulty managerial attitudes that may occur in the working environment are forwarded to the Ethics Line under the Compliance, Internal Control and Risk Management.

According to the Employee Engagement Survey conducted in 2023, engagement score is 66%. In 2023, various new practices launched especially in the fringe benefits for employees.

EMPLOYEE ENGAGEMENT

The human capital of Yapı Kredi is the foundation of the Bank's success. Regular employee engagement surveys measure the needs and expectations of the employees. Yapı Kredi participates in these surveys conducted annually by Koç Holding. The results are shared with all management levels, especially senior management. The survey measures employees' loyalty to the Bank, analyzing their evaluations in identified focus areas. All results are used to design actions to support the Bank's Human Resources vision and goals, and action plans are reflected in scorecards at all levels. According to the Employee Engagement Survey conducted in 2023, engagement score is 66%. In 2023, various new practices launched especially in the fringe benefits for employees. In addition to these works, the Bank will launch projects that will have a positive impact on well-being of the employees in 2024.

PERFORMANCE MANAGEMENT

Yapı Kredi designs performance processes to manage and improve employee performance instead of evaluating the performance. The purpose of the performance management system is to improve individual performance, which in turn increases corporate performance.

GRI 2-30, GRI 401-2, GRI 407-1, GRI 3-3

For the Head Office and Subsidiaries, the technical performance of the employees started to be monitored using the new generation, agile and flexible OKR (Objectives and Key Results) methodology that can quickly adjust to the changing world. The OKR methodology defines 'Objectives' that denote the vision, are brief, recallable, inspiring and exciting, and 'Key Results' for achieving these objectives. For branch employees, on the other hand, technical performance continues to be monitored based on numeric targets. Under the performance management process, assessments are conducted in two dimensions: technical and development. Business outputs (what has been done) as well as actions (how it is done) are evaluated.

Another important step of the performance management system is the "dialogue", the feedback process. Development is placed in focus with structured feedback meetings where the employee and their manager meet five times a year. In dialogue meetings, multifaceted dialogues are constructed covering the past, present and the future in addition to an evaluation of the past performance. The performance management process promotes the adoption of feedback culture within the organization. Performance results generate input for all human resources processes such as talent management, training, development, promotion and rotation.

REMUNERATION AND FRINGE BENEFITS

Yapı Kredi Bank's remuneration approach is performance-based and is determined to be fair and compatible with the Bank's strategies by regularly monitoring market trends and practices. According to the new agreement with the Basisen Union in April 2023, the wage increase periods were determined as April and July for 2023 and January and July for 2024 and beyond.

As of December 31, 2023, TL 496,116 thousand was paid to the Bank's senior management (December 31, 2022 – TL 225,532 thousand).

In 2023, Yapı Kredi launched the Birthday Leave practice to support employees to spend their special days with their families.

In 2023, the "Our Achievements Recognition and Reward Program" was launched to offer agile rewards by instantly recognizing success. Thanks to this program, achievements, contributions and efforts that move the Bank forward and keep its values alive are instantly rewarded.

Moreover, Yapı Kredi offers various fringe benefits to its employees, such as health insurance, life insurance, employee support program, contributory private pension, distant working allowance and Koç Ailem (My Family) Card that provides advantages in a variety of services.

Under the Yapı Kredi Employee Support Program launched in 2010, the Bank offers a consultancy service to Yapı Kredi employees and families, which can be used 24/7 free-of-charge in matters related to health, education, psychology, legal, parenting, pet caring etc. In addition, the Bank concluded agreements various consultancy and health platforms to support the physical and mental health of employees. In 2023, Yapı Kredi launched the Birthday Leave practice to support employees to spend their special days with their families.

RIGHT TO COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

Yapı Kredi respects its employees' right to collective bargaining and freedom of association. To inform all employees about their union rights, Yapı Kredi communicates the articles of collective labor agreements via the Bank's communication channels and during the orientation training.

GRI 3-3, GRI 406-1

As of the end of 2023, 59% of the Bank's employees are union members. Collective labor agreements are signed biannually with the Banking, Finance and Insurance Workers Union (BASİSEN). The latest agreement signed covers the period from April 1, 2023 to December 31, 2024.

Moreover, the Employee Relations Advisory Board (ÇIDAK) established within Yapı Kredi aims to maintain labor peace between the Bank and union members, resolve any problems swiftly, and thus increase efficiency.

OCCUPATIONAL HEALTH AND SAFETY

Yapı Kredi considers one of its most important responsibilities providing its employees with a safe working environment and healthy working conditions. The Bank manages Occupational Health and Safety (OHS) with a comprehensive approach to prevent all kinds of accidents, casualties, and occupational diseases that may arise during work.

The standards in the OHS Policy constitute the fundamental element of this comprehensive approach. All employees are required to comply with the OHS Policy. Yapı Kredi prepares possible accident scenarios and takes measures before accidents happen. There are procedures in place for investigating work-related injuries, illnesses and incidents, which are implemented where necessary. The Bank organizes informative training programs and events on OHS with the participation of workplace physicians and OHS experts. Yapı Kredi applies OHS criteria in the contracts signed with contractors, thus monitoring the OHS performance of contractors. In 2023, employees received 8,523 hours of OHS training. Under OHS, field visits and controls are carried out with the participation of occupational safety experts, workplace physicians, managers of related units, and employee representatives.

At Yapı Kredi, OHS is managed with the involvement of senior management and employees. Matters related to OHS and potential risks are regularly reported to the senior management every year.

In 2023, employees received 8,523 hours of OHS training.

The Bank aims to continuously improve the OHS management system performance.

The OHS targets of the Bank include offering safe driving training to all employees who drive service shuttles, increasing security in these vehicles, following up the accident frequency rate and receiving ISO 45001 certification, and digitalizing the OHS processes. In addition, the Bank regularly monitors accident frequency rate, accident severity, number of occupational diseases, rate of occupational diseases, vehicle accident rate, sports accidents, total hours of OHS training, physical examinations and health screenings performed under OHS, near-misses and dangerous situation records. The Bank sets three- and five-year targets in line with the developments related to the indicators monitored.

DIVERSITY AND INCLUSION

Yapı Kredi believes that success is achieved only in a working environment where diversity is considered as richness. The Bank embraces an approach that takes a firm stand against all kinds of discrimination, including but not limited to discrimination on the basis of language, religion, gender, ethnicity, faith, and sexual orientation. Anyone who wants to report unacceptable behaviors violating this approach can do so via etik@yapikredi.com.tr by sending a letter or calling +90 212 339 73 53. Reporting can be conducted anonymously. The Ethics Unit reviews all notifications received via the whistleblowing channels, and the employee in question may receive disciplinary penalties including termination of employment contract depending on the nature of the incident. No cases of discrimination were detected at the Bank during the reporting period.

An advocate of gender equality in every field, Yapı Kredi was deemed worthy to be listed in the 2023 Bloomberg Gender Equality Index. With the reporting to the Index, the Bank outperformed sectoral, international and Turkey averages.

Working toward a balanced representation of women employees in all positions, the Bank also supports women with support programs designed for work-life balance. The Bank signed the Declaration on Equality at Work, established under the leadership of the Republic of Turkey Ministry of Family and Social Policies in collaboration with the World Economic Forum (WEF) to reduce gender inequality. The Bank is also a signatory of the Women's Empowerment Principles (WEPs) launched through a partnership between UN Women and UN Global Compact, to empower women in workplace, community and employment market. The Bank makes annual reporting in relation to WEPs.

Pioneering numerous initiatives on gender equality and women employment, Yapı Kredi earned the Equal Opportunities Certificate (FEM), a gender equality certification granted under the leadership of the Women Entrepreneurs Association of Turkey (KAGİDER) and developed under the technical assistance of the World Bank. With respect to the certification, the Bank successfully completed an independent assessment covering a number of aspects such as the management's approach to equal opportunities, egalitarian practices in hiring, performance and promotion processes, training opportunities, feedback and complaint mechanisms, and gender-sensitive communication. Moreover, Yapı Kredi has been the first organization that was digitally assessed and found successful for the certification.

In 2023, female labor force participation rate was 61.4% at Yapı Kredi. Yapı Kredi aims to ensure that the ratio of female employees is at least 50% in the coming years. In addition, the Bank is committed to increase the number of female members of the Board of Directors to reach 30% by 2026.

In 2023, female labor force participation rate was 61.4% and 62.5% of new hires were women at Yapı Kredi.

Aware of its responsibility stemming from its role as the flagbearer of gender equality in the sector, the Bank supports women's participation in economic life and pays attention to gender equality in hiring. In 2023, 62.5% of new hires were women. Yapı Kredi attaches great importance to women's participation in decision-making positions and to support future women leaders. In 2023, the ratio of women in managerial positions at Yapı Kredi was 61.6%. The Bank is also committed to increasing the rate of female employees working in STEM (Science, Technology, Engineering and Mathematics) positions to 40% by 2026.

EMPLOYEE VOLUNTEERING

Carrying out social responsibility projects that will benefit society in many areas such as education, environment, culture and arts, Yapı Kredi launched the Yapı Kredi Volunteers platform in 2019 to achieve sustainable development goals by providing volunteer human resources support. The main goal of the platform is to create an easy, transparent and safe environment for volunteers to be informed about all projects carried out with NGOs, to communicate with each other, to apply for existing projects and/or to create their own projects.

Under the Yapı Kredi Volunteers program, coordination is ensured among more than 40 units. The program aims to promote volunteerism and teamwork among employees.

The Yapı Kredi Search and Rescue Team (YAKUT), consisting of volunteers working at Yapı Kredi, is established with the mission of informing the Bank's employees about all emergencies and disasters, raising awareness about what to do especially before, during and after earthquakes, and participating in the search and rescue activities needed after the disaster. Human Resources is responsible for the management of YAKUT, which operates on a completely voluntary basis. Launched as an initiative after the Marmara Earthquake in 1999, YAKUT has been active in 6 regions (Istanbul, Izmir, Adana, Ankara, Antalya, Samsun), including the surrounding provinces, since 2009, and currently has 102 active members.

STRATEGIC TARGETS

In line with Yapı Kredi's mission of ensuring long-term sustainable growth, creating value for all stakeholders and becoming the first choice of customers and employees, Human Resources aims

- To be Turkey's leading institution in human resources,
- To train the best bankers in Turkey's banking sector,
- To organize training activities and events for the development of employees in line with the Bank's digitalization strategy,
- To support employees to discover and realize their potential while achieving the targets of the Bank, and to implement strategic workforce planning.

Under the Yapı Kredi Volunteers program, coordination is ensured among more than 40 units. The program aims to promote volunteerism and teamwork among employees.

Awards

Category / Ranking
Yapı Kredi - Foreign Trade Finance Sector Leader
Organization
Euromoney

Category / Ranking
Yapı Kredi - Best Banking Services
Organization
Euromoney

Category / Ranking
Yapı Kredi - Sustainability Yearbook 2023
Organization
S&P Global

Category / Ranking
Yapı Kredi Factoring - Best Factoring Company in Turkey
Organization
Global Banking & Finance Review

Category / Ranking
Yapı Kredi - Best Private Bank in Turkey
Organization
Global Banking & Finance Awards 2023

Category / Ranking
Yapı Kredi - Best Private Bank in Turkey
Organization
International Finance Awards

Category / Ranking
Yapı Kredi Volunteers - Employee & Internal Communication - Employee Participation Program
Organization
The Communicator Awards

Category / Ranking
Yapı Kredi - Best Private Bank for Digitally Empowering RMs in Central and Eastern Europe
Organization
Wealth Tech Awards 2023

Category / Ranking
Yapı Kredi Asset Management - Best Portfolio Management Company
Organization
Global Business and Finance Magazine Awards 2023

Category / Ranking
Yapı Kredi Asset Management - Best Portfolio Management Company
Organization
World Business Stars Magazine 2023

Category / Ranking
Yapı Kredi Asset Management - Best Portfolio Management Company Turkey
Organization
Finance Derivative Magazine

Category / Ranking
Yapı Kredi Asset Management - Best Pension Fund Management
Organization
Global Business Magazine

Category / Ranking
Yapı Kredi FRWRD - World's Best Innovation Labs 2023
Organization
Global Finance

Category / Ranking
Yapı Kredi - Top Innovators 2023 (Card Information Display with Augmented Reality)
Organization
Global Finance Magazine

Category / Ranking
Yapı Kredi - Best Digital Bank in Turkey
Organization
World's Best Digital Bank Awards 2023

Category / Ranking
Yapı Kredi - Best Digital Bank in Turkey in User Experience Design
Organization
World's Best Digital Bank Awards 2023

Category / Ranking
Yapı Kredi - Best Digital Bank in Turkey in Innovation and Transformation
Organization
World's Best Digital Bank Awards 2023

Category / Ranking
Yapı Kredi - Best Corporate Digital Bank in Turkey in Online User Experience Portal
Organization
World's Best Digital Bank Awards 2023

Category / Ranking
Yapı Kredi - Best Corporate Mobile Banking App in Turkey
Organization
World's Best Digital Bank Awards 2023

Category / Ranking
Yapı Kredi - Best Corporate Digital Bank in Europe in Online User Experience Portal
Organization
World's Best Digital Bank Awards 2023

Category / Ranking
Yapı Kredi Leasing - Best Employer
Organization
Kincentric Best Employers

Category / Ranking
Yapı Kredi Mobile - Experimental and Innovation (Gold Stevie)
Organization
Stevie Awards

Category / Ranking
Yapı Kredi Mobile - Financial Services/Banking (Silver Stevie)
Organization
Stevie Awards

Category / Ranking
Yapı Kredi Step - Social Responsibility and Sustainability (Gold Stevie)
Organization
Stevie Awards

Category / Ranking
Yapı Kredi Fast FRWRD - Most Innovative Company of the Year – More than 2,500 Employees (Bronze Stevie)

Organization
Stevie Awards

Category / Ranking
Yapı Kredi Invest - Company of the Year

Organization
The Globee Business Awards

Category / Ranking
Yapı Kredi - Cash Management Sector Leader

Organization
Euromoney

Category / Ranking
Yapı Kredi Step - Partnerships for Purpose Experiences

Organization
Felis Awards

Category / Ranking
Yapı Kredi Step - Partnerships for Purpose

Organization
Felis Awards

Category / Ranking
Yapı Kredi Step - Creative Brand Purpose Strategies

Organization
Felis Awards

Category / Ranking
Yapı Kredi - Finance (Commercial for retired)

Organization
Felis Awards

Category / Ranking
Yapı Kredi - Finance (Stock exchange terms)

Organization
Felis Awards

Category / Ranking
Yapı Kredi Mobile - Innovation

Organization
Innovation Awards for Financial Services

Category / Ranking
Yapı Kredi Step - Issue Communication and Awareness Campaigns

Organization
Felis Awards

Category / Ranking
Yapı Kredi Step - Social Responsibility

Organization
Felis Awards

Category / Ranking
Yapı Kredi Step - Finance

Organization
Felis Awards

Category / Ranking
Yapı Kredi Step - Pursuers of Goals – Environmental Benefit

Organization
Felis Awards

Category / Ranking
Yapı Kredi Private Pension System - Finance

Organization
Felis Awards

Category / Ranking
Yapı Kredi Private Pension System - Traditional Outdoor Works

Organization
Felis Awards

Yapı Kredi
Advocate for Animal Welfare!

WORKING TO SUPPORT ALL LIVING THINGS, YAPI KREDI MEETS THE FOOD, DRINK, SHELTER AND HEALTH NEEDS OF CATS AND DOGS AT TWO SHELTERS ESTABLISHED AT THE BANKING BASE. YAPI KREDI VOLUNTEERS SUPPORT THE NEEDS OF FRIENDS WITH PAWS BY VISITING SHELTERS THROUGHOUT THE YEAR. VOLUNTEERS DONATED FOOD TO THE KURTARAN EV ASSOCIATION ON BEHALF OF THEIR COLLEAGUES IN THE PROJECT LAUNCHED IN 2023 VIA KOÇHUB WITH THE HASHTAG #ONLARBIZEEMANET.

159
packs of food donated

YAPI KREDİ Gönüllüleri

Yapı Kredi Volunteers visited our friends with paws at Izmir Uzundere Animal Health Center

Support Services

Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. provides printing services for 62 million credit cards and customer account statements per year.

Tepe Savunma ve Güvenlik Sistemleri San. A.Ş. is responsible for physical security services with a total of 845 security guards:

741 armed security guards in branches, 86 armed security guards at the Head Office and Regional premises, and 18 unarmed security guards at Darıca Archive, Yeniköy Koru facilities, Samsun Communication Center, and Adıyaman, Hatay and Kahramanmaraş Call Center.

Securitas Güvenlik A.Ş. is commissioned to provide control and maintenance services for all technical and electronic security systems, including monitoring of the theft alarm system, CCTV and branch fire alarm systems. Control and maintenance of fire detection and extinguishing systems installed in the Head Office premises and the Main Vaults are rendered by Protek Mühendislik Ltd. Şti.

Filling, Maintenance and Malfunctions of Mobile Fire Extinguishers located in the Head Office and Branches are carried out by TPŞ Yangın Söndürme Cihazları A.Ş.

Moreover, Maintenance, Service/Malfunction and Repairs of X-Ray and Walk-Through Metal Detectors installed in the Head Office and Regional premises are carried out by Teknik Döküm Kaplama Malzemeleri ve San. Tic. A.Ş. And Agop Havucıyan X-Ray Güvenlik Sistemleri Merkezi San. Tic. Ltd. Şti

Card entry systems and card monitoring and controls are outsourced to Cesa Elektronik Güvenlik Sistemleri San. Tic. Ltd. Şti.

Cash-in-transit support services and first line maintenance services for ATMs inside and outside branches are provided by Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. (Bantaş), Loomis Güvenlik Hizmetleri Ticaret A.Ş. (Loomis), and Desmer Güvenlik Hizmetleri Ticaret A.Ş. (Desmer).

Diebold Nixdorf Teknoloji A.Ş. and NCR Bilişim Sistemleri Ltd. Şti. provide second line maintenance services for ATMs installed inside and outside the branches.

2023 OVERVIEW

Physical and off-site technical security of Head Office/Regional premises, facilities and branches were ensured by taking the necessary controls and measures. The appointment of security guards were adequately planned and monitored. All security incidents were immediately intervened and necessary information and reporting activities were performed. Effective security services were provided at the locations by assigning security guards in emergency and extraordinary situations (earthquake, etc.) and carrying out works on electronic and physical security.

2024 GOALS

Yapı Kredi aims to ensure the physical and technical security of the Bank's premises, facilities, branches and ATMs, and to optimally manage the services by working in coordination with all teams.

Ordinary General Meeting Agenda

YAPI VE KREDİ BANKASI ANONİM ŞİRKETİ
29 MARCH 2024 ORDINARY GENERAL MEETING AGENDA

1. Opening and election of the Chairman of the Meeting,
2. Presentation of the Annual Activity Report of the Board of Directors, Financial Statements and Summary of Report of External Auditors related to 2023 and consideration and approval of Annual Activity Report and Financial Statements for 2023,
3. Clearing of members of the Board of Directors of liability related to activities of the Bank during 2023,
4. Approval of transactions regarding liquidation by sale of some Bank receivables that are being followed up on Non-Performing Loan accounts and to clear Board members regarding these transactions,
5. Provided that the necessary legal permissions have been obtained, Approval, approval with amendments or rejection of the proposal of the Board of Directors regarding to amendment to the article 6th (titled "Capital") and to the article 4th (titled "Head Office and Branches of the Bank") of the Articles of Association of our Bank,
6. Determining the number and the term of office of Board members, electing members of the Board of Directors and independent member of the Board of Directors,
7. Submitting according to Corporate Governance Principles the Remuneration Policy for the Members of Board of Directors and Senior Managers, and the payments made within the scope of the Policy to the shareholders' knowledge and approval of the same,
8. Determining the gross attendance fees for the Members of the Board of Directors,
9. Approval, approval with amendments or rejection of the proposal of the Board of Directors regarding the profit distribution date and Profit Distribution for 2023 created as per the Bank's dividend distribution policy,
10. Approval of transferring from extraordinary reserves to the special fund account in return for the revaluation fund resulting from the revaluation application within the scope of the duplicated article 298-ç of the Tax Procedure Law No. 213 and approval of the return of the revaluation increase fund to the extraordinary reserve account in line with the duplicate articles 298-A and Provisional 33 of the Tax Procedure Law No. 213 and the Tax Procedure Law Circular No. 165 published in this context,
11. Submitting the share buyback decision taken by the Board of Directors and the transactions carried out within this scope to the information of the shareholders,
12. Approval of the Independent Audit Institution selected by the Board of Directors with the requirement of the Regulation issued by the Banking Regulation and Supervision Agency and the Turkish Commercial Code,
13. The donations and charities made by the Bank within the scope of the Donation and Sponsorship Policy in 2023 with the aim of social relief to the shareholders' knowledge and determining a ceiling amount for the donations to be made in 2024 in line with the Banking legislation and the regulations of the Capital Markets Board,
14. Informing the shareholders about the studies in 2023 within the scope of the Bank's transition plan to a low carbon economy,
15. Granting permission to the shareholders holding the management control, the members of the Board of Directors, the senior managers and their spouses and blood relatives and relatives by virtue of marriage up to second degree in accordance with Articles 395 and 396 of the Turkish Commercial Code and submitting the transactions carried out in this context during 2023 to the shareholders' knowledge in line with the Capital Markets Board Corporate Governance Communique,
16. Wishes and comments.

Board of Directors Report

Esteemed Shareholders,

We have proudly celebrated the centenary of the establishment of our Republic in 2023, which has been founded by Mustafa Kemal Atatürk and shall live forever. We wholeheartedly believe that the best way to celebrate the Republic is to work, produce and achieve the best. Aware of the importance of contribution to social development in addition to financial success, we trust in the power of solidarity and unity. We are deeply saddened by the earthquake disaster in February 2023. In solidarity and with the spirit of volunteerism, we have worked and will continue to work with all our strength to help our people recover and meet their urgent needs.

Yapı Kredi, one of the most well-established and strong institutions of the banking sector, completed 2023 with full of achievements thanks to its strong balance sheet structure, effectively managed asset-liability structure and prudent approach. Yapı Kredi achieved an increase of 57% in total assets amounting to TL 1.863 trillion, maintaining its customer-oriented, pioneering and innovative banking approach that brings responsible growth.

In 2023, Yapı Kredi displayed a strong performance in revenue generation, increasing its total revenues by 33%. Expenses increased by 106% annually, leading to a gross operating profit of TL 86.4 billion. Thus, the Bank achieved a net profit of TL 68,010 million in 2023 with the return on tangible equity increasing to 45%, the highest among peers for the fourth year in a row.

Yapı Kredi managed to maintain its fundamental indicators at a strong level, while maintaining its support to the economy. The Bank completed the year with a total liquidity coverage ratio of 160% and foreign currency liquidity coverage ratio of 505%. Without taking into account the contribution of temporary regulatory forbearances announced by the BRSA in 2020, the Bank's consolidated capital adequacy ratio stood at 16.9% driven by the high internal capital generation, while the Tier I capital ratio was realized as 15.3%. These ratios are 492 basis points and 575 basis points above the regulatory limits, respectively. On the asset quality side, thanks to its prudent approach, Yapı Kredi maintained its position as the bank with the most provisions set aside for loans. Thus, as of the end of 2023, Yapı Kredi maintained its position among the leading banks of the sector, keeping its strong liquidity level and its capital adequacy, which were well above the legal limits.

On the international funding side, Yapı Kredi continued to diversify its funding sources in 2023, and secured funds worth approximately USD 4.09 billion through products such as syndication, securitization, bond issuance and bilateral loans. In 2023, the Bank completed two syndicated loans. In the first half of 2023, Yapı Kredi successfully completed a syndicated loan of USD 580 million with the participation of 35 banks from 21 countries, This loan, which is the first social syndication loan of the Bank, will be used to support the foreign trade transactions of customers in provinces affected by the earthquake.

In the second half, Yapı Kredi completed a syndicated loan of USD 755 million with the participation of 39 Yapı Kredi from 22 countries, This loan being compatible with sustainability criteria, will be used for foreign trade financing. This transaction also includes targets for increasing the loan volume given to businesses managed or owned by women and decarbonization strategies in the loan portfolio.

In short, more than 64% of around USD 4.09 billion of funding provided from abroad in 2023 consists of funding based on sustainability criteria. The total funding of the Bank, based on sustainability criteria, has reached approximately 37% of the total international funding.

In 2023, sustainability was once again one of the important items on Yapı Kredi's agenda. Yapı Kredi continues to grow in a sustainable manner in the targeted areas thanks to its strong capital structure, human-centered, innovative and limitless service approach and qualified human resources.

Believing that guiding and encouraging other sectors and businesses, the finance sector plays a very important role in managing environmental and social risks, Yapı Kredi assumes a leading role in ensuring sustainable transformation of our country. Integrating sustainability into all processes and procedures, the Bank devotes itself to combating the climate crisis, one of the most important items on the global agenda, and commits to increasing its support for the transition to a low-carbon economy with its products and services. Always developing projects to reduce greenhouse gas emissions resulting from both operational and lending activities in line with its commitment to the Science Based Targets Initiative (SBTi), Yapı Kredi became one of the signatories of the Net Zero Banking Alliance, established by the United Nations Environment Programme Finance Initiative (UNEP FI) in 2023, thus continuing to take steps to combat the global climate crisis. As a result of all these efforts, the Bank outperformed the global finance sector average by earning the A (Leadership) score in both Climate Change and Water Security programs of the Carbon Disclosure Project (CDP), the world's largest environmental reporting platform. Thus, Yapı Kredi became the only financial institution from Turkey to enter the Global A List.

Planning and designing its activities in line with the United Nations (UN) Global Compact and Sustainable Development Goals, the Bank continues to be ranked among the leading banks of the sector in the field of sustainability with a responsible financing approach. Launching projects on biodiversity loss, which is considered among the most important global risks and is of critical importance for the protection of ecosystems, Yapı Kredi, in 2023, became the first and only financial institution from Turkey to sign the Finance for Biodiversity Pledge, being a member of the Finance for Biodiversity Foundation. In addition, the Bank launched the Sustainable Preference Program (STEP), aiming to increase social sustainability awareness and help our customers prefer sustainable options.

Yapı Kredi always gives great importance to corporate governance, which was proved by the increase in Yapı Kredi's corporate governance rating from 9.70 out of 10 in 2022 to 9.72 in 2023 in line with the principles set by the Capital Markets Board.

Esteemed Shareholders,

While presenting our 2023 integrated annual report and financial statements for your opinion and approval, we, as the Board of Directors, would like to extend our thanks to you, our esteemed shareholders, for your belief in and support to Yapı Kredi.

On behalf of the Board of Directors,

Chairman
Ali Y. Koç

Audit Committee's Assessment on Internal Audit, Internal Control and Risk Management Systems

INTERNAL AUDIT

The Internal Audit Department is responsible for performing Internal Audit activities of Yapı Kredi with a team of 127 people with 117 people in the Bank and the remaining 10 in the subsidiaries. The Department directly reports to the Board of Directors via the Audit Committee.

Yapı Kredi's internal audit function is realized with regular / spot branch audits, process audits, investigations, and follow-up audits. Audit reports are prepared for the risks identified during the audits. The reports are then submitted to the Senior Management. Moreover, the effectiveness and adequacy of management procedures and business processes are evaluated in view of risks.

Furthermore, in 2023, the Department issued a total of 11 unplanned network reports: 2additional analysis reports on Credit Guarantee Fund loans, 4 Central Audit Reports, 2 Consumer Loans Central Audit Reports, 1 Private Banking Centers Loans Central Audit Report, 1 Project Financing Portfolio Analysis Audit Report, and 1 Top 200 Customer Audit Report. In addition, there were 55 bank investigations or inquiries.

At Yapı Kredi, an Annual Audit Plan is prepared for ordinary branch and process audits, and is submitted to the Board of Directors for their review. The Annual Audit Plan is based on the meetings with the senior management organized to evaluate the risk priorities of each unit and to follow up the measures related to the previously-identified risks. Moreover, the internal audit reports are submitted by the Audit Committee to the Board of Directors at least four times a year.

In 2023, the Internal Audit Department continued the Management Assertion works requested by the Banking Regulation and Supervision Agency (BRSA). In this context, the Department audited the outsourced service companies in addition to banking processes and general information technology controls within the scope of the Management Assertion. The relevant results are submitted to the Board of Directors.

In addition to the training programs for currentemployees, the Bank offered trainings within the scope of the Internal Audit New Graduate program. Moreover, trainings via digital resources and field expertise trainings were offered to support the professional and personal development of the staff.

The 2024 Audit Plan prepared by the Internal Audit Department includes a total of 249 audits: 65 process and subsidiary audits to be conducted by Yapı Kredi Head Office teams, and 184 branch audits to be performed by the Branch Audit teams. In addition, audit teams in subsidiaries will carry out 37 on-site audits at subsidiaries.

BRANCH AUDITS	
Spot	94
Regular	91 (*)
TOTAL	185

(*) Follow-up audit were conducted simultaneously with the regular audits at 8 branches.

The 2024 Audit Plan also covers unplanned audit needs and investigations, audit projects on continuous improvement of practices, professional training, finding monitoring, reporting, methodology and administrative tasks.

AUDITS BY HEAD OFFICE TEAMS	
Head Office Process Audits	48
Head Office Management Assertions	4
Head Office Support Services	2
Central Subsidiaries	20
Subsidiaries Management Assertions	1
TOTAL	75

ON-SITE SUBSIDIARY AUDITS BY AUDITORS (DOMESTIC AND OVERSEAS)	
Process	36
Branch	8
Investigation / Inquiry	1
TOTAL	45

INTERNAL CONTROL

At Yapı Kredi, internal control activities are carried out by a team of 99 people, including subsidiaries, with 83 people working at the Bank. The internal control team reports to the Audit Committee. At Yapı Kredi branches, Head Office and financial subsidiaries, the team conducts regular control activities in line with the control standards and practices set forth by the BRSA and international institutions as well as with the internal risk assessments. The findings obtained from the activities are reported to the relevant units to ensure the performance of necessary improvements. The entire process is followed up until its completion.

Periodic reports on the internal control activities and the related results are submitted to the Audit Committee and Senior Management.

The "Internal Control Certificate Program" for the professional development of the auditors continues as planned.

In 2023, branch audits were conducted on-site or remotely. Throughout the year, the Branch On-Site Internal Control Team audited 202 branches. It is planned to audit 180 branches on-site in 2024. As part of the internal control activities, six subsidiaries of the Bank were audited in 2023. It is planned to audit seven subsidiaries in 2024.

In Internal Control management, processes and regulations are monitored with a risk-based approach methodology, and their effects on control activities are evaluated. The work of the digital transformation of internal control practices continues.

In 2024, controls will continue on issues that generally cause customer complaints and legal risks and that are related to information security. Moreover, there will be controls on the issues of "Environmental Management System and Sustainability", which are gaining importance throughout the world.

RISK MANAGEMENT

Risk management is carried out by 98 employees under the management of the Audit Committee to, on an individual and consolidated basis, measure, monitor, report and control the risks that the Bank may encounter, taking into account international legal regulations, and using methods in accordance with national legislation. The highest-ranked manager responsible for risk management is the Executive Vice Presedent for Compliance, Internal Control and Risk Management. Risk management consists of Credit Risk Strategy, Modeling and Reporting Group Directorate, Market Risk Directorate and Risk Validation Directorate.

Yapı Kredi ensures accurate and healthy strategic risk management through corporate functions and management committees. In this process, the Board of Directors establishes and monitors all necessary control mechanisms and processes in order to successfully implement targets and strategies.

Credit Risk

Credit risk refers to possible loss that the Bank may be exposed to due to the borrower's failure to timely fulfill its contractual obligations in part or in whole.

Under the credit risk management, Yapı Kredi aims to measure, mitigate and take necessary precautions against the credit risk by using efficient and smooth rating / scoring models, strategies and processes.

Internal rating models used for measuring credit risks are designed in accordance with the criteria set forth in the "Communiqué on Calculation of the Risk Weighted Exposure Amount for Credit Risk by Internal Ratings-Based Approaches" published by the Banking Regulation and Supervision Agency (BRSA). Following

Yapı Kredi ensures accurate and healthy strategic risk management through corporate functions and management committees.

the approval of the BRSA, the Bank, as of June 30, 2021, started to calculate capital adequacy ratios with the Internal Ratings-Based (IRB) approach using these internal rating models. With this development, Yapı Kredi became the first bank in Turkey to adopt the IRB approach.

Yapı Kredi uses the following primary strategies for Credit Risk:

- Effectively implement Lending Policies Guidelines to ensure the continuity of the existing common risk management understanding in place across the organization;
- Steer the credit portfolio to less risky sectors;
- Avoid excessive concentration in group risks;
- Strictly comply with existing regulatory restrictions focus on customers with better ratings;
- Avoid transaction that would lead to high credit risk and reputational risk,
- Manage country risk in line with the strategies, policies and implementation procedures established.

The Bank assesses investments in terms of their potentia environmental and social risks such as environmental, human rights, ethical, corruption, and similar risks in addition to the financial credit risks they entail. New investments and projects that will be financed are addressed within the scope of the Environmental and Social Risk Assessment System.

Operational Risk and Reputational Risk

Operational risk is defined as the risk of loss arising from errors, violations, interruptions or damages caused by internal processes, employees and systems or external events.

Updated in 2023, Yapı Kredi's Operational Risk Management Policy covers group-wide principles and standards regarding operational risk management structure; strategies concerning operational risk control, measurement and management system practices as well as the frequency, content and addressees of operational risk reports.

The Reputational Risk Management Policy published in 2013 to define the fundamental principles and procedures for controlling,measuring and mitigating reputational risks is updated annually in view of legal and internal standards. The Policy was last updated in 2023. The Policy focuses on reputational risk control system for establishing and maintaining effective reputational risk management; measuring, monitoring and reporting activities involved in defining and preventing reputational risks and restoring the Bank's reputation sensitive sectors and sectoral norms complying with lending policies; and relevant international standards.

TRANSACTIONS CARRIED OUT WITH THE RISK GROUP

Transactions with the risk group are carried out at arms length and under market conditions in compliance with the Banking Law.

In 2023, all related party transactions were undertaken within regulatory limits. Necessary explanations regarding transactions made by Yapı Kredi with related parties can be found in Section 5 Note 7 of the publicly announced Consolidated Financial Report as of 31 December 2023.

The Bank assesses investments in terms of their potentia environmental and social risks such as environmental,human rights, ethical, corruption, and similar risks in addition to the financial credit risks they entail.

2023 Financial Review

Based on the consolidated financial results dated 31 December 2023 drawn up according to the regulations by the Banking Regulation and Supervision Agency (BRSA), Yapı Kredi achieved a net income of TL 68,010 million and a return on average tangible equity of 45% in 2023. The Bank recorded an increase of 57% in total assets amounting to TL 1.863 trillion, maintaining the fourth place among private banks. Throughout 2023, Yapı Kredi continued to improve its contribution to the financing of the Turkish economy. The Bank increased its total cash and non-cash loans by 54% to TL 1.308 trillion.

In 2023, total cash loans grew by 52%, reaching TL 920 billion. As a result, Yapı Kredi achieved a market share of 15.3% in total cash loans among private banks. Moreover, TL loans rose by 57%, with the Bank gaining 16.8% market share among private banks. Thanks to its risk-oriented strategy of converting its balance sheet to TL, the Bank reduced its foreign currency loans in USD by 11%, resulting in a market share of 12.3% among private banks.

In 2023, customer deposits expanded by 55%, the deposit base amounting to TL 1.076 trillion. The Bank acquired 13.9% market share in customer deposits among private banks. Yapı Kredi focused on Turkish Lira conversion in deposits, as well, achieving a 64% increase in TL customer deposits. Thanks to its focus on small-ticket transactions and strong customer acquisition, the Bank's market share among private banks rose to 18.5%, with an annual growth of 42% in TL demand deposits. As a result, the share of demand deposits in total deposits increased to 42%.

Yapı Kredi continued to diversify its funding sources in international markets in 2023, and to raise funds from foreign markets through products such as syndication, securitization, bond issuance and bilateral loans. In 2023, Yapı Kredi secured funds worth more than USD 4.09 billion, including syndications, from overseas markets thanks to its strong international relationships and respected shareholding structure. As of the end of 2023, the Bank's FC liquidity coverage ratio was 505%, and loans to deposits ratio including TL bonds improved by 3 basis points to 82%.

In terms of revenue generation, despite the challenging competition, the Bank's core revenues increased by 20% to TL 111,938 million compared to 2022, thanks to profitable loan growth, effective margin management, and positive performance in net interest income and fees and commissions. In 2023, Yapı Kredi's cumulative net interest margin reached to 5.39%, generated a 142% increase in fee income. On the other hand, costs went up by 106% due to the Bank' s strategy of focusing on growth and people, as well as the rise in inflation. The main reasons behind the increase in costs were earthquake-related expenses, growth-related costs and investments in human resources.

In 2023, the Bank continued to build up its provisions through its prudent approach to asset quality. The Bank's total provisioning level, 4.4%, was the highest among its competitors. The ratio of non-performing loans decreased by 49 basis points to 2.9%. Moreover, thanks to the strong collection performance, the Bank's cost of credit risk was realized as 14 basis points, adjusted for the exchange rate.

GRI 201-1

As of the end of 2023, Yapı Kredi's consolidated capital adequacy ratio was 16.9%, excluding temporary regulatory arrangements, thanks to ongoing strong internal capital generation.

In 2023, the Bank paid TL 49.4 million in total administrative fines ruled by regulatory and supervisory authorities.

Yapı Kredi continued to diversify its funding sources in international markets in 2023, and to raise funds from foreign markets through products such as syndication, securitization, bond issuance and bilateral loans. In 2023, Yapı Kredi secured funds worth more than USD 4.09 billion, including syndications, from overseas markets thanks to its strong international relationship and respected shareholding structure.

Notes:
Sectoral and private bank market shares are calculated based on the BRSA monthly data as of December 2023 and BRSA weekly data as of 29 December 2023.
Sectoral data consists of deposit and development and investment banks, while private banks data are compiled from deposit/domestic private and deposit/foreign bank data.

GRI 201-1

Five-Year Summary Financials

	2019	2020	2021	2022	2023
Total Assets	411,195	486,490	780,821	1,184,267	1,863,373
Cash + Non-Cash Loans	318,938	382,698	564,066	850,314	1,308,136
Loans	229,373	281,822	403,149	606,523	919,508
Deposits	231,072	264,410	419,928	705,495	1,108,886
Shareholder's Equity	41,192	47,568	63,489	126,262	178,881
Net Income / (Loss)	3,600	5,080	10,490	52,745	68,010
Capital Adequancy Ratio (Group) [1,2]	16.7%	16.7%	15.0%	18.1%	16.9%
Capital Adequancy Ratio (Bank) [1,2]	17.8%	17.6%	16.0%	19.5%	18.1%
Number of Branches (Group)	880	867	835	832	812
Number of Branches (Bank)	846	835	804	801	780

(1) Including the temporary regulatory forbearances provided by the BRSA.
(2) 2020, 2021 and 2022 are given according to the Internal Ratings-Based (IRD) calculation method.

DIRECT ECONOMIC VALUE GENERATED (TL THOUSAND)	2019	2020	2021	2022	2023
Direct Economic Value Generated					
Income	19,615,615	24,046,928	32,250,489	110,134,489	144,686,607
Economic Value Distributed					
Operating Expenses	4,095,034	4,848,220	5,853,634	13,319,808	29,703,386
Employee Salaries and Fringe Benefits	3,149,323	3,576,234	4,433,204	9,097,079	16,777,259
Payments to Capital Providers (Dividend)[1]	0	500,000	1,000,000	-	7,911,000
Payments to the Government (Current Tax Provision)	1,623,617	3,111,457	3,257,106	20,149,630	9,370,801
Community Investments	28,400	45,500	51,100	178,378	1,047,930

(1) Regarding profit distribution, the authorized body of the Bank is the General Assembly and the annual general assembly meeting has not been held as of the date of preparation of these financial statements. Since the dividend distribution proposal for 2022 has not yet been prepared by the Board of Directors, the relevant cell is left blank in the profit distribution table.

Credit Ratings

FITCH RATINGS	RATING	OUTLOOK
Long Term Foreign Currency	B-	Stable
Long Term Local Currency	B	Stable
Short Term Foreign Currency	B	
Short Term Local Currency	B	
Viability Rating	b	
Government Support	ns	
National Long Term	A+(tur)	Stable
Senior Unsecured Debt	B-	

MOODY'S	RATING	OUTLOOK
Long Term Foreign Currency Deposit	B3	Positive
Long Term Local Currency Deposit	B3	Positive
Short Term Foreign Currency Deposit	Not Prime	
Short Term Local Currency Deposit	Not Prime	
National Scale Rating	Baa2.tr	
Senior Unsecured Debt	B3	Positive

As of March 7, 2024.

GRI 2-10, GRI 2-18, GRI 2-19, GRI 2-20, GRI 2-21, GRI 3-3

Declaration of Compliance with Corporate Governance Principles

Yapı Kredi strives to comply with the Corporate Governance Principles published by the Capital Markets Board (CMB) and focuses on continuous development in this area while carrying out its operations.

The mandatory principles within the scope of the Communique on Corporate Governance numbered II-17.1 which is currently in effect have been fully complied with and the non-mandatory principles have been mostly complied with. Despite full compliance with the non-mandatory Corporate Governance Principles is targeted, such full compliance has not been achieved yet due to reasons such as the practical challenges with some of the principles, the ongoing discussions both in our country and on the international platform in relation to compliance with some of the principles and the fact that some principles do not completely overlap with the existing structure of the market and the Bank. The principles that have not yet been implemented is worked on and it is planned that their practice will start after the completion of the administrative, legal and technical infrastructure work in a way to contribute to the efficient management of the Bank. Below in the relevant chapters are the explanations for Yapı Kredi's extensive efforts conducted within the framework of the Corporate Governance Principles and the principles that have not yet been complied with and the conflicts of interest, if any, arising from these.

Efforts for compliance with the Capital Markets Law which covered the regulations of the CMB on the Corporate Governance Principles and with the communiques issued on the basis of this law were among the main efforts in the field of Corporate Governance in 2023. The Board of Directors and the Committees of the Board of Directors of the Bank were formed in line with the regulations in the Communique on Corporate Governance. The Committees of the Board of Directors that are formed, continue with their activities efficiently. A remuneration policy was set for the Board of Directors and the senior management and employees and was submitted to the information of the shareholders at the Annual Shareholders' Meeting. Annual Shareholders' Meeting Disclosure Document containing the Annual Shareholders' Meeting information such as the shareholding structure, total number of shares and voting rights, the biographies of the candidates standing for membership to the Board of Directors and the Remuneration Policy was submitted to the information of the investors 3 weeks before the Annual Shareholders' Meeting. Furthermore, the Bank's corporate website and annual report were reviewed and the revisions required for full compliance with the principles were made. Work required for compliance with the principles will be carried out in the upcoming period by taking into consideration both the developments in the legislation and practice.

In clause 3 of article 6 of the Communique on Corporate Governance in relation to exemptions, it is stated that the number of independent Board members may be determined by the banks themselves on the condition that this number is not less than three and that the Board members who are appointed as an audit committee member within the bank’s organization for the Board of Directors shall be considered as independent Board members within the framework of this communique. The communique also states that the qualifications set forth in the Corporate Governance principle numbered 4.3.6 shall not be sought in audit committee members of banks and that the principles numbered 4.3.7 and 4.3.8 in relation to the election of these members shall not be applied. The same communique also provides that the qualifications set forth in the principle numbered 4.3.6 shall be required in any case in respect of the independent board members who will not be appointed in the audit committee, and for only one member in cases where all of the independent members of the board of directors are appointed in the audit committee and that the principles numbered 4.3.7 and 4.3.8 shall apply with regard to the election of this independent member or these independent members. In this framework, in 2023, Virma Sökmen was elected as an independent Board Member by the General Assembly having the qualifications set forth in principles numbered 4.3.7 and 4.3.8. Ahmet Çimenoğlu and Nevin İpek members of the Bank's Audit Committee are deemed independent members within the framework of this communiqué. Among the Corporate Governance Principles, following main principles which have not been compiled and not mandatory in accordance to communique have been specified below detailed information on this respect is provided in the relevant chapters below. There is no conflict of interest arising from non-compliance with the said principles.

In relation to principle numbered 1.3.10, a separate agenda item was included in the general assembly agenda for donations and the details of the high donations are explained in the general assembly information form. The remaining amount not detailed in the information form consists of various donations to various institutions and organizations, each less than 300 thousand TL, which are not considered important information for investors. Donations below this amount are not followed by our investors, and it is planned to continue making public disclosures with the significance limit to be determined according to the current conditions in the following years.

In relation to principle numbered 1.5.2, minority rights are not vested by the Articles of Association in shareholders holding less than one twentieth of the capital and rights are vested within the framework of the general regulations in the legislation and in line with general practices. No change is foreseen in the near future.

In relation to principle numbered 4.2.8, although Yapı Kredi Bank has Directors and Officers liability insurance, the amount is below the mentioned rate. Considering the high capitalof the bank, the current insurance amount is considered sufficient in terms of foreseeable risks and insurance limits are regularly reviewed. In the following periods, the amount of umbrella insurance may be increased if needed.

In relation to principle numbered 4.4.7, no limits are introduced for the Members of the Board of Directors preventing them from assuming duties outside the company due to the fact that their sectoral and business experience makes a significant contribution to the Board of Directors. CV of our board members are included in our annual report. Considering the effective work of the Board of Directors, no change is foreseen in the short term and current practice, which is considered not to create any negative situation in terms of corporate governance.

In relation to principle numbered 4.5.5, the appointment of the Members of the Board of Directors in committees is performed by taking into consideration their knowledge and experience and in line with the relevant legislation and some Members of the Board of Directors are appointed to more than one committee. However, those members who assume duties in more than one committee ensure communication and increase cooperation opportunities among committees that work in related matters. Considering the efficient work of the members of the Board of Directors with their knowledge and experience, the existing committees is evaulated effectively and there is no need for changes is foreseen in the near future.

In relation to principle numbered 4.6.5, remunerations made to the Members of the Board of Directors and to the executives with administrative responsibilities are collectively and publicly disclosed in the footnotes of the financial statements in line with the general practice. Market executions are closely monitored on an issue that is considered important for the privacy of personal information, it is foreseen to act in parallel with the common practice.

Yapı Kredi's corporate governance rating in the BIST Corporate Governance Index which the Bank joined back in 2008, started with 8.02 (over 10) was increased to 9.72 through the Corporate Governance Rating Report issued by SAHA Corporate Governance and Credit Rating Services Inc. and publicly disclosed by the Bank on December 28, 2023. The ratings in terms of main sections were set as 9.60 for Shareholders, 9.87 for Public Disclosure and Transparency, 9.95 for Stakeholders and 9.59 for the Board of Directors.

The 2023 Corporate Governance Compliance Report and Corporate Governance Information Form are included in the annual report (page 254 -275) prepared in accordance with CMB's decision dated 10.01.2019 and numbered 2/49 and approved by the Board of Directors of our Bank and the relevant documents can also be accessed from our Bank's corporate management page on the Public Disclosure Platform.

https://www.kap.org.tr/tr/cgif/4028e4a240f2ef4c01412ae6d6630538

Corporate Governance Compliance Report

COMPANY COMPLIANCE STATUS	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 -The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	No notification was made regarding such a transaction.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				A separate agenda item was included in the general assembly agenda for donations and the details of the high donations are explained in the general assembly information form. The remaining amount not detailed in the information form consists of various donations to various institutions and organizations, each less than 300 thousand TL, which are not considered important information for investors. Donations below this amount are not followed by our investors, and it is planned to continue making public disclosures with the significance limit to be determined according to the current conditions in the following years.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					

COMPANY COMPLIANCE STATUS	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.4. VOTING RIGHTS						
1.4.1-There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2-The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	There is no cross-ownership that provides a management control.
1.5. MINORITY RIGHTS						
1.5.1- The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2-The Articles of Association extend the use of minority rights to those who own less than one twenthieth of the outstanding shares, and expand the scope of the minority rights.			X			Minority rights are not vested by the Articles of Association in shareholders holding less than one twentieth of the capital and rights are vested within the framework of the general regulations in the legislation and in line with general practices. No change is foreseen in the near future.
1.6. DIVIDEND RIGHT						
1.6.1 -The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					

COMPANY COMPLIANCE STATUS

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1.-The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 -The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1-The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5-The company addresses conflicts of interest a mong stakeholders in a balanced manner.	X					

COMPANY COMPLIANCE STATUS

	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1-The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1- The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2-Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4-Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					

COMPANY COMPLIANCE STATUS	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2-Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1-The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					

COMPANY COMPLIANCE STATUS	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2-Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4-Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				Although Yapı Kredi Bank has Directors and Officers liability insurance, the amount is below the mentioned rate. Considering the high capitalof the bank, the current insurance amount is considered sufficient in terms of foreseeable risks and insurance limits are regularly reviewed. In the following periods, the amount of umbrella insurance may be increased if needed.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

COMPANY COMPLIANCE STATUS	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2-The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	Although there is a possibility to present an opinion, there has been no notification made by the board members who could not attend the meeting.
4.4.4-Each member of the board has one vote.	X					
4.4.5-The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				No limits are introduced for the Members of the Board of Directors preventing them from assuming duties outside the company due to the fact that their sectoral and business experience makes a significant contribution to the Board of Directors. CV of our board members are included in our annual report. Considering the effective work of the Board of Directors, no change is foreseen in the short term and current practice, which is considered not to create any negative situation in terms of corporate governance.
4.5. BOARD COMMITTEES						
4.5.5-Board members serve in only one of the Board's committees.			X			The appointment of the Members of the Board of Directors in committees is performed by taking into consideration their knowledge and experience and in line with the relevant legislation and some Members of the Board of Directors are appointed to more than one committee. However, those members who assume duties in more than one committee ensure communication and increase cooperation opportunities among committees that work in related matters. Considering the efficient work of the members of the Board of Directors with their knowledge and experience, the existing committees is evaluated effectively and there is no need for changes is foreseen in the near future.

COMPANY COMPLIANCE STATUS	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.					X	In accordance with the working principles of the committees, the committees may make use of the opinions of the independent experts/professionals, if needed. During the past year, no such request was brought up by the committees.
4.5.8-Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5-The individual remuneration of board members and executives is disclosed in the annual report.			X			Remunerations made to the Members of the Board of Directors and to the executives with administrative responsibilities are collectively and publicly disclosed in the footnotes of the financial statements and Ordinary General Assembly in line with the general practice. Market executions are closely monitored on an issue that is considered important for the privacy of personal information, it is foreseen to act in parallel with the common practice.

Corporate Governance Information Form

YAPI VE KREDİ BANKASI A.Ş. CORPORATE GOVERNANCE INFORMATION FORM 2023 - ANNUAL NOTIFICATION	
1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	Conferences: 14 (attended), Roadshow: 7 (attended), Webcasts: 4 (organized) Analyst Days: 1 (organized), Investor Meetings via teleconferences: around 350.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	-
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/1115708
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	It is presented.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such transaction.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	There is no such transaction.
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations/Corporate Governance/ Code of Ethics and Policies
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/920592
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 16
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	The General Assembly was held open to the public, including stakeholders and the media without the right to speak. In addition to shareholders, some bank employees attended the General Assembly meeting held in 2023.

YAPI VE KREDİ BANKASI A.Ş. CORPORATE GOVERNANCE INFORMATION FORM 2023 - ANNUAL NOTIFICATION	
1. SHAREHOLDERS	
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	None
The percentage of ownership of the largest shareholder	40.95%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association	None
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations / Corporate Governance / Shareholders' Meeting
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	Dividend has been distributed.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-

GENERAL ASSEMBLY MEETINGS

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
16.03.2023	0	78,24%	0,31%	77,93%	Investor Relations / Corporate Governance / Shareholders' Meeting	Investor Relations / Corporate Governance / Shareholders' Meeting	None	0	https://www.kap.org.tr/tr/Bildirim/1125711

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations, About Yapı Kredi, Corporate Governance, Shareholders' Meeting, We Are Here For You.
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Shareholding Structure: Investor Relations/ About Yapı Kredi/ Shareholding Structure
List of languages for which the website is available	Turkish and English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Board of Directors, Senior management, Independence Declarations
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Board of Directors and Committees
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Board of Directors and Committees
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Legal Disclosures
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Legal Disclosures
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Legal Disclosures
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Legal Disclosures
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Talented and committed employees, Social Contribution

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations/ Corporate Governance/Code of Ethics and Policies
The number of definitive convictions the company was subject to in relation to breach of employee rights	200
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Ethics, Anti-Corruption and Conflict of Interest Manager
The contact detail of the company alert mechanism.	0 212 339 7353 / 0 212 339 7330 / 0 212 339 6039 Etik@yapikredi.com.tr, CikarCatismasi@yapikredi.com.tr, YolsuzluklaMucadele@yapikredi.com.tr
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	Internal regulations are not publicly available or accessible.
Corporate bodies where employees are actually represented	There is an "Employee Relations Advisory Board" formed of representatives assigned by the Employer and the Union, which work to preserve labor peace and contribute to increasing productivity.
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	The backup plan in our Bank is made for all our top management, and appointments of General Manager and Assistant General Manager are carried out with the resolution of the Board of Directors.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	The Bank's Human Resources and Organization Management carries out its operations in line with the principle of non-discrimination on the basis of race, gender, nationality, age, religion, political affiliation and physical disability and being respectful of privacy and civil rights. Job descriptions, performance and rewarding criteria are announced to all employees. Also, the document regarding the code of conduct applied in the Bank is available on the corporate website.
Whether the company provides an employee stock ownership programme	(There isn't an employee stock ownership programme)
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	The Bank's Human Rights Statement on the corporate website guarantees employees in areas such as diversity, freedom of expression. Furthermore, all Bank employees are able to share any discomfort and complaints with regard to these matters, orally or in writing, to the code of conduct within the Compliance, Internal Control, Risk and to the Ethics, Fight Against Corruption and Conflict of Interest section.
The number of definitive convictions the company is subject to in relation to health and safety measures	2

3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations/ Corporate Governance/Code of Ethics and Policies
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Investor Relations/ Corporate Governance, Sustainability
Any measures combating any kind of corruption including embezzlement and bribery	The Bank's "Anti-Bribery and Anti-Corruption Policy" is included in the Investor Relations/Corporate Governance/Code of Ethics and Policies section of our website.

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	01.03.2024
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Yıldırım Ali Koç /Chairman, Levent Çakıroğlu / Vice Chairman, Gökhan Erün / Executive Director and CEO
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	11
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Audit Committee's Assessment on Internal Audit, Internal Control and Risk Management Systems
Name of the Chairman	Yıldırım Ali Koç
Name of the CEO	Gökhan Erün
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Investor Relations/ Corporate Governance/Code of Ethics and Policies
The number and ratio of female directors within the Board of Directors	2 (20%)

COMPOSITION OF BOARD OF DIRECTORS

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/ Or Finance Or Not
YILDIRIM ALİ KOÇ	Non-executive	Not independent director	31.03.2016				
LEVENT ÇAKIROĞLU	Non-executive	Not independent director	25.03.2015				
GÖKHAN ERÜN	Executive	Not independent director	15.01.2018				
AHMET FADIL ASHABOĞLU	Non-executive	Not independent director	28.09.2005				
AYKUT ÜMİT TAFTALI	Non-executive	Not independent director	31.03.2016				
AHMET ÇİMENOĞLU	Non-executive	Independent director	18.03.2019	Within the frame of article 6(3)a of the CMB's Corporate Governance Communiqué; As a member of the Audit Committee, he is considered an Independent Board Member.			Yes
NEVİN İPEK	Non-executive	Independent director	05.02.2020	Within the frame of article 6(3)a of the CMB's Corporate Governance Communiqué; As a member of the Audit Committee, she is considered an Independent Board Member.			Yes
VİRMA SÖKMEN	Non-executive	Independent director	18.03.2019	https://www.kap.org.tr/tr/Bildirim/1115708	Considered	No	Yes
POLAT ŞEN	Non-executive	Not independent director	23.03.2022				
KEMAL UZUN	Non-executive	Not independent director	23.03.2022				

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical or electronic board meetings in the reporting period	7
Director average attendance rate at board meetings	99%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	Principally a week ago.
The name of the section on the corporate website that demonstrates information about the board charter	Although there is an internal regulation on the subject (Yapı Kredi Board of Directors Working Principles), it is not a public document.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	No limits are introduced for the Members of the Board of Directors preventing them from assuming duties outside the company due to the fact that their sectoral and business experience makes a significant contribution to the Board of Directors.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented.	Board of Directors and Committees
Link(s) to the PDP announcement(s) with the board committee charters	Information on the working principles of the Board committees is available on the Bank's website.

COMPOSITION OF BOARD COMMITTEES-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee		Ahmet Çimenoğlu	Yes	Board member
Audit Committee		Nevin İmamoğlu İpek	No	Board member
Corporate Governance Committee		Virma Sökmen	Yes	Board member
Corporate Governance Committee		Nevin İmamoğlu İpek	No	Board member
Corporate Governance Committee		M. Erkan Özdemir	No	Not board member
Remuneration Committee		Y.Ali Koç	No	Board member
Remuneration Committee		Levent Çakıroğlu	No	Board member
Other	Credit Committee	Gökhan Erün	Yes	Board member
Other	Credit Committee	Ahmet Çimenoğlu	No	Board member
Other	Credit Committee	Virma Sökmen	No	Board member
Other	Credit Monitoring Committee	Levent Çakıroğlu	Yes	Board member
Other	Credit Monitoring Committee	Ahmet F. Ashaboğlu	No	Board member
Other	Credit Monitoring Committee	Ahmet Çimenoğlu	No	Board member
Other	Credit Monitoring Committee	Virma Sökmen	No	Board member
Other	Credit Monitoring Committee	Polat Şen	No	Board member
Other	Risk Committee	Levent Çakıroğlu	Yes	Board member
Other	Risk Committee	Gökhan Erün	No	Board member
Other	Risk Committee	Ahmet Çimenoğlu	No	Board member
Other	Risk Committee	Polat Şen	No	Board member
Other	Risk Committee	Kemal Uzun	No	Board member
Other	Executive Committee	Gökhan Erün	Yes	Board member
Other	Executive Committee	Demir Karaaslan	No	Not board member
Other	Executive Committee	M. Erkan Özdemir	No	Not board member
Other	Executive Committee	Serkan Ülgen	No	Not board member
Other	Executive Committee	Yakup Doğan	No	Not board member
Other	Executive Committee	A. Cahit Erdoğan	No	Not board member
Other	Executive Committee	Saruhan Yücel	No	Not board member
Other	Executive Committee	M. Erkan Akbulut	No	Not board member
Other	Executive Committee	Muharrem Kaan Şakul	No	Not board member
Other	Executive Committee	Uğur Gökhan Özdinç	No	Not board member
Other	Executive Committee	Özden Önaldı	No	Not board member

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Board of Directors; Audit Committee
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Board of Directors; Corporate Governance Committee
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	There is no Nomination Committee. The tasks related to this committee are provided by the Corporate Governance Committee. Annual Report: Board of Directors; Corporate Governance Committee
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Board of Directors; Risk CommitteeCommittee Members
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Board of Directors; Remuneration Committee
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Message from the Chairman, Message from the CEO, Report of the Board of Directors
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations/ Corporate Governance/Code of Ethics and Policies
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Talented and committed employees

COMPOSITION OF BOARD COMMITTEES-II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee		100%	100%	4	2
Corporate Governance Committee		67%	67%	2	1
Remuneration Committee		100%	0%	2	1
Other	Credit Committee	67%	67%	21	4
Other	Credit Monitoring Committee	100%	40%	1	-
Other	Risk Committee	80%	20%	6	-

Sustainability Principles Compliance Framework

	PRINCIPLES	COMPLIANCE STATUS Yes	No	Partial	Irrelevant	EXPLANATION	RELATED REPORT/LINKS
	A. GENERAL PRINCIPLES						
	A1. Strategies, Policies and Targets						
A1.1	Material environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the partnership's board of directors.	X				Yapı Kredi identified material ESG issues and related risks and opportunities through stakeholder analysis.	**2023 Integrated Annual Report:** Vision, Mission, Strategy, Values, page 30-31 Sustainability Management, page 74-77 Material Issues, page 97-99 Risk Management, page 104-117 Trends, Their Implication for the Sector and Yapı Kredi's Response, page 82-93
A1.1	ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been created and disclosed to the public by the Board of Directors of the corporation.	X				ESG policies approved by the Board of Directors have been shared with the public on the corporate website.	**Yapı Kredi Code of Ethics and Business Conduct:** https://www.yapikrediinvestorrelations.com/en/corporate-governance/detail/Code-of-Ethics-and-Policies/44/1916/0
A1.2	Short- and long-term targets set within the scope of ESG policies were disclosed to the public.	X					**2023 Integrated Annual Report:** Responsible and Sustainable Finance, page 122-127 Environmental Impact Management, page 128-135 Contribution to the Society, page 136-143 United Nations Principles of Responsible Banking Reporting Index, page 564-577
	A2. Implementation/Monitoring						
A2.1	The committees and/or units responsible for the implementation of ESG policies and the highest level officials in the partnership related to ESG issues and their duties have been identified and disclosed to the public.	X				The duties of the Yapı Kredi Sustainability Committee, Sustainability Unit and sustainability working groups responsible for the execution of ESG policies are disclosed to the public through the integrated annual report.	**2023 Integrated Annual Report:** Board of Directors and Committees, Sustainability Committee, page 58-69, 75-76 Sustainability Management, page 74-77
A2.1	Activities carried out within the scope of policies by the responsible committee and/or unit were reported to the board of directors at least once a year.	X				The Sustainability Committee, which meets four times a year to monitor and direct the developments in the field of sustainability, presents its activities to the Executive Committee and the Board of Directors on a regular basis every year.	**2023 Integrated Annual Report:** Board of Directors and Committees, Sustainability Committee, page 58-69, 75-76

	PRINCIPLES	COMPLIANCE STATUS: Yes	No	Partial	Irrelevant	EXPLANATION	RELATED REPORT/LINKS
	A. GENERAL PRINCIPLES						
	A2. Implementation/Monitoring						
A2.2	In line with the ESG targets, implementation and action plans were created and disclosed to the public.	X				Yapı Kredi aims to realize its short- and long-term goals in line with the action plans it has created, and shares these action plans with the public through its integrated annual report.	**2023 Integrated Annual Report:** Sustainability Management, page 74-77 Environmental Impact Management, page 128-135 Trends, Their Implication for the Sector and Yapı Kredi's Response, page 82-93 United Nations Principles of Responsible Banking Reporting Index, page 564-577
A2.3	The ESG Key Performance Indicators (KPI) and the level of reaching these indicators on a yearly basis were publicly disclosed.	X				Yapı Kredi publicly discloses the level of achievement of Key Performance Indicators, determined in line with its ESG targets every year through its integrated annual report.	**2023 Integrated Annual Report:** Environmental Impact Management, page 128-135 United Nations Principles of Responsible Banking Reporting Index, page 564-577
A2.4	Activities to improve the sustainability performance of business processes or products and services have been disclosed to the public.	X				Yapı Kredi carries out many activities that improve its sustainability performance, both with the sustainability approach it integrates into its own business processes and with the sustainable products and services it offers, and explains these through its integrated annual report.	**2023 Integrated Annual Report:** Sustainability Management, page 74-77 Responsible and Sustainable Finance, page 122-127 Environmental Impact Management, page 128-135
	A3. Reporting						
A3.1	In the annual reports, information regarding the sustainability performance, targets and actions of the partnership is given in an understandable, accurate and sufficient manner.	X				Since 2019, Yapı Kredi has been publishing information on its sustainability performance, targets and actions in an understandable and transparent manner in its integrated annual reports.	**2023 Integrated Annual Report:** Sustainability Management, page 74-77 Responsible and Sustainable Finance, page 122-127 Environmental Impact Management, page 128-135
A3.2	Information on which of its activities are related to the United Nations (UN) 2030 Sustainable Development Goals has been disclosed to the public by the partnership.	X				Within the scope of its sustainability strategy, Yapı Kredi takes the Sustainable Development Goals (SDGs) as a guide and associates those goals with its material issues.	**2023 Integrated Annual Report:** Material Issues, page 97-99
A3.3	Lawsuits filed and/or concluded against ESG issues, which are important in terms of ESG policies and/or will significantly affect activities, have been disclosed to the public.	X				There are no lawsuits filed against Yapı Kredi regarding ESG issues.	**2023 Integrated Annual Report:** Legal Explanations, page 286

	PRINCIPLES	COMPLIANCE STATUS: Yes	No	Partial	Irrelevant	EXPLANATION	RELATED REPORT/LINKS
	A. GENERAL PRINCIPLES						
	A4. Verification						
A4.1	The Partnership's ESG Key Performance metrics have been verified and publicly disclosed by an independent third party.	X					**22023 Integrated Annual Report:** Independent Assurance Statement
	B. Environmental Principles						
B1	The partnership has made public its policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs in the field of environmental management.	X				In order to systematically manage its environmental impacts, Yapı Kredi established the Environmental Management System (EMS) by certifying its headquarters buildings with ISO 14001 certification and continues to implement this system by extending it to its subsidiaries and branches.	**2023 Integrated Annual Report:** Environmental Impact Management, page 128-135
B2	The scope of the report, the reporting period, the reporting date, and the limitations regarding the reporting conditions were disclosed to the public regarding the environmental reports prepared in providing information on environmental management.	X					**2023 Integrated Annual Report:** About the Report, page 6 Reporting Guidance, page 582-595
B3	It is given in A2.1.	X					**2023 Integrated Annual Report:** Board of Directors and Committees, Sustainability Committee, page 58-69, 75-76 Sustainability Management, page 74-77
B4	Environmental targets included in the rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (such as members of the Board of Directors, managers and employees) have been disclosed to the public.	X				Environmental sustainability targets are included in the performance targets of Yapı Kredi's General Manager, Executive Vice Presidents and relevant sustainability employees. These targets are publicly disclosed in the 2023 CDP Climate Change and Water Security reports.	**2023 CDP Climate Change Report:** https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-climate-change-programme-response-2023.pdf **2023 CDP Water Security Report:** https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-water-security-programme-response-2023.pdf
B5	Integration of material environmental issues into business objectives and strategies has been publicly disclosed.					Yapı Kredi integrates the environmental issues, identified as material into its business targets and strategy that is declared through integrated annual report.	**2023 Integrated Annual Report:** Responsible and Sustainable Finance, page 122-127

	PRINCIPLES	COMPLIANCE STATUS Yes	No	Partial	Irrelevant	EXPLANATION	RELATED REPORT/LINKS
	B. Environmental Principles						
B6	It is given in A2.4.	X					**2023 Integrated Annual Report:** Sustainability Management, page 74-77 Responsible and Sustainable Finance, page 122-127 Environmental Impact Management, page 128-135
B7	It has been publicly disclosed how environmental issues are managed and integrated into business objectives and strategies throughout the partnership value chain, including the operational process, including suppliers and customers.	X					**2023 Integrated Annual Report:** Responsible and Sustainable Finance, page 122-127 Environmental Impact Management, page 128-135 **Yapı Kredi Responsible Procurement Policy:** https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf
B8	Whether relevant organizations and non-governmental organizations on the environment are involved in the policy-making processes and the collaborations with these institutions and organizations were disclosed to the public.	X				Yapı Kredi disclosed its collaborations with relevant national and international organizations on the environment in its integrated annual report.	**2023 Integrated Annual Report:** Stakeholder Relations, page 100-103
B9	Environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts) Information about the impacts of the company is disclosed to the public on a comparable basis periodically.	X				Yapı Kredi disclosed its environmental performance indicators to the public in the performance tables section of its integrated annual report, comparable to the previous three years.	**2023 Integrated Annual Report:** Environmental Impact Management, page 128-135 Performance Tables, page 558-563
B10	Details of the standard, protocol, methodology, and base year used to collect and calculate data have been made public.	X					**2023 Integrated Annual Report:** Reporting Guidance, page 582-595
B11	Compared to previous years, the increase or decrease of environmental indicators for the report year has been disclosed to the public.	X					**2023 Integrated Annual Report:** Performance Tables, page 558-563
B12	Short- and long-term targets have been determined to reduce their environmental impacts, and the progress of these targets and the targets determined in previous years has been disclosed to the public.	X				Yapı Kredi shared its short- and long-term targets and the progress of these targets with the public in its integrated annual report in order to reduce its environmental impacts within the scope of both operational and lending activities.	**2023 Integrated Annual Report:** Responsible and Sustainable Finance, page 122-127 Environmental Impact Management, page 128-135

	PRINCIPLES	COMPLIANCE STATUS Yes	No	Partial	Irrelevant	EXPLANATION	RELATED REPORT/LINKS
	B. Environmental Principles						
B13	A strategy to combat the climate crisis has been created and the planned actions have been publicly announced.	X				With a responsible and sustainable finance approach, Yapı Kredi has established its strategy in combating the climate crisis and accordingly announced the actions plans to the public through the integrated annual report and the CDP Climate Change report.	**2023 Integrated Annual Report:** Trends, Their Implication for the Sector and Yapı Kredi's Response – Climate Change, page 87-93 Responsible and Sustainable Finance, page 122-127 Environmental Impact Management, page 128-135 **2023 CDP Climate Change Report:** https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-climate-change-programme-response-2023.pdf
B14	Programs or procedures have been established and disclosed to the public in order to prevent or minimize the potential negative impact of products and/or services on the environment.	X				In order to identify, prevent or minimize the environmental and social risks of projects and investments to be financed by Yapı Kredi, the ESRA (Environmental and Social Risk Assessment) System has been implemented based on national legislation and International Finance Corporation (IFC) Environmental and Social Performance Standards since 2017. Details regarding the ESRA System are disclosed to the public in the integrated annual report and Yapı Kredi Environmental and Social Policy.	**2023 Integrated Annual Report:** Responsible and Sustainable Finance, page 122-127 Environmental Impact Management, page 128-135 Innovative Banking, page 144- 211 United Nations Principles of Responsible Banking Reporting Index, page 564-577 **Yapı Kredi Environmental And Social Policy:** https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_environmental_and_social_policy.pdf
	Actions have been taken to reduce greenhouse gas emissions of third parties (e.g. suppliers, subcontractors, dealers, etc.) and these actions have been disclosed to the public.	X				Yapı Kredi aims to act responsibly in purchasing processes and to extend the principle of creating sustainable value throughout the entire supply chain. In this context, it has been implementing the Responsible Procurement Policy since 2016.	**Yapı Kredi Responsible Procurement Policy:** https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf
B15	The environmental benefits/benefits and cost savings of initiatives and projects aimed at reducing environmental impacts have been disclosed to the public.	X					**2023 Integrated Annual Report:** Environmental Impact Management, page 128-135

	PRINCIPLES	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINKS
		Yes	No	Partial	Irrelevant		
	B. Environmental Principles						
B16	Energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) data are publicly disclosed as Scope-1 and Scope-2.	X					**2023 Integrated Annual Report:** Performance Tables, page 558-563
B17	Public disclosure was made about the electricity, heat, steam and cooling produced in the reporting year.	X					**2023 Integrated Annual Report:** Environmental Impact Management, page 128-135 Performance Tables, page 558-563
B18	Studies on increasing the use of renewable energy and the transition to zero or low carbon electricity have been made and publicly announced.	X				Yapı Kredi achieved its target of using 100% renewable energy in 2023 and provided 100% of its electricity consumption from renewable energy sources.	**2023 Integrated Annual Report:** Environmental Impact Management, page 128-135 Performance Tables, page 558-563
B19	Renewable energy production and usage data is publicly disclosed.	X					**2023 Integrated Annual Report:** Environmental Impact Management, page 128-135 Performance Tables, page 558-563
B20	Energy efficiency projects have been carried out and the amount of energy consumption and emission reduction achieved through energy efficiency projects has been disclosed to the public.	X					**2023 Integrated Annual Report:** Environmental Impact Management, page 128-135
B21	Water consumption, if any, amounts of water drawn, recycled and discharged from underground or above ground, its sources and procedures have been disclosed to the public.	X					**2023 Integrated Annual Report:** Performance Tables, page 558-563 **2023 CDP Water Security Report:** https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-water-security-programme-response-2023.pdf
B22	It has been publicly disclosed whether its operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).	X				Although Yapı Kredi's operational activities are not included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax), the Bank started to implement shadow carbon pricing in 2021.	**2023 CDP Climate Change Report:** https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-climate-change-programme-response-2023.pdf
B23	Information on carbon credits accumulated or purchased during the reporting period has been disclosed to the public.	X					**2023 Integrated Annual Report:** Environmental Impact Management, page 128-135

	PRINCIPLES	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINKS
		Yes	No	Partial	Irrelevant		
	B. Environmental Principles						
B24	If carbon pricing is applied within the partnership, the details are disclosed to the public.	X				Although Yapı Kredi's operational activities are not included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax), the Bank started to implement shadow carbon pricing in 2021.	**2023 CDP Climate Change Report:** https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-climate-change-programme-response-2023.pdf
B25	The platforms where the partnership discloses its environmental information are publicly disclosed.	X					**2023 Integrated Annual Report:** Responsible and Sustainable Finance, page 122-127 Environmental Impact Management, page 128-135 Performance Tables, page 558-563 **2023 CDP Climate Change Report:** https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-climate-change-programme-response-2023.pdf **2023 CDP Water Security Report:** https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-water-security-programme-response-2023.pdf
	C. Social Principles						
	C1. Human Rights and Employee Rights						
C1.1	The Corporate Human Rights and Employee Rights Policy has been established in a way to cover the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation, those responsible for the implementation of the policy have been determined and the policy and those responsible have been disclosed to the public.	X				Yapı Kredi Human Rights Statement has been implemented since 2016 and is shared publicly on the corporate website.	**2023 Integrated Annual Report:** Risk Management, - Human Rights Risks, page 117 Independent Assurance Statement **Yapı Kredi Human Rights Statement:** https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/yk_human_rights_statement.pdf
C1.2	Considering the effects of supply and value chain, fair workforce, improvement of labor standards, women's employment and inclusion issues (gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc., such as non-discrimination) are included in its policy on employee rights.	X					**2023 Integrated Annual Report:** Talented and Committed Employees , page 226-235 **Yapı Kredi Human Rights Statement:** https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/yk_human_rights_statement.pdf

	PRINCIPLES	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINKS
		Yes	No	Partial	Irrelevant		
	C. Social Principles						
	C1. Human Rights and Employee Rights						
C1.3	Measures taken along the value chain regarding the observance of certain economic, environmental, social factors (low-income groups, women, etc.) or minority rights/ equality of opportunity have been publicly disclosed.	X					**2023 Integrated Annual Report:** Risk Management, - Human Rights Risks, page 117 **Yapı Kredi Human Rights Statement:** https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/yk_human_rights_statement.pdf **Yapı Kredi Responsible Procurement Policy:** https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf
C1.4	Developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced and child labor were disclosed to the public.	X					**2023 Integrated Annual Report:** Risk Management, - Human Rights Risks, page 117 **Yapı Kredi Human Rights Statement:** https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/yk_human_rights_statement.pdf **Yapı Kredi Responsible Procurement Policy:** https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf
	Investment in employees (education, development policies), compensation, fringe benefits, right to unionize, work/life balance solutions and talent management are included in the employee rights policy.	X					**2023 Integrated Annual Report:** Talented and Committed Employees , page 226-235 **Yapı Kredi Human Rights Statement:** https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/yk_human_rights_statement.pdf
C1.5	Dispute resolution processes have been determined by establishing mechanisms for employee complaints and resolution of disputes.	X					**2023 Integrated Annual Report:** Ethics and Compliance, page 94-96 **Yapı Kredi Human Rights Statement:** https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/yk_human_rights_statement.pdf **Yapı Kredi Code of Ethics and Business Conduct:** https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2021/YKB_Code_of_Ethics_and_Business_Conduct.pdf **Yapı Kredi Whistleblowing Policy:** https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/Yapi_Kredi_Whistleblowing_Policy.pdf
	Activities carried out within the reported period to ensure employee satisfaction were disclosed to the public.	X					**2023 Integrated Annual Report:** Talented and Committed Employees , page 226-235 Performance Tables, page 558-563

	PRINCIPLES	COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINKS
		Yes	No	Partial	Irrelevant		
	C. Social Principles						
	C1. Human Rights and Employee Rights						
C1.6	Occupational health and safety policies have been established and disclosed to the public.	X					**Yapı Kredi Occupational Health And Safety Policy:** https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_occupational_health_and_safety_policy.pdf
	Measures taken to prevent occupational accidents and protect health and accident statistics have been disclosed to the public.	X					**2023 Integrated Annual Report:** Occupational Health And Safety, page 233 Performance Tables, page 558-563
C1.7	Personal data protection and data security policies have been established and disclosed to the public.	X					**Yapı Kredi Corporate Policy On Protection And Processing of Personal Data:** https://www.yapikrediinvestorrelations.com/en/images/pdf/ethical-principles-and-policies/Personal_Data_Protection_and_Processing_Policy-Corporate.pdf?v2 **2023 Integrated Annual Report:** Protection And Processing of Personal Data, page 223-225
C1.8	Ethics policy is established and disclosed to the public.	X					**2023 Integrated Annual Report:** Ethics and Compliance, page 94-96 **Yapı Kredi Code of Ethics and Business Conduct:** https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2021/YKB_Code_of_Ethics_and_Business_Conduct.pdf
C1.9	Explains its work on social investment, social responsibility, financial inclusion and access to finance.	X					**2023 Integrated Annual Report:** Contribution to the Society, page 136-143
C1.10	Information meetings and training programs were organized for employees on ESG policies and practices.	X					**2023 Integrated Annual Report:** Sustainability Management, page 74-77 Ethics and Compliance, page 94-96 Risk Management, page 104-117 Responsible and Sustainable Finance, page 122-127 Environmental Impact Management, page 128-135 Performance Tables, page 558-563

	PRINCIPLES	COMPLIANCE STATUS: Yes	No	Partial	Irrelevant	EXPLANATION	RELATED REPORT/LINKS
	C. Social Principles						
	C2. Stakeholders, International Standards and Initiatives						
C2.1	The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed to the public.	X					**2023 Integrated Annual Report:** Customer Experience, page 216-219 **Yapı Kredi Customer Satisfaction Policy:** https://www.yapikredi.com.tr/en/we-are-here-for-you/customer-satisfaction-approach
C2.2	Information about the communication with stakeholders (which stakeholder, subject and frequency) is publicly disclosed.	X					**2023 Integrated Annual Report:** Stakeholders Relations, page 100-103 **Stakeholders and Collaborations Statement:** https://www.yapikredi.com.tr/en/sustainability/our-sustainability-approach/stakeholders-and-collaborations
C2.3	International reporting standards adopted in reporting are explained.	X				Yapı Kredi is adopted international reporting standards such as, Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD).	**2023 Integrated Annual Report:** About the Report, page 6 Sustainability Management, page 74-77 GRI Content Index
C2.4	Principles adopted, signatory or member international organizations, committees and principles regarding sustainability have been disclosed to the public.	X				Yapı Kredi has been a signatory and supporter of principles related to sustainability, such as United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Responsible Banking Principles (UNPRB), International Capital Markets Association (ICMA) Green/Sustainable Bond Principles, Task Force on Climate-related Financial Disclosures (TCFD), Finance for Biodiversity Pledge, Net-Zero Banking Alliance (NZBA).	**2023 Integrated Annual Report:** Sustainability Management, page 74-77 Stakeholder Relations, page 100-103 Treasury Management, page 192-197 United Nations Principles of Responsible Banking Reporting Index, page 564-577 UN Global Compact and WEPs Reporting Index, page 580-581
C2.5	Improvements have been made and studies have been carried out in order to be included in the BIST Sustainability Indices and/or international index providers.	X				Yapı Kredi is included in the indices, such as BIST Sustainability Index, FTSE4Good, MSCI ESG Index, Bloomberg Gender Equality Index.	**2023 Integrated Annual Report:** Sustainability Management, page 74-77
	D. Corporate Governance Principles						
D1	Opinions of stakeholders were sought in the determination of measures and strategies in the field of sustainability.	X					**2023 Integrated Annual Report:** Corporate Governance Compliance Report, page 258-265 Corporate Governance Information Form, page 266-274
D2	Social responsibility projects, awareness activities and trainings have been carried out to raise awareness about the issue of sustainability and its importance.	X					**2023 Integrated Annual Report:** Sustainability Management, page 74-77 Contribution to the Society, page 136-143

Legal Disclosures

AFFILIATED COMPANY REPORT

According to Article 199 of the Turkish Commercial Code No.6102, which came into effect in July 2012, Yapı Kredi's Board of Directors are liable to prepare a report regarding relations with the controlling company and its affiliated companies and to indicate the conclusion part of mentioned report in its annual report. Necessary explanations regarding transactions made by Yapı Kredi with related parties can be found in Section five Note 7 of the publicly announced Consolidated Financial Report.

In the report prepared by Yapı Kredi's Board of Directors on 1 March 2024, it states; "It is concluded that in all transactions made by Yapı Kredi with the controlling company and the companies affiliated to the controlling company in 2023, according to situations and conditions known to us and prevailing at the time the related transaction was made or related measure were taken or refrained from being taken, an appropriate consideration for each transaction has been provided and there is no measure taken or refrained from being taken, which may cause the company to suffer losses and that in this context, there is no transaction or measure which may require balancing.

The information on amendments in the legislation which may significantly affect the activities of the corporation:

The Bank continues its activities within the framework of the Banking Law and the Banking Regulation and Supervision Agency regulations, and there were some changes in these regulations, but there were no legislative changes that significantly affected the activities.

The information on significant lawsuits filed against the corporation and the possible results thereof:

There is no significant lawsuits filed against the Bank.

The information on conflicts of interest with organizations with whom the Company obtains investment consultancy and rating services and measures taken by the Company to prevent such conflicts of interest:

There were no incidents that may cause any conflicts of interest with organizations with whom the Bank obtains investment consultancy and rating services.

Information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5% if any:

There is no cross-ownership.

Extraordinary General Assembly Meeting held during the year, if any:

An Extraordinary General Assembly meeting was not held during the year.

Independence Declaration

I hereby declare that I am candidate to serve as an "independent member" at the Board of Directors of Yapı ve Kredi Bankası A.Ş. (Company) in accordance with the criteria set forth in the legislation, articles of association and Corporate Governance Communiqué of the Capital Markets Board, and in this framework;

a) There is no employment relationship with respect to any executive position that covers important duties and responsibilities, no more than 5% of the capital or voting rights or preferential shares are held jointly or individually, or no significant commercial relationship has been established in the last five years between the Company, or partnerships over which the Company has management control or exercises substantial influence, or shareholders who hold the management control of, or who exercise significant influence on, the Company and the legal entities which hold the management control of such shareholders, and me, my spouse, my relatives by blood and marriage up to the second degree;
b) I have not been a shareholder (5% and above), worked in an executive position that included important duties and responsibilities, or served as a member of the board of directors in any company from which the Company has purchased or to which the Company has sold services or products to a significant extent during such periods when such services or products were purchased or sold in the framework of agreements regarding company audit (including tax audit, legal audit, internal audit), rating and consulting, within the last five years;
c) I have the professional education, knowledge and experience to carry out properly the duties that I shall undertake as an independent member of the board of directors;
ç) I shall not work on a full-time basis in any public entity and institution except as a lecturer after I am elected a member in accordance with the legislation;
d) I am considered to be a resident of Turkey in accordance with the Income Tax Code (ITC) dated 31/12/1960 and number 193;
e) I possess strong ethical standards, professional reputation and experience to make positive contributions to the Company's activities, to preserve my impartiality in any conflict of interest between the company and its shareholders, and to decide independently taking into account the interests of the beneficiaries;
f) I can spare time for the Company's affairs to such extent that I can follow up the operation of the Company activities and meet my obligations properly;
g) I have not served as a board member at the Company's board of directors for more than six years in the last ten years;
ğ) I have not been serving as an independent board member in more than three companies in which the Company or shareholders possessing the management control of the Company have the management control, and in total, in more than five companies that are traded on the stock exchange;
h) I have not been registered and announced in the name of a legal entity that has been elected as a member of the board of directors.

Virma Sökmen

Statement of Responsibility

STATEMENT OF RESPONSIBILITY SUBMITTED AS PER ARTICLE 9 OF COMMUNIQUE NO. II-14.1. ON PRINCIPLES REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS BY CAPITAL MARKETS BOARD

The Integrated activity report with for 2023 issued by the our Bank in accordance with the Turkish Commercial Code and "Communique No. II-14.1 on Principles regarding Financial Reporting in Capital Markets" of the Capital Markets Board ("Communique") and made subject to the independent audit by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., has been herein attached.

We hereby declare that, as per the CMB regulations, the Integrated activity report including Corporate Governance Compliance Report, Corporate Governance Information Form and CMB Sustainability Principles Compliance Report of the our Bank has been:

- reviewed by us,
- based on our knowledge within the scope of our duties and responsibilities in the our Bank, does not contain any misleading statements with regards to important matters or does not contain any missing information that would be intetpreted as misleading as of the date of statement,
- based on our knowledge within the scope of our duties and responsibilities in the our Bank, it fairly reflects the development and performance of the business and along with those within the scope of consolidation, the financial status as well as the significant risks and uncertainties faced with

and we assume liability fort his statement. (March 1, 2024)

Yours sinceraley,

GÖKHAN ERÜN
Executive Director and CEO

AHMET ÇİMENOĞLU
Chairperson of the Audit Committee

NEVİN İPEK
Audit Committee Member

DEMİR KARAASLAN
Assistant General Manager responsible for Financial Planning and Administration (CFO)

Dividend Distribution Policy

The Dividend Distribution Policy of the Bank, approved at the Ordinary General Assembly meeting held on March 20, 2018, is as follows: "Principles regarding the Bank's dividend distribution are set out in detail in the Bank's Articles of Association. In this respect, taking into consideration the Bank's growth targets as well as its financing requirements and the opinion of the Banking Regulation and Supervision Agency, the General Assembly is authorized to pass resolutions on whether the dividend distribution shall be in cash or in the form of capital increase, whereupon bonus shares will be issued to shareholders or if part of the distribution shall be in cash and part in the form of capital increase. As per the Articles of Association, the General Assembly may decide to transfer a portion or all of the distributable profit to retained earnings or extraordinary reserves. It is expected to distribute dividend within a month following the General Assembly Meeting at the latest, and the General Assembly decides on the date of the dividend distribution.

In accordance with the Articles of Association of the Bank, the General Assembly may resolve to pay advances on profit share to shareholders as per the regulations of the Banking Regulation and Supervision Agency and the Capital Market Board and related laws and regulations. In case of interest and dividend payments are canceled for the debt securities which included in the calculation of equity issued in accordance with the Banking Regulation and Supervision Agency on the Equity of Banks, dividend payments may not be made to the shareholders in relation to the relevant year. It is envisaged that the Dividend Distribution Policy of the Bank will be set out in a way to ensure the realization of long-term growth plans. This Policy is subject to revision by the Board of Directors to be submitted for the approval of General Assembly whenever necessary, taking into consideration the domestic and international economic conditions and the projects and financial condition on the agenda.

Note On 2023 Net Profit

The proposal of the Board of Directors on how to evaluate the net period profit of the parent company amounting to TL 68,008,836,136,80 in the unconsolidated financial statements of the Bank prepared in accordance with the BRSA Regulations, and the Dividend Distribution Table for 2023 will be decided by our Board of Directors following the evaluation to be made by the BRSA, and disclosures required by the Public Disclosure Platform will be made.

CONVENIENCE TRANSLATION INTO ENGLISH OF

Independent Auditor's Report on the Board of Directors' Annual Report Originally Issued in Turkish

INDEPENDENT AUDITOR'S REPORT
ON THE BOARD OF DIRECTORS' ANNUAL REPORT

To the General Assembly of Yapı ve Kredi Bankası A.Ş.

1. Opinion

We have audited the annual report of Yapı ve Kredi Bankası A.Ş. (the "Bank") and its subsidiaries (collectively referred to as the "Group") for the 1 January 2023 - 31 December 2023 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's and Bank's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated and unconsolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the scope of "Regulation on Independent Audit" published on the Official Gazette No.29314 dated 2 April 2015. Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 2 February 2024 on the full set consolidated and unconsolidated financial statements for the 1 January 2023 - 31 December 2023 period..

4. Board of Director's Responsibility for the Annual Report

The Bank management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102, Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and "Regulation on Principles and Procedures Regarding Preparation and Promulgation of Annual Reports by Banks" published in Official Gazette No.26333 dated 1 November 2006 are as follows:

a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
b) to prepare the annual report to reflect the Bank's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Bank may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
c) to include the matters below in the annual report:
- events of particular importance that occurred in the Bank after the operating year,
- the Bank's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Banking Regulation and Supervision Agency, Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of article 397 of the TCC, Communique and "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015 provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated and unconsolidated financial statements of the Group and Bank with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSA. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated and unconsolidated financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM
Independet Auditor
Istanbul, 1 March 2024

Yapı Kredi
Advocate for Educational Support!

LAUNCHED IN 2006 WITH THE COLLABORATION BETWEEN YAPI KREDI AND THE EDUCATIONAL VOLUNTEERS FOUNDATION OF TURKEY, THE PROJECT "I READ, I PLAY" ENABLE ELEMENTARY STUDENTS, WHO DO NOT HAVE ACCESS TO MODERN EDUCATIONAL MEANS, TO BENEFIT FROM EXTRACURRICULAR EDUCATIONAL ACTIVITIES. THE TRAINING PROGRAM UNDER THE PROJECT WAS ALSO DIGITALIZED.

Reaching
4,875* children

501
Yapı Kredi Volunteers

* With the events offered online from July 2020 to the end of 2023

okuyorum oynuyorum

I Read I Play
| Educational Projects

Yapı ve Kredi Bankası A.Ş.

Publicly announced unconsolidated financial statements and related disclosures at December 31, 2023 together with independent auditor's report

(Convenience translation of publicly announced unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note 1. of Section three)

CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH
(See Note I of Section Three)
INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Yapı ve Kredi Bankası A.Ş.

A. Audit of the Unconsolidated Financial Statements

1. Opinion

We have audited the accompanying unconsolidated financial statements of Yapı ve Kredi Bankası A.Ş. (the "Bank"), which comprise the statement of unconsolidated balance sheet as at December 31, 2023, unconsolidated statements of profit and loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at December 31, 2023, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended 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 Board and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

2. Basis for Opinion

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements" section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the unconsolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

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

Key Audit Matters	***How the key audit matter was addressed in the audit***
Expected credit losses for loans The Bank has total expected credit losses for loans amounting to TL 39.819.927 thousand in respect to total loans amounting to TL 904.560.223 thousand which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at December 31, 2023. Explanations and notes related to expected credit losses for loans and receivables are presented in Section Three Part 7.3 and 8, Section Four Part 2, Section Four Part 3.3, Section Five Part 1.7 in the accompanying unconsolidated financial statements as at December 31, 2023. The Bank recognizes provision for impairment in accordance with "TFRS 9 Financial Instruments" ("TFRS 9") requirements and the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 numbered 29750. The Bank exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment.	With respect to stage classification of loans and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Bank within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles. We checked appropriateness of matters considered in methodology applied by the Bank with TFRS 9 for calculation of the provision amount through stage classification of loans. For forward looking assumptions made by the Bank's management in its expected credit losses calculations, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested model segmentation, lifetime probability of default model, exposure at default model, loss given default model and the approaches to reflecting reasonable and supportable forward looking expectations (including macroeconomic factors) with our financial risk experts. Our procedures also included the following: • Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used and results of validation studies.

Key Audit Matters	*How the key audit matter was addressed in the audit*
Expected credit losses for loans (Continued) To determine expected credit losses as of December 31, 2023 the Bank determines stage classification of loans by identifying significant increase in credit risk with quantitative and qualitative assessments disclosed in Section Three Part 8 in the accompanying unconsolidated financial statements and identification of default events disclosed in Section Four Part 2 in the accompanying unconsolidated financial statements. The Bank uses complex models that requires data to be derived from multiple systems, for determining significant increase in credit risk and calculation of TFRS 9 expected credit losses. These models contain judgement and estimations in regard to forward looking estimations, scenarios of macro-economic conditions and weighing of scenarios based on expert opinion. Information used in the individually or collectively assessment of expected credit loss such as historical loss experiences, current conditions and macroeconomic expectations should be supportable and appropriate. Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences, development and weighting of macro-economic scenarios; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.	• We have checked Probability of Default (PD) models used in determination of provisions for various credit portfolios with our financial risk experts by reperforming on a sample selection basis. • For a sample of exposures, we checked the accuracy of determining Exposure at Default, including the consideration of prepayments and repayments in the cash flows and the resultant arithmetical calculations. • We checked the calculation of the Loss Given Default (LGD) used by the Bank in the expected credit losses calculation methodologys, and tested collaterals, recovery and costs. • For a selected sample, we checked expected credit losses determined based on individual assessment per Bank's policy by means of supporting data and evaluated appropriateness via communications with management. • We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists. • We checked accuracy of resultant expected credit losses calculations. • To assess appropriateness of the Bank's determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample. • We evaluated the adequacy of the disclosures made in the unconsolidated financial statements regarding the provision for impairment of loans.

Key Audit Matters	*How the key audit matter was addressed in the audit*
Valuation of Pension Fund obligations The Bank has booked provision amounting to TL 10.027.806 thousand for Pension Fund Liabilities in the accompanying unconsolidated financial statements as at December 31, 2023. Explanations on Valuation of Pension Obligations are presented in the section five part 2.6.3 in the accompanying unconsolidated financial statements. As presented in Section Three Part 16.2, Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı (Pension Fund) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds whose members' rights to be transferred to the Social Security Institution (SSI). The President is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The calculation of the pension obligations requires significant judgement and technical expertise in choosing appropriate assumptions. Calculation of Pension Fund liabilities include estimates and uncertain assumptions such as transferrable benefits, discount rates, salary increases, economic and demographic assumptions. The Bank's management uses external actuaries for the purpose of valuations of Pension Fund obligations. During our audit, above mentioned significant judgement, assumption and estimates used in the calculations of Pension Fund obligations, uncertainty of the transfer date, technical interest rate determined in accordance with the law regulating the transfer conditions and significant impact of any differentiation in these assumptions taken into consideration, and this area is considered as key audit matter.	Within our audit we tested on a sample basis the accuracy of the retired and employee data supplied by the Bank management to the external actuary firm for the purpose of evaluation pension obligation. In addition, we verified the existence and values of the Pension Fund assets. We checked whether significant changes in actuarial assumptions used in calculation, employee benefits in the period, plan assets and liabilities, and whether significant changes in laws and regulations related to valuations exist. Through use of our actuarial specialist, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability. We evaluated the adequacy of the disclosures made in the unconsolidated financial statements of the Bank regarding the Pension Fund.

4. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

The Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

5. Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

1 No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to December 31, 2023 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.

2 In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of December 31, 2023. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM
Partner

Istanbul, 2 February 2024

Convenience translation of publicly announced unconsolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three

THE UNCONSOLIDATED YEAR END FINANCIAL REPORT OF YAPI VE KREDI BANKASI A.Ş. AS OF DECEMBER 31, 2023

Address	:Yapı Kredi Plaza D Blok Levent 34330 İstanbul
Telephone	: (0212) 339 70 00
Fax	: (0212) 339 60 00
Website	:www.yapikredi.com.tr
E-mail	:financialreports@yapikredi.com.tr

The unconsolidated financial report for the year end 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 BANK**
- **UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK**
- **EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD**
- **INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK**
- **EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**
- **OTHER EXPLANATIONS**
- **INDEPENDENT AUDITOR'S REPORT**

The accompanying unconsolidated financial statements for the year end and notes to these financial statements which are expressed, in **thousands of Turkish Lira** (unless otherwise stated), have been presented based on the accounting books of the Bank prepared in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations of these, and have been independently audited and are presented enclosed.

Y. Ali KOÇ	**Gökhan ERÜN**	**Demir KARAASLAN**	**Barış SAVUR**
Chairman of the Board of Directors	**Executive Director and CEO**	**Chief Financial Officer**	**Financial Reporting and Accounting Executive Vice President**

Dr. Ahmet ÇİMENOĞLU	**Nevin İPEK**
Chairman of the Audit Committee	**Member of the Audit Committee**

Contact information of the personnel in charge of the addressing of questions about this financial report:
Name-Surname / Title : Cengiz TİMUROĞLU / Balance Sheet Management and Financial Analysis Manager
Telephone : (0212) 339 77 67
Fax : (0212) 339 61 05

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section one - General Information

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

Yapı ve Kredi Bankası A.Ş. ("the Bank" or "Yapı Kredi"), 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. Explanations about the 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:

Bank's publicly traded shares are traded on the Borsa Istanbul ("BIST") since 1987. As of December 31, 2023, 38,83% of the shares of the Bank are publicly traded (December 31, 2022 - 32,03%). 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 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 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 Bank shares and became controlling shareholder.

In addition, as of February 6, 2020, UniCredit also announced the placement of an 11,93% shares in Bank to institutional investors. The transaction has been completed on February 13, 2020. As a result UCG held directly 20,00% of the 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 Bank publicly disclosed as of November 30, 2019. Accordingly, it has been announced that Koç Group used its right of first offer for the sale of the 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%.

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 December 31, 2023, the 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 ÇİMENOĞLU	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 ÇİMENOGLU	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

(1) As of October 9, 2023, Hakan Kaya was appointed as Chief Legal Officer due to resignation of Cemal Aybars Sanal, Assistant General Manager responsible for Legal Management, as of September 22, 2023.

(Yetkili İmza / Kaşe)

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(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 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 managed of Koç Group, and Temel Ticaret ve Yatırım A.Ş.

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

The Bank's activities summarized from the section 3 of the articles of association are as follows.

The 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 December 31, 2023, the Bank has 779 branches operating in Türkiye and 1 branch in overseas (December 31, 2022 - 800 branches operating in Türkiye, 1 branch in overseas).

As of December 31, 2023, the Bank has 15.009 employees (December 31, 2022 - 15.431 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 on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards, Banque de Commerce et de Placements SA, one of the associates of the Bank is consolidated through "Equity Method" in the 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.

(Yetkili İmza / Kaşe)

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Unconsolidated financial statements as of December 31, 2023 and 2022
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section two - Unconsolidated financial statements

1. Balance sheet (Statement of Financial Position)

				Current Period (31/12/2023)			Prior Period (31/12/2022)	
	ASSET	Note (Section five)	TL	FC	Total	TL	FC	Total
I.	**FINANCIAL ASSETS (Net)**		**179.150.720**	**230.802.592**	**409.953.312**	**113.049.467**	**156.734.130**	**269.783.597**
1.1	**Cash and Cash Equivalents**	**1.1**	**101.805.495**	**188.356.490**	**290.161.985**	**42.404.472**	**129.912.724**	**172.317.196**
1.1.1	Cash and Balances with Central Bank		102.042.410	161.231.559	263.273.969	35.736.034	108.160.096	143.896.130
1.1.2	Banks	1.4.1	1.121	27.600.861	27.601.982	4.303.372	22.102.594	26.405.966
1.1.3	Money Markets	1.4.3	-	-	-	2.461.599	-	2.461.599
1.1.4	Provisions for Expected Losses (-)		238.036	475.930	713.966	96.533	349.966	446.499
1.2	**Financial Assets Measured at Fair Value Through Profit Or Loss**	**1.2**	**54.376**	**3.039.269**	**3.093.645**	**31.895**	**1.533.562**	**1.565.457**
1.2.1	Government debt securities		-	718.268	718.268	-	365.229	365.229
1.2.2	Share certificates		-	-	-	-	-	-
1.2.3	Other financial assets		54.376	2.321.001	2.375.377	31.895	1.168.333	1.200.228
1.3	**Financial Assets Measured at Fair Value Through Other Comprehensive Income**	**1.5,1.6**	**66.006.617**	**29.386.540**	**95.393.157**	**60.355.860**	**16.987.893**	**77.343.753**
1.3.1	Government debt securities		65.889.312	29.376.349	95.265.661	58.487.789	16.981.656	75.469.445
1.3.2	Share certificates		115.685	10.191	125.876	100.138	6.237	106.375
1.3.3	Other financial assets		1.620	-	1.620	1.767.933	-	1.767.933
1.4	**Derivative Financial Assets**	**1.3**	**11.284.232**	**10.020.293**	**21.304.525**	**10.257.240**	**8.299.951**	**18.557.191**
1.4.1	Derivative financial assets measured at fair value through profit or loss		9.426.325	6.557.377	15.983.702	6.599.170	4.600.024	11.199.194
1.4.2	Derivative financial assets measured at fair value through other comprehensive income		1.857.907	3.462.916	5.320.823	3.658.070	3.699.927	7.357.997
II.	**FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)**		**845.540.310**	**323.819.480**	**1.169.359.790**	**506.887.704**	**226.465.024**	**733.352.728**
2.1	**Loans**	**1.7**	**676.038.221**	**227.547.471**	**903.585.692**	**432.703.419**	**171.737.805**	**604.441.224**
2.2	**Receivables From Leasing Transactions (Net)**	**1.12**	-	-	-	-	-	-
2.3	**Factoring Receivables**		**961.469**	**13.062**	**974.531**	**1.671.378**	**1.725**	**1.673.103**
2.4	**Financial Assets Measured at Amortised Cost**	**1.8**	**199.363.011**	**105.971.483**	**305.334.494**	**96.448.465**	**66.852.133**	**163.300.598**
2.4.1	Government debt securities		195.162.658	105.971.483	301.134.141	96.117.661	66.852.133	162.969.794
2.4.2	Other financial assets		4.200.353	-	4.200.353	330.804	-	330.804
2.5	**Provisions for Expected Losses (-)**		**30.822.391**	**9.712.536**	**40.534.927**	**23.935.558**	**12.126.639**	**36.062.197**
III.	**ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	**1.17**	**1.026.089**	**-**	**1.026.089**	**1.035.873**	**-**	**1.035.873**
3.1	Held for Sale Purposes		1.026.089	-	1.026.089	1.035.873	-	1.035.873
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES**		**12.521.850**	**25.245.077**	**37.766.927**	**7.559.181**	**13.289.276**	**20.848.457**
4.1	**Investments in Associates (net)**	**1.9**	**38.446**	**6.170.284**	**6.208.730**	**38.446**	**2.871.962**	**2.910.408**
4.1.1	Consolidated based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated		38.446	6.170.284	6.208.730	38.446	2.871.962	2.910.408
4.2	**Subsidiaries (Net)**	**1.10**	**12.483.404**	**19.074.793**	**31.558.197**	**7.520.735**	**10.417.314**	**17.938.049**
4.2.1	Unconsolidated Financial Subsidiaries		12.451.088	19.074.793	31.525.881	7.488.419	10.417.314	17.905.733
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)**	**1.13**	**18.440.991**	**-**	**18.440.991**	**9.846.677**	**-**	**9.846.677**
VI.	**INTANGIBLE ASSETS [Net]**	**1.14**	**1.795.385**	**-**	**1.795.385**	**1.206.951**	**-**	**1.206.951**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		1.795.385	-	1.795.385	1.206.951	-	1.206.951
VII.	**INVESTMENT PROPERTY (Net)**	**1.15**	-	-	-	-	-	-
VIII.	**CURRENT TAX ASSETS**		-	-	-	-	-	-
IX.	**DEFERRED TAX ASSETS**	**1.16**	**8.665.381**	**-**	**8.665.381**	**5.146.976**	**-**	**5.146.976**
X.	**OTHER ASSETS (Net)**	**1.18**	**56.419.500**	**35.223.760**	**91.643.260**	**37.935.135**	**28.937.199**	**66.872.334**
	TOTAL ASSETS		**1.123.560.226**	**615.090.909**	**1.738.651.135**	**682.667.964**	**425.425.629**	**1.108.093.593**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Unconsolidated financial statements as of December 31, 2023 and 2022
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1. Balance sheet (Statement of Financial Position)

				Current Period (31/12/2023)			Prior Period (31/12/2022)	
	LIABILITIES	Note (Section five)	TL	FC	Total	TL	FC	Total
I.	**DEPOSITS**	**2.1**	**640.797.971**	**395.671.962**	**1.036.469.933**	**387.420.825**	**285.344.493**	**672.765.318**
II.	**BORROWINGS**	**2.3.1**	**1.821.423**	**138.485.710**	**140.307.133**	**1.777.296**	**68.271.124**	**70.048.420**
III.	**MONEY MARKETS**		**20.822.586**	**37.150.431**	**57.973.017**	**28.114.263**	**7.400.223**	**35.514.486**
IV.	**MARKETABLE SECURITIES ISSUED (Net)**	**2.3.4**	**7.458.755**	**70.242.909**	**77.701.664**	**8.072.854**	**32.467.470**	**40.540.324**
4.1	Bills		7.055.826	10.933.847	17.989.673	7.407.273	2.031.595	9.438.868
4.2	Asset backed Securities		-	-	-	-	-	-
4.3	Bonds		402.929	59.309.062	59.711.991	665.581	30.435.875	31.101.456
V.	**FUNDS**		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS**	**2.3.3.2**	**453.424**	**72.101.024**	**72.554.448**	**687.777**	**36.551.882**	**37.239.659**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**2.2**	**4.768.014**	**6.756.192**	**11.524.206**	**7.906.985**	**5.867.022**	**13.774.007**
7.1	Derivative liabilities measured at fair value through profit or loss		4.735.680	6.756.192	11.491.872	7.874.635	5.867.022	13.741.657
7.2	Derivative liabilities measured at fair value through other comprehensive income		32.334	-	32.334	32.350	-	32.350
VIII.	**FACTORING PAYABLES**		-	-	-	-	-	-
IX.	**LEASE PAYABLES (Net)**	**2.5**	**3.149.425**	**38.526**	**3.187.951**	**1.833.056**	**22.335**	**1.855.391**
X.	**PROVISIONS**	**2.6**	**19.051.252**	**2.013.397**	**21.064.649**	**9.883.862**	**1.200.279**	**11.084.141**
10.1	Provisions for Restructuring		-	-	-	-	-	-
10.2	Provisions for Employee Benefits	2.6.1	3.893.879	-	3.893.879	3.181.053	-	3.181.053
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions	2.6.3	15.157.373	2.013.397	17.170.770	6.702.809	1.200.279	7.903.088
XI.	**CURRENT TAX LIABILITIES**	**2.7**	**7.168.597**	**-**	**7.168.597**	**5.598.484**	**-**	**5.598.484**
XII.	**DEFERRED TAX LIABILITIES**		-	-	-	-	-	-
XIII.	**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**	**1.260.412**	**35.585.727**	**36.846.139**	**725.201**	**38.663.031**	**39.388.232**
14.1	Loans		-	-	-	-	16.059.998	16.059.998
14.2	Other Facilities		1.260.412	35.585.727	36.846.139	725.201	22.603.033	23.328.234
XV.	**OTHER LIABILITIES**	**2.4**	**78.017.044**	**16.984.813**	**95.001.857**	**44.251.681**	**9.777.060**	**54.028.741**
XVI.	**SHAREHOLDERS' EQUITY**	**2.10**	**154.715.703**	**24.135.838**	**178.851.541**	**112.577.247**	**13.679.143**	**126.256.390**
16.1	Paid in Capital		8.447.051	-	8.447.051	8.447.051	-	8.447.051
16.2	Capital Reserves		2.227.873	-	2.227.873	2.176.031	-	2.176.031
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		1.670.936	-	1.670.936	1.619.094	-	1.619.094
16.3	Other accumulated comprehensive income that will not be reclassified in profit or loss		3.370.866	558.682	3.929.548	2.735.650	438.666	3.174.316
16.4	Other accumulated comprehensive income that will be reclassified in profit or loss		(13.267.238)	23.577.156	10.309.918	5.342.905	13.240.477	18.583.382
16.5	Profit Reserves		85.928.315	-	85.928.315	41.130.921	-	41.130.921
16.5.1	Legal Reserves		2.496.040	-	2.496.040	1.747.175	-	1.747.175
16.5.2	Statutory Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		83.431.233	-	83.431.233	39.383.386	-	39.383.386
16.5.4	Other Profit Reserves		1.042	-	1.042	360	-	360
16.6	Profit or loss		68.008.836	-	68.008.836	52.744.689	-	52.744.689
16.6.1	Prior years' profits or losses		-	-	-	-	-	-
16.6.2	Current period net profit or loss		68.008.836	-	68.008.836	52.744.689	-	52.744.689
	TOTAL LIABILITIES		**939.484.606**	**799.166.529**	**1.738.651.135**	**608.849.531**	**499.244.062**	**1.108.093.593**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Unconsolidated financial statements as of December 31, 2023 and 2022
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2. Off-balance sheet commitments

			Current Period (31/12/2023)			Prior Period (31/12/2022)		
	Off-balance sheet commitments	Note (Section five)	TL	FC	Total	TL	FC	Total
A.	**Off-balance sheet commitments (I+II+III)**		**1.376.140.425**	**1.250.960.942**	**2.627.101.367**	**597.166.718**	**818.151.810**	**1.415.318.528**
I.	**Guarantees and warranties**	**3.1.2.1,2**	**178.712.756**	**207.759.902**	**386.472.658**	**99.977.185**	**143.571.286**	**243.548.471**
1.1.	Letters of guarantee	3.1.2.2	168.195.708	136.116.824	304.312.532	88.883.239	93.286.067	182.169.306
1.1.1.	Guarantees subject to state tender law		1.332.708	2.060.608	3.393.316	1.399.840	1.363.690	2.763.530
1.1.2.	Guarantees given for foreign trade operations		61.431.962	134.056.216	195.488.178	27.620.393	91.922.377	119.542.770
1.1.3.	Other letters of guarantee		105.431.038	-	105.431.038	59.863.006	-	59.863.006
1.2.	Bank acceptances		-	2.178.212	2.178.212	-	864.879	864.879
1.2.1.	Import letter of acceptance		-	2.178.212	2.178.212	-	864.879	864.879
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		1.257.810	50.540.695	51.798.505	327.114	31.836.907	32.164.021
1.3.1.	Documentary letters of credit		1.257.810	50.540.695	51.798.505	327.114	31.836.907	32.164.021
1.3.2.	Other letters of credit		-	-	-	-	-	-
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		-	-	-	-	-	-
1.8.	Other guarantees		9.259.238	14.616.454	23.875.692	10.766.832	9.553.300	20.320.132
1.9.	Other warranties		-	4.307.717	4.307.717	-	8.030.133	8.030.133
II.	**Commitments**		**769.222.726**	**94.092.928**	**863.315.654**	**240.615.994**	**67.851.130**	**308.467.124**
2.1.	Irrevocable commitments	3.1.1	745.298.795	50.977.243	796.276.038	223.708.638	36.562.938	260.271.576
2.1.1.	Asset purchase and sale commitments		24.291.833	48.351.915	72.643.748	1.733.733	33.384.992	35.118.725
2.1.2.	Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3.	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4.	Loan granting commitments		95.342.486	1.364.146	96.706.632	51.038.011	2.453.898	53.491.909
2.1.5.	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve requirements		-	-	-	-	-	-
2.1.7.	Commitments for checks payments		8.435.319	-	8.435.319	5.482.867	-	5.482.867
2.1.8.	Tax and fund liabilities from export commitments		600	-	600	449	-	449
2.1.9.	Commitments for credit card expenditure limits		512.438.126	-	512.438.126	136.756.258	-	136.756.258
2.1.10.	Commitments for credit cards and banking services promotions		75.249	-	75.249	43.402	-	43.402
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		104.715.182	1.261.182	105.976.364	28.653.918	724.048	29.377.966
2.2.	Revocable commitments		23.923.931	43.115.685	67.039.616	16.907.356	31.288.192	48.195.548
2.2.1.	Revocable loan granting commitments		23.923.931	43.115.685	67.039.616	16.907.356	31.288.192	48.195.548
2.2.2.	Other revocable commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**		**428.204.943**	**949.108.112**	**1.377.313.055**	**256.573.539**	**606.729.394**	**863.302.933**
3.1	Derivative financial instruments held for hedging		16.250.000	65.331.421	81.581.421	28.910.141	90.807.022	119.717.163
3.1.1	Fair value hedges		-	-	-	270.141	1.664.564	1.934.705
3.1.2	Cash flow hedges		16.250.000	65.331.421	81.581.421	28.640.000	89.142.458	117.782.458
3.1.3	Hedges for investments made in foreign countries		-	-	-	-	-	-
3.2	Trading transactions		411.954.943	883.776.691	1.295.731.634	227.663.398	515.922.372	743.585.770
3.2.1	Forward foreign currency purchase and sale transactions		19.883.186	22.919.861	42.803.047	13.499.192	16.483.400	29.982.592
3.2.1.1	Forward foreign currency purchase transactions		17.296.886	4.941.853	22.238.739	12.680.315	2.810.609	15.490.924
3.2.1.2	Forward foreign currency sale transactions		2.586.300	17.978.008	20.564.308	818.877	13.672.791	14.491.668
3.2.2	Currency and interest rate swaps		364.284.475	639.246.460	1.003.530.935	158.168.698	343.884.226	502.052.924
3.2.2.1	Currency swap purchase transactions		534.079	245.002.419	245.536.498	4.261.560	123.896.732	128.158.292
3.2.2.2	Currency swap sale transactions		205.686.396	51.342.693	257.029.089	101.574.138	28.084.472	129.658.610
3.2.2.3	Interest rate swap purchase transactions		79.032.000	171.450.674	250.482.674	26.166.500	95.951.511	122.118.011
3.2.2.4	Interest rate swap sale transactions		79.032.000	171.450.674	250.482.674	26.166.500	95.951.511	122.118.011
3.2.3	Currency, interest rate and securities options		11.839.558	16.047.066	27.886.624	47.884.306	63.887.163	111.771.469
3.2.3.1	Currency purchase options		8.616.333	3.264.989	11.881.322	47.748.901	5.573.894	53.322.795
3.2.3.2	Currency sale options		3.223.225	8.548.016	11.771.241	135.405	53.338.749	53.474.154
3.2.3.3	Interest rate purchase options		-	4.234.061	4.234.061	-	3.890.663	3.890.663
3.2.3.4	Interest rate sale options		-	-	-	-	1.083.857	1.083.857
3.2.3.5	Securities purchase options		-	-	-	-	-	-
3.2.3.6	Securities sale options		-	-	-	-	-	-
3.2.4	Currency futures		3.911.219	3.564.171	7.475.390	1.303.006	1.217.241	2.520.247
3.2.4.1	Currency purchase futures		1.600.319	2.207.453	3.807.772	1.015.119	229.092	1.244.211
3.2.4.2	Currency sale futures		2.310.900	1.356.718	3.667.618	287.887	988.149	1.276.036
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		12.036.505	201.999.133	214.035.638	6.808.196	90.450.342	97.258.538
B.	**CUSTODY AND PLEDGED SECURITIES (IV+V+VI)**		**2.402.641.885**	**506.497.562**	**2.909.139.447**	**1.527.568.753**	**574.076.786**	**2.101.645.539**
IV.	**ITEMS HELD IN CUSTODY**		**767.685.458**	**102.656.632**	**870.342.090**	**243.750.531**	**51.442.664**	**295.193.195**
4.1.	Assets under management		639.837.516	50.839.161	690.676.677	170.680.657	19.001.079	189.681.736
4.2.	Securities held in custody		3.304.905	49.925.740	53.230.645	3.939.170	31.490.427	35.429.597
4.3.	Checks received for collection		101.100.334	62.311	101.162.645	54.907.660	85.875	54.993.535
4.4.	Commercial notes received for collection		23.384.559	1.390.993	24.775.552	14.164.900	594.929	14.759.829
4.5.	Other assets received for collection		-	349.289	349.289	-	215.011	215.011
4.6.	Securities received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		58.144	89.138	147.282	58.144	55.343	113.487
4.8.	Custodians		-	-	-	-	-	-
V.	**PLEDGED ITEMS**		**1.594.272.909**	**326.415.763**	**1.920.688.672**	**1.236.921.247**	**215.430.491**	**1.452.351.738**
5.1.	Marketable securities		133.979.206	832.813	134.812.019	134.030.581	527.277	134.557.858
5.2.	Guarantee notes		22.539.349	2.964.301	25.503.650	21.997.777	1.760.582	23.758.359
5.3.	Commodity		5.864	-	5.864	5.912	-	5.912
5.4.	Warrant		-	-	-	-	-	-
5.5.	Immovables		756.332.461	484.579	756.817.040	471.940.839	306.501	472.247.340
5.6.	Other pledged items		681.416.029	322.081.426	1.003.497.455	608.946.138	212.802.809	821.748.947
5.7.	Depositories receiving pledged items		-	52.644	52.644	-	33.322	33.322
VI.	**ACCEPTED GUARANTEES AND WARRANTEES**		**40.683.518**	**77.425.167**	**118.108.685**	**46.896.975**	**307.203.631**	**354.100.606**
	TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		**3.778.782.310**	**1.757.458.504**	**5.536.240.814**	**2.124.735.471**	**1.392.228.596**	**3.516.964.067**

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Unconsolidated financial statements as of December 31, 2023 and 2022
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3. Statements of Profit or Loss

	Income and expense items	Note (Section five)	Current Period (01/01/2023-31/12/2023)	Prior Period (01/01/2022-31/12/2022)
I.	**INTEREST INCOME**	**4.1**	**219.022.382**	**128.151.971**
1.1	Interest on Loans	4.1.1	130.708.507	68.461.393
1.2	Interest Received from Reserve Deposits		56.141	255.955
1.3	Interest Received from Banks	4.1.2	3.274.302	984.094
1.4	Interest Received from Money Market Transactions		441.109	159.474
1.5	Interest Received from Marketable Securities Portfolio	4.1.3	84.105.821	58.036.950
1.5.1	Financial Assets Measured at Fair Value Through Profit or Loss		126.273	52.715
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		22.992.022	19.191.840
1.5.3	Financial Assets Measured at Amortised Cost		60.987.526	38.792.395
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		436.502	254.105
II.	**INTEREST EXPENSE (-)**	**4.2**	**146.120.390**	**51.203.595**
2.1	Interest on Deposits	4.2.6	117.992.713	32.743.900
2.2	Interest on Funds Borrowed	4.2.1	12.283.766	5.220.672
2.3	Interest Expense on Money Market Transactions	4.2.4	4.314.980	4.521.609
2.4	Interest on Securities Issued	4.2.3	9.673.713	6.620.391
2.5	Interest on Lease Payables		338.878	228.894
2.6	Other Interest Expense	4.2.5	1.516.340	1.868.129
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**72.901.992**	**76.948.376**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSE**		**34.481.986**	**14.133.922**
4.1	Fees and Commissions Received		48.429.694	19.401.475
4.1.1	Non-cash Loans		3.383.272	2.071.228
4.1.2	Other	4.12	45.046.422	17.330.247
4.2	Fees and Commissions Paid		13.947.708	5.267.553
4.2.1	Non-cash Loans		799	753
4.2.2	Other	4.12	13.946.909	5.266.800
V	**DIVIDEND INCOME**	**4.3**	**9.429**	**49.988**
VI.	**TRADING PROFIT/LOSS (Net)**	**4.4**	**19.911.361**	**8.988.028**
6.1	Trading Gains/Losses on Securities		3.507.446	2.360.040
6.2	Derivative Financial Transactions Gains/Losses	4.6	33.666.702	18.379.064
6.3	Foreign Exchange Gains/Losses		(17.262.787)	(11.751.076)
VII.	**OTHER OPERATING INCOME**	**4.7**	**17.381.839**	**10.014.175**
VIII.	**GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)**		**144.686.607**	**110.134.489**
IX.	**ALLOWANCE FOR EXPECTED CREDIT LOSSES (-)**	**4.5**	**23.771.750**	**22.180.114**
X.	**OTHER PROVISION EXPENSES (-)**	**4.5**	**98.106**	**326.898**
XI.	**PERSONNEL EXPENSES (-)**		**16.777.259**	**9.097.079**
XII.	**OTHER OPERATING EXPENSES (-)**	**4.8**	**29.703.386**	**13.319.808**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**74.336.106**	**65.210.590**
XIV.	**SURPLUS WRITTEN AS GAIN AFTER MERGER**		**-**	**-**
XV.	**PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES**		**8.215.171**	**3.102.944**
XVI.	**NET MONETARY POSITION GAIN/LOSS**		**-**	**-**
XVII.	**PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+XIV+XV+XVI)**	**4.9**	**82.551.277**	**68.313.534**
XVIII.	**PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)**	**4.10**	**14.542.441**	**15.568.845**
18.1	Current Tax Provision		9.370.801	20.149.630
18.2	Expense Effect of Deferred tax (+)		5.171.640	-
18.3	Income Effect of Deferred tax (-)		-	4.580.785
XIX.	**NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)**		**68.008.836**	**52.744.689**
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)**	**4.11**	**68.008.836**	**52.744.689**
	Earnings/(loss) per share (full TL)		0,0805	0,0624

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Unconsolidated financial statements as of December 31, 2023 and 2022
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

4. Statement of Profit or Loss and Other Comprehensive Income

		Current Period (31/12/2023)	Prior Period (31/12/2022)
I.	**PROFIT /(LOSS)**	**68.008.836**	**52.744.689**
II.	**OTHER COMPREHENSIVE INCOME**	**(7.518.232)**	**12.005.653**
2.1	**Other comprehensive income that will not be reclassified to profit or loss**	**755.232**	**976.284**
2.1.1	Gains (losses) on Revaluation of Property, Plant and Equipment	6.066.155	3.748.858
2.1.2	Gains (losses) on Revaluation of Intangible Assets	-	-
2.1.3	Gains (losses) on Remeasurements of Defined Benefit Plans	(7.830.387)	(2.860.757)
2.1.4	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	42.270	35.302
2.1.5	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	2.477.194	52.881
2.2	**Other Comprehensive Income That Will Be Reclassified to Profit or Loss**	**(8.273.464)**	**11.029.369**
2.2.1	Exchange Differences on Translation	9.026.107	2.830.610
2.2.2	Valuation and/or Reclassification Profit or Loss from Financial Assets Measured at Fair value through other comprehensive income	(14.553.504)	8.572.516
2.2.3	Income (loss) Related with Cash Flow Hedges	(2.561.933)	4.248.889
2.2.4	Income (loss) Related with Hedges of Net Investments in Foreign Operations	(6.343.565)	(1.651.384)
2.2.5	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6	Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	6.159.431	(2.971.262)
III.	**TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)**	**60.490.604**	**64.750.342**

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

8

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

5. Statement of changes in shareholders' equity

Current Period (31/12/2023)					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						
CHANGES IN SHAREHOLDER'S EQUITY	Paid-in capital	Share premium	Share certificate cancellation profits	Other capital reserves	1	2	3	4	5	6	Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total shareholders' equity
I. Balance at the beginning of the period	8.447.051	556.937	-	1.619.094	4.891.380	(2.915.774)	1.198.710	10.728.134	7.796.934	58.314	41.130.921	-	52.744.689	126.256.390
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	-	1.619.094	4.891.380	(2.915.774)	1.198.710	10.728.134	7.796.934	58.314	41.130.921	-	52.744.689	126.256.390
IV. Total comprehensive income (loss)	-	-	-	-	5.999.848	(5.286.886)	42.270	9.026.107	(10.707.086)	(6.592.485)	-	-	68.008.836	60.490.604
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	-	-	-	15.547	-	-	-	-	-	-	-	-	-	15.547
XI. Profit distribution	-	-	-	36.295	-	-	-	-	-	-	44.797.394	-	(52.744.689)	(7.911.000)
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	(7.911.000)	(7.911.000)
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	-	1.670.936	10.891.228	(8.202.660)	1.240.980	19.754.241	(2.910.152)	(6.534.171)	85.928.315	-	68.008.836	178.851.541

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 for associates and joint ventures accounted for using equity method,
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 and net investment hedges.

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

- 9 -

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Unconsolidated financial statements as of December 31, 2022
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

5. Statement of changes in shareholders' equity

Prior Period (31/12/2022)					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						
CHANGES IN SHAREHOLDER'S EQUITY	Paid-in capital	Share premium	Share certificate cancellation profits	Other capital reserves	1	2	3	4	5	6	Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total shareholders' equity
I. Balance at the beginning of the period	8.447.051	556.937	-	1.598.968	1.856.179	(821.555)	1.163.408	7.897.524	1.458.706	(1.802.217)	32.639.419	-	10.489.758	63.484.178
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	-	1.598.968	1.856.179	(821.555)	1.163.408	7.897.524	1.458.706	(1.802.217)	32.639.419	-	10.489.758	63.484.178
IV. Total comprehensive income (loss)	-	-	-	-	3.035.201	(2.094.219)	35.302	2.830.610	6.338.228	1.860.531	-	-	52.744.689	64.750.342
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	-	-	-	1.363	-	-	-	-	-	-	(979.493)	-	-	(978.130)
XI. Profit distribution	-	-	-	18.763	-	-	-	-	-	-	9.470.995	-	(10.489.758)	(1.000.000)
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	(1.000.000)	(1.000.000)
11.2. Transfers to legal reserves	-	-	-	18.763	-	-	-	-	-	-	9.470.995	-	(9.489.758)	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+…...+X+XI)	8.447.051	556.937	-	1.619.094	4.891.380	(2.915.774)	1.198.710	10.728.134	7.796.934	58.314	41.130.921	-	52.744.689	126.256.390

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 for associates and joint ventures accounted for using equity method,
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 and net investment hedges.

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Unconsolidated financial statements as of December 31, 2023 and 2022
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

6. Statement of cash flows

		(Notes section five)	Current Period (31/12/2023)	Prior Period (31/12/2022)
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**		**54.000.200**	**38.344.706**
1.1.1	Interest received		147.556.633	80.819.467
1.1.2	Interest paid		(123.769.654)	(44.852.623)
1.1.3	Dividend received		374.507	238.670
1.1.4	Fees and commissions received		48.429.694	19.401.475
1.1.5	Other income		30.035.381	16.114.133
1.1.6	Collections from previously written-off loans and other receivables		9.067.507	4.562.390
1.1.7	Cash Payments to personnel and service suppliers		(42.376.439)	(17.444.405)
1.1.8	Taxes paid		(9.219.814)	(18.141.110)
1.1.9	Other	6.3	(6.097.615)	(2.353.291)
1.2	**Changes in operating assets and liabilities subject to banking operations**		**96.319.291**	**1.572.100**
1.2.1	Net (increase) decrease in financial assets measured at fair value through profit or loss		(1.528.188)	(354.671)
1.2.2	Net (increase) decrease in due from banks		(75.562.016)	(35.065.404)
1.2.3	Net (increase) decrease in loans		(303.931.303)	(203.749.698)
1.2.4	Net (increase) decrease in other assets		(27.280.765)	(28.537.674)
1.2.5	Net increase (decrease) in bank deposits		21.765.373	2.280.492
1.2.6	Net increase (decrease) in other deposits		326.159.053	265.256.343
1.2.7	Net increase (decrease) in financial liabilities measured at fair value through profit or loss		31.837.620	12.796.995
1.2.8	Net increase (decrease) in funds borrowed		149.142.712	(5.219.368)
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities	6.3	(24.283.195)	(5.834.915)
I.	**Net cash provided from banking operations**		**150.319.491**	**39.916.806**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash provided from investing activities**		**(81.387.945)**	**(45.484.118)**
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures		-	(25.016)
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures		-	1.040.675
2.3	Cash paid for the purchase of tangible and intangible asset		(2.635.032)	(1.475.201)
2.4	Cash obtained from the sale of tangible and intangible asset		133.246	705.124
2.5	Cash paid for the purchase of financial assets measured at fair value through other comprehensive income		(25.075.483)	(33.223.418)
2.6	Cash obtained from the sale of financial assets measured at fair value through other comprehensive income		8.177.148	10.101.185
2.7	Cash paid for the purchase of financial assets at amortised cost		(66.445.598)	(30.470.261)
2.8	Cash obtained from sale of financial assets at amortised cost		4.457.774	7.862.794
2.9	Other		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash flows from financing activities**		**(26.381.307)**	**(338.094)**
3.1	Cash obtained from funds borrowed and securities issued		102.208.544	24.462.696
3.2	Cash outflow from funds borrowed and securities issued		(119.620.749)	(23.328.761)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(7.911.000)	(1.000.000)
3.5	Payments for finance lease liabilities		(1.058.102)	(472.029)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**	6.3	**39.947.582**	**23.988.491**
V.	**Net increase (decrease) in cash and cash equivalents**		**82.497.821**	**18.083.085**
VI.	**Cash and cash equivalents at beginning of the period**	6.1	**113.290.783**	**95.207.698**
VII.	**Cash and cash equivalents at end of the period**	6.1	**195.788.604**	**113.290.783**

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Unconsolidated financial statements as of December 31, 2023 and 2022
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

7. Profit Distribution(1)

		Current Period (31/12/2023)	Prior Period (31/12/2022)
I.	**Distribution of current year income**		
1.1	Current year income	82.551.277	68.313.534
1.2	Taxes and duties payable (-)	14.542.441	15.568.845
1.2.1	Corporate tax (income tax)	9.370.801	20.149.630
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	5.171.640	(4.580.785)
A.	**Net income for the year (1.1-1.2)**	**68.008.836**	**52.744.689**
1.3	Prior year losses (-)	-	-
1.4	First legal reserves (-)	-	-
1.5	Other statutory reserves (-)	-	-
B.	**Net income available for distribution [(a-(1.3+1.4+1.5)]**	**68.008.836**	**52.744.689**
1.6	First dividend to shareholders (-)	-	422.353
1.6.1	To owners of ordinary shares	-	422.353
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of preferred shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	Dividends to personnel (-)	-	-
1.8	Dividends to board of directors (-)	-	-
1.9	Second dividend to shareholders (-)	-	7.488.647
1.9.1	To owners of ordinary shares	-	7.488.647
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of preferred shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	Second legal reserves (-)	-	748.865
1.11	Statutory reserves (-)	-	-
1.12	Extraordinary reserves	-	44.048.529
1.13	Other reserves	-	-
1.14	Special funds	-	36.295
II.	**Distribution of reserves**		
2.1	Appropriated reserves	-	-
2.2	Second legal reserves (-)	-	-
2.3	Dividends to shareholders (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of preferred shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	Dividends to personnel (-)	-	-
2.5	Dividends to board of directors (-)	-	-
III.	**Earnings per share**		
3.1	To owners of ordinary shares (full TL)	0,0805	0,0624
3.2	To owners of ordinary shares (%)	-	-
3.3	To owners of privileged shares	-	-
3.4	To owners of privileged shares (%)	-	-
IV.	**Dividend per share**		
4.1	To owners of ordinary shares (full TL)	-	0,0094
4.2	To owners of ordinary shares (%)	-	93,6540
4.3	To owners of privileged shares	-	-
4.4	To owners of privileged shares (%)	-	-

(1) Regarding profit distribution, the authorized body of the Bank is the General Assembly and the annual general assembly meeting has not been held as of the date of preparation of these financial statements. Since the dividend distribution proposal for 2023 has not yet been prepared by the Board of Directors, only the distributable profit is stated in the profit distribution table.

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section Three

Accounting policies

1. Explanations on basis of presentation:

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

The accompanying unconsolidated 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 preparation of unconsolidated financial statements in conformity with TFRS requires the use of certain accounting estimates by the Bank 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 accounting policies and valuation principles employed for the preparation the financial statements are in compliance with "Accounting and Reporting Legislation" published in the regulation, communique, interpretations and circular of BRSA. If there is no specific regulation of BRSA, it has been determined and applied in the context of TFRS.

As of June 30, 2023, the Bank completed the development of necessary infrastructure for transition to overnight interest rates in risk management systems and USD Libor indexed derivatives, money market transactions, bonds, loan products. As of June 30, 2023, alternative benchmark interest rates is started to be used in the new floating rate transactions. The transition to alternative benchmark interest rates is completed for the existing interbank derivative transactions and interbank money market transactions. The transition process has not been completed yet for customer transactions. The transition to alternative interest rates have no material impact on the Bank's financial statements.

On November 23, 2023, POA announced that, entities reporting under the 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.

Additional paragraph for convenience translation into English:

BRSA Accounting and Financial Reporting Legislation, as described in the preceding paragraphs, differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of December 31, 2023 and the differences between accounting principles have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

The general strategy of the Bank 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 Bank is deposits. For non-deposit items, the Bank maintains longer-term funding structure especially through long-term foreign borrowings. Funds from deposits and other funding sources are invested in high 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 approved in the Bank and the related legal limits. Derivative instruments are mainly utilized for liquidity needs and for mitigating currency and interest rate risks. The position of the Bank as a result of foreign currency activities is being held at minimum levels and the currency risk exposure is monitored within the limits determined by the Board of Directors under the context of Banking Act.

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognized 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 Bank hedges foreign currency exposure arising from carrying its foreign subsidiaries at equity method, with foreign currency financial liabilities and applies net investment hedge accounting. The effective portions of the change in fair value in financial liabilities in foreign currency are recorded under "Other accumulated comprehensive income that will be reclassified in other profit or loss" in equity.

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

3. Explanations on investments in associates, subsidiaries and joint ventures:

Associates, subsidiaries and joint ventures are being carried at equity method as defined in " TAS 28 - Investments in Associates and Joint Ventures" in the unconsolidated financial statements of the Bank started from June 30, 2015. Any valuation differences arising from prior years, before January 1, 2015, are booked as "Other accumulated comprehensive income that will not be reclassified in profit or loss" under equity. In the following periods, any valuation differences arising from the current period income and other comprehensive income are recognised in profit or loss and "Other accumulated comprehensive income that will not be reclassified in profit or loss" under the equity, respectively. This accounting policy change is performed through an early adaption before the effective date of January 1, 2016 in accordance with the change of "TAS – 27 Turkish Accounting Standards for Individual Financial Statements" numbered 29321 on April 9, 2015 and confirmation by BRSA's letter numbered 10686 on July 14, 2015.

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

The Bank's derivative transactions mostly include 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 Bank documents the relationship between hedging instruments and hedged items, together with the risk management policies and the strategies on hedging transactions. Besides, the Bank regularly documents the effectiveness of the hedging instruments in offsetting the changes in the fair value of the hedged items.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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. The ineffective portion of the mentioned hedging transaction 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 derecognition of the hedged item.

The Bank hedges its cash flow risk arising from foreign currency and Turkish Lira floating interest rate liabilities by using currency and interest rate swaps. The effective portion of the fair value changes of the hedging instruments are recorded 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.

Some of the trading purpose derivative transactions, even though they provide effective economic hedges under the Bank's risk management policy, do not qualify for hedge accounting under the specific rules in "TFRS 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 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 "TFRS – 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 December 31, 2023, the 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 "TFRS – 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.

Market risks of these products are monitored using the 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 rediscounts 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 Bank 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 criterias; 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.

Classification of financial assets reflects the business model of how the Bank manages the assets in order to generate cash flows. Bank's business model may be to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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 Bank in determining the business model for a bank 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 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 and 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 Bank 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 available at the assessment date have taken into consideration. Such relevant evidence includes below:

- How the performance of the portfolio is evaluated and reported to the Bank'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 to the 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 Bank'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 Bank manages the assets held within the portfolio to collect those particular contractual cash flows.

Although the objective of Bank's business model may be to hold financial assets in order to collect contractual cash flows, the Bank does not need to hold all of those instruments until the maturity. Thus Bank'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 Bank sells financial assets when there is an increase in the assets' credit risk. The Bank 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 in consistent 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 Bank'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 Bank 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 Bank's management have made a decision on both collecting contractual cash flows and selling financial assets is 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 a 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 Bank 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 Bank 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 Bank 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.

When making such assessment, the Bank:

➢ Contingent events that would change the amount and timing of cash flows;
➢ Leverage features;
➢ Prepayment and extension terms;
➢ Terms that limit the Bank'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.

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 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 observed reliably and fair values are calculated by alternative models.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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 Bank provides provision for expected credit losses based on the assessments and estimates of the management, by considering "TFRS 9 - Financial Instruments" and 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. 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 December 31, 2023, the Bank has made its classifications in accordance with the TFRS 9 standard and reflected them in its financial statements. In this context; the Bank 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.

Provision expenses are deducted from the net income of the year. 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.

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 obtained 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 a 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, an irrevocable election can be made to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of TFRS 9. Such election is made on an instrument by 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 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 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.

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 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 phase;
- Introducing "point-in-time" adjustments to replace "through-the-cycle" adjustments required for IRB 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 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 criterias are satisfied.

As of reporting date:

- Lifetime expected credit losses shall be recognized on a transaction base, when 30 days past due status is passed. The 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 Bank 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 Bank's subsidiaries, associates are resident;
- Bank placements;
- Other money market transactions;
- Transactions of Bank's associates and subsidiaries

Forward Looking 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 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 coefficient increase, 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 Bank 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 Bank and measured according to the portfolio to which they belong. 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 Bank has no securities lending transactions.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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

According to the " TFRS – 5 Non-current Assets Held for Sale and Discontinued Operations" , a tangible asset (or a bank of assets to be disposed) classified as "Asset held for resale" is measured at lower of carrying value and fair value less costs to sell. An asset (or a bank of assets to be disposed) is regarded as "Asset held for resale" only when the sale is highly probable and the asset (or a bank 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 Bank'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 Bank'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 recognized. The acquirer also recognizes assets that are capable of being individually identified and separately recognized, 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 recognized 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 explained in Note 2, Section 1, in 2006, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. Within the scope of TFRS 3 - Business Combinations standard, the goodwill arised from the merger was subject to annual impairment test in accordance with the requirement of "TAS 36 - Impairment of Assets". As of December 31, 2022, the provision for impairment for the entire amount of goodwill was recognized in profit reserves directly under equity.

12.2. Other intangible assets:

Other 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 Bank 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 Bank estimates a recoverable amount in accordance with the "TAS – 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 utilize 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 "TAS – 16 Property, Plant and Equipment". Subsequently, properties and equipment, except art objects, paintings and buildings are carried at cost less accumulated depreciation and provision for impairment.

The Bank adopted a fair value accounting method for its buildings as of March 31, 2015 in tangible assets in accordance with "TAS – 16 Property, Plant and Equipment".

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 recognized as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized 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 Bank performs leasing transactions in the capacity of the lessee and lessor.

14.1 Accounting of leasing operations according to lessee:

The Bank has adopted "TFRS 16: Leases" approach in the accounting of leasing transactions.

In accordance with TFRS 16, the Bank 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 the leasing transactions in terms of the lessor:

The major risks and benefits of the property carried by the lessor are classified as operational leasing. The payments that are received as operational leasing are accounted as income via the linear method throughout the leasing term.

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 TFRS 9 standards, are accounted in accordance with "TAS – 37 Provisions, Contingent Liabilities and Contingent Assets".

Provisions are recognized when the Bank 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 recognized in the period of occurrence in accordance with the "Matching principle". A provision is recognized 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 termination 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.

GRI 201-3

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Under the Turkish Labour Law, the Bank 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 employment termination benefits represents the present value of the estimated total liability for the future probable obligation of the Bank 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 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 23 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. 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 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 TAS 19.

16.3. Short term benefits of employee:

Within the scope of "TAS – 19 Employee Benefits", the Bank 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.

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. 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.

A 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 29 January 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 as of December 31, 2023 are subject to inflation adjustment regardless of whether the conditions for inflation adjustment are met. The profit/loss difference arising from inflation adjustment is recognized in retained earnings and has no effect on the corporate tax base.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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 Bank 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 Bank 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.

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 utilized.

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 Bank 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.

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

The Bank utilises various hedging techniques to minimise the currency, interest rate and liquidity risks of its financial liabilities. No convertible bonds have been issued by the Bank.

Also, the Bank 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 avalized drafts and letter of acceptances:

Avalized drafts and acceptances are included in the "Off-balance sheet commitments".

21. Explanations on government grants:

None (December 31, 2022 - None).

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 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	68.008.836	52.744.689
Weighted average number of issued ordinary shares(thousand)	844.705.128	844.705.128
Earnings per share (full TL)	**0,0805**	**0,0624**

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 2023 (2022 – 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 7 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 12 of Section Four.

26. Explanations on other matters:

None.

Section Four - Information related to financial position and risk management of the Bank

1. Explanations on 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 Securitizations" and "Regulation Regarding Banks' Shareholders' Equity". The capital adequacy ratio of the Bank is 20,28% (December 31, 2022 - 21,34%).

1.1. Information on equity:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-up Capital	8.447.051	8.447.051
Share issue premiums	556.937	556.937
Retained earnings	87.556.959	42.723.270
Accumulated other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	35.114.004	29.994.706
Profit	68.008.836	52.744.689
Net profit of the period	68.008.836	52.744.689
Profit of the previous years	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	42.292	26.745
Common Equity Tier 1 capital before regulatory adjustments	**199.726.079**	**134.493.398**
Common Equity Tier 1 capital: regulatory adjustments		
Prudential valuation adjustments	-	105.861
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	20.874.538	8.237.008
Improvement costs for operating leasing	516.521	202.143
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.567.514	1.059.469
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Cash-flow hedge reserve	2.888.940	5.116.918
Shortfall of provisions to 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 shares	-	-
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 adjustments to Common equity Tier 1	**25.847.513**	**14.721.399**
Common Equity Tier 1 capital (CET1)	**173.878.566**	**119.771.999**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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 capital instruments and relevant share issue premiums that are approved by the BRSA	19.134.830	12.153.895
Eligible capital 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)	-	-
Additional Tier 1 capital before regulatory adjustments	**19.134.830**	**12.153.895**
Additional Tier 1 capital: regulatory adjustments		
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**	**12.153.895**
Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	**193.013.396**	**131.925.894**
TIER 2 CAPITAL		
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	15.519.100	10.149.150
Eligible capital 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)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	4.091.862	4.706.545
Tier 2 capital before regulatory adjustments	**19.610.962**	**14.855.695**
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	**19.610.962**	**14.855.695**
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	**212.481.589**	**146.718.108**
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	19.261	12.111
Portion of the sum of the banks' real estate net book values, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition[(1)]	-	-
National specific regulatory adjustments which shall be determined by the BRSA	123.508	51.370
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 (-)	-	-

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

OWN FUNDS	**Current Period**	**Prior Period**
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	212.481.589	146.225.920
Total Risk Weighted Assets [(2)]	1.047.513.175	685.344.296
CAPITAL ADEQUACY RATIOS		
Common Equity Tier 1 Capital Adequacy Ratio (%)	16,60	17,48
Tier 1 Capital Adequacy Ratio (%)	18,43	19,25
Capital Adequacy Ratio (%)	20,28	21,34
BUFFERS	-	-
Institution specific buffer requirement of the Bank (a+b+c)	2,518	2,518
a) Capital conservation buffer requirement (%)	2,500	2,500
b) Bank's specific countercyclical buffer requirement (%)	0,018	0,018
c) Systemically important Bank buffer (%)	-	-
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 (%)	12,099	12,976
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financials	972.927	422.947
Significant investments in the common stock of financials	6.170.284	2.871.962
Mortgage servicing rights (net of related tax liability)	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	16.323.491	9.320.787
Applicable caps on the inclusion of provisions in Tier 2 capital		
General provisions for standard based receivables (before ten thousand twenty five limitation)	4.206.442	2.646.079
Up to 1,25% of total risk-weighted amount of general provisions for receivables where the standard approach used	1.475.489	1.007.136
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	3.737.676	11.511.242
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	2.616.373	3.699.409

(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 credit risk amount, spot purchase rates announced as of December 30, 2022 by Central Bank are used in accordance with the in accordance with the legislation of BRSA numbered 10496 dated January 31, 2023.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.2. Details on Subordinated Liabilities:

	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 (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS2286436451 / US984848AN12	XS1867595750/ US984848AL55	TRSYKBK62914	TRSYKBK92911
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)	14.719	19.135	500	300
Par value of instrument	14.719	19.135	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 22, 2021	January 15, 2019	July 3, 2019	October 3, 2019
Perpetual or dated	Dated	Perpetual	Dated	Dated
Original maturity date	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	Every 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	Variable	Variable
Coupon rate and any related index	First 5 years 7,875% fixed, second 5 years U.S. five year treasury bond rate +741,50 basis points	First 5 years 13,875% fixed, second 5 years MidSwap+11,245% fixed	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	Optional	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/ Common Equity Tier 1 capital adequacy ratio of the bank falls below 5,125%	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	Temporary	Permanent	Permanent
If temporary write-down, description of write-up mechanism	-	In case of cancellation of default/ Common Equity Tier 1 capital adequacy ratio of the bank is higher than 5,125%	-	-
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, and the TIER 1	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"	-	-	-	-

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.3. There are differences between the figures in the own funds and their corresponding amounts in the balance sheet. Within this context; in the calculation of own funds, the losses and gains that are related to cash flow hedge transactions are not considered in the own funds and the prudential valuation adjustments calculated in accordance with the (i) item of the first paragraph in the ninth article of the "Regulation Regarding Banks' Shareholders' Equity" are considered in the own funds. In addition, the subordinated liabilities are considered after the adjustments made in accordance with the ninth paragraph of the eighth article of the "Regulation Regarding Banks' Shareholders' Equity".

1.4. Exposures subject to countercyclical capital buffer

The exposures subject to countercyclical capital buffer table prepared in accordance with the communiqué "Regulation on Capital Conservation and Countercyclical Capital buffers of Banks" published in the Official Gazette no. 28812 dated November 5, 2013 is presented below:

Private sector receivables:

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Türkiye	807.781.035	-	807.781.035
Malta	2.904.930	-	2.904.930
Netherland	1.041.858	-	1.041.858
Marshall Islands	1.017.258	-	1.017.258
Germany	494.974	-	494.974
Kazakhistan	338.468		338.468
England	194.443	-	194.443
Italy	185.418	-	185.418
Republic of Maldives	172.108	-	172.108
France	126.605	-	126.605
Other	953.922	-	953.922
Total	**815.211.019**	**-**	**815.211.019**

2. Explanations on Credit Risk:

As of June 30, 2021, the 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. Credit risk is the loss or the risk of the Bank in case counterparty cannot fulfill its obligations stated in agreements where the Bank is at a side. The Bank identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports geographical and industry concentration and considering credit policies determined by Board of the Directors each year. The limits defined by the Bank's Board of Directors for each correspondent bank are followed-up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls of each dealer at Treasury department who is authorized for transactions in the market are performed by the system. During the loan granting process, liquid collaterals are preferred to the greatest extent possible. Collaterals and guarantees must be obtained during credit underwriting based on credit worthiness, customers' financial status, and credit type. While granting of long term project finance loans, long term projections of the companies are analyzed both by financial analysis specialists and head office. Also the pricing of these commitments are decided by coordination with Treasury Management.

The Bank also monitors limitations on single borrower and group of borrowers in accordance with the regulations.

Rating system used for Medium Sized Entities (ME), Small and Medium Sized Entities (SME) and Corporate/Commercial customers is also used for defining the authorization level for loan granting. Thus, customers with a low rating are assigned to higher authority levels, whereas customers with a high rating are assigned to lower authority levels. By using this methodology it is aimed to establish risk based optimization in the loan processes.

Probability of default of a customer is calculated through this internally developed rating system. The rating concentration of Corporate, Commercial, ME and SME customers of the Bank is as follows:

	Current Period	Prior Period
Above average	46,2%	43,6%
Average	41,3%	40,7%
Below average	12,6%	15,7%

The Bank takes following criterias into consideration for the identification of default:

- The loan is overdue more than 90 days.
- The borrower is not able to pay at least one of the loans he received from the Bank (cross default)
- Having a negative intelligence and bad-record for the borrower in the market.
- Deterioration of the creditworthiness of the borrower

The Bank sets aside expected credit loss provisions in accordance with the Provisioning Regulation within the scope of "provisions" and "value adjustments".

Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types, are disclosed below for the relevant period:

Risk Classifications:	Current Period risk amount (1)	Average risk amount (1)
Exposures to central governments or central banks	554.463.327	456.780.687
Exposures to banks and financial institutions	142.334.461	124.351.309
Corporate exposures - Other	293.545.101	248.273.007
Specialised Lending	93.405.114	98.344.142
Corporate exposures - SME	159.739.991	145.213.908
Retail Exposures - Other	256.182.894	173.243.579
Retail exposures - Qualifying revolving	402.311.905	237.078.637
Retail exposures - SME	145.626.147	118.291.896
Investments in equities	28.519.026	24.773.965
Other Items	82.545.615	73.015.838
Total	**2.158.673.581**	**1.699.366.968**

(1) Includes credit risk amounts of total exposure before applying credit risk mitigations.

2.2 The Bank has control limits over the positions of forwards, options and similar agreements. These positions are measured and managed by following their market values and by taking potential risk into considerations throughout their maturities, in accordance with Counterparty Credit Risk management. Limits are also calculated and dynamically managed by taking these potential risks into considerations. Daily market value calculations, limit controls, collateral assessments are performed and reported to the relevant departments within the Bank.

The Bank may use its rights, as stated in the derivative agreements based on which the Bank realizes derivative transactions, in order to eliminate the risks that may arise due to being exposed to severe risk levels arising from fluctuations in the market.

2.3 In line with the Provisioning Regulation, if the cash risk of a customer is classified as nonperforming, the non-cash risk is also classified as nonperforming under the same group where the cash risks were already followed and specific provision is reserved.

Restructured loans are also classified and followed up according to the regulation on provisions considering the Bank's credit risk policies. Accordingly, the financial position and commercial operations of related customers are monitored, their principal and interest payments are followed up with the restructured repayment schedule and the necessary precautions are taken.

2.4 Banking activities in foreign countries and credit transactions are subject to periodical follow-up in terms of the economic conditions of the related country and the evaluation of the creditworthiness of the customers and financial institutions. No material credit risk have been observed in scope of these operations.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.5 Regarding credit risk;

- The proportion of the Bank's top 100 and 200 cash loan balances in total cash loans is 23% and 27% (December 31, 2022 - 24% and 28%).
- The proportion of the Bank's top 100 and 200 non-cash loan balances in total non-cash loans is 37% and 47% (December 31, 2022 - 38% and 50%).
- The proportion of the Bank's cash and non-cash loan balances with the first 100 and 200 customers comprises of 27% and 33% of total cash loans and non-cash loans (December 31, 2022 - 28% and 34%).

2.6 The Bank provided a general loan loss provision amounting to TL 25.023.251 (December 31, 2022 - TL 22.758.216).

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.7 Risk profile according to the geographical concentration:

	Risk Classifications (1)(2)										
	1	2	3	4	5	6	7	8	9	10	Total
Current Period											
Domestic	553.377.915	65.158.284	291.844.394	90.885.105	155.633.757	255.865.815	401.521.423	145.616.823	122.965	82.545.615	2.042.572.096
EU countries	1.047.080	57.257.530	483.187	1.346.242	3.458.016	157.194	431.876	4.210	-	-	64.185.335
OECD countries (3)	-	695.385	96.070	-	46.715	10.968	35.412	1.738	-	-	886.288
Off-shore banking regions	-	-	1.047.258	-	29.660	628	2.296	45	-	-	1.079.887
USA, Canada	38.332	14.467.319	1.354	-	122.851	44.421	92.121	1.548	592.966	-	15.360.912
Other countries	-	4.755.943	72.838	1.173.767	448.992	103.868	228.777	1.783	-	-	6.785.968
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	27.803.095	-	27.803.095
Undistributed Assets / Liabilities (4)	-	-	-	-	-	-	-	-	-	-	-
Total	**554.463.327**	**142.334.461**	**293.545.101**	**93.405.114**	**159.739.991**	**256.182.894**	**402.311.905**	**145.626.147**	**28.519.026**	**82.545.615**	**2.158.673.581**

(1) Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" is used.
(2) Includes credit risk amounts of total exposure before applying credit risk mitigations.
(3) OECD Countries other than EU countries, USA and Canada.
(4) Assets and liabilities are not allocated on a consistent basis

1- Exposures to central governments or central banks
2- Exposures to banks and financial institutions
3- Corporate exposures - Other
4- Specialised Lending
5- Corporate exposures – SME
6- Retail Exposures - Other
7- Retail exposures - Qualifying revolving
8- Retail exposures – SME
9- Investments in equities
10- Other Items

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Risk Classifications (1)(2)										
	1	2	3	4	5	6	7	8	9	10	Total
Prior Period											
Domestic	341.393.138	39.102.952	212.176.987	79.856.457	87.566.760	122.088.416	104.264.047	102.613.680	104.858	57.251.381	1.146.418.676
EU countries	979.524	35.672.079	5.368.754	944.898	347.979	66.283	104.885	1.255	-	-	43.485.657
OECD countries (3)	-	1.442.268	84.472	-	21.380	5.545	9.733	1.039	-	-	1.564.437
Off-shore banking regions	-	-	642.324	-	29.656	853	922	17	-	-	673.772
USA, Canada	27.324	17.499.126	46.916	-	-	21.084	22.568	600	276.654	-	17.894.272
Other countries	-	1.938.926	457.935	671.608	226.926	57.820	73.833	664	-	-	3.427.712
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	17.466.229	-	17.466.229
Undistributed Assets / Liabilities (4)	-	-	-	-	-	-	-	-	-	-	-
Total	**342.399.986**	**95.655.351**	**218.777.388**	**81.472.963**	**88.192.701**	**122.240.001**	**104.475.988**	**102.617.255**	**17.847.741**	**57.251.381**	**1.230.930.755**

(1) Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" is used.
(2) Includes credit risk amounts of total exposure before applying credit risk mitigations.
(3) OECD Countries other than EU countries, USA and Canada.
(4) Assets and liabilities are not allocated on a consistent basis

1- Exposures to central governments or central banks
2- Exposures to banks and financial institutions
3- Corporate exposures - Other
4- Specialised Lending
5- Corporate exposures – SME
6- Retail Exposures - Other
7- Retail exposures - Qualifying revolving
8- Retail exposures – SME
9- Investments in equities
10- Other Items

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.8 Risk profile according to sectors and counterparties:

	Risk classifications (1)(2)												
	1	2	3	4	5	6	7	8	9	10	TL	FC	Total
Agricultural	**7.791**	-	**7.863.233**	-	**4.425.387**	-	-	**6.933.321**	-	-	**16.181.067**	**3.048.665**	**19.229.732**
Farming and raising livestock	7.791	-	5.616.555	-	3.613.179	-	-	6.264.776	-	-	14.249.569	1.252.732	15.502.301
Forestry	-	-	1.136.860	-	750.397	-	-	595.772	-	-	1.643.992	839.037	2.483.029
Fishing	-	-	1.109.818	-	61.811	-	-	72.773	-	-	287.506	956.896	1.244.402
Manufacturing	**22.054**	-	**180.814.171**	**51.984.960**	**81.724.584**	-	-	**66.214.601**	**1.870**	-	**271.999.357**	**108.762.883**	**380.762.240**
Mining	-	-	416.504	-	632.888	-	-	248.120	-	-	943.643	353.869	1.297.512
Production	1.546	-	170.547.502	1.568.925	67.763.058	-	-	65.001.786	1.870	-	237.314.492	67.570.195	304.884.687
Electric, gas and water	20.508	-	9.850.165	50.416.035	13.328.638	-	-	964.695	-	-	33.741.222	40.838.819	74.580.041
Construction	**28**	-	**14.774.850**	**19.177.180**	**23.762.217**	-	-	**15.377.557**	-	-	**45.138.086**	**27.953.746**	**73.091.832**
Services	**554.433.454**	**134.229.294**	**85.263.268**	**22.242.974**	**49.606.012**	-	-	**56.567.743**	**25.028.116**	**63.367.186**	**644.565.635**	**346.172.412**	**990.738.047**
Wholesale and retail trade	5	-	19.861.736	8.733.952	16.327.860	-	-	20.573.285	-	-	49.482.155	16.014.683	65.496.838
Hotel, food and beverage services	6	-	6.593.426	216.696	10.283.935	-	-	6.256.358	-	-	13.891.877	9.458.544	23.350.421
Transportation and telecommunication	-	-	8.427.861	7.747.939	8.295.706	-	-	8.093.084	5.000	-	18.503.086	14.066.504	32.569.590
Financial institutions	549.451.503	134.229.294	23.243.947	-	1.730.326	-	-	1.889.316	24.967.756	63.367.186	509.805.720	289.073.608	798.879.328
Real estate and renting services	-	-	8.964.711	3.393.370	6.266.886	-	-	2.459.454	51.676	-	20.078.994	1.057.103	21.136.097
Self-employment services	-	-	-	-	-	-	-	-	-	-	-	-	-
Education services	1.570	-	746.013	-	530.534	-	-	339.449	-	-	1.542.934	74.632	1.617.566
Health and social services	4.980.370	-	17.425.574	2.151.017	6.170.765	-	-	16.956.797	3.684	-	31.260.869	16.427.338	47.688.207
Other	-	**8.105.167**	**4.829.579**	-	**221.791**	**256.182.894**	**402.311.905**	**532.925**	**3.489.040**	**19.178.429**	**682.152.111**	**12.699.619**	**694.851.730**
Total	**554.463.327**	**142.334.461**	**293.545.101**	**93.405.114**	**159.739.991**	**256.182.894**	**402.311.905**	**145.626.147**	**28.519.026**	**82.545.615**	**1.660.036.256**	**498.637.325**	**2.158.673.581**

(1) Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" is used.
(2) Includes credit risk amounts of total exposure before applying credit risk mitigations.

1- Exposures to central governments or central banks
2- Exposures to banks and financial institutions
3- Corporate exposures – Other
4- Specialised Lending
5- Corporate exposures – SME
6- Retail Exposures – Other
7- Retail exposures - Qualifying revolving
8- Retail exposures – SME
9- Investments in equities
10-Other Items

- 38 -

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.9 Risk profile according to remaining maturities:

Risk classifications (1)	1 month	1-3 months	3-6 months	6-12 months	1 year and over	Total
Exposures to central governments or central banks	182.847.259	14.858.208	5.074.958	23.011.918	319.367.759	545.160.102
Exposures to banks and financial institutions	47.348.894	36.663.843	14.420.042	13.833.421	14.135.021	126.401.221
Corporate exposures - Other	219.928.576	2.454.446	6.780.848	10.834.768	53.453.480	293.452.118
Specialised Lending	91.633.350	-	-	-	1.771.764	93.405.114
Corporate exposures - SME	126.428.942	45.193	9.903	28.860	33.035.425	159.548.323
Retail Exposures - Other	131.815.340	575.231	62.556	244.496	90.702.152	223.399.775
Retail exposures - Qualifying revolving	402.311.905	-	-	-	-	402.311.905
Retail exposures - SME	122.910.721	245.593	43.696	248.519	19.020.826	142.469.355
Investments in equities	-	-	-	-	-	-
Other Items	227.871	-	-	-	-	227.871
Total	**1.325.452.858**	**54.842.514**	**26.392.003**	**48.201.982**	**531.486.427**	**1.986.375.784**

(1) Includes credit risk amounts of total exposure before applying credit risk mitigations.

2.10 Risk balances according to risk weights:

Total exposure amount before and after applying risk mitigation techniques and total amounts deducted from the capital which are calculated in accordance with the Appendix-1 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are presented below:

	Risk Weights	0%-20%	20%-35%	35%-50%	50%-75%	75%-100%	100%-250%	250%	1250%	Total	Deductions from the shareholders' equity
1	Total exposure before credit risk mitigation	981.282.341	287.413.914	107.383.031	238.692.106	164.504.767	358.248.607	21.148.815	-	2.158.673.581	2.226.804
2	Total exposure after credit risk mitigation	976.194.795	265.256.767	107.421.769	236.898.141	163.405.189	354.944.393	21.148.815	-	2.125.269.869	2.226.804

- 39 -

2.11 Information according to sectors and counterparties :

For loans which are classified as impaired loans due to delay of collection of principal or interest by 90 days and above and/or negative risk assessments of creditworthiness of the debtor; "Specific Provision" is set aside in the accompanying financial statements as of December 31, 2023.

For loans which are classified as past due but not impaired loans due to delay of collection of principal or interest up to 90 days; "General Provision" is set aside in the accompanying financial statements as of December 31, 2023.

Sectors and Counterparties	Loans		Provisions
	Impaired (TFRS9)		
	Significant increase in credit risk (stage 2)	Credit Impaired (stage 3)	Expected Credit Losses
Agricultural	**378.774**	**190.515**	**188.495**
Farming and raising livestock	338.117	152.054	162.633
Forestry	38.174	15.133	14.720
Fishing	2.483	23.328	11.142
Manufacturing	**48.323.307**	**8.363.652**	**14.577.848**
Mining	270.751	8.502	8.286
Production	9.177.838	3.646.870	3.689.596
Electric, gas and water	38.874.718	4.708.280	10.879.966
Construction	**26.921.163**	**1.886.164**	**4.580.201**
Manufacturing	**20.330.623**	**9.867.832**	**9.636.502**
Wholesale and retail trade	1.601.346	502.790	525.947
Hotel, food and beverage services	3.587.004	840.070	813.214
Transportation and telecommunication	4.779.542	299.025	1.238.822
Financial institutions	727.056	555.827	274.755
Real estate and renting services	2.692.146	7.377.786	4.998.756
Education services	107.230	8.088	9.474
Health and social services	6.836.299	284.246	1.775.534
Other	**21.161.338**	**8.550.428**	**7.788.173**
Total	**117.115.205**	**28.858.591**	**36.771.219**

2.12 Information about value adjustments and changes in the loan impairment:

		Opening balance	Provision amounts set aside during the period	Reversal of provisions	Other adjustments [1]	Closing balance
1	Specific provisions	16.880.431	11.618.629	(4.943.567)	(3.119.459)	20.436.034
2	General provisions (Value adjustments)	22.758.216	12.153.121	(9.888.086)	-	25.023.251

(1) The figure represents write-off's and also includes NPL sales amounts.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3. Explanations on Risk Management:

3.1. General Information on Risk Management and Risk Weighted Amount

3.1.1. Risk Management Approach of The Bank

Risk management strategy of the Bank ensures using the capital at an optimum level and provide sustainable growth in this framework through measurement of risks in accordance with international standards and local regulations and taking risk-return balance into consideration in the framework of sustainable growth. Risk management approach of the Bank is based on strong risk management techniques of ISEDES (Evaluation Process of Internal Capital Adequacy) and prospective planning and capital evaluation depending upon risk profile.

A prospective capital planning approach is adopted for the Bank to carry out its operations if certain losses are incurred as a result of unexpected events or deteriorations in markets. The best international practices are utilized for the determination, measurement, analysis and control of risks. The process regarding identification of risks and determination of appropriate measurement method has a dynamic structure in which the risk management is improved through inspiring from advanced international practices and analyses updated in line with its business evolution. A risk appetite framework integrated to budget process, has been developed in order to carry out related activities at an optimum level while reaching predefined budget target of the Bank and therefore an appropriated risk positions are ensured to be taken.

Risk appetite, as an integral part of the main pillar and a crucial instrument of the Bank Management, is implemented in order to ensure the execution of Bank's activities in an ideal manner through taking appropriate risk positions at an acceptable level of risk. Risk appetite, is integrated to management and budget processes of the Bank with performance indicators which are sensitive to risk.

Risk appetite indicators, targets, limits and critical thresholds are determined by the Executive Committee with the joint recommendation of Compliance, Internal Control and Risk Management and Financial Planning and Administration Management. Possible changes which may occur in economic conditions are taken into consideration during the determination of aforementioned limits and thresholds.

Determined risk appetite indicators consists of capital adequacy, liquidity, assets quality, financial risk and operational risk ratios of the Bank and senior management ensures the Bank to carry out its activities in the range of such targets and critical thresholds. Senior management should be informed to take emergency precautions if the critical thresholds are exceeded. Monitoring and periodical reporting to senior management is performed by the related units in order to implement risk appetite framework.

The Bank implements internal policies and procedures that are audited and approved at least once a year by the Board of Directors in order to manage market risks arising from on-balance sheet and off-balance sheet liabilities. Based on the principles mentioned in Regulatory Authority's directives and best practice guidelines, internal policies determine responsibilities and practitioners for identification, measurement, monitoring and reporting of the risks in line with the risk appetite and needs of the Bank; lay the groundwork for granting limits in the Bank; and guide the actions to be taken in case of risk appetite is exceeded.

The Credit Policy Directive, which reflects the general framework of Bank's credit allocation activities, is updated minimum annually and implemented with the approval of the Board of Directors. Credit Policy Directive is based on improving asset quality, supporting effective risk management and compliance with legal practices. In addition, it includes management of lending activities according to the Bank's common standards, limitations and principles.

The main purpose of the credit risk management is to identify, measure and mitigate credit risk, react in a timely manner and take necessary actions with the help of efficient and well-functioning rating/scoring models, strategies and processes. The main strategies include topics like effective implementation of the Credit Policy Directive to reinforce the sustainability of common risk management approach, steering of the loan portfolio toward less risky sectors, avoidance of excessive concentration in Group exposures while strictly obeying statutory limits, focus on customers with better credit ratings, avoidance of transactions bearing high credit and reputational risk, managing country risk in line with established strategy, policy and rules, timely updates to senior management about all developments in credit risk area to ensure effective credit risk management, performing credit stress tests and participating in credit risk regulatory processes.

Risk Management reports to Board of Directors in organisation structure via Audit Committee. Risk Management organisation is divided into "Market Risk Management", "Credit Risk Strategy, Modelling and Reporting Management" and "Risk Validation" units.

In the process of market risk management, related business and risk units perform their activities within the scope of the principles determined by internal policies such as the Financial Markets Policy, Liquidity Policy, Liquidity Risk Limit Management Policy, Liquidity Emergency Policy, Interest Rate Risk Policy, Interest Rate Risk Limit Management Policy, Hedge Policy, Financial Investment Risk Policy, Immovables Risk Policy, Derivatives Policy, Independent Price Verification Policy, Policy due to inclusion on Financial assets where fair value change is reflected to income statement, Market Risk Stres Test Policy.

Value at Risk, Basis Point Value (interest rate sensitivity), and Credit Basis Point Value (credit spread sensitivity) are risk metrics calculated via internal models and used in measurement of market risks. Risk measures are monitored at product, portfolio and account (Financial assets where fair value change is reflected to income statement and Financial assets where fair value change is reflected to other comprehensive income statement) basis. Performance of internal models is measured by backtesting of the model's outputs. In addition, transaction limits are used at specific products.

Liquidity Risk measurement methods; consists of both short term risk metrics such as Liquidity Coverage Ratio, Short Term Liquidity, Intraday Liquidity, and Early Warning Indicators and long-term risk metrics such as the Net Stable Funding Ratio and the funding concentration structure. With various scenario analyzes aimed at stressing the liquidity, it is examined how the possible deterioration scenarios that can be observed in the parameters of the market or institution-specific or both cases affect the liquidity position of the Bank.

Measurements performed via internal models in the context of market risk management are reported to the Bank's Top Management, Treasury, Financial Reporting and Credit Monitoring Units (for the Counterparty Credit Risk process) on a daily basis and to the Board of Directors and Executive Committee on a monthly basis.

Stress tests, provide a prospective point of view during risk management , budget and capital planning processes through reviewing the impact of events or changes in markets, which have a low possibility to occur under normal conditions but may result in losses to Bank in case they occur. The Bank performs stress tests to measure impacts of temporary or continuous deteriorations in market risk factors on income statement and to make capital plans. Scenarios, having basis, medium and high stress levels, aim to measure impacts of adverse conditions across the country on the economic value of the Bank through risk factors. Other important risk elements such as Fixed Assets held by the Bank and financial investment risks faced through its subsidiaries, as well as price movements, are reviewed during stress test processes as well.

Stress test studies are made with the active participation of senior management and impact of the stress test to the general risk profile of the Bank is reported. Senior management participates in establishing of stress test's scenario, analyzing of its results, through determination of the scope and approach of the scenario, guidance of required directions and review of results and recommendation of action plans. Stress scenarios, up-to-date estimations and crisis scenarios are prepared by Research and Analytics Department.

The Bank reduces market risk exposure within scope of its commercial activities through derivative instruments and makes an effort to control impacts of the risks on capital through hedge accounting implementation. It holds foreign exchange positions to manage residual positions as a result of banking activities through performing a conservative approach to exchange risk and manages its end of day positions at a minimum level.

For the detection and mitigation of risks, Operational and Reputational Risk Management defines policies and strategies and determines, reports and monitors actions to reduce potential operational and reputational risks via loss data, key risk indicators, scenario analysis and risk assessments. Operational Risk Management Policy and Reputational Risk Policy is updated every year and approved by the Board of Directors.

Business Continuity Management Policy aims at reducing the risks that may endanger the continuity of Banks operations to a minimum level and ensuring critical product and services in case of unexpected events in an acceptable period. Bank's resilience against unexpected events is increased through the Crisis Communication Plan, Emergency Response Plan, Business Recovery Plan and Crisis Communication Plan. Business Continuity Policy and Plans are regularly updated and approved by the Board of Directors.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Risk validation management is an independent team that reports directly to the Assistant General Manager of Compliance, Internal Control and Risk Management, and is responsible for the controls of all models, data and processes carried out within the framework of risk management. Validation studies include not only statistical practices, but also compliance with the legal regulations and in-bank policies. The risk validation team consists of three units. These units are regulatory risk validation, strategic risk validation and rating models validation teams. Within the scope of legal risk validation, mainly IRB models, IFRS 9 and credit risk validation in the second structural pilliar are performed. In the frame of strategic risk validation, strategy validation, managerial models, market risk and other risk types as part of the second structural pillar are validated. Validation of rating models includeds validation activities of marketing models, macroeconomic forecasting models, project financing models and operational risk models.

3.1.2. 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)**	**922.134.039**	**610.626.631**	**73.770.723**
2	Of which standardised approach (SA)	71.032.254	52.707.788	5.682.580
3	Of which internal rating-based (IRB) approach	851.101.785	557.918.843	68.088.143
4	**Counterparty credit risk**	**14.120.862**	**13.234.018**	**1.129.669**
5	Of which standardised approach for counterparty credit risk (SA-CCR)	14.120.862	13.234.018	1.129.669
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**	**40.504**	**14.748**	**3.240**
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**	**9.101.414**	**13.715.305**	**728.113**
17	Of which standardised approach (SA)	9.101.414	13.715.305	728.113
18	Of which internal model approaches (IMM)	-	-	-
19	**Operational risk**	**93.204.174**	**42.578.789**	**7.456.334**
20	Of which Basic Indicator Approach	93.204.174	42.578.789	7.456.334
21	Of which Standardised Approach	-	-	-
22	Of which Advanced Measurement Approach	-	-	-
23	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**8.912.182**	**5.174.805**	**712.975**
24	**Floor adjustment**	-	-	-
	TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)	**1.047.513.175**	**685.344.296**	**83.801.054**

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

3.2. Linkages between financial statements and risk amounts

3.2.1. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

		Carrying values of items in accordance with TAS				
Current Period	**Carrying values in financial statements prepared as per TAS**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Subject to the Securitisation framework**	**Subject to market risk**	**Not subject to capital requirements or subject to deduction from capital**
Assets						
Financial Assets (Net)	409.953.312	388.644.438	46.617.530	-	7.495.230	-
Financial Assets Measured at Amortised Cost (Net)	1.169.359.790	1.209.323.682	54.309.640	-	-	142.769
Assets Held For Resale And Related To Discontinued Operations (Net)	1.026.089	1.026.089	-	-	-	-
Investment in Subsidiaries, Associates, Joint Ventures	37.766.927	37.766.927	-	-	-	-
Property And Equipment (Net)	18.440.991	17.924.470	-	-	-	516.521
Intangible Assets (Net)	1.795.385	227.871	-	-	-	1.567.514
Tax Asset	8.665.381	8.665.381	-	-	-	-
Other Assets	91.643.260	92.533.527	-	-	-	-
TOTAL ASSETS	**1.738.651.135**	**1.756.112.385**	**100.927.170**	**-**	**7.495.230**	**2.226.804**
Liabilities						
Deposits	1.036.469.933	-	-	-	-	1.036.469.933
Borrowings	140.307.133	-	-	-	-	140.307.133
Money Markets	57.973.017	-	46.966.613	-	-	11.006.404
Marketable Securities Issued (Net)	77.701.664	-	-	-	-	77.701.664
Financial Liabilities Measured at Fair Value Through Profit or Loss	72.554.448	-	-	-	-	72.554.448
Derivative Financial Liabilities	11.524.206	-	-	-	5.641.760	11.524.206
Lease Payables (Net)	3.187.951	-	-	-	-	3.187.951
Provisions	21.064.649	-	-	-	-	21.064.649
Tax Liability	7.168.597	-	-	-	-	7.168.597
Subordinated Debts	36.846.139	-	-	-	-	36.846.139
Other Liabilities	95.001.857	-	-	-	-	95.001.857
Shareholder's Equity	178.851.541	-	-	-	-	178.851.541
TOTAL LIABILITIES	**1.738.651.135**	**-**	**46.966.613**	**-**	**5.641.760**	**1.691.684.522**

		Carrying values of items in accordance with TAS				
Prior Period	**Carrying values in financial statements prepared as per TAS**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Subject to the Securitisation framework**	**Subject to market risk**	**Not subject to capital requirements or subject to deduction from capital**
Assets						
Financial Assets (Net)	269.783.597	251.307.678	26.422.662	-	9.206.416	-
Financial Assets Measured at Amortised Cost (Net)	733.352.728	768.887.154	30.158.530	-	-	63.481
Assets Held For Resale And Related To Discontinued Operations (Net)	1.035.873	1.035.873	-	-	-	-
Investment in Subsidiaries, Associates, Joint Ventures	20.848.457	20.848.457	-	-	-	-
Property And Equipment (Net)	9.846.677	9.644.534	-	-	-	202.143
Intangible Assets (Net)	1.206.951	147.482	-	-	-	1.059.469
Tax Asset	5.146.976	5.146.976	-	-	-	-
Other Assets	66.872.334	54.733.871	-	-	-	-
TOTAL ASSETS	**1.108.093.593**	**1.111.752.025**	**56.581.192**	**-**	**9.206.416**	**1.325.093**
Liabilities						
Deposits	672.765.318	-	-	-	-	672.765.318
Borrowings	70.048.420	-	-	-	-	70.048.420
Money Markets	35.514.486	-	25.648.224	-	-	9.866.262
Marketable Securities Issued (Net)	40.540.324	-	-	-	-	40.540.324
Financial Liabilities Measured at Fair Value Through Profit or Loss	37.239.659	-	-	-	-	37.239.659
Derivative Financial Liabilities	13.774.007	-	-	-	8.239.776	13.774.007
Lease Payables (Net)	1.855.391	-	-	-	-	1.855.391
Provisions	11.084.141	-	-	-	-	11.084.141
Tax Liability	5.598.484	-	-	-	-	5.598.484
Subordinated Debts	39.388.232	-	-	-	-	39.388.232
Other Liabilities	54.028.741	-	-	-	-	54.028.741
Shareholder's Equity	126.256.390	-	-	-	-	126.256.390
TOTAL LIABILITIES	**1.108.093.593**	**-**	**25.648.224**	**-**	**8.239.776**	**1.082.445.369**

3.2.2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	Current Period	Total	Subject To Credit Risk	Subject to the Securitisation	Subject To Counterparty Credit Risk	Subject To Market Risk
1	Asset carrying value amount under scope of regulatory Consolidation (As note 3.2.1 of Section 4)	1.864.534.833	1.756.112.385	-	100.927.170	7.495.230
2	Liabilities carrying value amount under regulatory scope of consolidation (As note 3.2.1 of Section 4)	52.608.373	-	-	46.966.613	5.641.760
3	**Total net amount under regulatory scope of consolidation**	**1.811.926.460**	**1.756.112.385**	**-**	**53.960.557**	**1.853.470**
4	Off-Balance Sheet Amounts	1.195.216.750	598.788.168	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences Resulted from the BRSA's Applications	-	(267.893.836)	-	(15.516.542)	7.247.944
9	Differences due to risk reduction	-	(180.863)	-	-	-
	Risk Amounts		**2.086.825.854**	**-**	**38.444.015**	**9.101.414**

	Prior Period	Total	Subject To Credit Risk	Subject to the Securitisation	Subject To Counterparty Credit Risk	Subject To Market Risk
1	Asset carrying value amount under scope of regulatory Consolidation (As note 3.2.1 of Section 4)	1.177.539.633	1.111.752.025	-	56.581.192	9.206.416
2	Liabilities carrying value amount under regulatory scope of consolidation (As note 3.2.1 of Section 4)	33.888.000	-	-	25.648.224	8.239.776
3	**Total net amount under regulatory scope of consolidation**	**1.143.651.633**	**1.111.752.025**	**-**	**30.932.968**	**966.640**
4	Off-Balance Sheet Amounts	551.922.907	204.754.583	-	-	-
5	Differences in valuations		-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2		-	-	-	-
7	Differences due to consideration of provisions		-	-	-	-
8	Differences Resulted from the BRSA's Applications		(134.154.013)	-	(6.139.265)	12.748.665
9	Differences due to risk reduction		(147.613)	-	-	-
	Risk Amounts		**1.182.204.982**	**-**	**24.793.703**	**13.715.305**

3.2.3. Explanations of differences between accounting and regulatory exposure amounts

There is no difference between amounts reported in the financial statements and valuated in accordance with TAS and amounts valuated in accordance with TAS in scope of legal consolidation.

Bank's financial instruments subject to fair value measurement are valued using Mark-to-Market or Mark-to- Model approach based on their product types. Implementation of valuation methodologies is carried out in accordance with the "Fair Value Measurement" policies in line with the prudent valuation principles set out in the annex of the Directive on Measurement and Assessment of Banks' Capital Adequacy. The Bank uses market prices for bonds and futures contracts traded in organized markets, while it often uses platforms generating Mark-to- Model value for derivative transactions traded in OTC markets. Mark-to-Market or Mark-to-Model valuations are made on a daily basis so that changes in the market can be reflected in the Bank's financials with the same frequency.

The Independent Price Control process (IPV) is designed to draw the errors or deviations that may occur in the valuations to the minimum level, to calculate the correct profit / loss and risk, through verification, comparison and approval of market prices and model inputs regularly with independent and different sources. The purpose of the IPV is to ensure that the data used for bank valuations are generated on a daily basis from a highly representative, adequately liquid and accurate instruments. All these processes have a clear, integrated and complementary approach that is in line with the objectives of the Bank.

Prices quoted in active markets for securities and derivative transactions are used to record the fair value of an instrument, but quoted prices are generally not available in active markets. Appropriate valuation techniques are used for financial instruments that are not traded in the market but the estimated fair value is adjusted through valuation techniques of the market participant's estimation of similar asset or liability price. Such adjustments are categorized close out cost, market liquidity, model risk and credit valuation adjustments.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Close out Cost adjustment reflects the amount which would be incurred to arrive at an appropriate ask/liquidation price (financial instruments which are assets at valuation date) or bid/unwind price (financial instruments which are liabilities at valuation date) for financial instruments valued at mid-market prices.

Market liquidity adjustment is calculated to reflect the amount which would be incurred to close out the position when liquidity is not sufficient. When there is not any tradeable price on liquid two way market, a liquidity discount is applied for pricing.

Model risk; reflects the risk stemming from deficiencies in model. Complexity of the model, being market standard and capability to incorporate all known risk factors determine the necessity/applicability of model risk adjustments.

Credit Value Adjustment (CVA), is defined as market value of counterparty credit risk (CCR), which arises from the possibility of a counterparty's default and considered in regulatory capital adequacy calculations for all CCR exposures.

3.3. Explanations on Credit Risk

3.3.1. General information on credit risk

3.3.1.1. General qualitative information on credit risk

Credit Policy is prepared to be well-structured in line with the BRSA loan management guidebook.

Credit policy is revised at least once a year, approved by Board of Directors, announced within the bank and implemented in accordance with the appropriate procedures in banks. During the review of credit policies, economic conjuncture, the bank's capital adequacy ratio and amendments in related regulation are taken into consideration. Key elements such as target markets, portfolio structure and concentration, large exposures, credit limit applications, approval authorities are determined in the credit policies. In the policies, key messages are provided based on principles of prudence, continuity about the customer's credit worthiness, specific sectors, segments and products for growth in accordance with the defined credit strategies.

Credit Risk Management Section is established to manage the credit risk of the Bank by determining, measuring, monitoring, evaluating and reporting the risks. In order to improve the asset quality of the Bank, the main roles and responsibilities of the section are composed of performing periodical analyses on credit portfolio trend, calculating credit risk cost based on segments and executing compliance activities between risk management practices with Basel requirements.

Credit risk management consists of two sub-units: credit risk strategies and operational risk management and credit risk planning, modeling and reporting management.

Credit risk strategies and operational risk management is responsible for developing underwriting, monitoring, collection and workout strategies and following the actions taken in accordance with the Bank's risk appetite in terms of credit risk. The unit takes an active role in the development of these strategies by conducting risk analysis, determining the rules to be used in decision trees, putting them into practice through decision support systems, and running the flow smoothly. The unit is also responsible for definition of the operational and reputational risk policies, implementation of measurement, monitoring and reporting systems, identification of the key risk indicators, and performance of scenario analyses. The unit carries out the activities regarding Basel compliance, operational risk models setting and development, operational risk weighted asset calculation and risk based insurance activities. The unit is responsible for the studies on Information Systems risk inventory, coordination of the Support Services Risk Management Program and setting up the relevant monitoring systems and management, as well as development of the Business Continuity Management Policy and Plans and continuous updating of these policy and plans. The unit also ensures the actions taken under business contiunity and the coordination and control of Business Continuity Management projects and budget.

Credit Risk Planning, Modeling and Reporting Management is responsible for preparation of credit risk budgeting and credit risk reporting activities of the Bank, calculation of loan loss provisions; identification of the Credit Policy according to risk appetite of the Bank, implementation of the policy throughout the Banks and its subsidiaries, support to all units in the Bank for the related topics. The units establishes a common risk culture on group basis and performs process analyses of credit and risk management functions in subsidiaries to ensure standard risk management practices and establishes action plans for the standardization of all gaps within the group. The unit prepares reports for assessment of credit risk and for the preparation of various and comprehensive concentrations and forecasts on asset quality trends for the Bank, performs necessary calculations to measure the risk profile of the bank and ensures that the country risk is identified. The unit is also responsible for taking part in the model development processes of PD, EAD, LGD models which are in the scope of IRB communique (issued by BRSA – using internal rating based approach for credit risk calculations) and giving opinions as the ultimate authority, supervising the rating systems, monitoring the performance, analysing the results regularly, ensuring the proper functioning of the rating systems, leading the studies for the areas that need improvement and the deficiencies identified, informing the BRSA about the changes made in the rating systems and the relevant units within the Bank, evaluating model use test, ensuring dissemination of the models in the bank internal processes within the scope requested by the BRSA and monitoring the projects carried out in the Bank within the scope of Basel for commercial customers. This business unit is also responsible for taking part in the development processes of operational models used in underwriting, monitoring, collection, etc. processes and monitoring their performance.

ISEDES report is prepared in accordance with the related guide of BRSA and submitted to the approval of the Board of Directors. The report mainly includes the Bank's approach for the review of risks and capital in order to preserve capital adequacy of the Bank with respect to its current and future activities and information on management structure and applied approaches.

Regular supervision and controls are performed to ensure that credit process is carried out in compliance with the Bank credit policies and procedures, loans are extended in accordance with principles and procedures determined by the Board of Directors and loans are reported properly with the information of maturity, quantity and qualification to top management.

Activities carried out by units within scope of internal systems are employed as a tool to define weak points regarding the credit risk management process, policy and procedures and to determine the transactions that are not compliant with limits, policy and procedures.

Issues that are observed during the examinations is being regularly reported to top management and Audit Committee considering importance level.

Summary of the activities of units within the scope of internal systems are effectively utilized by the management and actions are taken in order to prevent repetition of weaknesses and conflicts regarding credit management.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.1.2. Credit quality of assets

		Gross carrying values of as per TAS			
	Current Period	Defaulted exposures	Non-defaulted exposures	Allowances/ impairment	Net values
1	Loans	26.829.719	877.730.504	39.819.927	864.740.296
2	Debt Securities	-	403.927.044	946.624	402.980.420
3	Off-balance sheet exposures	2.028.872	1.180.719.824	3.290.315	1.179.458.381
	Total	**28.858.591**	**2.462.377.372**	**44.056.866**	**2.447.179.097**

		Gross carrying values of as per TAS			
	Prior Period	Defaulted exposures	Non-defaulted exposures	Allowances/ impairment	Net values
1	Loans	20.733.112	585.381.215	35.667.156	570.447.171
2	Debt Securities	-	242.265.589	557.197	241.708.392
3	Off-balance sheet exposures	1.431.465	502.388.582	2.222.157	501.597.890
	Total	**22.164.577**	**1.330.035.386**	**38.446.510**	**1.313.753.453**

3.3.1.3. Changes in stock of defaulted loans and debt securities

		Current Period	Prior Period
1	**Defaulted loans and debt securities at the end of the previous reporting period**	**22.164.577**	**20.023.972**
2	Loans and debt securities that have defaulted since the last reporting period	18.896.980	11.517.943
3	Returned to non-defaulted status (-)	78.940	106.767
4	Amounts written off (-)	3.119.459	4.781.752
5	Other changes	(9.004.567)	(4.488.819)
6	**Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)**	**28.858.591**	**22.164.577**

3.3.1.4. Additional disclosure related to the credit quality of assets

According to the BRSA Regulation "Regulation on the procedures and principles for the determination of qualification of loans and other receivables by Banks and provision to be set aside" in the cases:

- ➢ For which recovery of principal or interest or both delays for more than ninety days from their terms or due dates or;
- ➢ Which have limited means for total recovery because debtors' equity or guarantees extended by them are found inadequate to cover payment of debts on respective terms and are likely to lead to losses in case any such problems observed are not solved or;
- ➢ For which debtors have suffered deterioration in their creditworthiness and credits have suffered weakness consequently or;
- ➢ For which it is believed that recovery by banks of principal or interest or both would delay for more than ninety days from their terms or due dates due to reasons such as problems encountered by debtors over operating capital financing or additional liquidity creation,

loans and receivables are classified as 'non performing loans' and are transferred to non performing loan accounts. Within the scope of the same regulation, these loans are set aside for the expected credit loss according to the internal models developed by the Bank.

In accordance with the regulation; in the event that failure to meet payment obligations towards banks stems from temporary liquidity difficulties related to the loans and other receivables as part of the principles of classification, loans and other receivables including any overdue interest may be restructured or subject to a new redemption plan for the purpose of providing debtors with liquidity capability and ensuring recovery of receivables by bank.

3.3.1.4.1. Exposures provisioned against by major regions (1)

	Current Period	Prior Period
Domestic	1.225.659.426	793.276.693
USA, Canada	1.330.023	483.313
European Union (EU) Countries	12.988.374	12.408.341
OECD Countries	1.668.125	1.520.692
Off-Shore Banking Regions	1.297	720
Other Countries	6.670.017	4.436.686
Total	**1.248.317.262**	**812.126.445**

(1) Breakdown of cash, non-cash and non-performing loans with respect to geographical regions are provided.

3.3.1.4.2. Exposures provisioned against by major sectors [1]

	Current Period	Prior Period
Agricultural	**22.369.385**	**13.118.301**
Farming and raising livestock	16.502.230	10.369.931
Forestry	4.001.247	2.143.008
Fishing	1.865.908	605.362
Manufacturing	**472.316.536**	**347.990.660**
Mining and Quarrying	2.106.868	1.909.269
Production	370.889.933	271.740.275
Electricity, Gas, Water	99.319.735	74.341.116
Construction	**128.555.253**	**81.032.270**
Services	**288.750.910**	**192.199.592**
Wholesale and retail trade	73.444.642	48.424.277
Hotel, food and beverage services	26.335.302	18.376.984
Transportation and telecommunication	45.001.219	30.123.807
Financial institutions	67.138.156	43.957.384
Real estate and leasing services	17.653.191	14.896.658
Education services	1.855.035	1.722.336
Health and social services	57.323.365	34.698.146
Other	**336.325.178**	**177.785.622**
Total	**1.248.317.262**	**812.126.445**

(1) Breakdown of cash loans, non-cash loans and non-performing loans by sectors.

3.3.1.4.3. Receivables according to remaining maturities:

Receivables according to remaining maturities are explained Note 7 of Section 4.

3.3.1.4.4. Exposures provisioned against by major sectors:

Information on the amount of receivables and provisions provided for on the sector basis are disclosed in Note 2 of Section 4.

3.3.1.4.5. Exposures provisioned against by major regions :

The distribution of the specific provisions is predominantly domestic and a provision amounting to TL 26.766.510 (December 31, 2022- TL 20.533.781) has been set aside for the risk at an amount of TL 18.855.734 (December 31, 2022- TL 15.668.894)

3.3.1.4.6. Aging analysis for overdue receivables [1]

Overdue days count	Current Period	Prior Period
1-30 days	4.799.873	2.215.532
31-60 days	3.680.334	1.650.121
61-90 days	2.118.377	843.339
Total	**10.598.584**	**4.708.992**

(1) Overdue receivables under close monitoring represent overdue of cash loans.

Loans under close monitoring amounting to TL 92.427.228 (December 31, 2022 – TL 75.378.960) are not overdue.

3.3.1.4.7. Breakdown of restructured receivables based on whether or not provisions are allocated:

Provisions are recognized for all non-performing loans in accordance with Provisioning Regulation.

Credit Class	Current Period	Prior Period
Loans restructured from Loans and other receivables under close monitoring	48.230.529	50.232.044
Loans restructured from Loans under legal follow-up	7.220.471	5.170.167
Total	**55.451.000**	**55.402.211**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.1.4.8. Informations related to expected credit losses for loans:

Current Period	Stage1	Stage2	Stage3	Total
Beginning of the period	**4.530.314**	**15.354.526**	**15.782.316**	**35.667.156**
Additions	3.990.387	7.253.203	11.043.988	22.287.578
Disposals (-)	6.123.301	10.065.547	6.013.313	22.202.161
Sold (-)	-	-	3.047.039	3.047.039
Write offs (-)	-	-	72.420	72.420
Transfer to stage 1	2.957.022	(2.956.430)	(592)	-
Transfer to stage 2	(933.971)	1.062.990	(129.019)	-
Transfer to stage 3	(47)	(1.339.605)	1.339.652	-
Foreign currency differences	1.252.105	5.934.708	-	7.186.813
End of the period	**5.672.509**	**15.243.845**	**18.903.573**	**39.819.927**

Prior Period	Stage1	Stage2	Stage3	Total
Beginning of the period	**3.082.442**	**12.433.108**	**13.717.846**	**29.233.396**
Additions	2.065.190	4.423.280	9.897.668	16.386.138
Disposals (-)	1.575.876	3.787.625	4.593.670	9.957.171
Sold (-)	-	-	1.672.492	1.672.492
Write offs (-)	-	-	3.109.260	3.109.260
Transfer to stage 1	312.126	(312.032)	(94)	-
Transfer to stage 2	(18.152)	112.363	(94.211)	-
Transfer to stage 3	(5)	(1.636.524)	1.636.529	-
Foreign currency differences	664.589	4.121.956	-	4.786.545
End of the period	**4.530.314**	**15.354.526**	**15.782.316**	**35.667.156**

3.3.2. Credit risk mitigation

3.3.2.1. Qualitative disclosure on credit risk mitigation techniques

The Bank employs on-balance sheet netting and/or general netting agreements for specific capital market transactions for credit risk mitigation, with the condition of meeting the requirements of having implemented corresponding systems supported methods and processes and clear documentation of the required documents.

The Bank may use assets and liabilities as an on balance sheet netting instrument considering them as cash collateral.

The capital requirements may be determined on the base of net exposure of assets and liabilities, if the following conditions are met:

- The agreement should provide the Bank the authorization to monitor the receivable of the payee over a single value after netting all payables and receivables even though there is no such indicator for the counterparty showing bankruptcy or financial difficulty in accordance with the regulations of governments.
- The Bank is provided the authority of netting and monitoring the risk over a single value even the counterparty is not in bankruptcy case of a bankruptcy of one counterparty, the other counterparty should have the authority to terminate all contracts under the agreement
- The agreement should provide the facility to monitor the receivable of the payee over a single value after netting all payables and receivables in case of the termination of all contracts

In the policies and procedures regarding the assessment and management of the collaterals as part of collateralized lending, Credit risk mitigation techniques aims at:

- Determination of general and specific requirements for the improvement and optimization of collateral systems, processes, strategies and procedures;
- Valuation of collateral taking into consideration the local regulations and procedures;
- Provision of the soundness, legal enforceability and maintenance of ratable collateral based on a legal framework;
- Determination of the level of the collateral haircut taking the local conditions and the process of risk management into consideration;
- Regular monitoring of the collateral value;
- Differentiation between counterparty (economic) and country (political) risk aspects,
- Mitigation of concentration risks, correlation risks and residual risks through recognition of collateral;
- Improvement in the quality of strategic business and overall Bank management
- Clear definition of Roles and Responsibilities
- Determination of acceptable collaterals and collateral related conditions (list of collateral) / (non-parametric condition list)

In the calculations regarding credit risk mitigation, the Bank performs risk mitigation within the regulations set out in the Credit Risk Mitigation Techniques Notification dated September 6, 2014 and numbered 29111 and uses a comprehensive financial guarantee method for its financial collaterals. With the comprehensive financial collateral method, the relevant volatility adjustments specified in the regulation made on the value of the financial collaterals that are used in calculating the capital requirements.

The credit policies establish an operational connection between Bank's activities and its risk capacity and covers the main business areas in accordance with target portfolio structure, risk targets regarding expected and unexpected loss in line with risk capacity and limits relating to risk concentration. Limits are ensured to be compliant with restrictions determined by related regulation and regulatory authorities. Bank uses an integrated approach in concentration risk management, in which all risk concentrations are identified, monitored and evaluated. Therefore, besides the loans to individuals and companies, also the concentrations of market, sector, country and segment are being taken into consideration. Bank pays utmost attention to any concentration of the credit and market risks on a specific counterparty or risk classification in accordance with policies and internal procedures.

3.3.2.2. Credit risk mitigation techniques – overview

Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans	791.249.113	73.491.183	56.236.768	1.689.445	1.416.070	-	-
Debt securities	402.980.420	-	-	-	-	-	-
Total	**1.194.229.533**	**73.491.183**	**56.236.768**	**1.689.445**	**1.416.070**	**-**	**-**
Of which defaulted	4.016.278	3.909.868	2.867.556	446.094	256.814	-	-

Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans	512.212.727	58.234.444	42.737.061	4.073.740	3.442.226	-	-
Debt securities	241.708.392	-	-	-	-	-	-
Total	**753.921.119**	**58.234.444**	**42.737.061**	**4.073.740**	**3.442.226**	**-**	**-**
Of which defaulted	3.450.990	1.499.806	663.375	435.944	305.249	-	-

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.3. Credit risk under standardised approach

3.3.3.1. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

An international rating firm, Fitch Ratings' external risk ratings are used to determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". The international risk ratings are used for all the exposures to central governments/central banks, for Financial Institutions, Corporations, Regional Governments, Administrative Bodies and for Multinational Development Banks asset classes of which the counterparty resides in foreign countries.

Exposures to central governments and central banks which are not rated by Fitch Ratings are included in the calculation of capital adequacy as unrated. Receivables from residents in Türkiye are classified as unrated.

Fitch Ratings' risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

Credit Quality Grade	Fitch Ratings	Claims on sovereigns and Central Banks	Claims on administrative bodies and other non-commercial undertakings	Claims on banks and intermediary institutions: Contractual maturity of claims under 3 months	Claims on banks and intermediary institutions: Contractual maturity of claims over 3 months	Claims on corporates
1	AAA AA+ AA AA-	0%	20%	20%	20%	20%
2	A+ A A-	20%	50%	20%	50%	50%
3	BBB+ BBB BBB-	50%	100%	20%	50%	100%
4	BB+ BB BB-	100%	100%	50%	100%	100%
5	B+ B B-	100%	100%	50%	100%	150%
6	CCC+ CCC CCC- CC C D	150%	150%	150%	150%	150%

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.3.2. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects

	Current Period	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	543.348.350	122	545.021.233	56.364	-	-
2	Exposures to regional governments or local authorities	1.259.026	-	1.253.450	-	626.725	50,00%
3	Exposures to public sector entities	2.123.825	298.265	2.123.767	99.798	2.223.565	100,00%
4	Exposures to multilateral development banks	1.022.959	114.614	1.022.959	62.453	-	-
5	Exposures to institutions	70.932.297	25.780.171	70.932.297	10.104.027	26.112.749	32,22%
6	Exposures to corporates	13.183.705	64.556.042	12.523.541	12.915.843	14.702.001	57,79%
7	Retail exposures	1.423.377	1.909.543	666.917	76.893	578.109	77,72%
8	Exposures secured by residential property	28.489	21.301	28.189	10.620	13.612	35,07%
9	Exposures secured by commercial real estate	2.222	467.970	2.222	233.985	124.928	52,89%
10	Past-due loans	85.936	-	254	-	220	86,61%
11	Higher-risk categories by the Agency Board	1.292.951	702.518	1.121.660	8.859	1.696.191	150,04%
12	Exposures in the form of collective investment undertaking	54.376	-	54.376	-	40.504	74,49%
13	Investments in equities	28.519.026	-	28.519.026	-	33.866.336	118,75%
14	Other receivables	-	-	-	-	-	-
	Total	**663.276.539**	**93.850.546**	**663.269.891**	**23.568.842**	**79.984.940**	**11,65%**

	Prior Period	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	325.235.895	2.422	328.983.371	173.891	-	-
2	Exposures to regional governments or local authorities	208.510	20.512	208.510	10.256	109.383	50,00%
3	Exposures to public sector entities	1.497.583	716.706	1.497.526	253.137	1.750.663	100,00%
4	Exposures to multilateral development banks	878.649	168.348	878.649	128.199	-	-
5	Exposures to institutions	62.112.083	33.722.366	62.112.083	5.025.225	20.050.719	29,87%
6	Exposures to corporates	10.120.736	48.122.343	8.358.291	10.752.824	13.182.900	68,98%
7	Retail exposures	2.879.918	1.116.763	1.199.411	58.221	1.060.269	84,31%
8	Exposures secured by residential property	79.237	1.043	79.237	359	29.104	36,56%
9	Exposures secured by commercial real estate	15.297	1.383.382	15.297	691.681	363.028	51,35%
10	Past-due loans	103.168	-	1.665	-	926	55,62%
11	Higher-risk categories by the Agency Board	445.944	4.243.498	242.091	13.226	382.976	150,00%
12	Exposures in the form of collective investment undertaking	31.895	-	31.895	-	14.749	46,24%
13	Investments in equities	17.847.741	-	17.847.741	-	20.952.624	117,40%
14	Other receivables	-	-	-	-	-	-
	Total	**421.456.656**	**89.497.383**	**421.455.767**	**17.107.019**	**57.897.341**	**13,20%**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.3.3. Standardised approach – exposures by asset classes and risk weights

Current Period

	Asset classes/ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to central governments or central banks	545.077.597	-	-	-	-	-	-	-	-	-	-	545.077.597
2	Exposures to regional governments or local authorities	-	-	-	-	1.253.450	-	-	-	-	-	-	1.253.450
3	Exposures to public sector entities	-	-	-	-	-	-	2.223.565	-	-	-	-	2.223.565
4	Exposures to multilateral development banks	1.085.412	-	-	-	-	-	-	-	-	-	-	1.085.412
5	Exposures to institutions	-	-	48.255.904	-	32.637.704	-	142.716	-	-	-	-	81.036.324
6	Exposures to corporates	-	-	27.835	-	21.430.231	-	3.981.318	-	-	-	-	25.439.384
7	Retail exposures	-	-	-	-	-	662.805	81.005	-	-	-	-	743.810
8	Exposures secured by residential property	-	-	-	38.738	-	71	-	-	-	-	-	38.809
9	Exposures secured by commercial real estate	-	-	-	-	222.559	-	13.648	-	-	-	-	236.207
10	Past-due loans	-	-	-	-	68	-	186	-	-	-	-	254
11	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	1.129.694	825	-	-	1.130.519
12	Investments made in collective investment companies	3.129	-	8.038	-	8.625	-	34.584	-	-	-	-	54.376
13	Investments in equities	-	-	-	-	-	-	24.954.153	-	-	3.564.873	-	28.519.026
14	Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**546.166.138**	**-**	**48.291.777**	**38.738**	**55.552.637**	**662.876**	**31.431.175**	**1.129.694**	**825**	**3.564.873**	**-**	**686.838.733**

Prior Period

	Asset classes/ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to central governments or central banks	329.157.262	-	-	-	-	-	-	-	-	-	-	329.157.262
2	Exposures to regional governments or local authorities	-	-	-	-	218.766	-	-	-	-	-	-	218.766
3	Exposures to public sector entities	-	-	-	-	-	-	1.750.663	-	-	-	-	1.750.663
4	Exposures to multilateral development banks	1.006.848	-	-	-	-	-	-	-	-	-	-	1.006.848
5	Exposures to institutions	-	-	45.441.435	-	21.466.882	-	228.991	-	-	-	-	67.137.308
6	Exposures to corporates	330.804	-	668.282	-	10.125.570	-	7.986.459	-	-	-	-	19.111.115
7	Retail exposures	-	-	-	-	-	789.452	468.180	-	-	-	-	1.257.632
8	Exposures secured by residential property	-	-	-	76.481	-	3.115	-	-	-	-	-	79.596
9	Exposures secured by commercial real estate	-	-	-	-	685.271	5.267	16.440	-	-	-	-	706.978
10	Past-due loans	-	-	-	-	1.473	-	192	-	-	-	-	1.665
11	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	255.317	-	-	-	255.317
12	Investments made in collective investment companies	1.678	-	14.924	-	7.059	-	8.234	-	-	-	-	31.895
13	Investments in equities	-	-	-	-	-	-	15.777.819	-	-	2.069.922	-	17.847.741
14	Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**330.496.592**	**-**	**46.124.641**	**76.481**	**32.505.021**	**797.834**	**26.236.978**	**255.317**	**-**	**2.069.922**	**-**	**438.562.786**

3.3.3.4. Explanations on the use of IRB Models

In the development of internal models;

- As the owners of the probability of default (PD), loss given default (LGD) and exposure at default (EAD) models used in capital adequacy calculations, credit risk control and modeling units (individual and commercial) are responsible for the development and implementation processes of the models, also the regular monitoring and updating of the models.
- In case of need, advanced analytics unit is responsible for the development of the PD, LGD, EAD models,
- Validation unit is responsible for performing the initial and periodic validation of the models and providing the regular validation report.

When the development of the models is completed and following the approval of the validation unit, they are submitted to the approval of the credit committee and the Board of Directors. The models can be got into use after the necessary approvals are obtained from the relevant committees.

Performance monitoring of the model, which has been developed and put into use, is carried out by the credit risk control and modeling units and the validation unit. Performance monitoring of the models is carried out through the credit risk control unit report prepared quarterly by the credit risk control and modeling teams and annual periodic validation studies. In addition, every month before the models are run, certification checks are carried out and the accuracy of the data used in the model is confirmed.

Re-development, re-train or re-calibration of the models can be done according to the performance monitoring results of the models in use.

In accordance with the IRB communiqué (issued by BRSA – using internal rating based approach for credit risk calculations) as published in the Official Gazette dated 23 October 2015 numbered 29511, all IRB models and validation processes are audited annually by the Internal Audit Department. The scope of audits consists of three main areas: governance and validation, rating systems and quantification of risks and usage testing. Audit processes include reviewing IRB models for compliance with all minimum requirements, as well as validation of models. In this framework, initial, periodic, data and process validation activities are examined and validation findings are also taken into account within the scope of relevant model audits.

Reports on credit risk models are prepared in order to explain the structure, process and performance of the rating system, the areas that need improvement, the activities to complete the identified deficiencies, and to monitor the credit risk. Commercial credit risk control and modeling and retail credit risk control and modeling units are responsible for reporting. The related report includes the risk profile according to grades, migrations between grades, comparison of the estimations of risk parameters and observed values, and analysis of the effectiveness of the override process. If there is a rating override for project finance loans in the relevant reporting period, the reasons for the change are also included.

For the capital calculation, BRSA allowed the use of PD and EAD models in the corporate receivables class, the PD, LGD and EAD models in the retail receivables class, and the use of the slotting method in project finance loans.

91% of the bank's total risk weighted assets amount is calculated with the IRB approach. 7% of the total risk weighted asssets amount is in portfolios such as receivables from central governments or financial institutions that do not have an IRB approach permit. The corporate and commercial portfolio is under the Foundation IRB approach, 95% of which is calculated with the IRB approach. The retail portfolio is under the Advanced IRB approach and 99% of it is calculated with the IRB approach. The slotting approach is used for all project finance risks.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

There are application and behavior PD Models for both corporate and retail receivables classes. Application models are the models that work at the moment when a customer applies for a loan to the Bank. Behavioral models are run at the end of each month for customers with limits or risks in the bank (for the behavior insert, it is required to be older than six months in the individual portfolio).

- Individual portfolio PD application models consist of five models that work separately for each product in case the customer makes their own application. Behavior PD model is a model that consists of nine different segments.
- Individual portfolio EAD models are two models consisting of five different segments that vary according to the limit usage rate and risk amount for the customer's credit card and overdraft products. LGD models are five models consisting of eleven different segments in terms of risk amount breakdown by product.
- SME portfolio PD behavior and application models consists of four different segments, which vary according to the customer's information such as turnover, memzuç limit, customer type and being a agriculture customer.
- The same model is used for application and behavior in the corporate/commercial portfolio PD calculation. The model consists of four different segments that vary according to the customer's balance sheet type, memzuç limit and gross profit.
- Corporate/commercial/SME portfolio EAD model consists of twelve different segments that vary according to the portfolio, limit, risk, limit usage rate and limit gap information for the customer's commercial overdraft, commercial credit card, non-cash (check, letter of guarantee, letter of credit) products. Five of the twelve segments are for the corporate/commercial portfolio and seven are for the SME portfolio.

Bank's PD models are developed using logistic regression. At least five years of data are used while developing the model in accordance with the articles specified in the communique. For the initial validation activities, out-of-sample (OOS) and out-of-time (OOT) data is separated. As stated in the Communique, the PD of the best grade can be at least 0,03%.

Due to the use of minimum five-year data during model development and the higher default rates during the model development period compared to the current period, the calculated PD value especially for the individual portfolio differs relatively from the observed DR.

The PD model is used in underwriting strategies, provision calculations and economic capital calculations as well as capital calculations.

Specialized loans can be defined as portfolios with low default rates. PD calculation is not made for specialized loans, the classification method is used.

While developing the LGD model, the gross LGD approach was used. At least 5-7 years of data are used while developing the model in accordance with the articles specified in the communique. For the initial validation activities, out-of-sample (OOS) and out-of-time (OOT) data is separated. As stated in the communique, it has been ensured that the LGD value of mortgage loans is at least 10%. The downturn period effect for the individual portfolio is added as a conservatism margin:

- A random sample is selected one thousand times, with the LGD values calculated for the performing and default groups equal to the number of observations for each product.
- In each sample, the average of LGD values for the performing and default groups is calculated.
- LGD averages calculated in the previous step were ordered for all segments and groups, and the 75th percentile was determined as LGD with a conservatism margin added.
- In order to reflect the effect of the downturn period, the 90th percentile was chosen after the LGD averages were ranked for all segments and groups.

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

For Commercial LGD model, the total collection amount in the first year when the customers entered the liquidation process was calculated and this amount was deducted from the default amount of the following year. Thus, the default amounts remaining in the following years spent by the customer in the liquidation process are reflected. The annual collection has been made taking into account these default amounts. Thus, the year in which the collection rate was bad in the economic cycle was taken into account. The through-the-cycle (TtC) LGD of the annual calculated LGD values was found. The year with the largest percentage difference of the annual LGD values from the calculated TtC LGD was determined as the downturn year, and the related percentage difference was determined as the downturn period coefficient.

The saturation point values used for the time between the default event and the closing of the receivable are as follows.

Product / Portfolio	Saturation Point
Consumer loan	74
Auto loan	30
Overdraft	42
Mortgage	33
Credit card	50
Commercial portfolio	73
SME portfolio	68
Corporate portfolio	50

EAD model begins by associating defaulted loans with the 12-month risk and limit information before the default date. A random observation month is selected from the 12-month period from the date of default by the customer, and the EAD parameters are calculated accordingly. In product segmentation, arithmetic mean EAD ratios were calculated by considering business requirements and statistical significance. The last step is to add a conservatism margin as required in the Basel and IDD communiqué to create the final model.

As a result of the analysis made for individual loans, it was decided to use the 60th and 70th percentiles for the conservatism margin and downturn period effect ratios, respectively, in individual products in risk conservion factor (RCF), limit conversion factor (LCF) and Non-limit conversion factor (NLCF). For commercial loans, five quantile is added over the model output for both conservatism margin and downturn effect.

3.3.35. IRB Approach: Credit Risk Amounts by Portfolio and PD Ranges

Current Period														
Foundation IRB	PD Range	On-balance sheet amount	Off-balance sheet amount	Average CCF	Exposures post-CCF and CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density	Expected Loss	Provisions
	0-0,15	60.459.577	157.552.005	53,96%	145.472.055	0,07%	29.052	43,84%	1,55	28.877.122	19,85%	46.099	87.554
	0,15-0,25	9.117.793	19.516.113	58,83%	20.599.449	0,20%	30.457	42,50%	1,39	7.435.044	36,09%	18.971	28.513
	0,25-0,5	30.596.048	39.538.658	47,24%	49.273.638	0,35%	12.249	42,19%	1,41	26.123.929	53,02%	78.204	103.024
	0,5-0,75	15.039.696	15.013.430	55,42%	23.360.385	0,62%	17.450	41,93%	1,31	16.147.057	69,12%	65.291	44.217
Exposures to corporates	0,75-2,5	90.547.804	55.560.203	46,94%	116.628.489	1,51%	23.424	41,43%	1,62	112.240.736	96,24%	790.917	4.762.107
	2,5-10	27.030.614	35.916.738	39,41%	41.184.869	4,95%	13.605	41,72%	1,39	55.719.448	135,29%	916.689	776.387
	10-100	9.899.941	5.259.687	32,76%	11.623.197	16,07%	1.772	39,97%	1,28	22.924.696	197,23%	840.563	578.838
	100 (default)	15.324.300	903.284	25,38%	15.553.528	100,00%	5.265	39,30%	2,50	-	-	11.515.408	10.850.391
	Subtotal	**258.015.773**	**329.260.118**	**50,32%**	**423.695.610**	**5,12%**	**128.264**	**42,34%**	**1,54**	**269.468.032**	**63,60%**	**14.272.142**	**17.231.031**

Current Period													
Advanced IRB	PD Range	On-balance sheet amount	Off-balance sheet amount	Average CCF	Exposures post-CCF and CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density	Expected Loss	Provisions
	0-0,15	25.707.849	111.544.486	51,83%	83.516.266	0,10%	1.133.505	47,26%	-	2.971.538	3,56%	38.112	10.238
	0,15-0,25	29.801.222	123.629.624	51,85%	93.898.096	0,19%	1.639.783	47,10%	-	5.926.095	6,31%	85.184	22.561
	0,25-0,5	9.665.225	30.061.480	51,96%	25.284.343	0,33%	443.249	47,10%	-	2.527.327	10,00%	39.206	10.320
	0,5-0,75	27.051.529	72.821.293	52,02%	64.933.990	0,64%	1.128.864	47,12%	-	11.161.780	17,19%	196.473	41.094
Qualifying Revolving Retail Exposures	0,75-2,5	36.196.415	75.518.871	52,19%	75.606.560	1,47%	1.681.608	46,88%	-	24.264.197	32,09%	521.149	130.861
	2,5-10	36.488.561	29.003.465	53,02%	51.865.033	5,07%	1.839.194	46,25%	-	39.166.255	75,52%	1.211.055	380.544
	10-100	6.540.405	833.800	55,50%	7.003.192	30,05%	370.458	45,26%	-	12.472.298	178,09%	954.807	314.049
	100 (default)	204.371	94	57,01%	204.425	100,00%	9.701	57,77%	-	25.182	12,32%	116.685	16.957
	Subtotal	**171.655.577**	**443.413.113**	**52,02%**	**402.311.905**	**1,69%**	**8.246.362**	**46,96%**	**-**	**98.514.672**	**24,49%**	**3.162.671**	**926.624**
	0-0,15	6.879.695	30.229.750	47,88%	21.354.651	0,09%	124.663	50,53%	-	2.863.706	13,45%	9.835	19.530
	0,15-0,25	5.764.203	14.224.618	48,65%	12.684.863	0,20%	146.699	50,35%	-	3.096.519	25,11%	12.398	18.884
	0,25-0,5	10.350.266	20.656.841	43,28%	19.291.472	0,35%	138.012	52,17%	-	6.671.069	34,81%	35.127	40.171
	0,5-0,75	8.204.354	10.360.482	47,57%	13.132.535	0,63%	122.579	50,97%	-	6.549.872	51,91%	40.557	37.429
Retail SME Exposures	0,75-2,5	28.906.888	25.854.504	43,50%	40.152.417	1,48%	250.860	50,37%	-	26.828.923	67,58%	293.752	201.612
	2,5-10	22.950.320	9.442.108	43,03%	27.013.261	5,10%	183.354	49,36%	-	23.108.981	85,71%	672.808	384.188
	10-100	7.632.927	1.911.269	37,02%	8.340.424	20,13%	48.314	48,04%	-	9.360.660	112,01%	805.953	325.249
	100 (default)	2.326.572	573.610	22,49%	2.455.562	100,00%	44.614	78,16%	-	349.125	13,77%	1.892.187	2.534.893
	Subtotal	**93.015.225**	**113.253.182**	**45,39%**	**144.425.185**	**4,41%**	**873.533**	**50,84%**	**-**	**78.828.855**	**55,09%**	**3.762.617**	**3.561.956**
	0-0,15	3.254.468	17.629.219	83,92%	18.049.567	0,10%	1.326.660	57,84%	-	2.714.628	15,80%	9.608	7.697
	0,15-0,25	11.923.996	26.069.337	84,05%	33.834.905	0,19%	1.605.158	58,44%	-	8.775.889	28,24%	35.200	22.171
	0,25-0,5	5.060.483	9.985.549	84,23%	13.471.619	0,32%	514.520	58,32%	-	5.279.857	41,06%	24.467	13.680
	0,5-0,75	23.564.427	19.748.700	84,52%	40.255.802	0,65%	1.117.343	59,20%	-	26.482.179	69,20%	147.112	49.121
Other Retail Exposures	0,75-2,5	42.563.465	20.638.506	85,14%	60.135.400	1,51%	1.522.653	60,03%	-	61.908.558	105,44%	533.509	153.905
	2,5-10	59.100.241	6.504.176	88,89%	64.881.989	5,48%	1.388.250	60,87%	-	94.859.825	147,20%	2.149.861	522.859
	10-100	14.716.666	164.905	123,11%	14.919.684	30,44%	299.833	61,59%	-	35.956.173	242,87%	2.770.537	763.429
	100 (default)	8.963.115	7.467	36,56%	8.965.846	100,00%	174.674	75,80%	-	672.225	7,26%	6.742.747	6.311.746
	Subtotal	**169.146.861**	**100.747.859**	**84,73%**	**254.514.812**	**7,49%**	**7.935.175**	**60,37%**	**-**	**236.649.334**	**96,52%**	**12.413.041**	**7.844.608**
	Retail Total	**433.817.663**	**657.414.154**	**55,89%**	**801.251.902**	**3,93%**	**11.764.765**	**51,21%**	**-**	**413.992.861**	**51,67%**	**19.338.329**	**12.333.188**
Other Items	**Subtotal**	**82.545.615**	**-**	**-**	**82.545.615**	**-**	**2**	**-**	**-**	**66.704.983**	**80,76%**	**-**	**-**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period													
Foundation IRB	**PD Range**	**On-balance sheet amount**	**Off-balance sheet amount**	**Average CCF**	**Exposures post-CCF and CRM**	**Average PD**	**Number of Customers**	**Average LGD**	**Average Maturity**	**Risk Weighted Assets**	**RWA Density**	**Expected Loss**	**Provisions**
	0-0,15	4.151.643	18.285.835	48,54%	13.027.132	0,09%	19.049	43,76%	1,80	3.268.153	34,19%	5.473	9.830
	0,15-0,25	1.748.718	3.677.631	63,40%	4.080.427	0,17%	34.646	41,67%	1,77	1.508.440	36,97%	3.194	10.518
	0,25-0,5	28.419.474	30.929.880	46,24%	42.722.342	0,33%	15.178	42,20%	1,37	20.652.229	59,05%	64.235	72.594
	0,5-0,75	63.836.734	60.734.274	45,73%	91.848.786	0,62%	19.949	43,44%	1,46	66.441.988	82,03%	256.557	1.457.225
Exposures to corporates	0,75-2,5	55.846.780	44.964.614	42,22%	75.119.805	1,56%	23.492	41,71%	1,49	74.117.427	100,45%	528.659	1.188.716
	2,5-10	28.523.654	27.138.050	38,36%	38.992.401	5,05%	13.949	41,84%	1,73	54.951.415	137,77%	886.139	1.801.040
	10-100	2.489.407	4.122.871	21,53%	3.377.054	27,92%	1.830	42,34%	1,41	7.679.676	216,72%	424.266	169.620
	100 (default)	11.315.590	557.785	20,23%	11.428.425	100,00%	7.554	39,65%	2,50	894.949	-	8.524.860	8.109.345
	Subtotal	**196.332.000**	**190.410.940**	**43,95%**	**280.596.372**	**5,81%**	**135.647**	**42,39%**	**1,55**	**229.514.277**	**86,58%**	**10.693.383**	**12.818.888**

Prior Period													
Advanced IRB	**PD Range**	**On-balance sheet amount**	**Off-balance sheet amount**	**Average CCF**	**Exposures post-CCF and CRM**	**Average PD**	**Number of Customers**	**Average LGD**	**Average Maturity**	**Risk Weighted Assets**	**RWA Density**	**Expected Loss**	**Provisions**
	0-0,15	11.481.540	26.700.133	26,86%	18.653.823	0,10%	977.686	44,21%	-	603.499	35,94%	7.980	3.836
	0,15-0,25	13.731.338	31.430.466	26,94%	22.197.979	0,19%	1.459.760	43,28%	-	1.238.256	38,39%	18.504	9.808
	0,25-0,5	4.614.859	7.757.258	27,83%	6.773.835	0,33%	432.008	43,33%	-	579.918	42,00%	9.810	5.564
	0,5-0,75	11.245.089	16.529.290	28,14%	15.895.869	0,64%	945.891	43,73%	-	2.320.766	46,25%	44.683	19.155
Qualifying Revolving Retail Exposures	0,75-2,5	15.647.502	21.631.895	27,89%	21.679.935	1,49%	1.605.773	42,45%	-	5.744.070	49,94%	136.978	67.879
	2,5-10	13.990.073	9.670.544	29,71%	16.863.465	5,14%	1.554.470	42,09%	-	8.559.913	68,55%	363.348	216.705
	10-100	2.185.421	572.404	32,69%	2.372.525	27,48%	342.761	38,93%	-	3.196.063	116,51%	257.092	138.084
	100 (default)	38.491	255	25,89%	38.557	100,00%	5.786	40,38%	-	260.116	392,34%	142	5.144
	Subtotal	**72.934.313**	**114.292.245**	**27,60%**	**104.475.988**	**1,98%**	**7.324.135**	**43,05%**	**-**	**22.502.601**	**48,55%**	**838.537**	**466.175**
	0-0,15	1.127.021	2.802.973	37,04%	2.165.217	0,10%	64.136	47,95%	-	299.854	32,22%	1.070	3.932
	0,15-0,25	6.541.891	10.972.378	53,23%	12.382.523	0,17%	141.691	49,24%	-	2.431.691	23,64%	10.583	37.907
	0,25-0,5	12.818.653	15.847.176	45,92%	20.096.339	0,37%	130.400	49,73%	-	6.297.904	32,16%	36.769	87.859
	0,5-0,75	9.487.490	8.771.337	41,98%	13.169.456	0,61%	123.153	49,52%	-	5.695.395	45,30%	39.912	78.495
Retail SME Exposures	0,75-2,5	22.661.179	15.087.678	40,54%	28.777.984	1,47%	240.416	48,96%	-	17.417.618	61,01%	206.496	261.000
	2,5-10	15.219.038	6.287.484	37,37%	17.568.407	5,03%	175.733	48,42%	-	13.683.606	76,62%	427.018	304.485
	10-100	2.806.022	889.901	30,88%	3.080.867	18,75%	36.882	46,92%	-	3.236.009	101,44%	271.286	114.058
	100 (default)	3.010.771	591.341	21,44%	3.137.569	100,00%	55.013	80,62%	-	404.960	12,96%	2.498.888	3.421.306
	Subtotal	**73.672.065**	**61.250.268**	**43,60%**	**100.378.362**	**5,18%**	**967.424**	**50,03%**	**-**	**49.467.037**	**50,42%**	**3.492.022**	**4.309.042**
	0-0,15	976.024	4.203.450	81,40%	4.397.743	0,10%	1.092.070	56,40%	-	675.705	24,86%	2.391	4.166
	0,15-0,25	4.759.289	5.952.966	81,71%	9.623.703	0,19%	1.378.190	58,44%	-	2.697.916	46,99%	10.833	15.077
	0,25-0,5	2.053.921	2.630.257	82,12%	4.213.768	0,34%	482.587	58,67%	-	1.705.622	54,08%	8.475	8.901
	0,5-0,75	12.159.587	4.865.386	82,75%	16.185.667	0,65%	987.772	60,22%	-	10.741.070	80,20%	62.978	48.427
Other Retail Exposures	0,75-2,5	26.958.674	6.154.708	83,88%	32.121.428	1,54%	1.470.401	60,54%	-	31.991.303	96,14%	300.057	190.067
	2,5-10	37.313.800	2.803.584	89,78%	39.830.822	5,36%	1.462.903	60,90%	-	54.816.083	109,76%	1.301.040	729.941
	10-100	8.040.243	101.145	133,11%	8.174.879	28,90%	255.511	61,49%	-	19.286.226	134,77%	1.456.962	769.316
	100 (default)	5.751.379	6.456	26,89%	5.753.115	100,00%	191.543	77,79%	-	1.864.682	17,75%	4.363.917	4.714.144
	Subtotal	**98.012.917**	**26.717.952**	**83,42%**	**120.301.125**	**9,05%**	**7.320.977**	**61,12%**	**-**	**123.778.607**	**89,37%**	**7.506.653**	**6.480.039**
	Retail Total	**244.619.295**	**202.260.465**	**39,82%**	**325.155.475**	**5,58%**	**15.612.536**	**51,89%**	**-**	**195.748.245**	**64,23%**	**11.837.212**	**11.255.256**
Other Items	**Subtotal**	**57.251.381**	**-**	**-**	**57.251.381**	**-**	**2**	**-**	**-**	**44.684.396**	**77,99%**	**-**	**-**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.3.6. IRB: The effect of credit derivatives used as CRM technique on RWA

	Current Period	RWA – PRE Credit	Actual RWA
1	Exposures to central governments or central banks -Foundation IRB	-	-
2	Exposures to central governments or central banks -Advanced IRB	-	-
3	Exposures to banks and financial institutions - Foundation IRB	-	-
4	Exposures to banks and financial institutions - Advanced IRB	-	-
5	Exposures to corporates -Foundation IRB	271.300.938	271.300.938
6	Exposures to corporates - Advanced IRB	-	-
7	Specialised Lending - Foundation IRB	-	-
8	Specialised Lending - Advanced IRB	101.667.363	101.667.363
9	Retail exposures - Qualifying revolving	98.514.672	98.514.672
10	Retail exposures - secured by real estate	3.734.310	3.734.310
11	Retail exposures - SME	77.802.814	77.802.814
12	Retail Exposures - Other	233.942.347	233.942.347
13	Investments in equities - Foundation IRB	-	-
14	Investments in equities - Advanced IRB	-	-
15	Purchased Receivables - Foundation IRB	-	-
16	Purchased Receivables - Advanced IRB	-	-
17	Other Items - Advanced IRB	66.704.983	66.704.983
	Total	**853.667.427**	**853.667.427**

	Prior Period	RWA – PRE Credit	Actual RWA
1	Exposures to central governments or central banks -Foundation IRB	-	-
2	Exposures to central governments or central banks -Advanced IRB	-	-
3	Exposures to banks and financial institutions - Foundation IRB	-	-
4	Exposures to banks and financial institutions - Advanced IRB	-	-
5	Exposures to corporates -Foundation IRB	232.301.612	232.301.612
6	Exposures to corporates - Advanced IRB	-	-
7	Specialised Lending - Foundation IRB	-	-
8	Specialised Lending - Advanced IRB	88.601.685	88.601.685
9	Retail exposures - Qualifying revolving	22.502.601	22.502.601
10	Retail exposures - secured by real estate	-	-
11	Retail exposures - SME	49.482.874	49.482.874
12	Retail Exposures - Other	123.778.607	123.778.607
13	Investments in equities - Foundation IRB	-	-
14	Investments in equities - Advanced IRB	-	-
15	Purchased Receivables - Foundation IRB	-	-
16	Purchased Receivables - Advanced IRB	-	-
17	Other Items - Advanced IRB	44.684.396	44.684.396
	Total	**561.351.775**	**561.351.775**

3.3.3.7. RWA Movement Table Under IRB Approach[1]

		Current Period	Prior Period
1	Previous Period Closing Amount	557.918.843	307.443.458
2	Changes in Volume	215.117.496	150.413.143
3	Changes in Asset Quality	38.534.180	13.044.144
4	Model Updates	(36.176.926)	(198.188)
5	Policy and Regulatory Changes	75.708.192	87.216.286
6	Purchasing and Selling	-	-
7	FX Difference	-	-
8	Other	-	-
9	**Current Period Closing Amount**	**851.101.785**	**557.918.843**

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

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.3.8. IRB: Back-testing of probability of default in each asset class

Asset classes	PD Range	Equivalent External Rating	Weighted Average PD	Mean PD By Borrower	Number of Borrowes Prior Period	Number of Borrowes Current Period	Borrowers in default within the year	Borrowers in default for the first time within the year	Average historical annual default rate
Corporate exposures - 1	0% - 0,14%	AAA to A+	0,06%	0,08%	19.019	28.034	7	-	0,02%
Corporate exposures - 2	0,14% - 0,41%	A to A-	0,28%	0,24%	47.748	43.384	39	6	0,06%
Corporate exposures - 3	0,41% - 1,17%	BBB+ to BBB-	0,73%	0,75%	32.013	26.968	60	19	0,17%
Corporate exposures - 4	1,17% - 3,22%	BB+ to BB-	1,80%	2,07%	18.703	18.470	140	37	0,59%
Corporate exposures - 5	3,22% - 15,08%	B+ to B-	6,53%	6,28%	8.932	9.601	205	61	2,07%
Corporate exposures - 6	15,08% - 33,77%	CCC+ to CCC-	19,39%	26,03%	1.230	1.257	146	23	9,88%
Corporate exposures - 7	33,77% - 99,99%	CC	38,91%	42,55%	72	76	5	15	18,30%
Corporate exposures - 8	100%	D	100,00%	100,00%	7.554	5.265	-	-	-
	Subtotal	**Subtotal**	**5,09%**	**6,24%**	**135.271**	**128.447**	**602**	**161**	**0,62%**
Asset classes	**PD Range**	**Equivalent External Rating**	**Weighted Average PD**	**Mean PD By Borrower**	**Number of Borrowes Prior Period**	**Current Period**	**Borrowers in default within the year**	**Borrowers in default for the first time within the year**	**Average historical annual default rate**
Retail exposures - Qualifying revolving - 1	0% - 0,14%	AAA to A+	0,10%	0,10%	966.927	1.133.422	352	18	0,03%
Retail exposures - Qualifying revolving - 2	0,14% - 0,41%	A to A-	0,22%	0,22%	1.846.177	2.082.893	1.177	77	0,05%
Retail exposures - Qualifying revolving - 3	0,41% - 1,17%	BBB+ to BBB-	0,77%	0,78%	1.651.295	1.847.882	4.049	484	0,18%
Retail exposures - Qualifying revolving - 4	1,17% - 3,22%	BB+ to BB-	2,26%	2,32%	1.564.777	1.675.623	13.562	2.435	0,59%
Retail exposures - Qualifying revolving - 5	3,22% - 15,08%	B+ to B-	6,96%	7,37%	1.020.850	1.185.894	30.697	8.075	2,37%
Retail exposures - Qualifying revolving - 6	15,08% - 33,77%	CCC+ to CCC-	31,35%	31,34%	268.323	310.947	33.190	3.976	11,62%
Retail exposures - Qualifying revolving - 7	33,77% - 99,99%	CC	-	-	-	-	-	-	25,12%
Retail exposures - Qualifying revolving - 8	100%	D	100,00%	100,00%	5.786	9.701	-	-	-
	Subtotal	**Subtotal**	**1,69%**	**2,92%**	**7.324.135**	**8.246.362**	**83.027**	**15.065**	**2,34%**
Asset classes	**PD Range**	**Equivalent External Rating**	**Weighted Average PD**	**Mean PD By Borrower**	**Number of Borrowes Prior Period**	**Current Period**	**Borrowers in default within the year**	**Borrowers in default for the first time within the year**	**Average historical annual default rate**
Retail exposures - SME - 1	0% - 0,14%	AAA to A+	0,08%	0,09%	64.019	110.864	19	2	0,04%
Retail exposures - SME - 2	0,14% - 0,41%	A to A-	0,27%	0,26%	216.223	279.200	205	65	0,13%
Retail exposures - SME - 3	0,41% - 1,17%	BBB+ to BBB-	0,74%	0,76%	256.206	203.568	699	120	0,44%
Retail exposures - SME - 4	1,17% - 3,22%	BB+ to BB-	1,82%	2,05%	206.153	204.472	1.584	370	1,18%
Retail exposures - SME - 5	3,22% - 15,08%	B+ to B-	6,13%	6,39%	142.315	164.981	3.469	1.185	3,44%
Retail exposures - SME - 6	15,08% - 33,77%	CCC+ to CCC-	20,11%	23,35%	20.202	24.868	1.779	363	12,19%
Retail exposures - SME - 7	33,77% - 99,99%	CC	44,01%	45,78%	1.113	6.955	106	147	16,72%
Retail exposures - SME - 8	100%	D	100,00%	100,00%	55.092	44.478	-	-	-
	Subtotal	**Subtotal**	**4,41%**	**8,01%**	**961.323**	**873.544**	**7.861**	**2.252**	**1,27%**
Asset classes	**PD Range**	**Equivalent External Rating**	**Weighted Average PD**	**Mean PD By Borrower**	**Number of Borrowes Prior Period**	**Current Period**	**Borrowers in default within the year**	**Borrowers in default for the first time within the year**	**Average historical annual default rate**
Retail Exposures - Other - 1	0% - 0,14%	AAA to A+	0,10%	0,10%	1.093.603	1.319.081	330	66	0,02%
Retail Exposures - Other- 2	0,14% - 0,41%	A to A-	0,23%	0,23%	1.867.693	2.094.436	1.740	533	0,06%
Retail Exposures - Other- 3	0,41% - 1,17%	BBB+ to BBB-	0,79%	0,79%	1.679.385	1.810.147	5.791	2.724	0,22%
Retail Exposures - Other- 4	1,17% - 3,22%	BB+ to BB-	2,33%	2,36%	1.375.367	1.382.833	14.884	7.958	0,67%
Retail Exposures - Other- 5	3,22% - 15,08%	B+ to B-	7,11%	7,28%	902.758	822.884	31.294	14.439	2,32%
Retail Exposures - Other- 6	15,08% - 33,77%	CCC+ to CCC-	31,18%	31,32%	225.037	284.196	33.994	6.566	12,31%
Retail Exposures - Other- 7	33,77% - 99,99%	CC	-	-	-	-	-	-	18,77%
Retail Exposures - Other- 8	100%	D	100,00%	100,00%	191.637	174.507	-	-	-
	Subtotal	**Subtotal**	**7,49%**	**6,45%**	**7.335.480**	**7.888.084**	**88.033**	**32.286**	**1,76%**
Asset classes	**PD Range**	**Equivalent External Rating**	**Weighted Average PD**	**Mean PD By Borrower**	**Number of Borrowers Prior Period**	**Current Period**	**Borrowers in default within the year**	**Borrowers in default for the first time within the year**	**Average historical annual default rate**
Other Items - 1	-	-	-	-	2	2	-	-	-

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.3.9. IRB: Specialized lending and equity investments subject to the simple risk weight approach

Current Period

Specialised Lendings (Besides High-volatility Commercial Real Estates)

						Risk Amount					RWA Amount		Expected Losses
Category	Remaining Maturity	On-balance sheet amount	Off-balance sheet amount	Counterparty credit risk	Risk Weight	Project Finance	Object Finance	Commodities Finance	Income Producing Real Estate	Total	Credit Risk	Counter Party Credit Risk	
Strong	<2.5 years	302.209	-	2.269	50%	304.478	-	-	-	304.478	151.104	1.135	-
	≥2.5 years	12.946.602	-	212.690	70%	13.159.292	-	-	-	13.159.292	9.062.621	148.883	52.637
Good	<2.5 years	4.763.454	2.735.752	370.817	70%	5.115.539	70.568	-	507.164	5.693.271	3.725.718	259.572	22.773
	≥2.5 years	27.691.400	8.575.230	209.127	90%	31.947.121	1.051.471	-	-	32.998.592	29.510.518	188.215	263.989
Satisfactory		32.111.099	2.090.273	116.217	115%	28.238.937	1.321.337	-	3.393.370	32.953.644	37.763.043	133.649	922.702
Weak		8.285.342	18.698	-	250%	8.289.162	-	-	-	8.289.162	20.722.905	-	663.133
Default		-	32.666	-	-	6.675	-	-	-	6.675	-	-	3.337
Total		**86.100.106**	**13.452.619**	**911.120**	**-**	**87.061.204**	**2.443.376**	**-**	**3.900.534**	**93.405.114**	**100.935.909**	**731.454**	**1.928.571**

Prior Period

Specialised Lendings (Besides High-volatility Commercial Real Estates)

						Risk Amount					RWA Amount		Expected Losses
Category	Remaining Maturity	On-balance sheet amount	Off-balance sheet amount	Counterparty credit risk	Risk Weight	Project Finance	Object Finance	Commodities Finance	Income Producing Real Estate	Total	Credit Risk	Counter Party Credit Risk	
Strong	<2.5 years	-	-	163.673	50%	162.226	-	-	1.447	163.673	-	81.837	-
	≥2.5 years	8.516.500	1.641.022	154.458	70%	8.934.533	-	-	67.521	9.002.054	6.193.317	108.121	36.008
Good	<2.5 years	6.768.998	986.608	219.451	70%	5.944.431	725.674	-	517.403	7.187.508	4.877.640	153.616	28.750
	≥2.5 years	24.154.360	8.095.026	216.571	90%	29.027.733	120.788	-	-	29.148.521	26.038.755	194.914	233.188
Satisfactory		28.529.920	1.822.114	79.367	115%	23.654.872	100.667	-	5.434.894	29.190.433	33.477.728	91.273	817.332
Weak		6.605.757	832.649	-	250%	6.489.341	-	-	284.412	6.773.753	17.384.485	-	497.697
Default		-	34.798	-	-	7.021	-	-	-	7.021	-	-	3.510
Total		**74.575.535**	**13.412.217**	**833.520**	**-**	**74.220.157**	**947.129**	**-**	**6.305.677**	**81.472.963**	**87.971.925**	**629.761**	**1.616.485**

3.4. Explanation on Counterparty credit risk

3.4.1. Qualitative evaluation for Counterparty Credit Risk

Counterparty Credit Risk (CCR) is organized under Market Risk Management and is functioning within the scope of "Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks". These functions include counterparty credit risk calculations within general risk appetite and control process of risk management policies for CCR.

Credit limits under CCR are defined within the scope of internal model method, specified in "Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks. -Appendix 2", considering various stress scenarios.

General policies for collaterals and provisions under credit risk management are also valid for CCR. Exposure and collateral values are calculated on a daily basis. In order to mitigate the counterparty credit risk, international framework agreements (ISDA, CSA, GMRA, etc.) are being used through collateral and margin call mechanisms.

In case of a downgrade in credit note, the amount of additional collateral the Bank has to provide is calculated periodically under several stress scenarios.

3.4.2. Assessment of Counterparty Credit Risk according to the models of measurement

Current Period	Revaluation Cost	Potential credit risk exposure	EEPE(1)	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1 Standard Approach-CCR	19.708.623	-		1,4	19.708.623	6.980.594
2 Internal Model Approach			-	-	-	-
3 Simplified Standardised Approach for Credit Risk Mitigation					-	-
4 Comprehensive Method for Credit Risk Mitigation					11.441.715	3.073.002
5 Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
Total						**10.053.596**

Prior Period	Revaluation Cost	Potential credit risk exposure	EEPE(1)	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1 Standard Approach-CCR	14.730.636	-		1,4	14.730.636	7.541.896
2 Internal Model Approach			-	-	-	-
3 Simplified Standardised Approach for Credit Risk Mitigation					-	-
4 Comprehensive Method for Credit Risk Mitigation					3.776.098	1.562.017
5 Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
Total						**9.103.913**

(1) Effective expected positive exposure

3.4.3. Credit valuation adjustment (CVA) capital charge

		Current Period		Prior Period	
		Exposure (After credit risk mitigation methods)	Risk Weighted Amounts	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
	Total portfolio value with comprehensive approach CVA capital adequacy	-	-	-	-
1	(i) Value at risk component (including 3*multiplier)	-	-	-	-
2	(ii) Stressed Value at Risk (including 3*multiplier)	-	-	-	-
3	All portfolios subject to Standardised CVA capital obligation	19.708.623	3.781.996	14.730.636	3.881.193
	Total amount of CVA capital adequacy	**19.708.623**	**3.781.996**	**14.730.636**	**3.881.193**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.4.4. Standardised approach – CCR exposures by regulatory portfolio and risk weights

	Current Period Risk Weights/Risk Classes	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%	Total credit risk(1)
1	Central governments and central banks receivables	5.224.021	-	-	-	-	-	-	-	-	-	5.224.021
2	Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-	-
3	Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-	-
5	Banks and Intermediary Institutions receivables	-	-	-	-	13.611.781	-	7.859.091	-	668.606	-	22.139.478
6	Corporate receivables	-	-	-	-	765	-	-	-	166.989	-	167.754
7	Retail receivables	-	-	-	-	-	-	-	405	-	-	405
8	Mortgage receivables	-	-	-	-	-	-	-	-	-	-	-
9	Non performing receivables	-	-	-	-	-	-	-	-	-	-	-
10	High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-
11	Equity investments	-	-	-	-	-	-	-	-	-	-	-
12	Other receivables	-	-	-	-	-	-	-	-	-	-	-
	Total	**5.224.021**	**-**	**-**	**-**	**13.612.546**	**-**	**7.859.091**	**405**	**835.595**	**-**	**27.531.658**

	Prior Period Risk Weights/Risk Classes	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%	Total credit risk(1)
1	Central governments and central banks receivables	1.850.855	-	-	-	-	-	-	-	-	-	1.850.855
2	Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-	-
3	Administrative and non commercial receivables	-	-	-	-	-	-	-	-	4.993	-	4.993
4	Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-	-
5	Banks and Intermediary Institutions receivables	-	128.315	6.158.654	-	3.332.689	-	7.326.877	-	207.665	-	17.154.200
6	Corporate receivables	-	-	-	-	4.562	-	33.331	-	572.321	-	610.214
7	Retail receivables	-	-	-	-	-	-	-	717.930	-	-	717.930
8	Mortgage receivables	-	-	-	-	-	-	-	-	-	-	-
9	Non performing receivables	-	-	-	-	-	-	-	-	-	-	-
10	High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-
11	Equity investments	-	-	-	-	-	-	-	-	-	-	-
12	Other receivables	-	-	-	-	-	-	-	-	-	-	-
	Total	**1.850.855**	**128.315**	**6.158.654**	**-**	**3.337.251**	**-**	**7.360.208**	**717.930**	**784.979**	**-**	**20.338.192**

(1) Includes credit risk amounts of total exposure after applying credit risk mitigations.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.4.5. Counterparty Credit Risk Amounts by Portfolio and PD Ranges

Current Period								
Foundation IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density
Exposures to corporates	0-0,15	996.585	0,07%	112	43,59%	1,80	204.461	20,52%
	0,15-0,25	47.347	0,21%	3	44,99%	1,00	15.341	32,40%
	0,25-0,5	15.427	0,37%	14	44,69%	1,15	7.349	47,64%
	0,5-0,75	67.087	0,62%	7	34,76%	1,00	32.175	47,96%
	0,75-2,5	1.549.917	1,66%	36	44,98%	1,61	1.551.813	100,12%
	2,5-10	19.472	3,25%	10	44,80%	1,00	21.767	111,79%
	10-100	14	12,36%	1	-	1,00	-	-
	100 (default)	-	-	-	-	-	-	-
	Subtotal	**2.695.849**	**1,03%**	**183**	**44,21%**	**1,65**	**1.832.906**	**67,99%**

Advanced IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density
Qualifying Revolving Retail Exposures	0-0,15	-	-	-	-	-	-	-
	0,15-0,25	-	-	-	-	-	-	-
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
	0,75-2,5	-	-	-	-	-	-	-
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-
Retail SME Exposures	0-0,15	10.592	0,05%	6	53,37%	-	866	8,18%
	0,15-0,25	186	0,21%	1	45,83%	-	37	20,05%
	0,25-0,5	603	0,38%	1	50,48%	-	199	32,92%
	0,5-0,75	-	-	-	-	-	-	-
	0,75-2,5	330	1,72%	3	43,46%	-	180	54,43%
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Subtotal	**11.711**	**0,12%**	**11**	**52,83%**	-	**1.282**	**10,94%**
Other Retail Exposures	0-0,15	-	-	-	-	-	-	-
	0,15-0,25	-	-	-	-	-	-	-
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
	0,75-2,5	-	-	-	-	-	-	-
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-
	Total (All portfolios)	**11.711**	**0,12%**	**11**	**52,83%**	-	**1.282**	**10,94%**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period								
Foundation IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density
Exposures to corporates	0-0,15	125.759	0,12%	24	45,00%	1,00	27.684	22,01%
	0,15-0,25	17.104	0,17%	4	45,00%	1,00	3.903	22,82%
	0,25-0,5	556.721	0,33%	83	45,00%	1,54	274.284	49,27%
	0,5-0,75	1.508.874	0,64%	75	45,00%	1,66	1.076.068	71,32%
	0,75-2,5	1.290.668	1,51%	55	45,00%	1,65	1.276.796	98,93%
	2,5-10	76.443	7,94%	7	44,95%	1,00	128.033	167,49%
	10-100	262	14,86%	1	45,00%	1,00	567	216,70%
	100 (default)	-	-	-	-	-	-	-
	Subtotal	**3.575.831**	**1,04%**	**249**	**45,00%**	**1,60**	**2.787.335**	**77,95%**

Advanced IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density
Qualifying Revolving Retail Exposures	0-0,15	-	-	-	-	-	-	-
	0,15-0,25	-	-	-	-	-	-	-
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
	0,75-2,5	-	-	-	-	-	-	-
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-
Retail SME Exposures	0-0,15	7.584	0,12%	7	50,70%	-	1.153	15,20%
	0,15-0,25	10.882	0,17%	24	52,65%	-	2.201	20,23%
	0,25-0,5	11.340	0,34%	20	48,16%	-	3.304	29,14%
	0,5-0,75	6.853	0,60%	12	48,21%	-	2.782	40,60%
	0,75-2,5	7.963	1,63%	12	51,20%	-	5.216	65,50%
	2,5-10	1.538	3,88%	3	50,48%	-	1.180	76,74%
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Subtotal	**46.160**	**0,64%**	**78**	**50,24%**	-	**15.836**	**34,31%**
Other Retail Exposures	0-0,15	-	-	-	-	-	-	-
	0,15-0,25	-	-	-	-	-	-	-
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
	0,75-2,5	-	-	-	-	-	-	-
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-
	Total (All portfolios)	**46.160**	**0,64%**	**78**	**50,24%**	-	**15.836**	**34,31%**

3.4.6. Composition of collateral for CCR exposure

	Current Period	Collaterals for Derivatives Transactions				Collaterals or Other Transactions	
		Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash-domestic currency	-	-	-	-	10.141.150	-
2	Cash-foreign currency	-	-	-	-	23.442.947	-
3	Domestic sovereign debts	-	-	-	-	-	10.529.941
4	Other sovereign debt	-	-	-	-	-	34.325.510
5	Government agency debt	-	-	-	-	-	-
6	Corporate debts	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-
	Total	-	-	-	-	**33.584.097**	**44.855.451**

	Prior Period	Collaterals for Derivatives Transactions				Collaterals or Other Transactions	
		Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash-domestic currency	-	-	-	-	18.496.136	-
2	Cash-foreign currency	-	-	-	-	5.473.263	-
3	Domestic sovereign debts	-	-	-	-	-	18.844.825
4	Other sovereign debt	-	-	-	-	-	8.714.900
5	Government agency debt	-	-	-	-	-	-
6	Corporate debts	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-
	Total	-	-	-	-	**23.969.399**	**27.559.725**

3.4.7. Credit derivatives exposures

	Current Period		Prior Period	
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Nominal				
Single-name credit default swaps	-	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	71.331.874	-	38.271.238
Credit Options	-	-	-	-
Other Credit Derivatives	-	-	-	-
Total Nominal	-	**71.331.874**	-	**38.271.238**
Rediscount Amount	-	**(1.298.906)**	-	**(2.448.578)**
Positive Rediscount Amount	-	2.449.816	-	788.608
Negative Rediscount Amount	-	(3.748.722)	-	(3.237.186)

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.4.8. Exposures to central counterparties

		Current Period		Prior Period	
		Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
1	**Exposure to Qualified Central Counterparties (QCCPs) (total)**		**285.270**		**248.912**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
3	(i) OTC Derivatives	7.150.077	282.398	6.286.969	248.912
4	(ii) Exchange-traded Derivatives	-	-	-	-
5	(iii) Securities financing transactions	-	-	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
7	Segregated initial margin	-	-	-	-
8	Non-segregated initial margin	-	-	-	-
9	Pre-funded default fund contributions	143.600	2.872	-	-
10	Unfunded default fund contributions	-	-	-	-
11	**Exposures to non-QCCPs (total)**	-	-	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
13	(i) OTC Derivatives	-	-	-	-
14	(ii) Exchange-traded Derivatives	-	-	-	-
15	(iii) Securities financing transactions	-	-	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
17	Segregated initial margin	-	-	-	-
18	Non-segregated initial margin	-	-	-	-
19	Pre-funded default fund contributions	-	-	-	-
20	Unfunded default fund contributions	-	-	-	-

3.5. Securitisations

None.

3.6. Explanations on Market Risk

3.6.1. Qualitative disclosure on market risk

Market Risk Management department monitors the interest rate, exchange rate, stock, commodity and credit spread risks arising from the main financial activities of the Bank on a daily basis and measures the probability of loss that may arise from the related risks by using internal model. Risks measured are regularly reported to the business units, their compliance with the Bank's risk appetite is monitored and impacts on capital requirement are analyzed. By taking into account the distinction between banking and trading portfolios, analyses and measurements enable Market Risk Management to determine specific limits on sub-portfolio / product levels.

Market risks that the Bank is exposed to are assessed and managed by a triple structure consisting of Treasury, Financial Planning and Market Risk Management Units. The Board of Directors, the Executive Committee and the Audit Committee have primary responsibility for management of such risks. Both Top management and the sub-units are responsible for managing the risks taking into account constraints and targets such as Bank's interest rate sensitivity, liquidity constraints, funding sources, budget targets, medium and long-term capital planning and profitability of the products in operation.

Models, strategies and processes that are accurate and integrated in accordance with risks the Bank is or may be exposed to have been established. Automated reporting and validation activities are carried out for effective analysis, monitoring and control mechanisms. Risk management infrastructure integrated with day-to-day activities enabling monitor and measurement independently from executive activities; and supports business and decision-making processes has been established. Policies, processes, targets, roles / responsibilities, and regular trainings are the main elements of the Bank's dissemination of risk culture and awareness. Systems and structures compatible with international best practices and in line with the risk appetite are available for risk management.

The Bank implements internal policies and procedures that are reviewed and approved at least once a year by the Board of Directors in order to manage market risks arising from on and off-balance sheet liabilities. Based on the principles mentioned in Regulatory Authority's directives and best practice guidelines, internal policies determine responsibilities and practitioners for identification, measurement, monitoring and reporting of the risks in line with the risk appetite and needs of the Bank; lay the groundwork for granting limits in the Bank; and guide the actions to be taken in case of risk appetite is exceeded.

Market Risk Management organization consists of 4 sub-units; Market Risk Analysis, Asset-Liability Management and Affiliates Coordination, Counterparty Risk and Collateral Management and Risk Methodologies and Market Data Analysis units.

Market Risk Analysis unit; carry out the activities such as measuring and setting limits for risks arising from Financial assets where fair value change is reflected to income statement and Financial assets where fair value change is reflected to other comprehensive income statement using advanced internal methods (Value at Risk, Base Point Value Sensitivity etc.), complying policies and procedures with new regulations and best practices, product-based risk analysis, developing risk measurement and valuation techniques and applying stress tests.

Asset Liability Management and Subsidiaries Coordination unit; enables the Bank to measure the liquidity risk, manage the structural interest rate exposure, manage the protection procedures and the protection accounting processes used to reduce the risk of re-pricing. Follows the concentration of the Bank's funding side. Also paves the way for implementation of Bank-side risk applications and risk culture in the Bank's subsidiaries, plays an active role in risk appetite determination and coordination processes.

Counterparty Risk and Collateral Management Unit calculates the exposures of over the counter (OTC) derivative transactions via internal model method and manages the inclusion of these exposures into the monitoring and the credit underwriting processes.

The Risk Methodologies and Market Data Analysis unit provides unbiased management of all market data related to treasury products under the risk management framework. The unit is responsible for the verification of fair values, and transfer of related data sources to the banking system.

3.6.2. Market risk under standardised approach

		Current Period Risk Weighted Asset	Prior Period Risk Weighted Asset
	Outright products	**9.069.264**	**13.080.255**
1	Interest rate risk (general and specific)	1.930.553	2.852.682
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	6.930.423	10.170.048
4	Commodity risk	208.288	57.525
	Options	**32.150**	**635.050**
5	Simplified approach	-	-
6	Delta-plus method	32.150	635.050
7	Scenario approach	-	-
8	Securitisation	-	-
	Total	**9.101.414**	**13.715.305**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.7. Explanations on Operational Risk:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2022, 2021 and 2020 year-end gross income balances of the Bank, in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio", published in the Official Gazette No. 29511 dated October 23, 2015, namely "The Calculation of the Amount Subject to Operational Risk". As of December 31, 2023, the total amount subject to operational risk is TL 93.204.174 (December 31, 2022 - TL 42.578.789) and the amount of the related capital requirement is TL 7.456.334 (December 31, 2022 - TL 3.406.303).

Current Period	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for	Rate (%)	Total
Gross Income	22.290.957	29.687.861	97.147.860	49.708.893	15%	7.456.334
Amount subject to operational risk (Total*12,5)						**93.204.174**

Prior Period	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for	Rate (%)	Total
Gross Income	16.147.244	22.290.957	29.687.861	22.708.687	15%	3.406.303
Amount subject to operational risk (Total*12,5)						**42.578.789**

3.8. Interest rate risk arising from banking accounts

Interest rate risk means possible losses on financial structure or equity of the Bank by movements in interest rates. Changes in interest rates affect the Bank's earnings by changing the level of net interest incomes, other interest sensitive incomes and operating expenses. The change in interest rates also affects the underlying values of the Bank's assets for active, passive and off-balance sheet items by changing the economic values of future cash flows (and in some cases, the cash flows themselves).

Interest rate risk has three main reasons:

- Repricing Risk: It is caused by the inconsistency in pricing of active and passive items.
- Yield Curve Risk: It results from the variation of the curve and shape of the yield curve.
- Basis Risk: It's due to the low correlation of the earned and paid interest yields of different financial instruments with peer revaluation structure.

The customer's prepayment risk (option risk) is indirectly taken into account in managing and following the interest rate risk by following a specific risk protection rate.

Within the scope of the interest rate risk arising from banking accounts, the core deposit analysis for demand deposits is carried out according to the maximum maturity structure of the same regulation. In core deposit analysis, it is possible to distribute demand deposits up to three times using behavioral models reviewed once a year. In addition, Consumer Price Index bonds model and early payment model in real estate and consumer loans are also considered in the calculation of interest rate risk.

Interest rate risk is monitored weekly through internal reports and reports made to the Executive Board on a monthly basis.

In accordance with the "Regulation on Measurement and Evaluation of the Interest Rate on Banking Accounts by Standard Shock Method", the economic value differences arising from fluctuations in interest rates are stated in the table below as of December 31, 2023, based on the significant currencies of the Bank.

		Current Period		Prior Period	
Currency	**Applied shock (+/- x basis points)**	**Gains/Losses**	**Gains/Equity-Losses/Equity**	**Gains/Losses**	**Gains/Equity-Losses/Equity**
TRY	(+)500 bp	(12.799.786)	(6,02)%	(6.479.005)	(4,42)%
TRY	(-)400 bp	12.614.309	5,94%	6.097.199	4,16%
EUR	(+)200 bp	1.547.843	0,73%	764.516	0,52%
EUR	(-)200 bp	(1.554.431)	(0,73)%	(754.817)	(0,51)%
USD	(+)200 bp	(6.799.301)	(3,20)%	(3.930.975)	(2,68)%
USD	(-)200 bp	8.458.759	3,98%	4.983.463	3,40%
Total (For negative shocks)		**19.518.637**	**9,19%**	**10.325.845**	**7,04%**
Total (For positive shocks)		**(18.051.244)**	**(8,50)%**	**(9.645.464)**	**(6,57)%**

4. Explanations on currency risk

The difference between the Bank'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 Bank 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 10.

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

(Exchange rates presented as full TL)	USD	EUR
Balance sheet evaluation rate:	**29,4382**	**32,5739**
First day current bid rate	29,3973	32,6937
Second day current bid rate	29,3374	32,4186
Third day current bid rate	29,2647	32,2421
Fourth day current bid rate	29,2108	32,1766
Fifth day current bid rate	29,1344	32,0726
Arithmetic average of the last 31 days:	**29,0552**	**31,7410**
Balance sheet evaluation rate as of prior period:	**18,6983**	**19,9349**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information on currency risk of the Bank

Current Period	EUR	USD	OTHER FC[4]	Total
Assets				
Cash (Cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	56.774.357	84.355.306	20.101.896	161.231.559
Banks	4.145.660	22.777.967	677.234	27.600.861
Financial assets measured at fair value through profit or loss	26.470	3.012.799	-	3.039.269
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	217.340	29.169.200	-	29.386.540
Loans [1]	93.221.192	113.150.058	11.848.648	218.219.898
Investments in associates, subsidiaries and joint ventures	17.228.856	1.845.937	6.170.284	25.245.077
Financial assets measured at amortised cost	8.169.650	97.801.833	-	105.971.483
Hedging derivative financial assets	516.406	2.946.510	-	3.462.916
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets[2]	5.769.753	30.471.328	2.237.961	38.479.042
Total assets	**186.069.684**	**385.530.938**	**41.036.023**	**612.636.645**
Liabilities				
Bank deposits	2.793.090	4.924.632	2.777.288	10.495.010
Foreign currency deposits	129.288.504	176.968.689	78.919.759	385.176.952
Funds from money market	6.640.705	30.509.726	-	37.150.431
Funds borrowed from other financial institutions	49.111.241	89.374.469	-	138.485.710
Marketable securities issued	4.217.184	60.424.222	5.601.503	70.242.909
Miscellaneous payables	6.119.186	1.996.023	45.644	8.160.853
Hedging derivative financial liabilities	-	-	-	-
Other liabilities[3]	9.855.093	115.366.905	96.828	125.318.826
Total liabilities	**208.025.003**	**479.564.666**	**87.441.022**	**775.030.691**
Net on-balance sheet position	**(21.955.319)**	**(94.033.728)**	**(46.404.999)**	**(162.394.046)**
Net off-balance sheet position[5]	**22.265.752**	**94.933.770**	**52.712.947**	**169.912.469**
Financial derivative assets	39.336.954	206.873.665	55.193.732	301.404.351
Financial derivative liabilities	17.071.202	111.939.895	2.480.785	131.491.882
Net Position	**310.433**	**900.042**	**6.307.948**	**7.518.423**
Non-cash loans	**94.446.269**	**100.266.195**	**13.047.438**	**207.759.902**
Prior Period				
Total assets	134.837.408	259.394.816	30.323.387	424.555.611
Total liabilities	135.175.623	306.341.918	44.047.378	485.564.919
Net on-balance sheet position	**(338.215)**	**(46.947.102)**	**(13.723.991)**	**(61.009.308)**
Net off-balance sheet position	**979.612**	**37.290.465**	**16.652.092**	**54.922.169**
Financial derivative assets	21.532.349	115.122.440	18.587.009	155.241.798
Financial derivative liabilities	20.552.737	77.831.975	1.934.917	100.319.629
Net Position	**641.397**	**(9.656.637)**	**2.928.101**	**(6.087.139)**
Non-cash loans	**68.264.361**	**65.819.518**	**9.487.407**	**143.571.286**

(1) Includes FX indexed loans amounting to TL 115.545 (December 31, 2022 - TL 166.285) which have been disclosed as TL in the financial statements.
(2) Does not include foreign currency prepaid expenses amounting to TL 2.569.809 (December 31, 2022 - TL 1.036.303).
(3) Does not include foreign currency other comprehensive income and expense under equity.
(4) Other FC column includes also gold balance.
(5) Forward transactions classified as commitments are also included.

Currency risk sensitivity analysis:

The table below represents the sensitivity of the Bank to 15% change of currency exchange rates (USD and EUR). 15% change is the assumption of parity change that may be faced in a possible fluctuation used in the Bank's stress test scenarios.

	Current Period	Prior Period
Change in currency exchange rates	**Equity and Profit/loss effect [1]**	**Equity and Profit/loss effect [1]**
(+)15%	1.698.583	1.593.635
(-)15%	(1.253.541)	(596.848)

(1) Excluding tax effect.

5. Explanations on interest rate risk

The monitoring of interest rate sensitive assets and liabilities, 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 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.

5.1. 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 vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	-	-	-	-	-	263.273.969	263.273.969
Banks	-	32.710	19.815	-	-	27.549.457	27.601.982
Financial assets measured at fair value through profit or loss	-	1.399.417	40.278	247.444	418.577	987.929	3.093.645
Receivables from money markets	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	13.735.628	22.678.595	7.503.380	15.323.406	36.025.229	126.919	95.393.157
Loans[1]	239.575.567	128.225.192	336.362.119	133.877.696	39.689.930	(12.990.208)	864.740.296
Financial assets measured at amortised cost	111.445.955	14.176.961	18.462.122	66.634.958	94.614.498	-	305.334.494
Other assets	2.817.698	2.445.267	3.537.942	8.316.238	4.187.380	157.909.067	179.213.592
Total assets	**367.574.848**	**168.958.142**	**365.925.656**	**224.399.742**	**174.935.614**	**436.857.133**	**1.738.651.135**
Liabilities							
Bank deposits	15.738.390	7.077.792	8.395.079	119.974	-	1.075.215	32.406.450
Other deposits	346.891.074	137.743.306	85.506.313	27.986	-	433.894.804	1.004.063.483
Funds from money market	39.552.389	16.893.465	1.527.163	-	-	-	57.973.017
Miscellaneous payables	-	-	-	-	-	74.014.722	74.014.722
Marketable securities issued	8.231.836	7.410.734	37.597.921	24.461.173	-	-	77.701.664
Funds borrowed from other financial institutions	5.146.980	94.505.505	38.547.419	1.822.773	284.456	-	140.307.133
Other liabilities[2]	21.817.850	76.197.295	3.094.432	18.230.707	4.772.460	228.071.922	352.184.666
Total liabilities	**437.378.519**	**339.828.097**	**174.668.327**	**44.662.613**	**5.056.916**	**737.056.663**	**1.738.651.135**
Balance sheet long position	**-**	**-**	**191.257.329**	**179.737.129**	**169.878.698**	**-**	**540.873.156**
Balance sheet short position	**(69.803.671)**	**(170.869.955)**	**-**	**-**	**-**	**(300.199.530)**	**(540.873.156)**
Off-balance sheet long position	2.553.718	4.501.619	13.963.905	-	-	-	21.019.242
Off-balance sheet short position	-	-	-	(12.721.790)	(12.296.675)	-	(25.018.465)
Total position	**(67.249.953)**	**(166.368.336)**	**205.221.234**	**167.015.339**	**157.582.023**	**(300.199.530)**	**(3.999.223)**

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	2.990.650	-	-	-	-	140.905.480	143.896.130
Banks	4.302.402	1.515.978	-	-	-	20.587.586	26.405.966
Financial assets measured at fair value through profit or loss	-	785.794	20.156	127.463	212.054	419.990	1.565.457
Receivables from money markets	2.461.599	-	-	-	-	-	2.461.599
Financial assets measured at fair value through other comprehensive income	10.342.408	18.374.292	19.981.834	13.061.194	15.477.650	106.375	77.343.753
Loans[1]	121.266.566	115.950.167	203.086.731	119.187.906	25.889.845	(14.934.044)	570.447.171
Financial assets measured at amortised cost	47.403.578	21.317.824	12.593.488	25.816.383	56.169.325	-	163.300.598
Other assets	1.523.180	2.725.701	2.052.369	8.371.026	3.884.915	104.115.728	122.672.919
Total assets	**190.290.383**	**160.669.756**	**237.734.578**	**166.563.972**	**101.633.789**	**251.201.115**	**1.108.093.593**
Liabilities							
Bank deposits	2.616.798	2.582.968	3.914.800	47.571	-	1.236.609	10.398.746
Other deposits	253.255.745	115.690.393	20.076.279	22.215	-	273.321.940	662.366.572
Funds from money market	30.029.851	5.484.635	-	-	-	-	35.514.486
Miscellaneous payables	-	-	-	-	-	42.477.010	42.477.010
Marketable securities issued	1.854.351	14.010.582	24.675.391	-	-	-	40.540.324
Funds borrowed from other financial institutions	17.101.017	26.823.141	24.397.752	1.578.836	147.674	-	70.048.420
Other liabilities[2]	13.383.237	39.873.508	10.105.754	25.280.384	3.614.406	154.490.746	246.748.035
Total liabilities	**318.240.999**	**204.465.227**	**83.169.976**	**26.929.006**	**3.762.080**	**471.526.305**	**1.108.093.593**
Balance sheet long position	**-**	**-**	**154.564.602**	**139.634.966**	**97.871.709**	**-**	**392.071.277**
Balance sheet short position	**(127.950.616)**	**(43.795.471)**	**-**	**-**	**-**	**(220.325.190)**	**(392.071.277)**
Off-balance sheet long position	21.899.104	41.553.407	-	-	-	-	63.452.511
Off-balance sheet short position	-	-	(18.802.958)	(33.692.067)	(10.384.551)	-	(62.879.576)
Total position	**(106.051.512)**	**(2.242.064)**	**135.761.644**	**105.942.899**	**87.487.158**	**(220.325.190)**	**572.935**

(1) Non-performing loans are shown in net Non-Interest Bearing loss column after being offset by expected loss provisions.
(2) Shareholders' equity is presented under "Non interest bearing".

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Average interest rates for monetary financial instruments:

The following average interest rates 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	-	-	-	-
Banks	3,86	5,45	-	-
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	7,66	-	38,37
Loans	8,34	9,31	-	40,63
Financial assets measured at amortised cost	4,32	6,46	-	39,55
Liabilities				
Bank deposits[1]	4,01	5,73	-	39,50
Other deposits[1]	0,14	0,24	-	19,03
Funds from money market	5,74	5,56	-	40,48
Miscellaneous payables	-	-	-	-
Marketable securities issued	6,30	8,03	-	35,24
Funds borrowed from other financial institutions	7,21	7,38	-	27,12

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	2,50	-	-	-
Banks	-	-	-	10,05
Financial assets measured at fair value through profit or loss	4,80	5,38	-	-
Receivables from money markets	-	-	-	11,86
Financial assets measured at fair value through other comprehensive income	3,32	7,59	-	48,75
Loans	6,62	8,46	-	22,83
Financial assets measured at amortised cost	4,32	6,42	-	53,69
Liabilities				
Bank deposits[1]	-	3,05	-	8,63
Other deposits[1]	0,10	0,84	-	8,16
Funds from money market	3,37	4,43	-	8,07
Miscellaneous payables	-	-	-	-
Marketable securities issued	5,53	6,78	-	20,85
Funds borrowed from other financial institutions	4,22	5,90	-	11,05

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

6. Explanation on share certificates position risk from banking book:

None.

7. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio:

Liquidity risk is defined as risk of unexpected loss to be occurred or bank 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 Bank 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.

The 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 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 the Bank and its subsidiaries. There are limits which are predetermined and approved by the Board of Directors on the basis of all currencies for each period.

The 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 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 Bank applies and reports liquidity stress tests consisting of different scenarios and maturity segments both on solo 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 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 Bank mainly consist of deposits which constitute 60% (December 31, 2022 – 61%) of total liabilities of the Bank and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated loans/debts.

The 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 subjects of 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 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.

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.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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

	Unweighted Amounts		Weighted Amounts	
Current Period	**TL+FC**	**FC**	**TL+FC**	**FC**
High Quality Liquid Assets				
High Quality Liquid Assets			426.099.327	176.506.801
Cash Outflows				
Retail and Small Business Customers Deposits	**675.824.159**	**259.887.706**	**60.939.206**	**25.611.399**
Stable deposits	132.864.185	7.547.427	6.643.209	377.371
Less stable deposits	542.959.974	252.340.279	54.295.997	25.234.028
Unsecured Funding other than Retail and Small Business Customers Deposits	**340.699.396**	**143.880.893**	**208.081.189**	**82.384.996**
Operational deposits	-	-	-	-
Non-Operational deposits	244.920.949	113.060.551	126.153.678	51.564.654
Other Unsecured funding	95.778.447	30.820.342	81.927.511	30.820.342
Secured funding	-	-	-	-
Other Cash Outflows	**3.637.081**	**3.637.081**	**3.637.081**	**3.637.081**
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.637.081	3.637.081	3.637.081	3.637.081
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	**384.673.976**	**193.447.252**	**19.233.699**	**9.672.362**
Other irrevocable or conditionally revocable commitments	**684.119.958**	**63.800.106**	**54.843.105**	**15.577.428**
Total Cash Outflows			**346.734.280**	**136.883.266**
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	120.494.559	38.879.864	78.727.122	33.941.859
Other contractual cash inflows	785.405	62.427.717	785.405	62.427.717
Total Cash Inflows	**121.279.964**	**101.307.581**	**79.512.527**	**96.369.576**
			Capped Amounts	
Total High Quality Liquid Assets			**426.099.327**	**176.506.801**
Total Net Cash Outflows			**267.221.753**	**40.513.690**
Liquidity Coverage Ratio (%)			**159,46**	**435,67**

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.

Current Period	**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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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

	Unweighted Amounts		Weighted Amounts	
Prior Period	**TL+FC**	**FC**	**TL+FC**	**FC**
High Quality Liquid Assets				
High Quality Liquid Assets			266.153.547	124.356.546
Cash Outflows				
Retail and Small Business Customers Deposits	**389.873.368**	**183.435.928**	**35.577.660**	**18.288.074**
Stable deposits	68.193.537	1.110.375	3.409.677	55.519
Less stable deposits	321.679.831	182.325.553	32.167.983	18.232.555
Unsecured Funding other than Retail and Small Business Customers Deposits	**261.677.790**	**125.587.430**	**151.543.591**	**68.178.012**
Operational deposits	-	-	-	-
Non-Operational deposits	199.994.518	101.394.587	98.399.319	43.985.169
Other Unsecured funding	61.683.272	24.192.843	53.144.272	24.192.843
Secured funding	-	-	**78.922**	**78.922**
Other Cash Outflows	**3.473.170**	**3.473.170**	**3.473.170**	**3.473.170**
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.473.170	3.473.170	3.473.170	3.473.170
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	**258.428.718**	**144.633.170**	**12.921.436**	**7.231.659**
Other irrevocable or conditionally revocable commitments	**245.169.276**	**36.462.264**	**21.536.223**	**5.412.562**
Total Cash Outflows			**225.131.002**	**102.662.399**
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	67.664.131	31.860.507	49.727.167	29.074.061
Other Contractual Cash Inflows	8.504	76.793.835	8.504	76.793.835
Total Cash Inflows	**67.672.635**	**108.654.342**	**49.735.671**	**105.867.896**
			Capped Amounts	
Total High Quality Liquid Assets			**266.153.547**	**124.356.546**
Total Net Cash Outflows			**175.395.332**	**25.665.600**
Liquidity Coverage Ratio (%)			**151,74**	**484,53**

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 are explained in the table below.

Prior Period	Minimum FC (%)	Minimum TL+FC (%)	Maximum FC (%)	Maximum TL+FC (%)
Week	November 11, 2022	December 2, 2022	October 7, 2022	October 7, 2022
Ratio (%)	432,12	137,02	580,31	170,73

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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	Total
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	168.187.296	95.086.673	-	-	-	-	-	263.273.969
Banks	27.549.457	-	32.710	19.815	-	-	-	27.601.982
Financial assets measured at fair value through profit or loss	28.912	-	11.968	40.278	247.444	1.806.026	959.017	3.093.645
Receivables from money markets	-	-	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	-	118.693	1.097	10.078.121	39.056.475	46.011.852	126.919	95.393.157
Loans (1)	-	228.244.172	121.033.926	312.095.161	167.815.927	48.541.318	(12.990.208)	864.740.296
Financial assets measured at amortised cost	-	4.205.875	556.081	16.901.404	179.726.491	103.944.643	-	305.334.494
Other assets	63.869.008	2.551.715	1.548.561	3.759.015	9.133.757	4.311.477	94.040.059	179.213.592
Total assets	**259.634.673**	**330.207.128**	**123.184.343**	**342.893.794**	**395.980.094**	**204.615.316**	**82.135.787**	**1.738.651.135**
Liabilities								
Bank deposits	1.075.215	15.738.390	7.077.792	8.395.079	119.974	-	-	32.406.450
Other deposits	433.894.804	346.891.074	137.743.306	85.506.313	27.986	-	-	1.004.063.483
Funds borrowed from other financial institutions	-	2.943.822	38.589.745	74.310.434	24.178.676	284.456	-	140.307.133
Funds from money market	-	39.552.389	15.441.594	2.979.034	-	-	-	57.973.017
Marketable securities issued	-	8.231.836	7.410.734	37.597.921	24.461.173	-	-	77.701.664
Miscellaneous payables	1.118.604	70.049.253	563.122	-	-	-	2.283.743	74.014.722
Other liabilities (2)	20.987.135	21.005.378	10.316.410	12.510.241	44.429.195	56.300.975	186.635.332	352.184.666
Total liabilities	**457.075.758**	**504.412.142**	**217.142.703**	**221.299.022**	**93.217.004**	**56.585.431**	**188.919.075**	**1.738.651.135**
Net liquidity gap	**(197.441.085)**	**(174.205.014)**	**(93.958.360)**	**121.594.772**	**302.763.090**	**148.029.885**	**(106.783.288)**	**-**
Net Off-Balance Sheet Position	**-**	**1.183.876**	**(4.864.345)**	**(4.777.487)**	**328.193**	**4.130.540**	**-**	**(3.999.223)**
Derivative Financial Assets	-	168.312.983	134.444.699	116.952.776	171.066.627	95.879.831	-	686.656.916
Derivative Financial Liabilities	-	167.129.107	139.309.044	121.730.263	170.738.434	91.749.291	-	690.656.139
Non-Cash Loans	**-**	**18.214.843**	**42.540.641**	**168.051.989**	**59.808.203**	**12.543.936**	**85.313.046**	**386.472.658**
Prior Period								
Total assets	148.596.036	182.103.767	100.035.927	210.801.247	259.667.039	163.290.831	43.598.746	1.108.093.593
Total liabilities	286.453.990	347.883.406	158.534.418	89.839.348	63.222.927	28.029.194	134.130.310	1.108.093.593
Liquidity gap	**(137.857.954)**	**(165.779.639)**	**(58.498.491)**	**120.961.899**	**196.444.112**	**135.261.637**	**(90.531.564)**	**-**
Net Off-Balance Sheet Position	**-**	**323.517**	**(461.678)**	**(2.326.522)**	**199.329**	**2.838.289**	**-**	**572.935**
Derivative Financial Assets	-	107.816.647	96.510.990	54.588.952	101.477.240	71.544.105	-	431.937.934
Derivative Financial Liabilities	-	107.493.130	96.972.668	56.915.474	101.277.911	68.705.816	-	431.364.999
Non-Cash Loans	**-**	**8.854.872**	**25.285.755**	**110.013.625**	**31.860.733**	**12.551.216**	**54.982.270**	**243.548.471**

(1) Non-performing loans are presented in the "Unclassified" column after being offset against expected loss provisions.
(2) Shareholders' equity is presented under the "Other liabilities" item in the "Unclassified" column.

Breakdown of financial liabilities according to their remaining contractual maturities:

The maturity distribution of values at contracted maturity date of non-derivative financial liabilities is presented below. Maturity segments also include the interests of related assets and liabilities.

Current Period[1]	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	809.754.353	158.277.404	107.644.794	154.176	-	1.075.830.727
Borrowings	3.173.282	40.669.605	80.993.229	27.076.883	424.856	152.337.855
Financial liabilities measured at fair value through profit or loss	-	3.724.714	11.053.243	43.265.390	39.118.697	97.162.044
Funds from money market	39.663.248	16.000.634	3.191.365	-	-	58.855.247
Subordinated debts	21.041.873	86.317	834.082	5.299.462	18.504.795	45.766.529
Marketable securities issued (Net)	8.279.943	7.706.411	39.740.944	33.853.170	-	89.580.468
Total	**881.912.699**	**226.465.085**	**243.457.657**	**109.649.081**	**58.048.348**	**1.519.532.870**

Prior Period[1]	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	533.996.220	122.511.971	26.042.491	72.797	-	682.623.479
Borrowings	7.883.100	14.347.407	46.646.325	5.018.971	450.651	74.346.454
Financial liabilities measured at fair value through profit or loss	735.241	1.498.167	5.498.769	31.525.794	17.827.441	57.085.412
Funds from money market	30.071.838	5.602.867	-	-	-	35.674.705
Subordinated debts	12.222.546	121.714	6.703.541	16.817.742	12.985.673	48.851.216
Marketable securities issued (Net)	1.871.478	13.764.553	6.235.755	19.718.039	-	41.589.825
Total	**586.780.423**	**157.846.679**	**91.126.881**	**73.153.343**	**31.263.765**	**940.171.091**

(1) Maturities of non-cash loans are described in Note 3 of Section 5.

8. Explanations on leverage ratio:

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

	Current Period[1]	Prior Period[1]
On-Balance sheet exposures		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	1.668.553.934	1.082.697.707
(Asset amounts deducted in determining Tier 1 capital)	(19.094.784)	(8.560.613)
Total on-Balance sheet exposures	1.649.459.150	1.074.137.094
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	11.985.848	11.847.994
Potential credit risk of derivative financial instruments and credit derivatives	21.128.855	4.486.744
Total derivative financial instruments and credit derivatives exposure	33.114.703	16.334.738
Securities financing transaction exposure		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	16.285.046	1.425.925
Agent transaction exposures	-	-
Total securities financing transaction exposures	16.285.046	1.425.925
Off-balance sheet items		
Off-balance sheet exposure at gross notional amount	1.171.054.731	543.644.296
(Adjustments for conversion to credit equivalent amounts)	(61.083.885)	(46.862.850)
Total risk of off-balance sheet items	1.109.970.846	496.781.446
Capital and total exposure		
Tier 1 capital	184.759.840	129.253.872
Total exposures	2.808.829.745	1.588.679.203
Leverage ratio (%)	**6,58**	**8,13**

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

9. Explanations on the presentation of financial assets and liabilities at fair values:

The following table summarizes the carrying values and fair values of some financial assets and liabilities of the Bank. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Book Value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	**1.332.889.856**	**875.626.243**	**1.346.099.446**	**895.910.485**
Due from money market	-	2.461.599	-	2.461.599
Banks	27.601.982	26.405.966	27.600.876	26.404.761
Financial assets at fair value through other comprehensive income	95.393.157	77.343.753	95.393.157	77.343.753
Financial assets measured at amortised cost	305.334.494	163.300.598	288.000.969	187.443.110
Loans	904.560.223	606.114.327	935.104.444	602.257.262
Financial Liabilities	**1.437.894.039**	**902.458.963**	**1.437.343.126**	**902.395.467**
Bank deposits	32.406.450	10.398.746	32.398.474	10.397.850
Other deposits	1.004.063.483	662.366.572	996.776.761	662.839.255
Borrowings	140.307.133	70.048.420	143.575.070	70.784.443
Financial liabilities measured at fair value through profit or loss	72.554.448	37.239.659	72.554.448	37.239.659
Subordinated debts	36.846.139	39.388.232	36.968.295	40.684.977
Marketable securities issued	77.701.664	40.540.324	81.055.356	37.972.273
Miscellaneous payables	74.014.722	42.477.010	74.014.722	42.477.010

The fair values of deposits, banks, securities issued and funds borrowed from other financial institutions are determined by calculating the discounted cash flows using the current market interest rates.

The fair value of held-to-maturity assets is determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of loans and receivables is determined by calculating the discounted cash flows using the current market interest rates for the loans with fixed interest rates. For the loans with floating interest rates (such as overdrafts and credit card receivables), it is assumed that the carrying value approaches to the fair value.

TFRS 13, "Fair Value Measurement", requires classification of line items at fair value presented at the financial statements according to the defined levels. These levels depend on the observability of data used for fair value calculations. Classification for fair value is generated as followed below:

Level 1: Assets or liabilities with prices recorded (unadjusted) in active markets

Level 2: Assets or liabilities that are excluded in the Level 1 of recorded prices directly observable by prices or indirectly observable derived through prices observable from similar assets or liabilities

Level 3: Assets and liabilities where no observable market data can be used for valuation

According to these classification principles stated, the Bank's classification of financial assets and liabilities carried at their fair value are as follows:

Current Period	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	747.644	2.346.001	-	3.093.645
Financial assets measured at fair value through other comprehensive income	95.265.661	1.620	-	95.267.281
Derivative financial assets	-	21.304.525	-	21.304.525
Total assets	**96.013.305**	**23.652.146**	**-**	**119.665.451**
Financial liabilities measured at fair value through profit or loss	-	72.554.448	-	72.554.448
Derivative financial liabilities	-	11.524.206	-	11.524.206
Total liabilities	**-**	**84.078.654**	**-**	**84.078.654**

Prior Period	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	397.124	1.168.333	-	1.565.457
Financial assets measured at fair value through other comprehensive income	75.469.445	1.767.933	-	77.237.378
Derivative financial assets	-	18.557.191	-	18.557.191
Total assets	**75.866.569**	**21.493.457**	**-**	**97.360.026**
Financial liabilities measured at fair value through profit or loss	-	37.239.659	-	37.239.659
Derivative financial liabilities	-	13.774.007	-	13.774.007
Total liabilities	**-**	**51.013.666**	**-**	**51.013.666**

The Bank classify its buildings carried at their fair value within property and equipment under level 3.

10. Explanations on hedge accounting:

The Bank applies the following hedge accounting models: Fair Value Hedge ("FVH") and Cash Flow Hedge ("CFH").

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 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 at fair value through other comprehensive income".

Interest rate swap and cross currency interest rate swap are used as hedging instrument in FVH and interest rate swap, currency swap and cross currency interest rate swap are used as hedging instrument in CFH. Contractual amounts and the fair values as at December 31, 2023 of these hedging instruments are presented in the table below:

	Current Period			Prior Period		
Hedging instrument	**Notional[(1)]**	**Asset**	**Liability**	**Notional[(1)]**	**Asset**	**Liability**
Interest rate swap / Currency swap / Cross currency interest rate swap (CFH)	40.790.710	5.320.823	32.334	58.891.229	7.357.997	32.350
Interest rate swap / Cross currency interest rate swap (FVH)	-	-	-	1.664.564	-	1.380.313
Total	**40.790.710**	**5.320.823**	**32.334**	**60.555.793**	**7.357.997**	**1.412.663**

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 40.790.711 (December 31, 2022 – TL 59.161.370) the total notional of derivative financial assets amounting to TL 81.581.421 (December 31, 2022 – TL 119.717.163) 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 the accounting principles section of these financial statements in Section 3, Part 4.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

10.1. Fair value hedge accounting:

Starting from March 1, 2009, the Bank has hedged the possible fair value effects of changes in market interest rates on some of its fixed interest loan portfolios and fair value effects of changes in foreign exchange rates on part of its foreign currency funds by using interest rate swap, cross-currency interest rate swap. Starting from July 28, 2015, the Bank has hedged the possible fair value effects of changes in market interest rates and foreign exchange rates on marketable securities by using cross-currency interest rate swaps. The Bank selected to apply macro FVH accounting for such relationship in accordance with "TAS – 39 Financial Instruments: Recognition and Measurement".

The impact of application of FVH accounting is summarized below:

Current 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**	
Interest rate swap / Cross currency interest rate swaps	Some of fixed interest loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	-	-	-	(12.725)

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	Some of fixed interest loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	(12.725)	-	1.380.313	23.015

(1) The amount refers to the fair value of the hedged item calculated for Some of fixed interest loan portfolios, foreign currency funds and marketable securities 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) The bank has no ineffective portion of the mentioned hedging transaction (December 31, 2022 - TL 9.054 loss).

At the inception date, the Bank 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 Bank'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.

10.2. Cash flow hedge accounting:

The Bank started to apply macro cash flow hedge accounting from January 1, 2010 onwards 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 USD, EUR and TL deposits, 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 swap / Currency swap / Cross currency interest rate swap	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	5.320.823	32.334	3.227.560	(2.151.990)

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/ Cross currency interest rate swap	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	7.357.997	32.350	5.379.550	3.046.675

(1) Includes deferred tax impact.
(2) Includes tax and foreign exchange differences.
(3) The ineffective portion of the mentioned hedging transaction is TL 594.177 gain (December 31, 2022 – TL 358.721 gain).

At the inception date, the Bank 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 effectiveness range 80%-125%) 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.

10.3. Net Investment Hedge:

The Bank hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Bank's EURO denominated borrowing is designated as a hedge of the net investment in the Bank's certain EURO denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at December 31, 2023 is EUR 528 million (December 31, 2022 - EUR 469 million).

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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

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

12. Explanations on operating segments:

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

- Retail Banking
- Corporate Banking
- Commercial and SME Banking

The 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 s ystems, 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 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. 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 Bank'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	Treasury, asset-liability management and other	Total operations of the Bank
Operating revenue	58.498.456	12.586.936	42.970.047	30.621.739	144.677.178
Operating expenses	(26.116.281)	(5.583.817)	(7.048.449)	(31.601.954)	(70.350.501)
Net operating income / (expense)	**32.382.175**	**7.003.119**	**35.921.598**	**(980.215)**	**74.326.677**
Dividend income[1]	-	-	-	9.429	9.429
Income/(loss) from investments accounted based on equity method[1]	-	-	-	8.215.171	8.215.171
Profit before tax	**32.382.175**	**7.003.119**	**35.921.598**	**7.244.385**	**82.551.277**
Tax provision expense[1]	-	-	-	(14.542.441)	(14.542.441)
Net period income	**32.382.175**	**7.003.119**	**35.921.598**	**(7.298.056)**	**68.008.836**
Net profit	**32.382.175**	**7.003.119**	**35.921.598**	**(7.298.056)**	**68.008.836**
Segment asset	380.947.485	185.429.804	244.868.623	889.638.296	1.700.884.208
Investments in associates, subsidiaries and joint ventures	-	-	-	37.766.927	37.766.927
Total assets	**380.947.485**	**185.429.804**	**244.868.623**	**927.405.223**	**1.738.651.135**
Segment liabilities	618.836.337	92.977.510	239.218.000	608.767.747	1.559.799.594
Shareholders' equity	-	-	-	178.851.541	178.851.541
Total liabilities	**618.836.337**	**92.977.510**	**239.218.000**	**787.619.288**	**1.738.651.135**

Prior Period	Retail banking	Corporate, banking	Commercial and SME banking	Treasury, asset-liability management and other	Total operations of the Bank
Operating revenue	20.936.911	6.562.696	18.276.595	64.308.299	110.084.501
Operating expenses	(15.442.780)	(4.982.023)	(7.397.186)	(17.101.910)	(44.923.899)
Net operating income / (expense)	**5.494.131**	**1.580.673**	**10.879.409**	**47.206.389**	**65.160.602**
Dividend income[1]	-	-	-	49.988	49.988
Income/(loss) from investments accounted based on equity method[1]	-	-	-	3.102.944	3.102.944
Profit before tax	**5.494.131**	**1.580.673**	**10.879.409**	**50.359.321**	**68.313.534**
Tax provision expense[1]	-	-	-	(15.568.845)	(15.568.845)
Net period income	**5.494.131**	**1.580.673**	**10.879.409**	**34.790.476**	**52.744.689**
Net profit	**5.494.131**	**1.580.673**	**10.879.409**	**34.790.476**	**52.744.689**
Segment asset	218.433.296	136.525.915	196.590.142	535.695.783	1.087.245.136
Investments in associates, subsidiaries and joint ventures	-	-	-	20.848.457	20.848.457
Total assets	**218.433.296**	**136.525.915**	**196.590.142**	**556.544.240**	**1.108.093.593**
Segment liabilities	406.396.874	91.213.313	164.104.986	320.122.030	981.837.203
Shareholders' equity	-	-	-	126.256.390	126.256.390
Total liabilities	**406.396.874**	**91.213.313**	**164.104.986**	**446.378.420**	**1.108.093.593**

(1) Related items have not been distributed based on operating segments and presented under "Treasury, Asset-Liability Management and Other".

13. Explanations on fees for services received from independent auditor [1]:

Persuant to decision of POA dated March 26, 2021 and numbered 660, fees for services received from independent auditor are presented below:

	Current Period	Prior Period
Independent audit fee	29.600	18.405
Tax advisory services fee	935	549
Other assurance services fee	2.275	1.696
Total[2]	**32.810**	**20.650**

(1) Value added tax (VAT) excluded amounts are presented.
(2) Relevant amounts are presented on a consolidated basis, including domestic and foreign subsidiaries of the Bank.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section Five - Explanations and notes related to unconsolidated financial statements

1. Explanations and notes related to assets

1.1. Information related to cash and the account of the Central Bank of the Republic of Türkiye:

1.1.1. Information on cash and the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	3.655.621	18.267.050	2.606.269	10.318.674
The CBRT[1]	98.386.789	142.963.897	33.129.765	97.841.163
Other	-	612	-	259
Total	**102.042.410**	**161.231.559**	**35.736.034**	**108.160.096**

(1) The balance of gold amounting to TL 17.611.624 is accounted for under the Central Bank foreign currency account (December 31, 2022 – TL 14.779.986).

1.1.2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount[1]	86.406.051	59.857.962	33.129.765	35.844.180
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	2.990.650
Reserve requirement[2]	11.980.738	83.105.935	-	59.006.333
Total	**98.386.789**	**142.963.897**	**33.129.765**	**97.841.163**

(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 Bank 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 Bank has financial assets measured at fair value through profit or loss subject to repo transactions and given as collateral/blocked amounts to TL 1.387.449 (December 31, 2022 - TL 780.236).

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	814.178	8.085	1.034.624	3.889
Swap transactions	8.577.085	6.548.119	5.262.254	3.702.838
Futures transactions	4.012	-	23.185	-
Options	31.050	1.173	279.107	893.297
Other	-	-	-	-
Total	**9.426.325**	**6.557.377**	**6.599.170**	**4.600.024**

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]	-	-	-	-
Cash flow hedges [1]	1.857.907	3.462.916	3.658.070	3.699.927
Hedges for investments made in foreign countries	-	-	-	-
Total	**1.857.907**	**3.462.916**	**3.658.070**	**3.699.927**

(1) Explained in Note 10 of section 4.

1.4 Information on banks

1.4.1. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	1.121	24.371	4.303.372	13.446
Foreign	-	27.576.490	-	22.089.148
Head quarters and branches abroad	-	-	-	-
Total	**1.121**	**27.600.861**	**4.303.372**	**22.102.594**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.4.2. Information on foreign banks account

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
EU countries	4.211.243	4.883.436	-	-
USA, Canada	20.459.442	15.355.178	2.358.509	1.515.978
OECD countries (1)	102.190	34.545	-	-
Off-shore banking regions	1.708	1.556	-	-
Other	443.398	298.455	-	-
Total	**25.217.981**	**20.573.170**	**2.358.509**	**1.515.978**

(1) OECD countries except EU countries, USA and Canada.

1.4.3. Information on money markets receiveables

As of December 31, 2023 the bank has no money market receivables (December 31, 2022 – TL 2.461.599).

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 December 31, 2023 financial assets measured at fair value through other comprehensive income given as repo transactions amounts to TL 10.388.515 (December 31, 2022 - TL 827.520). The securities, subject to collateral/blocked are TL 16.848.459 (December 31, 2022 - TL 28.421.698) of which blocked at the CBRT is TL 6.127.002 (December 31, 2022 - TL 12.534.283).

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

	Current Period	Prior Period
Debt securities	100.203.690	78.495.183
Quoted on stock exchange	100.202.647	76.718.482
Not quoted	1.043	1.776.701
Share certificates	171.195	70.343
Quoted on stock exchange	-	-
Not quoted	171.195	70.343
Impairment provision (-)(1)	4.981.728	1.221.773
Total	**95.393.157**	**77.343.753**

(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 Bank:

	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	**35.697**	**1.304.299**	**107.694**	**903.139**
Loans granted to employees	**837.758**	**183**	**478.328**	**29**
Total	**873.455**	**1.304.482**	**586.022**	**903.168**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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:

		Loans under close monitoring		
			Loans under restructuring	
Cash Loans	Standard Loans	Not under the scope of restructuring	Modifications on agreement conditions	Refinancing
Non-specialized loans	**773.730.161**	**54.795.283**	**1.862.929**	**46.367.600**
Loans given to enterprises	224.460.792	27.689.271	1.157.918	31.057.849
Export loans	57.469.412	5.002.614	413.072	4.415.067
Import loans	-	-	-	-
Loans given to financial sector	33.658.651	-	-	-
Consumer loans	160.161.851	9.263.357	-	2.896.317
Credit cards	208.066.453	9.007.004	-	2.917.562
Other	89.913.002	3.833.037	291.939	5.080.805
Specialized loans	-	-	-	-
Other receivables	**974.531**	-	-	-
Total	**774.704.692**	**54.795.283**	**1.862.929**	**46.367.600**

	Standard loans	Loans under close monitoring
12-month provisions for possible losses	5.672.509	-
Significant increase in credit risk	-	15.243.845
Total	**5.672.509**	**15.243.845**

1.7.3. Loans according to their maturity structure:

		Loans under close monitoring	
	Standard loans	Not under the scope of restructuring	Agreement conditions modified
Short-term loans	436.449.484	16.515.494	3.019.207
Medium and long-term loans	338.255.208	38.279.789	45.211.322
Total	**774.704.692**	**54.795.283**	**48.230.529**

1.7.4. Information on loans by types and specific provisions

1.7.4.1. Information on loans by types and specific provisions:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Standard loans	406.476.388	160.161.851	208.066.453	774.704.692
Watch list	78.941.572	12.159.674	11.924.566	103.025.812
Loans under legal follow-up	18.453.974	6.228.677	2.147.068	26.829.719
Specific provisions (-)	12.031.981	5.313.706	1.557.886	18.903.573
Total	**491.839.953**	**173.236.496**	**220.580.201**	**885.656.650**

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Standard loans	298.464.143	103.533.623	103.295.497	505.293.263
Watch list	65.202.617	8.265.995	6.619.340	80.087.952
Loans under legal follow-up	14.894.720	4.464.832	1.373.560	20.733.112
Specific provisions (-)	10.379.291	4.146.363	1.256.662	15.782.316
Total	**368.182.189**	**112.118.087**	**110.031.735**	**590.332.011**

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

1.7.4.2. Specific provisions provided against loans:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Opening balance	**10.379.291**	**4.146.363**	**1.256.662**	**15.782.316**
Impairment	4.325.401	5.621.058	1.097.529	11.043.988
Collections (-)	1.802.036	2.664.910	336.326	4.803.272
Write-off (-)	870.675	1.788.805	459.979	3.119.459
Total	**12.031.981**	**5.313.706**	**1.557.886**	**18.903.573**

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Opening balance	**9.963.054**	**2.505.366**	**1.249.426**	**13.717.846**
Impairment	5.356.134	3.650.863	890.671	9.897.668
Collections (-)	1.622.025	1.013.083	416.338	3.051.446
Write-off (-)	3.317.872	996.783	467.097	4.781.752
Total	**10.379.291**	**4.146.363**	**1.256.662**	**15.782.316**

1.7.4.3. Fair value of collaterals:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Watch List	42.228.448	316.148	-	42.544.596
Loans under legal follow-up	7.369.457	66.208	-	7.435.665
Total	**49.597.905**	**382.356**	**-**	**49.980.261**

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Watch List	42.642.724	191.760	-	42.834.484
Loans under legal follow-up	4.439.865	52.027	-	4.491.892
Total	**47.082.589**	**243.787**	**-**	**47.326.376**

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

	Short-term	Medium and long-term	Total
Consumer loans-TL	**35.403.973**	**103.080.153**	**138.484.126**
Real estate loans	13.863	16.104.196	16.118.059
Automotive loans	3.265.232	12.978.903	16.244.135
Consumer loans	32.124.878	73.997.054	106.121.932
Consumer loans-FC indexed	**-**	**30.292**	**30.292**
Real estate loans	-	30.292	30.292
Automotive loans	-	-	-
Consumer loans	-	-	-
Individual credit cards-TL	**183.034.313**	**1.430.599**	**184.464.912**
With installments	90.084.298	1.050.748	91.135.046
Without installments	92.950.015	379.851	93.329.866
Individual credit cards-FC	**484.583**	**15.429**	**500.012**
With installments	-	-	-
Without installments	484.583	15.429	500.012
Personnel loans-TL	**79.742**	**211.652**	**291.394**
Real estate loans	-	2.112	2.112
Automotive loans	3.787	4.497	8.284
Consumer loans	75.955	205.043	280.998
Personnel loans-FC indexed	**-**	**-**	**-**
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Personnel credit cards-TL	**474.019**	**487**	**474.506**
With installments	241.441	308	241.749
Without installments	232.578	179	232.757
Personnel credit cards-FC	**3.392**	**-**	**3.392**
With installments	-	-	-
Without installments	3.392	-	3.392
Credit deposit account-TL (real person)[1]	**33.515.713**	**-**	**33.515.713**
Total	**252.995.735**	**104.768.612**	**357.764.347**

(1) TL 68.466 of the credit deposit account belongs to the loans used by personnel.

1.7.6. Information on commercial installment loans and corporate credit cards:

	Short-term	Medium and long-term	Total
Commercial installments loans-TL	**7.774.658**	**62.104.398**	**69.879.056**
Business loans	63	1.289.282	1.289.345
Automotive loans	1.739.816	25.079.001	26.818.817
Consumer loans	6.034.779	35.736.115	41.770.894
Commercial installments loans-FC indexed	**-**	**-**	**-**
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Corporate credit cards-TL	**34.242.729**	**293.582**	**34.536.311**
With installment	16.242.483	292.281	16.534.764
Without installment	18.000.246	1.301	18.001.547
Corporate credit cards-FC	**11.691**	**195**	**11.886**
With installment	-	-	-
Without installment	11.691	195	11.886
Credit deposit account-TL (legal person)	**2.791.401**	**-**	**2.791.401**
Total	**44.820.479**	**62.398.175**	**107.218.654**

1.7.7. Distribution of loans by users[1]:

	Current Period	Prior Period
Public	25.863.648	17.038.689
Private	851.866.856	568.342.526
Total	**877.730.504**	**585.381.215**

(1) Non-performing loans are not included.

1.7.8. 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	868.909.430	577.086.640
Foreign loans	8.821.074	8.294.575
Total	**877.730.504**	**585.381.215**

(1) Non-performing loans are not included.

1.7.9. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	3.978.209	1.528.739
Indirect loans granted to associates and subsidiaries	-	-
Total	**3.978.209**	**1.528.739**

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

	Current Period	Prior Period
Loans with limited collectability	1.963.518	2.222.668
Loans with doubtful collectability	6.851.466	3.223.447
Uncollectable loans	10.088.589	10.336.201
Total	**18.903.573**	**15.782.316**

1.7.11. Information on non-performing loans (net):

1.7.11.1. Information on restructured loans from non-performing loans:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period			
Gross amounts before specific reserves	**583.037**	**809.720**	**5.827.714**
Restructured loans	583.037	809.720	5.827.714
Prior Period			
Gross amounts before specific reserves	**670.884**	**370.519**	**4.128.764**
Restructured loans	670.884	370.519	4.128.764

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Prior Period	**3.311.027**	**3.883.190**	**13.538.895**
Additions (+)	15.569.148	816.557	1.913.868
Transfers from other categories of non-performing loans (+)	-	14.606.092	6.951.828
Transfer to other categories of non-performing loans (-)	14.606.092	6.951.828	-
Collections (-)	1.317.881	1.953.305	5.812.321
Write-offs (-)	-	-	72.420
Sold (-)	-	-	3.047.039
Corporate and commercial loans	-	-	861.183
Consumer loans	-	-	1.755.619
Credit cards	-	-	430.237
Other	-	-	-
Current Period	**2.956.202**	**10.400.706**	**13.472.811**
Specific provision (-)	1.963.518	6.851.466	10.088.589
Net balance on balance sheet	**992.684**	**3.549.240**	**3.384.222**

TL 3.375.849 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 1.112.150.

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period			
Period end balance	101.944	6.823.946	6.811.789
Specific provision (-)	99.969	4.292.885	4.555.633
Net balance on-balance sheet	**1.975**	**2.531.061**	**2.256.156**
Prior Period			
Period end balance	1.968.423	1.818.759	5.878.480
Specific provision (-)	1.388.732	1.803.114	3.371.100
Net balance on-balance sheet	**579.691**	**15.645**	**2.507.380**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.7.11.4. 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 collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (net)	**992.684**	**3.549.240**	**3.384.222**
Loans granted to real persons and corporate entities (gross)	2.956.202	10.400.706	13.388.137
Provision amount (-)	1.963.518	6.851.466	10.003.915
Loans granted to real persons and corporate entities (net)	992.684	3.549.240	3.384.222
Banks (gross)	-	-	774
Provision amount (-)	-	-	774
Banks (net)	-	-	-
Other loans (gross)	-	-	83.900
Provision amount (-)	-	-	83.900
Other loans (Net)	-	-	-
Prior Period (net)	**1.088.359**	**659.743**	**3.202.694**
Loans granted to real persons and corporate entities (gross)	3.311.027	3.883.190	13.454.221
Specific provision amount (-)	2.222.668	3.223.447	10.251.527
Loans granted to real persons and corporate entities (Net)	1.088.359	659.743	3.202.694
Banks (gross)	-	-	774
Specific provision amount (-)	-	-	774
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.900
Specific provision amount (-)	-	-	83.900
Other loans and receivables (Net)	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (net)	**132.452**	**195.355**	**199.668**
Interest accruals and rediscounts and valuation differences	327.091	605.675	1.610.291
Provision amount (-)	194.639	410.320	1.410.623
Prior Period (net)	**147.012**	**140.162**	**314.154**
Interest accruals and rediscounts and valuation differences	422.447	475.126	1.227.208
Provision amount (-)	275.435	334.964	913.054

1.7.12. 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.

1.7.13. 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 the BRSA, the Bank, during the period deemed appropriate under TFRS 9, may write off part of the loans for which the Bank has no reasonable expectation of recovery and that are classified under group five with a life time expected credit loss due the to default of debtor, starting from the following reporting date that the loan is classified in group five. 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 Bank's right to receive.

1.8 Information on financial assets at amortized cost:

1.8.1 Characteristics and carrying values of financial assets measured at amortised cost which are subject to repurchase agreements and given as collateral / blocked:

As of December 31, 2023 financial assets measured at amortised cost given as repo transactions amounting to TL 53.304.273 (December 31, 2022 - TL 29.017.189). The securities subject to collateral/blocked are TL 122.707.615 (December 31, 2022 - TL 77.529.451) of which blocked at the CBRT is TL 39.080.654 (December 31, 2022 - TL 14.502.644).

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

	Current Period	Prior Period
Government bond	301.134.141	162.969.794
Treasury bill	-	-
Other public sector debt securities	4.200.353	330.804
Total	**305.334.494**	**163.300.598**

1.8.3 Information on financial assets measured at amortized cost:

	Current Period	Prior Period
Debt securities	314.180.903	167.960.745
Quoted on stock exchange	314.180.903	167.960.745
Not quoted	-	-
Impairment provision (-)(1)	8.846.409	4.660.147
Total	**305.334.494**	**163.300.598**

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

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

	Current Period	Prior Period
Beginning balance	**163.300.598**	**91.875.500**
Foreign currency differences on monetary assets(1)	84.232.334	50.867.573
Purchases during the year	66.445.598	30.470.261
Disposals through sales and redemptions(-)	4.457.774	7.862.794
Impairment provision (-)(2)	4.186.262	2.049.942
Period end balance	**305.334.494**	**163.300.598**

(1) Also includes the changes in the interest income accruals.
(2) Includes amortisation 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)	Bank's share holding percentage if different voting percentage (%)	Bank's risk group share holding percentage(%)
1.	Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	Istanbul/Türkiye	38,05	38,05
2.	Banque de Commerce et de Placements S.A.	Geneva/Switzerland	30,67	30,67
3.	Kredi Kayıt Bürosu(1)	Istanbul/Türkiye	18,18	18,18
4.	Bankalararası Kart Merkezi (1)	Istanbul/Türkiye	4,89	4,89

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	154.028	(209.471)	66.835	2.345	-	(228.814)	(41.648)	-
2.	111.134.356	22.894.486	69.484	4.332.767	758.319	1.166.474	716.296	-
3.	1.201.571	242.443	452.695	29.452	-	128.363	29.975	-
4.	3.880.800	3.344.720	380.638	511.366	-	2.659.647	207.417	-

(1) Financial statement information is September 30, 2023.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.9.2 Movement of unconsolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	**2.910.408**	**2.089.190**
Movements during the period	**3.298.322**	**821.218**
Purchases	-	-
Free shares obtained profit from current year's share	-	-
Profit from current year's income	1.240.416	-
Sales(-)	-	-
Revaluation (decrease) / increase(1)	2.152.936	870.196
Impairment provision (-)(2)	95.030	48.978
Balance at the end of the period	**6.208.730**	**2.910.408**
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.

1.9.3 Information on sectors and the carrying amounts of unconsolidated financial investments in associates:

	Current Period	Prior Period
Banks	6.170.284	2.871.962
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total	**6.170.284**	**2.871.962**

1.9.4 Information on investments in associates quoted on a stock exchange:

None (December 31, 2022 - None).

1.10 Information on shareholders' equity of the significant 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 accumulated comprehensive income that will not be classified in profit or loss	23.411	(16.243)	(37.713)	(6.342)	-
Other accumulated comprehensive income that will be classified in profit or loss	(239)	-	40.649	-	13.578.697
Legal reserves	98.890	26.000	79.305	61.812	-
Extraordinary reserves	1.342.885	874.273	3.859.069	-	1.948.770
Other profit Reserves	-	-	-	-	-
Income or Loss	2.675.730	745.302	1.580.809	608.037	1.528.686
Current Year Income/Loss	2.745.676	745.302	1.492.394	584.162	1.528.686
Prior Years' Income/Loss	(69.946)	-	88.415	23.875	-
Leasehold improvements (-)	-	1.119	655	243	44
Intangible assets (-)	43.409	13.979	52.228	1.330	3.941
Total core capital	**4.313.755**	**1.744.234**	**5.642.060**	**694.576**	**17.164.610**
Supplementary capital	**25.160**	**88.104**	**247.868**	**-**	**189.653**
Capital	**4.338.915**	**1.832.338**	**5.889.928**	**694.576**	**17.354.263**
Deductions from the capital	-	-	-	-	-
Total shareholders' equity	**4.338.915**	**1.832.338**	**5.889.928**	**694.576**	**17.354.263**

The above information is based on the consolidated financial statements of the Bank as of December 31, 2023.

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 Information on subsidiaries[1]:

No	Description	Address (City/ Country)	Bank's share holding percentage if different voting percentage (%)	Bank's risk group share holding percentage (%)
1	Yapı Kredi Holding B.V.	Amsterdam/Holland	100,00	100,00
2	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Istanbul/Türkiye	99,98	100,00
3	Yapı Kredi Faktoring A.Ş.	Istanbul/Türkiye	99,95	100,00
4	Yapı Kredi Finansal Kiralama A.O.	Istanbul/Türkiye	99,99	99,99
5	Yapı Kredi Portföy Yönetimi A.Ş.	Istanbul/Türkiye	12,65	99,99
6	Yapı Kredi Bank Nederland N.V.	Amsterdam/Holland	67,24	100,00
7	Yapı Kredi Azerbaycan	Baku/Azerbaijan	99,80	100,00
8	Enternasyonal Turizm Yatırım A.Ş	Istanbul/Türkiye	99,99	99,99
9	Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.	Istanbul/Türkiye	100,00	100,00
10	Yapı Kredi Teknoloji A.Ş.	Istanbul/Türkiye	100,00	100,00
11	Yapı Kredi Finansal Teknolojiler A.Ş.	Istanbul/Türkiye	100,00	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.

1.10.3 Main financial figures of the subsidiaries in order of the above table:

Financial statement information disclosed consolidated financial statements results.

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value	Required equity
1	116.891	114.448	-	-	-	1.363	938	-	-
2	14.829.657	4.357.164	115.105	3.794.529	12.228	2.745.676	997.983	-	-
3	12.155.026	1.759.332	30.665	2.867.896	-	745.302	390.435	-	-
4	38.256.534	5.694.943	63.930	4.566.353	-	1.492.394	837.136	-	-
5	867.940	696.149	5.749	148.275	-	584.162	331.233	-	-
6	88.961.471	17.168.595	59.610	3.443.780	171.937	1.528.686	616.341	-	-
7	9.245.136	1.849.636	400.740	414.346	74.830	134.512	53.598	-	-
8	109.851	96.819	34.543	9.272	-	11.586	6.390	-	-
9	186.800	81.580	1.696	408	-	13.663	4.270	-	-
10	130.945	47.855	9.746	6.165	-	23.018	939	-	-
11	25.015	25.015	-	-	-	-	-	-	-

1.10.4 Movement schedule of subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	**17.905.733**	**13.110.619**
Movements in period	**13.620.148**	**4.795.114**
Purchases	-	-
Free shares obtained profit from current years share	-	-
Dividends from current year income	6.974.755	3.102.944
Sales (-)[1]	-	163.842
Revaluation increase/decrease[1], [2]	6.915.441	1.995.716
Impairment provision (-)[3]	270.048	139.704
Balance at the end of the period	**31.525.881**	**17.905.733**
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

(1) The paid in capital amounting to EUR 60 million of Yapı Kredi Bank Malta Ltd, of which 100% of its shares indirectly owned by the Bank through Yapı Kredi Holding B.V., was reduced within the framework of the liquidation process on May 20, 2022 and concurrently the paid in capital of Yapı Kredi Holding B.V. amounting to EUR 102 million, was reduced to EUR 42 million.

(2) Includes the shares taken from the other comprehensive income according to the equity method.

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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

	Current Period	Prior Period
Banks	13.390.646	7.330.588
Insurance companies	-	-
Factoring companies	1.758.494	1.015.337
Leasing companies	5.694.593	4.237.311
Finance companies	-	-
Other financial subsidiaries	10.682.148	5.322.497
Total	**31.525.881**	**17.905.733**

1.10.6 Subsidiaries quoted on stock exchange:

None (December 31, 2022 - None).

1.11 Information on joint ventures (net):

None (December 31, 2022 - None).

1.12 Information on lease receivables (net):

None (December 31, 2022 - None).

1.13 Information on tangible assets:

	Immovable	Leased fixed assets	Vehicles	Right of use assets[1]	Other tangible fixed assets	Total
Prior Period						
Cost	7.331.646	166.897	5.005	2.447.780	2.959.765	12.911.093
Accumulated depreciation (-)	932.995	132.356	2.792	694.564	1.301.709	3.064.416
Net book value	**6.398.651**	**34.541**	**2.213**	**1.753.216**	**1.658.056**	**9.846.677**
Current Period						
Net book value at beginning of the period	**6.398.651**	**34.541**	**2.213**	**1.753.216**	**1.658.056**	**9.846.677**
Additions[2]	6.080.781	2.703	30.701	2.557.900	1.684.453	10.356.538
Disposals (-) net	24.912	-	-	517.588	8.960	551.460
Reversal of impairment	-	-	-	-	-	-
Impairment (-)	-	-	-	-	-	-
Depreciation (-)	69.601	3.086	3.639	690.911	443.527	1.210.764
Net book value at end of the period	**12.384.919**	**34.158**	**29.275**	**3.102.617**	**2.890.022**	**18.440.991**
Cost at the end of the period	13.333.735	159.740	35.403	4.230.169	4.531.259	22.290.306
Accumulated depreciation at the period end (-)	948.816	125.582	6.128	1.127.552	1.641.237	3.849.315
Net book value	**12.384.919**	**34.158**	**29.275**	**3.102.617**	**2.890.022**	**18.440.991**

(1) Includes branch and ATM leases accounted within the scope of TFRS 16.

(2) The Bank revalued its real estates included in tangible fixed assets on December 31, 2023, and the revaluation increase amounting to TL 6.066.155 is included in the additions.

As of December 31, 2023, the Bank had no provision for impairment (December 31, 2022 – None) for the property and equipment.

1.14 Information on intangible assets:

	Current Period	Prior Period
Balance at the beginning of the period	**1.206.951**	**2.001.661**
Additions during the period	902.549	420.671
Unused and disposed items (-)	4.060	246
Provision for goodwill impairment (-)	-	979.493
Amortization expenses (-)	310.055	235.642
Balance at the end of the period	**1.795.385**	**1.206.951**

1.15 Information on investment property:

None (December 31, 2022 - None).

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

1.16 Information on deferred tax:

	Current Period		Prior Period	
	Tax base	Deferred tax	Tax base	Deferred tax
Expected credit loss	24.998.368	7.499.511	22.707.362	5.676.841
Provision for pension fund	10.027.806	3.008.342	2.945.243	736.311
Provision for employee benefit	3.893.879	1.168.164	3.181.053	795.263
Valuation difference of securities portfolio	-	-	1.926.685	481.672
Subsidiaries, investment in associates and share certificates	122.117	36.635	122.117	30.529
Other	14.303.732	4.291.121	4.880.511	1.218.546
Total deferred tax asset	**53.345.902**	**16.003.773**	**35.762.971**	**8.939.162**
Derivative financial assets	9.815.716	2.944.715	3.215.476	803.869
Property, equipment and intangibles, net	5.936.088	1.272.444	8.043.467	1.496.348
Valuation difference of securities portfolio	5.702.908	1.710.872	-	-
Other	4.701.202	1.410.361	5.967.873	1.491.969
Total deferred tax liability	**26.155.914**	**7.338.392**	**17.226.816**	**3.792.186**
Deferred tax asset / (liability) net	**27.189.988**	**8.665.381**	**18.536.155**	**5.146.976**

In accordance with TAS 12, deferred tax assets and deferred tax liabilities in the financial statements are clarified and deferred tax asset amounting to TL 8.665.381 is presented in the financial statements (December 31, 2022 – TL 5.146.976 deferred tax assets).

1.17 Movement schedule of assets held for resale and related to discontinued operations:

	Current Period	Prior Period
Net book value at the beginning of the period	**1.035.873**	**1.327.210**
Additions [1]	85.530	228.266
Disposals (-), net	95.314	519.619
Impairment provision reversal	-	16
Impairment (-)	-	-
Depreciation (-)	-	-
Net book value at the end of the period	**1.026.089**	**1.035.873**
Cost at the end of the period	1.027.363	1.037.344
Accumulated depreciation at the end of the period (-)	1.274	1.471
Net book value at the end of the period	**1.026.089**	**1.035.873**

(1) In current period, the carrying value of asset held for resale with a right of repurchase is TL 16.000 (December 31, 2022 – TL 33.196). The total net carrying value of asset held for resale with a right of repurchase is TL 882.752 (December 31, 2022 – TL 913.642).

As of December 31, 2023, the Bank booked impairment provision on assets held for resale with an amount of TL 1.223 (December 31, 2022 – TL 1.223).

1.18 Information on other assets:

As of December 31, 2023, other assets do not exceed 10% of the total assets.

2 Explanations and notes related to liabilities

2.1 Information on deposits:

2.1.1 Information on maturity structure of deposits/collected funds [1]:

Current Period [1]	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Cumulative savings account	Total
Saving deposits	71.503.238	12.316.588	180.556.060	67.060.644	63.655.624	4.046.941	189	399.139.284
Foreign currency deposits	236.198.004	31.245.223	44.378.132	2.796.545	738.134	2.228.808	-	317.584.846
Residents in Türkiye	227.928.695	30.591.376	42.705.009	2.549.676	672.643	611.694	-	305.059.093
Residents abroad	8.269.309	653.847	1.673.123	246.869	65.491	1.617.114	-	12.525.753
Public sector deposits	5.846.024	3.115.835	119.870	18.835	1.508	-	-	9.102.072
Commercial deposits	55.128.973	23.716.001	76.978.621	17.454.437	27.091.967	2.032.242	-	202.402.241
Other institutions deposits	755.091	919.243	4.980.443	1.066.252	521.736	169	-	8.242.934
Precious metals vault	64.463.474	-	1.854.413	-	1.070.896	203.323	-	67.592.106
Bank deposits	1.075.215	6.638.026	13.579.519	4.878.101	5.732.620	502.969	-	32.406.450
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	56.007	6.626.558	1.264.438	4.878.101	5.732.620	502.969	-	19.060.693
Foreign banks	558.830	11.468	12.315.081	-	-	-	-	12.885.379
Participation banks	460.378	-	-	-	-	-	-	460.378
Other	-	-	-	-	-	-	-	-
Total	**434.970.019**	**77.950.916**	**322.447.058**	**93.274.814**	**98.812.485**	**9.014.452**	**189**	**1.036.469.933**

Prior Period [1]	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Cumulative savings account	Total
Saving deposits	48.652.818	5.615.732	147.022.497	7.061.217	733.408	4.350.077	472	213.436.221
Foreign currency deposits	149.058.417	30.315.393	63.639.967	3.668.840	1.469.813	1.766.066	-	249.918.496
Residents in Türkiye	145.816.938	29.914.710	61.723.338	3.384.220	1.332.362	794.816	-	242.966.384
Residents abroad	3.241.479	400.683	1.916.629	284.620	137.451	971.250	-	6.952.112
Public sector deposits	1.073.991	1.812.672	106.067	3.730	-	-	-	2.996.460
Commercial deposits	42.969.790	29.848.734	64.121.906	13.448.552	109.747	7.225.835	-	157.724.564
Other institutions deposits	340.198	606.623	3.278.473	414.220	722	13.487	-	4.653.723
Precious metals vault	31.226.726	-	1.125.635	-	1.152.310	132.437	-	33.637.108
Bank deposits	1.236.609	2.286.662	1.710.701	3.042.361	1.955.815	166.598	-	10.398.746
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	4.342	2.154.596	887.874	3.042.361	1.955.815	166.598	-	8.211.586
Foreign banks	473.111	132.066	822.827	-	-	-	-	1.428.004
Participation banks	759.156	-	-	-	-	-	-	759.156
Other	-	-	-	-	-	-	-	-
Total	**274.558.549**	**70.485.816**	**281.005.246**	**27.638.920**	**5.421.815**	**13.654.500**	**472**	**672.765.318**

(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" product which provide protection against foreign currency exchange rate changes for TL deposits was launched for customers. In this context as of the report date, the total amount of deposits opened is TL 222.335.968 (December 31, 2022 – TL 121.858.904).

2.1.2 Information on saving deposits insurance:

2.1.2.1 Information on saving deposits under the guarantee of the deposits insurance fund and exceeding the limit of deposit insurance fund:

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
Saving deposits	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Deposits	141.627.769	81.917.941	257.622.362	131.543.625
Foreign currency saving deposits	63.728.267	33.461.579	118.596.892	105.018.961
Other deposits	32.917.070	13.580.277	27.761.034	16.621.798
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
Legal entities' deposits	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Deposits	22.150.658	13.503.981	163.557.160	125.981.694
Foreign currency saving deposits	6.652.355	3.477.805	123.748.178	107.062.919
Other deposits	1.068.231	453.968	5.845.003	2.980.166
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

2.1.2.2 Saving deposits which are not under the guarantee of saving deposit insurance fund of real persons:

	Current Period	Prior Period
Foreign branches' deposits and other accounts	3.338.299	3.017.032
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	588.290	1.058.777
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	180.708	6.414	212.753	3.747
Swap transactions	4.452.613	6.734.645	6.141.759	5.658.760
Futures transactions	10.023	-	13.354	-
Options	92.336	15.133	126.456	204.515
Other	-	-	-	-
Total	**4.735.680**	**6.756.192**	**6.494.322**	**5.867.022**

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)	-	-	1.380.313	-
Cash flow hedges (1)	32.334	-	32.350	-
Hedges for investments made in foreign countries	-	-	-	-
Total	**32.334**	**-**	**1.412.663**	**-**

(1) Explained in Note 10 of section 4.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.3 Information about banks and other financial institutions:

2.3.1 Information on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	1.424.138	1.909.903	827.825	1.467.010
From foreign banks, institutions and funds	397.285	136.575.807	949.471	66.804.114
Total	**1.821.423**	**138.485.710**	**1.777.296**	**68.271.124**

2.3.2 Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	1.488.963	15.067.923	811.104	12.417.743
Medium and long-term	332.460	123.417.787	966.192	55.853.381
Total	**1.821.423**	**138.485.710**	**1.777.296**	**68.271.124**

2.3.3 Information on securitization borrowings:

2.3.3.1 The Bank obtains borrowings via its structured entity, Yapı Kredi Diversified Payment Rights Finance Company, with future flow transactions which is founded on its future money transfers within its funding programme.

	Current Period		Prior Period	
	TL	FC	TL	FC
From foreign banks	-	-	-	-
From foreign institutions	-	88.426.163	-	41.492.246
From foreign funds	-	-	-	-
Total	**-**	**88.426.163**	**-**	**41.492.246**

2.3.3.2 Information on financial liabilities at fair value through profit or loss :

The Bank 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 December 31, 2023, the total amount of financial liabilities classified as fair value through profit/loss is TL 72.554.448 (December 31, 2022 –TL 37.239.659) with an accrued interest income of TL 649.336 (December 31, 2022 - TL 2.366.494 income) and with a fair value difference of TL 1.328.128 recognized as an expense (December 31, 2022 - TL 1.107.970 income). 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 December 31, 2023 are TL 71.731.874 (December 31, 2022 - TL 38.671.238) for buy legs and sell legs with a fair value differences amounting to TL 1.247.239 liability (December 31, 2022 - TL 2.554.954 liability). The mentioned total return swaps have 9 years maturity in average.

2.3.4 Information on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	7.055.826	10.933.847	7.407.273	2.031.595
Bills(1)	402.929	59.309.062	665.581	30.435.875
Total	**7.458.755**	**70.242.909**	**8.072.854**	**32.467.470**

(1) Including mortgage backed securities amounting to TL 804.685 as of December 31, 2023 (December 31, 2022 – TL 1.483.345).

2.4 Information on other liabilities:

As of December 31, 2023, 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	1.036.046	729.304	601.905	417.121
Between 1 – 4 years	2.048.928	1.443.588	1.227.178	851.753
More than 4 years	1.440.699	1.015.059	846.472	586.517
Total	**4.525.673**	**3.187.951**	**2.675.555**	**1.855.391**

2.6 Information on provisions:

2.6.1 Information on reserve 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	0,55
Possibility of being eligible for retirement (%)	94,92	95,20

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 reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	**2.756.809**	**897.413**
Changes during the period	330.830	187.943
Recognized in equity	801.805	1.776.093
Paid during the period	(729.192)	(104.640)
Balance at the end of the period	**3.160.252**	**2.756.809**

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 733.627 as of December 31, 2023 (December 31, 2022 - TL 424.244).

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

None. (December 31, 2022 – None).

2.6.3 Other provisions:

	Current Period	Prior Period
Pension fund provision	10.027.806	2.945.243
Provisions on non-funded non cash loans	1.508.223	1.078.763
General provisions on non cash loans	1.782.092	1.143.394
Provision on lawsuits	175.098	118.960
Provisions on credit cards and promotion campaigns related to banking services	193.488	108.764
Other	3.484.063	2.507.964
Total	**17.170.770**	**7.903.088**

Pension fund provision:

The Bank has set aside provision amounting to TL 10.027.806 (December 31, 2022 – TL 2.945.243) for the technical deficit based on the report prepared by a registered actuary within the framework of the transfer assumption, taking into account the technical interest rate of 9,8%, CSO 1980 mortality table and calculation methods determined by the New Law. The Bank accounted pension fund provision in accordance with "TAS 19 - Employee Benefits" standard. Accordingly, as of December 31, 2023, in the calculation of pension fund provision the change arises,

- As a result of service cost and interest is recognized in income statement,
- Actuarial gains and losses, including the effect of differences between assumptions and actual outcomes, are recognized in shareholders' equity

In the calculation of the defined benefit obligation for transferrable benefits, mainly fixed and specific assumptions are used within the framework of the New Law. However, the final obligation amount that the Bank will bear at the transfer may vary depending on factors such as the discount rate, inflation and salary increase and number of participants and attrition rate.

	Current Period	Prior Period
Opening balance	**2.945.243**	**1.813.098**
Amount recorded under equity	7.028.582	1.084.664
Contributions paid by the Bank	(1.818.809)	(880.685)
Income statement charge	1.872.790	928.166
Closing balance	**10.027.806**	**2.945.243**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

The amounts recognized in the balance sheet are determined as follows:

	Current Period	Prior Period
Present value of funded obligations	18.119.593	8.219.529
- Pension benefits transferable to SSI	11.186.741	9.537.922
- Post employment medical benefits transferable to SSI	6.932.852	(1.318.393)
Fair value of plan assets	(8.091.787)	(5.274.286)
Provision for the actuarial deficit of the pension fund	**10.027.806**	**2.945.243**

The principal actuarial assumptions used were as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	9,80%	9,80%
- Post employment medical benefits transferable to SSI	9,80%	9,80%

Mortality rate: Average life expectancy is defined according to CSO 1980 mortality table.

Plan assets are comprised as follows:

	Current Period		Prior Period	
	Amount	**%**	**Amount**	**%**
Bank placements	2.312.910	29	1.237.561	23
Government bonds and treasury bills	3.667.312	45	2.886.545	55
Premises and equipment	1.583.398	20	883.125	17
Other	528.167	6	267.055	5
Total	**8.091.787**	**100**	**5.274.286**	**100**

	Current Period	Prior Period
Opening balance of plan assets	**5.274.286**	**3.414.420**
Contributions paid by the Bank	1.818.809	880.685
Contributions paid by the employee	1.380.995	632.015
Other	(382.303)	347.166
Closing balance	**8.091.787**	**5.274.286**

2.7 Information on taxes payable:

2.7.1 Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	3.783.814	4.148.627
Banking Insurance Transaction Tax ("BITT")	1.895.222	555.693
Taxation of Marketable Securities	563.484	277.629
Foreign Exchange Transaction Tax	23.308	37.258
Value Added Tax Payable	115.302	133.467
Property Tax	11.526	6.923
Other	451.982	262.624
Total	**6.844.638**	**5.422.221**

2.7.2 Information on premium payables:

	Current Period	Prior Period
Social security premiums – employee	-	-
Social security premiums – employer	-	-
Bank pension fund premiums – employee	124.465	67.648
Bank pension fund premiums – employer	172.801	94.097
Pension fund deposit and provisions – employee	-	-
Pension fund deposit and provisions – employer	-	-
Unemployment insurance – employee	8.884	4.829
Unemployment insurance – employer	17.809	9.689
Other	-	-
Total	**323.959**	**176.263**

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

None (December 31, 2022 - 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**	**-**	**12.929.445**
Subordinated loans	-	-	-	-
Subordinated debt	-	20.355.837	-	12.929.445
Debt instruments to be included in contribution capital calculation	**1.260.412**	**15.229.890**	**725.201**	**25.733.586**
Subordinated loans	-	-	-	16.059.998
Subordinated debt	1.260.412	15.229.890	725.201	9.673.588
Total	**1.260.412**	**35.585.727**	**725.201**	**38.663.031**

(1) Subordinated loans are explained in detail in Note "Details on Subordinated Liabilities" of section four.

2.10 Information on shareholders' equity:

2.10.1 Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	8.447.051	8.447.051
Preferred stock	-	-

2.10.2 Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share 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, 2022 – None).

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

None (December 31, 2022 - None).

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

None (December 31, 2022 - None).

2.10.6 Information on prior period's indicators on the Bank'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 Bank within several risk and legal limits.

2.10.7 Privileges on the corporate stock:

None (December 31, 2022 - None).

2.10.8 Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	**682.298**	**20.312.923**	**760.044**	**11.166.800**
Revaluation difference[1]	682.298	558.682	760.044	438.666
Foreign currency difference[1]	-	19.754.241	-	10.728.134
Financial assets at fair value through other comprehensive income	**(4.178.436)**	**1.268.284**	**8.742.326**	**(945.392)**
Revaluation difference [2]	(4.178.436)	1.268.284	8.742.326	(945.392)
Foreign currency differences	-	-	-	-
Total	**(3.496.138)**	**21.581.207**	**9.502.370**	**10.221.408**

(1) Includes differences between historical cost basis and equity method of associates, subsidiaries and joint ventures.
(2) Includes tax effect related to foreign currency valuation differences in TL column.

GRI 201-3

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3 Explanations and notes related to 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	512.438.126	136.756.258
Asset purchase and sale commitments	72.643.748	35.118.725
Loan granting commitments	96.706.632	53.491.909
Commitments for cheques	8.435.319	5.482.867
Other irrevocable commitments	106.052.213	29.421.817
Total	**796.276.038**	**260.271.576**

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 Bank set aside general provision for its non-cash loans amounting to TL 1.782.092 (December 31, 2022 - TL 1.143.394) and specific provision amounting to TL 2.028.872 (December 31, 2022 - TL - 1.431.465) for non-cash loans which are not indemnified yet amounting to TL 1.508.223 (December 31, 2022 - TL 1.078.763).

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	2.178.212	864.879
Letter of credits	51.798.505	32.164.021
Other guarantees and collaterals	28.183.409	28.350.265
Total	**82.160.126**	**61.379.165**

3.1.2.2 Guarantees, suretyships and other similar transactions:

	Current Period	Prior Period
Temporary letter of guarantees	5.075.662	4.124.146
Definite letter of guarantees	147.128.857	90.240.341
Advance letter of guarantees	44.721.720	29.283.824
Letter of guarantees given to customs	7.917.628	5.894.112
Other letter of guarantees	99.468.665	52.626.883
Total	**304.312.532**	**182.169.306**

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	96.627.631	50.905.414
With original maturity of 1 year or less than 1 year	9.930.139	8.240.689
With original maturity of more than 1 year	86.697.492	42.664.725
Other non-cash loans	289.845.027	192.643.057
Total	**386.472.658**	**243.548.471**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.1.3.2 Information on sectoral concentration of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	**4.459.418**	**2,50**	**5.619.898**	**2,71**	**2.394.159**	**2,39**	**2.605.156**	**1,81**
Farming and raising livestock	3.822.365	2,14	3.008.408	1,45	1.786.275	1,79	1.643.448	1,14
Forestry	497.454	0,28	2.571.808	1,24	534.118	0,53	957.397	0,67
Fishing	139.599	0,08	39.682	0,02	73.766	0,07	4.311	0,00
Manufacturing	**96.468.975**	**53,98**	**127.157.790**	**61,20**	**58.429.473**	**58,44**	**86.451.451**	**60,22**
Mining	556.194	0,31	650.363	0,31	429.820	0,43	684.123	0,48
Production	84.673.111	47,38	108.697.093	52,32	51.079.831	51,09	73.470.076	51,17
Electric, gas and water	11.239.670	6,29	17.810.334	8,57	6.919.822	6,92	12.297.252	8,57
Construction	**29.337.700**	**16,42**	**37.923.177**	**18,25**	**14.125.654**	**14,13**	**26.797.716**	**18,67**
Services	**47.700.383**	**26,68**	**36.910.809**	**17,76**	**24.480.600**	**24,48**	**27.543.101**	**19,18**
Wholesale and retail trade	13.787.213	7,71	5.364.997	2,58	6.899.143	6,90	2.823.215	1,97
Hotel, food and beverage services	2.097.811	1,17	3.245.848	1,56	1.207.034	1,21	1.943.389	1,35
Transportation and telecommunication	4.539.026	2,54	10.588.164	5,10	2.721.373	2,72	6.749.277	4,70
Financial institutions	20.202.345	11,30	8.422.508	4,05	9.710.296	9,71	5.942.364	4,14
Real estate and leasing services	1.210.701	0,68	1.513.316	0,73	634.367	0,63	2.227.830	1,55
Education services	356.684	0,20	143.348	0,07	65.617	0,07	107.658	0,07
Health and social services	5.506.603	3,08	7.632.628	3,67	3.242.770	3,24	7.749.368	5,40
Other	**746.280**	**0,42**	**148.228**	**0,08**	**547.299**	**0,56**	**173.862**	**0,12**
Total	**178.712.756**	**100,00**	**207.759.902**	**100,00**	**99.977.185**	**100,00**	**143.571.286**	**100,00**

3.1.3.3 Information non-cash loans classified in Group I and Group II:

	Group I		Group II	
Current Period	**TL**	**FC**	**TL**	**FC**
Non-cash loans				
Letters of guarantee	162.235.291	126.946.952	5.644.786	7.838.812
Bank acceptances	-	2.103.028	-	22.795
Letters of credit	1.257.810	49.960.947	-	572.300
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	9.246.038	18.922.466	10.700	-
Total	**172.739.139**	**197.933.393**	**5.655.486**	**8.433.907**

	Group I		Group II	
Prior Period	**TL**	**FC**	**TL**	**FC**
Non-cash loans				
Letters of guarantee	85.139.234	89.810.514	3.429.146	2.639.148
Bank acceptances	-	864.879	-	-
Letters of credit	327.114	31.719.391	-	117.516
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	10.761.832	16.587.887	5.000	994.552
Total	**96.228.180**	**138.982.671**	**3.434.146**	**3.751.216**

3.1.3.4 Maturity distribution of non cash loans:

Current Period (1)	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	-	35.912.802	15.874.650	11.053	51.798.505
Letter of guarantee	81.805.739	50.223.916	152.998.122	19.284.755	304.312.532
Bank acceptances	-	2.145.223	32.989	-	2.178.212
Other	3.507.307	9.026.417	3.641.804	12.007.881	28.183.409
Total	**85.313.046**	**97.308.358**	**172.547.565**	**31.303.689**	**386.472.658**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period (1)	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	-	22.200.880	9.809.757	153.384	32.164.021
Letter of guarantee	53.544.571	40.030.331	74.566.453	14.027.951	182.169.306
Bank acceptances	-	861.227	3.652	-	864.879
Other	1.437.699	10.928.574	3.299.513	12.684.479	28.350.265
Total	**54.982.270**	**74.021.012**	**87.679.375**	**26.865.814**	**243.548.471**

(1) The distribution is based on the original maturities.

3.2 Information on derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	576.496.587	397.116.690
FC trading forward transactions	42.803.047	29.982.592
Trading swap transactions	502.565.587	257.816.902
Futures transactions	7.475.390	2.520.247
Trading option transactions	23.652.563	106.796.949
Interest related derivative transactions (II)	505.199.409	249.210.542
Forward interest rate agreements	-	-
Interest rate swaps	500.965.348	244.236.022
Interest rate options	4.234.061	4.974.520
Interest rate futures	-	-
Other trading derivative transactions (III)	214.035.638	97.258.538
A. Total trading derivative transactions (I+II+III)	**1.295.731.634**	**743.585.770**
Types of hedging derivative transactions		
Transactions for fair value hedge	-	1.934.705
Cash flow hedges	81.581.421	117.782.458
Transactions for foreign net investment hedge	-	-
B. Total hedging related derivatives	**81.581.421**	**119.717.163**
Total derivative transactions (A+B)	**1.377.313.055**	**863.302.933**

3.3 Information on credit derivatives and risk exposures:

The Bank has no credit default swaps in derivative portfolio for the period ended December 31, 2023 (December 31, 2022 - None).

Derivative portfolio includes total return swap that has a nominal amount of TL 142.663.748 total of buy and sell leg as of December 31, 2023 (December 31, 2022 – TL 76.542.476).

3.4 Information on contingent liabilities and assets:

The Bank has recorded a provision of TL 175.098 (December 31, 2022 – TL 118.960) for litigation and has accounted for it in the accompanying 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 cash outflow for such claims.

3.5 Information on services in the name and account 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.

4 Explanations and notes related to 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)	49.469.055	3.826.103	22.469.651	2.355.312
Medium/long-term loans(1)	58.712.823	15.432.102	31.601.752	10.036.681
Interest on loans under follow-up	3.268.424	-	1.997.997	-
Premiums received from resource utilization support fund	-	-	-	-
Total	**111.450.302**	**19.258.205**	**56.069.400**	**12.391.993**

(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	76.667	63.600	2.292	7.866
From domestic banks	287.227	-	158.470	170
From foreign banks	232	2.846.576	-	815.296
Headquarters and branches abroad	-	-	-	-
Total	**364.126**	**2.910.176**	**160.762**	**823.332**

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	-	126.273	5.480	47.235
Financial assets measured at fair value through other comprehensive income	20.891.100	2.100.922	18.145.938	1.045.902
Financial assets measured at amortised cost	57.140.469	3.847.057	35.894.422	2.897.973
Total	**78.031.569**	**6.074.252**	**54.045.840**	**3.991.110**

4.1.4 Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest received from associates and subsidiaries	966.328	289.003
Total	**966.328**	**289.003**

4.2 Information on interest expense:

4.2.1 Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	288.589	6.714.694	276.117	2.913.059
The CBRT	-	-	-	-
Domestic banks	197.364	154.515	155.904	59.229
Foreign banks	91.225	6.560.179	120.213	2.853.830
Headquarters and branches abroad	-	-	-	-
Other institutions	-	5.280.483	-	2.031.496
Total (1)	**288.589**	**11.995.177**	**276.117**	**4.944.555**

(1) Includes fees and commissions related to borrowings.

4.2.2 Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest paid to associates and subsidiaries	578.551	257.882
Total	**578.551**	**257.882**

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	2.677.617	6.996.096	1.482.485	5.137.906
Total	**2.677.617**	**6.996.096**	**1.482.485**	**5.137.906**

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

4.2.4 Information on interest expense on money market transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on money market transaction	3.050.232	1.264.748	4.308.818	212.791
Total	**3.050.232**	**1.264.748**	**4.308.818**	**212.791**

4.2.5 Information on other interest expenses:

As of December 31, 2023, commision expense amounting to TL 1.505.590 (December 31, 2022 – TL 1.858.951) 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:

		Time Deposit							
Account name	Demand Deposit	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 Year	More than 1 year	Accumulating deposit	Total	Prior Period
TL									
Bank deposits	3.564	2.224.831	78.278	-	-	-	-	2.306.673	503.024
Saving deposits	-	2.135.768	69.288.361	3.599.674	1.506.049	56.096	57	76.586.005	15.840.605
Public sector deposits	-	138.407	54.771	2.078	63	-	-	195.319	25.128
Commercial deposits	111	4.999.023	17.288.159	1.489.188	1.809.613	690.742	-	26.276.836	11.447.346
Other deposits	-	619.461	5.338.029	2.118.029	2.883.254	462.041	-	11.420.814	3.194.081
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Total	**3.675**	**10.117.490**	**92.047.598**	**7.208.969**	**6.198.979**	**1.208.879**	**57**	**116.785.647**	**31.010.184**
FC									
Foreign currency deposits	2.047	134.957	375.648	15.290	7.609	7.274	-	542.825	1.639.983
Bank deposits	271.302	177.218	210.536	-	-	-	-	659.056	89.215
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	491	3.617	-	1.008	69	-	5.185	4.518
Total	**273.349**	**312.666**	**589.801**	**15.290**	**8.617**	**7.343**	**-**	**1.207.066**	**1.733.716**
Grand total	**277.024**	**10.430.156**	**92.637.399**	**7.224.259**	**6.207.596**	**1.216.222**	**57**	**117.992.713**	**32.743.900**

4.3 Information on dividend income:

	Current Period	Prior Period
Financial assets measured at fair value through profit or loss	5.982	3.415
Financial assets measured at fair value through other comprehensive income	3.447	2.866
Other	-	43.707
Total	**9.429**	**49.988**

4.4 Information on trading profit/loss (net):

	Current Period	Prior Period
Profit	**197.601.504**	**123.989.879**
Gain from capital market transactions	3.554.082	2.508.148
Derivative financial transaction gains	96.334.698	62.119.473
Foreign exchange gains	97.712.724	59.362.258
Loss (-)	**177.690.143**	**115.001.851**
Loss from capital market transactions	46.636	148.108
Derivative financial transaction losses	62.667.996	43.740.409
Foreign exchange loss	114.975.511	71.113.334
Net trading profit/loss	**19.911.361**	**8.988.028**

4.5 Allowance for expected credit losses and other provision expenses:

	Current Period	Prior Period
Allowance for expected credit losses[1]	**23.771.750**	**22.180.114**
12-month expected credit losses (Stage 1)	7.385.261	4.426.243
Significant increase in credit risk (Stage 2)	4.767.860	6.678.340
Credit-Impaired (Stage 3)	11.618.629	11.075.531
Impairment provisions for financial assets	**-**	**228.446**
Financial assets measured at fair value through profit or loss	-	228.446
Financial assets measured at fair value through other comprehensive income	-	-
Impairment provisions related to investments in associates, subsidiaries and jointly controlled partnerships (Joint ventures)	-	-
Investments in associates	-	-
Subsidiaries	-	-
Jointly controlled partnerships (joint ventures)	-	-
Other	**98.106**	**98.452**
Total	**23.869.856**	**22.507.012**

(1) Reversals of provisions for expected credit losses are started to be reported as gross basis. Therefore, the income amounting to TL 6.517.358 related to the reversal of provisions, which was previously reported under the allowance for expected credit loss, has been classified under Other Operating Income.

4.6 Information on derivatives financial transaction gain/loss:

The net gain resulting from the foreign exchange differences related to derivative financial transactions is TL 36.284.814 (December 31, 2022 – TL 20.099.247 gain).

4.7 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.

Reversals of provisions for expected credit losses are started to be reported as gross basis. Therefore, the income amounting to TL 6.517.358 related to the reversal of provisions, which was previously reported under the allowance for expected credit loss, has been classified under Other Operating Income.

4.8 Information related to other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	330.831	88.009
Provision expense for pension fund	53.981	47.481
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	1.210.764	752.772
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	310.055	235.642
Impairment expenses of equity participations for which equity method applied	-	-
Impairment expenses of assets held for resale	-	-
Depreciation expenses of assets held for resale	-	-
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	22.600.684	9.523.365
TFRS 16 exempt lease expenses	194.703	120.136
Repair and maintenance expenses	677.897	327.836
Advertising expenses	829.445	417.732
Other expense	20.898.639	8.657.661
Loss on sales of assets	306	-
Other	5.196.765	2.672.539
Total	**29.703.386**	**13.319.808**

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

The profit before tax includes TL 72.901.992 (December 31, 2022 – TL 76.948.376) of net interest income, TL 34.481.986 (December 31, 2022 – TL 14.133.922) of net fees and commissions expenses, TL 16.777.259 personnel expenses (December 31, 2022 – TL 9.097.079) and other operating expenses amounting to TL 29.703.386 (December 31, 2022 - TL 13.319.808).

As of December 31, 2023, the Bank has no (December 31, 2022 – None) profit before tax from discontinued operations.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

4.10 Provision for taxes on income from continuing operations and discontinued operations:

As of December 31, 2023, the Bank has TL 9.370.801 tax expense (December 31, 2022 - TL 20.149.630 tax expense) and TL 5.171.640 deferred tax expense (December 31, 2022 - TL 4.580.785 deferred tax income).

	Current Period	Prior Period
Profit before tax	82.551.277	68.313.534
Tax calculated at statutory rate	24.765.383	17.078.384
Nondeductible expenses, discounts and other, net	(10.222.942)	(1.509.539)
Total	**14.542.441**	**15.568.845**

4.11 Information on net income/loss for the period:

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

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

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.

5 Explanations and notes related to statement of changes in shareholders' equity

5.1 Information on dividends:

Authorised body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, annual ordinary meeting of the General Assembly has not been held yet.

5.2 Information on increase/decrease amounts resulting from merger:

None.

5.3 Information on equity share premiums :

The details regarding property and equipment valuation differences are disclosed in s ection 3 note 19.

5.4 Explanations on property and equipment valuation differences:

The Bank adopted fair value accounting method for its buildings and art objects and paintings in tangible assets in accordance with TAS 16 " Property, Plant and Equipment". As of December 31, 2023, revaluation gain under shareholders' equity is amounting to TL 10.891.228 (December 31, 2022 – TL 4.891.380).

5.5 Explanations related to accumulated remeasurement gains/losses of defined benefit plans:

Accumulated remeasurement gains/losses of defined benefit plans are accounted under equity. As of December 31, 2023 actuarial loss related to provision for employee benefit accounted under equity is amounting to TL 2.306.005 (December 31, 2022 – TL 1.869.365), actuarial loss related to pension fund provision is amounting to TL 5.896.655 (December 31, 2022 – TL 1.046.409).

5.6 Explanations on joint ventures accounted for using equity method:

Associates, subsidiaries and joint ventures are being carried at equity method as defined in " TAS 28 - Investments in Associates and Joint Ventures" in the unconsolidated financial statements of the Bank started from June 30, 2015. Any valuation differences arising from prior years, before January 1, 2015, are booked as "Other accumulated comprehensive income that will not be reclassified in profit or loss" under equity. In the following periods, any valuation differences arising from the current period income and other comprehensive income are recognized in profit or loss and "Other accumulated comprehensive income that will not be reclassified in profit or loss" under the equity, respectively.

5.7 Explanations on financial assets at fair value through other comprehensive income:

"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 until the related assets are impaired or disposed.

5.8 Hedging transactions :

The Bank has begun to apply cash flow hedge accounting in order to hedge the risk of cash flow of its liabilities from January 1, 2010. In the scope of this application, the derivative financial instruments are specified as floating rate and fixed rate interest payment USD, EUR and TL interest rate swaps, hedging liabilities as the USD, EUR and TL customer deposits, repos, cash outflows due to re-pricing of loans because of the expected interest rate financing. In this context, fair value change of the effective portion of derivative financial instruments accounted in other accumulated comprehensive income that will be reclassified in profit or loss, taking into account tax effects. Such amount as of December 31, 2023 is TL 3.227.560 gain (December 31, 2022 – TL 5.379.550 gain).

The Bank's Euro denominated borrowing is designated as a hedge of the net investment in the Bank's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at December 31, 2023 is EUR 528 million (December 31, 2022 is EUR 469 million). The foreign exchange loss of TL 9.761.731 net of tax, on translation of the borrowing to Turkish Lira at the statement of financial position date is recognized in "hedging reserves" in equity (December 31, 2022- TL 5.321.236 loss).

5.9 Information on share issue premium:

Other capital and profit reserves, in general, consist of legal reserves and extraordinary reserves.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

6 Explanations and notes related to statement of cash flows:

6.1 Information on cash and cash equivalents:

6.1.1 Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency balances together with demand deposits at banks including the unrestricted amounts of CBRT are defined as "Cash"; money market placements and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

6.1.2 Effect of a change in the accounting policies:

None.

6.1.3 Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:

6.1.3.1 Cash and cash equivalents at the beginning of period:

	Current Period	Prior Period
Cash	**102.024.569**	**82.130.561**
Cash and effectives	12.925.202	12.757.411
Demand deposits in banks	89.099.367	69.373.150
Cash equivalents	**11.266.214**	**13.077.137**
Interbank money market	2.460.000	1.808.653
Time deposits in banks	8.806.214	11.268.484
Total cash and cash equivalents	**113.290.783**	**95.207.698**

6.1.3.2 Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	**193.378.243**	**102.024.569**
Cash and effectives	21.923.283	12.925.202
Demand deposits in banks	171.454.960	89.099.367
Cash equivalents	**2.410.361**	**11.266.214**
Interbank money market	-	2.460.000
Time deposits in banks	2.410.361	8.806.214
Total cash and cash equivalents	**195.788.604**	**113.290.783**

6.2 Information on cash and cash equivalents those are not available for use due to legal limitations and other reasons:

As of December 31, 2023 the cash and cash equivalents those are not available for use due to legal limitations and other reasons including reserve reqirements is amounting to TL 243.527.128 (December 31, 2022 – TL 129.483.346).

6.3 Explanations on other items in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents:

Decrease in "Other Account" amounting to TL 6.097.615 as of December 31, 2023 (December 31, 2022 – TL 2.353.291 decrease), which is classified under "Operating profit before changes in operating assets and liabilities", includes mainly fee and commissions given, other operating expenses excluding personnel expenses, and foreign exchange gains/losses.

Decrease in "Net increase/decrease in other liabilities" amounting to TL 24.283.195 (December 31, 2022 - TL 5.834.915 decrease) which is classified under "Changes in operating assets and liabilities" mainly arises from changes in miscellaneous payables, subordinated loans and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as an increase approximately of TL 39.947.582 as of December 31, 2023 (December 31, 2022 – TL 23.988.491 increase).

7 Explanations and notes related to the Bank’s risk group

7.1 The volume of transactions relating to the Bank’s risk group, outstanding loan and deposit transactions and profit or loss of the period:

7.1.1 Information on loans of the Bank’s risk group:

Current Period	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	
Bank’s risk group [1][2]	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Loans and other receivables						
Balance at the beginning of the period	1.560.635	585.093	152.609	903.139	11.984.555	5.772.850
Balance at the end of the period	4.006.916	749.568	35.697	1.304.299	16.194.885	9.439.424
Interest and commission income received	**966.328**	**2.837**	**37.903**	**6.574**	**4.364.221**	**64.978**

Prior Period	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	
Bank’s risk group [1][2]	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Loans and other receivables						
Balance at the beginning of the period	660.084	892.378	416.619	1.070.846	8.100.359	3.310.640
Balance at the end of the period	1.560.635	585.093	152.609	903.139	11.984.555	5.772.850
Interest and commission income received	**289.003**	**2.693**	**53.667**	**2.651**	**1.776.606**	**27.690**

(1) Defined in subsection 2 of the 49th article of the Banking Act No.5411.
(2) The information in table above includes marketable securities and due from banks as well as loans.

7.1.2 Information on deposits of the Bank’s risk group:

Bank’s risk group [1][2]	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	
Deposit	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Beginning of the period	4.268.084	2.837.798	27.722.742	38.192.490	70.370.899	50.910.186
End of the period	4.993.999	4.268.084	25.111.812	27.722.742	123.672.839	70.370.899
Interest expense on deposit	**578.551**	**257.882**	**2.072.059**	**1.989.739**	**4.353.518**	**1.482.137**

(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.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

7.1.3 Information on forward and option agreements and other derivative instruments with the Bank’s risk group:

Bank’s risk group [1]	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**
Transactions at fair value through profit or loss						
Beginning of the period [2]	1.404.594	4.298.899	1.886.536	2.828.070	1.273.964	379.300
End of the period [2]	376.933	1.404.594	19.721.860	1.886.536	5.382.691	1.273.964
Total profit / (loss)	**1.159.534**	**1.086.978**	**(35.811)**	**192.197**	**108.119**	**(349.753)**
Transactions for hedging purposes						
Beginning of the period [2]	-	-	-	525.855	-	-
End of the period [2]	-	-	-	-	-	-
Total profit / (loss)	-	-	-	-	-	-

(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.

7.2 Information regarding benefits provided to the Bank’s top management

Salaries and benefits paid to the Bank’s top management amount to TL 496.116 as of December 31, 2023 (December 31, 2022 - TL 225.532).

8 Explanations and notes related to the domestic, foreign, off-shore branches or associates and foreign representatives of the Bank:

	Number	**Number of Employees**			
Domestic Branch	779	15.006			
			Country of incorporation		
Foreign Represantative Office	-	-	-		
				Total asset	**Statutory share capital**
Foreign Branch	1	3	Bahrain	34.393.503	-
Off-Shore Banking Region Branch	-	-		-	-

9 Explanations and notes related to subsequent events:

On January 15, 2019, the Additional Tier 1 bond which can be redeemed in the fifth year, issued abroad by the Bank with an amount of USD 650 million, were redeemed as of January 15, 2024, by the approval of BRSA.

On January 17, 2024, the Bank issued abroad a Tier 2 bond with an amount of USD 650 million, maturity of 10 years, fixed interest and semi-annual interest payments with an early redemption option in 2029.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section six - Other explanations

1. Other explanations on the Bank's operations

None

Section Seven - Independent auditor's report

1. Explanations on independent auditor's report

The unconsolidated financial statements for the period ended December 31, 2023 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent auditor's report dated, February 2, 2024 is presented preceding the unconsolidated financial statements.

2. Explanations and notes prepared by independent auditor

None.

Yapı ve Kredi Bankası A.Ş.

Publicly announced consolidated financial statements and related disclosures at December 31, 2023 together with independent auditor's report

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH (See Note I of Section Three)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Yapı ve Kredi Bankası A.Ş.

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Yapı ve Kredi Bankası A.Ş. (the "Bank"), and its subsidiaries (collectively referred to as the "Group") which comprise the statement of consolidated balance sheet as at 31 December 2023, consolidated statements of profit and loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended 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 Board and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

2. Basis for Opinion

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

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

Key Audit Matters	*How the key audit matter was addressed in the audit*
Expected credit losses for loans and receivables The Group has total expected credit losses for loans and receivables amounting to TL 41.314.247 thousand in respect to total loans and receivables amounting to TL 992.805.476 thousand which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2023. Explanations and notes related to expected credit losses for loans and receivables are presented in Section Three Part 7.3 and 8, Section Four Part 2, Section Four Part 3.3, Section Five Part 1.7 in the accompanying consolidated financial statements as at 31 December 2023. The Group recognizes provision for impairment in accordance with "TFRS 9 Financial Instruments" ("TFRS 9") requirements and the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 numbered 29750. The Group exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment. To determine expected credit losses as of 31 December 2023 the Group determines stage classification of loans by identifying significant increase in credit risk with quantitative and qualitative assessments disclosed in Section Three Part 8 in the accompanying consolidated financial statements and identification of default events disclosed in Section Four Part 2 in the accompanying consolidated financial statements.	With respect to stage classification of loans and receivables and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Group within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles. We checked appropriateness of matters considered in methodology applied by the Group with TFRS 9 for calculation of the provision amount through stage classification of loans and receivables. For forward looking assumptions made by the Group's management in its expected credit losses calculations, we held discussions with management, evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested model segmentation, lifetime probability of default model, exposure at default model, loss given default model and the approaches to reflecting reasonable and supportable forward looking expectations (including macroeconomic factors) with our financial risk experts. Our procedures also included the following: • Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used and results of validation studies.

Key Audit Matters	*How the key audit matter was addressed in the audit*
Expected credit losses for loans and receivables (Continued) The Group uses complex models that requires data to be derived from multiple systems for determining significant increase in credit risk and calculation of TFRS 9 expected credit losses. These models contain judgement and estimations in regard to forward looking estimations, scenarios of macro-economic conditions and weighing of scenarios based on expert opinion. Information used in the individually or collectively assessment of expected credit loss such as historical loss experiences, current conditions and macroeconomic expectations should be supportable and appropriate. Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences, development and weighting of macro-economic scenarios; the significance of the loans and receivables balances; the classification of loans and receivables as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans and receivables. Therefore, this area is considered as key audit matter.	• We have checked selected Probability of Default (PD) models used in determination of provisions for various credit portfolios with our financial risk experts by reperforming on a sample selection basis. • For a sample of exposures, we checked the accuracy of determining Exposure at Default, including the consideration of prepayments and repayments in the cash flows and the resultant arithmetical calculations. • We checked the calculation of the Loss Given Default (LGD) used by the Group in the expected credit losses calculation methodology, and tested collaterals, recovery and costs. • For a selected sample, we checked expected credit losses determined based on individual assessment per Group's policy by means of supporting data and evaluated appropriateness via communications with management. • We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists. • We checked accuracy of resultant expected credit losses calculations. • To assess appropriateness of the Group's determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample. • We evaluated the adequacy of the disclosures made in the consolidated financial statements regarding the provision for impairment of loans and receivables.

Key Audit Matters	*How the key audit matter was addressed in the audit*
Valuation of Pension Fund obligations The Group has booked provision amounting to TL 10.027.806 thousand for Pension Fund Liabilities in the accompanying consolidated financial statements as at 31 December 2023. Explanations on Valuation of Pension Obligations are presented in the section five part 2.6.3 in the accompanying consolidated financial statements. As presented in Section Three Part 16.2, Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı (Pension Fund) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The President is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The calculation of the pension obligations requires significant judgement and technical expertise in choosing appropriate assumptions. Calculation of Pension Fund liabilities include estimates and uncertain assumptions such as transferrable benefits, discount rates, salary increases, economic and demographic assumptions. The Bank's management uses external actuaries for the purpose of valuations of Pension Fund obligations. During our audit, above mentioned significant judgement, assumption and estimates used in the calculations of Pension Fund obligations, uncertainty of the transfer date, technical interest rate determined in accordance with the law regulating the transfer conditions and significant impact of any differentiation in these assumptions taken into consideration, and this area is considered as key audit matter.	Within our audit we tested on a sample basis the accuracy of the retired and employee data supplied by the Bank management to the external actuary firm for the purpose of evaluation pension obligation. In addition, we verified the existence and values of the Pension Fund assets. We checked whether significant changes in actuarial assumptions used in calculation, employee benefits in the period, plan assets and liabilities, and whether significant changes in laws and regulations related to valuations exist. Through use of our actuarial specialist, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability. We evaluated the adequacy of the disclosures made in the consolidated financial statements of the Bank regarding the Pension Fund.

4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of
31 December 2023. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM
Partner

Istanbul, 2 February 2024

Convenience translation of publicly announced consolidated year end financial statements and audit report originally issued in Turkish, See Note I. of Section three

THE CONSOLIDATED YEAR END FINANCIAL REPORT OF YAPI VE KREDI BANKASI A.Ş. AS OF DECEMBER 31, 2023

Address : Yapı Kredi Plaza D-Blok
Levent, 34330, İstanbul
Telephone : 0212 339 70 00
Fax : 0212 339 60 00
Web Site : www.yapikredi.com.tr
E-Mail : financialreports@yapikredi.com.tr

The consolidated financial report for the year end 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**
- **OTHER EXPLANATIONS**
- **INDEPENDENT AUDITOR'S 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, related disclosures and footnotes which have been independently audited 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
Telephone : 0212 339 62 35
Fax : 0212 339 61 05

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 December 31, 2023, 38,83% of the shares of the Bank are publicly traded (December 31, 2022 - 32,03%). 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 TL920 million in 2008, KFS shares in the Parent Bank increased to 81,80%. KFS shares increased to 81,90% with the capital increase by TL4,1 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

(Yetkili İmza / Kaşe)

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(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 December 31, 2023 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 ÇİMENOĞLU	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 ÇİMENOĞLU	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

(1) As of October 9, 2023, Hakan Kaya was appointed as Chief Legal Officer due to resignation of Cemal Aybars Sanal, Assistant General Manager responsible for Legal Management, as of September 22, 2023.

(Yetkili İmza / Kaşe)

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(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 December 31, 2023, the Parent Bank has 779 branches operating in Türkiye and 1 branch in overseas (December 31, 2022 - 800 branches operating in Türkiye, 1 branch in overseas).

As of December 31, 2023, the Parent Bank has 15.009 employees (December 31, 2022 - 15.431 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of December 31, 2023 the Group has 15.954 employees (December 31, 2022 - 16.339 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.

(Yetkili İmza / Kaşe)

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of December 31, 2023 and 2022
(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 (31/12/2023)			Prior Period (31/12/2022)		
	ASSETS	Note (Section Five)	TL	FC	Total	TL	FC	Total
I.	**FINANCIAL ASSETS (Net)**		187.169.634	268.576.594	455.746.228	117.836.504	176.266.279	294.102.783
1.1	**Cash and Cash Equivalents**	1.1	109.175.552	225.692.721	334.868.273	45.589.087	148.987.880	194.576.967
1.1.1	Cash and Balances with Central Bank		102.042.895	176.996.594	279.039.489	35.736.573	117.094.330	152.830.903
1.1.2	Banks	1.4	7.448.998	49.373.178	56.822.176	7.534.842	32.310.175	39.845.017
1.1.3	Money Markets	1.4.3	-	-	-	2.461.599	53.158	2.514.757
1.1.4	Provisions for Expected Losses (-)		316.341	677.051	993.392	143.927	469.783	613.710
1.2	**Financial Assets Measured at Fair Value Through Profit Or Loss**	1.2	625.664	1.651.821	2.277.485	1.517.569	753.326	2.270.895
1.2.1	Government debt securities		-	718.268	718.268	-	365.229	365.229
1.2.2	Share certificates		36.894	-	36.894	1.485.674	-	1.485.674
1.2.3	Other financial assets		588.770	933.553	1.522.323	31.895	388.097	419.992
1.3	**Financial Assets Measured at Fair Value Through Other Comprehensive Income**	1.5,1.6	66.083.694	30.934.295	97.017.989	60.478.890	17.992.601	78.471.491
1.3.1	Government debt securities		65.889.312	30.866.338	96.755.650	58.487.789	17.909.169	76.396.958
1.3.2	Share certificates		182.074	15.031	197.105	166.527	9.295	175.822
1.3.3	Other financial assets		12.308	52.926	65.234	1.824.574	74.137	1.898.711
1.4	**Derivative Financial Assets**	1.3	11.284.724	10.297.757	21.582.481	10.250.958	8.532.472	18.783.430
1.4.1	Derivative financial assets measured at fair value through profit or loss		9.426.817	6.834.841	16.261.658	6.592.888	4.832.545	11.425.433
1.4.2	Derivative financial assets measured at fair value through other comprehensive income		1.857.907	3.462.916	5.320.823	3.658.070	3.699.927	7.357.997
II.	**FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)**		861.701.438	407.169.774	1.268.871.212	521.425.110	271.189.316	792.614.426
2.1	**Loans**	1.7	672.837.877	274.714.800	947.552.677	432.058.729	196.129.681	628.188.410
2.2	**Receivables From Leasing Transactions (Net)**	1.12	11.199.597	21.251.429	32.451.026	7.370.420	13.177.733	20.548.153
2.3	**Factoring Receivables**		9.631.438	3.170.335	12.801.773	10.183.485	2.297.983	12.481.468
2.4	**Financial Assets Measured at Amortised Cost**	1.8	199.363.011	118.750.083	318.113.094	96.448.465	72.377.792	168.826.257
2.4.1	Government debt securities		195.162.658	107.609.515	302.772.173	96.117.661	67.511.505	163.629.166
2.4.2	Other financial assets		4.200.353	11.140.568	15.340.921	330.804	4.866.287	5.197.091
2.5	**Provisions for Expected Losses (-)**		31.330.485	10.716.873	42.047.358	24.635.989	12.793.873	37.429.862
III.	**ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	1.15	1.026.116	48.608	1.074.724	1.036.253	49.452	1.085.705
3.1	Held for Sale Purposes		1.026.116	48.608	1.074.724	1.036.253	49.452	1.085.705
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES**		969.654	6.170.284	7.139.938	725.731	2.871.962	3.597.693
4.1	**Investments in Associates (Net)**	1.9	937.338	6.170.284	7.107.622	693.415	2.871.962	3.565.377
4.1.1	Consolidated based on Equity Method		898.892	6.170.284	7.069.176	654.969	2.871.962	3.526.931
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)**		18.545.494	330.171	18.875.665	9.908.108	201.662	10.109.770
VI.	**INTANGIBLE ASSETS (Net)**	1.14	1.906.331	130.179	2.036.510	1.270.101	89.886	1.359.987
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		1.906.331	130.179	2.036.510	1.270.101	89.886	1.359.987
VII.	**INVESTMENT PROPERTY (Net)**		-	-	-	-	-	-
VIII.	**CURRENT TAX ASSETS**		-	-	-	42.522	-	42.522
IX.	**DEFERRED TAX ASSETS**	1.16	9.144.125	-	9.144.125	5.409.021	-	5.409.021
X.	**OTHER ASSETS**	1.18	63.210.215	37.274.783	100.484.998	44.254.844	31.690.263	75.945.107
	TOTAL ASSETS		1.143.673.007	719.700.393	1.863.373.400	701.908.194	482.358.820	1.184.267.014

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

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of December 31, 2023 and 2022
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1. Consolidated balance sheet (Statement of Financial Position)

			Current Period (31/12/2023)			Prior Period (31/12/2022)		
	LIABILITIES	Note (Section Five)	TL	FC	Total	TL	FC	Total
I.	**DEPOSITS**	2.1	638.781.576	470.104.100	1.108.885.676	385.622.097	319.873.342	705.495.439
II.	**BORROWINGS**	2.3.1	12.417.695	148.617.148	161.034.843	11.019.098	83.097.300	94.116.398
III.	**MONEY MARKETS**		26.232.069	37.150.431	63.382.500	32.894.807	7.400.223	40.295.030
IV.	**MARKETABLE SECURITIES ISSUED (Net)**	2.3.3	10.624.884	86.415.115	97.039.999	11.945.667	37.405.141	49.350.808
4.1	Bills		10.221.955	10.933.847	21.155.802	11.280.086	2.031.595	13.311.681
4.2	Asset backed Securities		-	16.325.139	16.325.139	-	4.940.364	4.940.364
4.3	Bonds		402.929	59.156.129	59.559.058	665.581	30.433.182	31.098.763
V.	**FUNDS**		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS**	2.3.4	453.424	70.713.576	71.167.000	687.777	35.771.646	36.459.423
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	2.2	4.800.528	6.865.933	11.666.461	8.037.193	5.931.870	13.969.063
7.1	Derivative liabilities measured at fair value through profit or loss		4.768.194	6.865.933	11.634.127	8.004.843	5.931.870	13.936.713
7.2	Derivative liabilities measured at fair value through other comprehensive income		32.334	-	32.334	32.350	-	32.350
VIII.	**FACTORING PAYABLES**		-	-	-	-	-	-
IX.	**LEASE PAYABLES (Net)**	2.5	3.175.033	226.472	3.401.505	1.848.072	127.841	1.975.913
X.	**PROVISIONS**	2.6	19.703.473	2.212.485	21.915.958	10.263.964	1.318.492	11.582.456
10.1	Provisions for Restructuring		-	-	-	-	-	-
10.2	Provisions for Employee Benefits	2.6.1	4.043.583	8.849	4.052.432	3.282.906	7.457	3.290.363
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions	2.6.3	15.659.890	2.203.636	17.863.526	6.981.058	1.311.035	8.292.093
XI.	**CURRENT TAX LIABILITIES**	2.7	7.714.490	324.719	8.039.209	5.820.028	121.994	5.942.022
XII.	**DEFERRED TAX LIABILITIES**		-	14.044	14.044	-	22.735	22.735
XIII.	**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	1.260.412	35.585.727	36.846.139	725.201	38.663.031	39.388.232
14.1	Loans		-	-	-	-	16.059.998	16.059.998
14.2	Other Facilities		1.260.412	35.585.727	36.846.139	725.201	22.603.033	23.328.234
XV.	**OTHER LIABILITIES**	2.4	80.183.528	20.915.545	101.099.073	46.913.782	12.493.774	59.407.556
XVI.	**SHAREHOLDERS' EQUITY**	2.10	175.109.341	3.771.652	178.880.993	123.809.650	2.452.289	126.261.939
16.1	Paid in Capital		8.447.051	-	8.447.051	8.447.051	-	8.447.051
16.2	Capital Reserves		2.217.533	-	2.217.533	2.165.691	-	2.165.691
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		1.660.596	-	1.660.596	1.608.754	-	1.608.754
16.3	Other accumulated comprehensive income that will not be reclassified in profit or loss		2.757.098	18.091	2.775.189	1.956.972	9.299	1.966.271
16.4	Other accumulated comprehensive income that will be reclassified in profit or loss		6.241.084	3.794.968	10.036.052	15.856.039	2.484.397	18.340.436
16.5	Profit Reserves		85.795.111	(41.407)	85.753.704	40.997.717	(41.407)	40.956.310
16.5.1	Legal Reserves		2.496.040	-	2.496.040	1.747.175	-	1.747.175
16.5.2	Statutory reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		83.291.290	(41.407)	83.249.883	39.243.443	(41.407)	39.202.036
16.5.4	Other Profit Reserves		7.781	-	7.781	7.099	-	7.099
16.6	Profit or loss		69.648.790	-	69.648.790	54.384.643	-	54.384.643
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		68.008.836	-	68.008.836	52.744.689	-	52.744.689
16.7	Minority interest		2.674	-	2.674	1.537	-	1.537
	TOTAL LIABILITIES		980.456.453	882.916.947	1.863.373.400	639.587.336	544.679.678	1.184.267.014

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of December 31, 2023 and 2022
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2. Consolidated off-balance sheet commitments

			Current Period (31/12/2023)			Prior Period (31/12/2022)		
		Note (Section Five)	TL	FC	Total	TL	FC	Total
A.	**Off-balance sheet commitments (I+II+III)**		1.377.735.472	1.287.107.925	2.664.843.397	598.898.078	842.894.388	1.441.792.466
I.	**Guarantees and warranties**	3.1.2.1.2	178.712.756	209.915.836	388.628.592	99.977.185	143.814.354	243.791.539
1.1.	Letters of guarantee	3.1.2.2	168.195.708	135.987.496	304.183.204	88.883.239	92.489.465	181.372.704
1.1.1.	Guarantees subject to state tender law		1.332.708	2.060.608	3.393.316	1.399.840	1.363.690	2.763.530
1.1.2.	Guarantees given for foreign trade operations		61.431.962	132.294.378	193.726.340	27.620.393	90.217.924	117.838.317
1.1.3.	Other letters of guarantee		105.431.038	1.632.510	107.063.548	59.863.006	907.851	60.770.857
1.2.	Bank acceptances		-	2.178.212	2.178.212	-	864.879	864.879
1.2.1.	Import letter of acceptance		-	2.178.212	2.178.212	-	864.879	864.879
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		1.257.810	52.820.441	54.078.251	327.114	32.872.689	33.199.803
1.3.1.	Documentary letters of credit		1.257.810	52.811.454	54.069.264	327.114	32.867.948	33.195.062
1.3.2.	Other letters of credit		-	8.987	8.987	-	4.741	4.741
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.	Securities issue purchase guarantees		-	-	-	-	-	-
1.7.	Factoring guarantees		-	5.516	5.516	-	3.888	3.888
1.8.	Other guarantees		9.259.238	14.616.454	23.875.692	10.766.832	9.553.300	20.320.132
1.9.	Other warranties		-	4.307.717	4.307.717	-	8.030.133	8.030.133
II.	**Commitments**		769.222.726	96.391.913	865.614.639	240.615.994	69.021.644	309.637.638
2.1.	Irrevocable commitments	3.1.1	745.298.795	50.977.243	796.276.038	223.708.638	36.562.938	260.271.576
2.1.1.	Asset purchase and sale commitments		24.291.833	48.351.915	72.643.748	1.733.733	33.384.992	35.118.725
2.1.2.	Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3.	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4.	Loan granting commitments		95.342.486	1.364.146	96.706.632	51.038.011	2.453.898	53.491.909
2.1.5.	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Commitments for cheques		8.435.319	-	8.435.319	5.482.867	-	5.482.867
2.1.8.	Tax and fund liabilities from export commitments		600	-	600	449	-	449
2.1.9.	Commitments for credit card limits		512.438.126	-	512.438.126	136.756.258	-	136.756.258
2.1.10.	Commitments for credit cards and banking services promotions		75.249	-	75.249	43.402	-	43.402
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		104.715.182	1.261.182	105.976.364	28.653.918	724.048	29.377.966
2.2.	Revocable commitments		23.923.931	45.414.670	69.338.601	16.907.356	32.458.706	49.366.062
2.2.1.	Revocable loan granting commitments		23.923.931	44.917.545	68.841.476	16.907.356	32.139.482	49.046.838
2.2.2.	Other revocable commitments		-	497.125	497.125	-	319.224	319.224
III.	**Derivative financial instruments**		429.799.990	980.800.176	1.410.600.166	258.304.899	630.058.390	888.363.289
3.1	Derivative financial instruments for hedging purposes		16.250.000	69.660.818	85.910.818	28.910.141	93.889.994	122.800.135
3.1.1	Transactions for fair value hedge		-	4.329.397	4.329.397	270.141	4.747.536	5.017.677
3.1.2	Transactions for cash flow hedge		16.250.000	65.331.421	81.581.421	28.640.000	89.142.458	117.782.458
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		413.549.990	911.139.358	1.324.689.348	229.394.758	536.168.396	765.563.154
3.2.1	Forward foreign currency buy/sell transactions		19.883.186	30.414.692	50.297.878	13.518.027	17.221.478	30.739.505
3.2.1.1	Forward foreign currency transactions-buy		17.296.886	8.665.180	25.962.066	12.690.957	3.178.448	15.869.405
3.2.1.2	Forward foreign currency transactions-sell		2.586.300	21.749.512	24.335.812	827.070	14.043.030	14.870.100
3.2.2	Swap transactions related to foreign currency and interest rates		365.879.522	659.114.296	1.024.993.818	159.881.223	363.392.172	523.273.395
3.2.2.1	Foreign currency swap-buy		1.656.173	254.707.486	256.363.659	5.018.738	133.689.633	138.708.371
3.2.2.2	Foreign currency swap-sell		206.159.349	61.505.462	267.664.811	102.529.485	37.799.517	140.329.002
3.2.2.3	Interest rate swap-buy		79.032.000	171.450.674	250.482.674	26.166.500	95.951.511	122.118.011
3.2.2.4	Interest rate swap-sell		79.032.000	171.450.674	250.482.674	26.166.500	95.951.511	122.118.011
3.2.3	Foreign currency, interest rate and securities options		11.839.558	16.047.066	27.886.624	47.884.306	63.887.163	111.771.469
3.2.3.1	Foreign currency options-buy		8.616.333	3.264.989	11.881.322	47.748.901	5.573.894	53.322.795
3.2.3.2	Foreign currency options-sell		3.223.225	8.548.016	11.771.241	135.405	53.338.749	53.474.154
3.2.3.3	Interest rate options-buy		-	4.234.061	4.234.061	-	3.890.663	3.890.663
3.2.3.4	Interest rate options-sell		-	-	-	-	1.083.857	1.083.857
3.2.3.5	Securities options-buy		-	-	-	-	-	-
3.2.3.6	Securities options-sell		-	-	-	-	-	-
3.2.4	Foreign currency futures		3.911.219	3.564.171	7.475.390	1.303.006	1.217.241	2.520.247
3.2.4.1	Foreign currency futures-buy		1.600.319	2.207.453	3.807.772	1.015.119	229.092	1.244.211
3.2.4.2	Foreign currency futures-sell		2.310.900	1.356.718	3.667.618	287.887	988.149	1.276.036
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		12.036.505	201.999.133	214.035.638	6.808.196	90.450.342	97.258.538
B.	**Custody and pledges received (IV+V+VI)**		2.413.797.494	521.245.537	2.935.043.031	1.537.205.735	583.697.705	2.120.903.440
IV.	**Items held in custody**		778.841.067	111.811.540	890.652.607	253.387.513	57.908.696	311.296.209
4.1.	Customer fund and portfolio balances		639.837.516	50.839.161	690.676.677	170.680.657	19.001.079	189.681.736
4.2.	Investment securities held in custody		14.441.395	58.773.202	73.214.597	13.557.096	37.775.004	51.332.100
4.3.	Checks received for collection		101.113.507	110.796	101.224.303	54.920.770	115.121	55.035.891
4.4.	Commercial notes received for collection		23.390.505	1.649.954	25.040.459	14.170.846	747.138	14.917.984
4.5.	Other assets received for collection		-	349.289	349.289	-	215.011	215.011
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		58.144	89.138	147.282	58.144	55.343	113.487
4.8.	Custodians		-	-	-	-	-	-
V.	**Pledges received**		1.594.272.909	332.008.830	1.926.281.739	1.236.921.247	218.585.378	1.455.506.625
5.1.	Marketable securities		133.979.206	832.813	134.812.019	134.030.581	527.277	134.557.858
5.2.	Guarantee notes		22.539.349	3.185.520	25.724.869	21.997.777	1.901.842	23.899.619
5.3.	Commodity		5.864	-	5.864	5.912	-	5.912
5.4.	Warrants		-	-	-	-	-	-
5.5.	Properties		756.332.461	4.625.304	760.957.765	471.940.839	2.545.435	474.486.274
5.6.	Other pledged items		681.416.029	323.312.549	1.004.728.578	608.946.138	213.577.502	822.523.640
5.7.	Pledged items-depository		-	52.644	52.644	-	33.322	33.322
VI.	**Accepted independent guarantees and warranties**		40.683.518	77.425.167	118.108.685	46.896.975	307.203.631	354.100.606
	Total off-balance sheet commitments (A+B)		3.791.532.966	1.808.353.462	5.599.886.428	2.136.103.813	1.426.592.093	3.562.695.906

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

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of December 31, 2023 and 2022
(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 (01/01/2023 - 31/12/2023)	Prior Period (01/01/2022 - 31/12/2022)
I.	**INTEREST INCOME**	**4.1**	**232.944.677**	**133.298.907**
1.1	Interest on Loans	4.1.1	132.052.261	69.141.269
1.2	Interest Received from Reserve Deposits		56.141	255.955
1.3	Interest Received from Banks	4.1.2	6.879.475	1.586.633
1.4	Interest Received from Money Market Transactions		446.212	160.898
1.5	Interest Received from Marketable Securities Portfolio	4.1.3	84.363.783	58.125.296
1.5.1	Financial Assets Measured at Fair Value Through Profit or Loss		126.273	52.715
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		23.077.897	19.222.743
1.5.3	Financial Assets Measured at Amortised Cost		61.159.613	38.849.838
1.6	Financial Lease Income		4.536.796	2.049.814
1.7	Other Interest Income		4.610.009	1.979.042
II.	**INTEREST EXPENSE (-)**	**4.2**	**153.527.562**	**54.040.436**
2.1	Interest on Deposits	4.2.6	118.733.607	32.831.617
2.2	Interest on Funds Borrowed	4.2.1	11.483.741	4.921.711
2.3	Interest expense on money market transactions	4.2.4	5.987.085	5.096.328
2.4	Interest on Securities Issued	4.2.3	15.447.769	9.079.306
2.5	Interest on Lease Payables		350.743	235.929
2.6	Other Interest Expense	4.2.5	1.524.617	1.875.545
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**79.417.115**	**79.258.471**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSE**		**38.160.316**	**15.740.654**
4.1	Fees and Commissions Received		53.176.158	21.841.199
4.1.1	Non-cash Loans		3.483.545	2.112.838
4.1.2	Other	4.13	49.692.613	19.728.361
4.2	Fees and Commissions Paid		15.015.842	6.100.545
4.2.1	Non-cash Loans		114.590	35.806
4.2.2	Other	4.13	14.901.252	6.064.739
V	**DIVIDEND INCOME**	**4.3**	**66.864**	**88.694**
VI.	**TRADING PROFIT/LOSS (Net)**	**4.4**	**21.288.402**	**10.201.691**
6.1	Trading Gains/Losses on Securities		3.956.534	2.603.204
6.2	Derivative Financial Transactions Gains/Losses	4.6	33.325.280	18.707.366
6.3	Foreign Exchange Gains/Losses		(15.993.412)	(11.108.879)
VII.	**OTHER OPERATING INCOME**	**4.7**	**17.706.326**	**10.258.437**
VIII.	**GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)**		**156.639.023**	**115.547.947**
IX.	**ALLOWANCE FOR EXPECTED CREDIT LOSSES (-)**	**4.5**	**24.224.659**	**22.520.512**
X.	**OTHER PROVISION EXPENSES (-)**	**4.5**	**151.802**	**364.615**
XI.	**PERSONNEL EXPENSES (-)**	**4.8**	**18.296.354**	**9.853.390**
XII.	**OTHER OPERATING EXPENSES (-)**	**4.8**	**30.561.094**	**13.851.191**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**83.405.114**	**68.958.239**
XIV.	**SURPLUS WRITTEN AS GAIN AFTER MERGER**		-	-
XV.	**PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES**		**1.623.787**	**235.529**
XVI.	**NET MONETARY POSITION GAIN/LOSS**		-	-
XVII.	**PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)**	**4.9**	**85.028.901**	**69.193.768**
XVIII.	**PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)**	**4.10**	**17.018.737**	**16.448.467**
18.1	Current Tax Provision		12.077.111	20.934.300
18.2	Expense effect of deferred tax (+)		4.941.626	-
18.3	Income effect of deferred tax (-)		-	4.485.833
XIX.	**NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)**		**68.010.164**	**52.745.301**
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)**	**4.11**	**68.010.164**	**52.745.301**
25.1	Group`s profit/loss		68.008.836	52.744.689
25.2	Minority shares	4.12	1.328	612
	Earnings/(loss) per share (full TL)		0,0805	0,0624

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of December 31, 2023 and 2022
(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 (31/12/2023)	Prior Period (31/12/2022)
I.	**PROFIT / (LOSS)**	**68.010.164**	**52.745.301**
II.	**OTHER COMPREHENSIVE INCOME**	**(7.495.466)**	**12.005.655**
2.1	**Other comprehensive income that will not be reclassified to profit or loss**	**808.918**	**906.526**
2.1.1.	Gains (losses) on Revaluation of Property, Plant and Equipment	6.066.155	3.748.858
2.1.2.	Gains (losses) on Revaluation of Intangible Assets	-	-
2.1.3.	Gains (losses) on Remeasurements of Defined Benefit Plans	(7.858.335)	(2.908.791)
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	120.025	608
2.1.5.	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	2.481.073	65.851
2.2.	**Other Comprehensive Income That Will Be Reclassified to Profit or Loss**	**(8.304.384)**	**11.099.129**
2.2.1.	Exchange Differences on Translation	9.026.107	2.830.610
2.2.2.	Valuation and/or Reclassification Profit or Loss from Financial Assets Measured at Fair Value Through Other Comprehensive Income	(14.555.030)	8.571.529
2.2.3.	Income (loss) Related with Cash Flow Hedges	(2.561.933)	4.248.889
2.2.4.	Income (loss) Related with Hedges of Net Investments in Foreign Operations	(6.343.565)	(1.651.384)
2.2.5.	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	(29.851)	70.500
2.2.6.	Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	6.159.888	(2.971.015)
III.	**TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)**	**60.514.698**	**64.750.956**

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

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Consolidated statement of changes in shareholders' equity as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

5. Consolidated statement of changes in shareholders' equity

Current Period (31/12/2023)					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								
Changes in shareholder's equity	Paid in capital	Share premium	Share certificate cancellation profits	Other capital reserves	1	2	3	4	5	6	Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total equity except minority interest	Minority Interest	Total shareholders' equity
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)	-	-	-	-	**5.999.848**	**(5.300.763)**	**109.833**	**9.026.107**	**(10.708.154)**	**(6.622.337)**	-	-	**68.008.836**	**60.513.370**	**1.328**	**60.514.698**
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	-	-	-	**15.547**	-	-	-	-	-	-	-	-	-	**15.547**	-	**15.547**
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**	-	**1.660.596**	**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**

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.

- 9 -

Yapı Kredi 2023 Integrated Annual Report

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Consolidated statement of changes in shareholders' equity as of December 31, 2022
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

5. Consolidated statement of changes in shareholders' equity

Prior Period (31/12/2022)					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								
Changes in shareholder's equity	Paid in capital	Share premium	Share certificate cancellation profits	Other capital reserves	1	2	3	4	5	6	Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total equity except minority interest	Minority Interest	Total shareholders' equity
I. Balance at the beginning of the period	**8.447.051**	**556.937**	-	**1.588.628**	**1.877.188**	**(837.989)**	**20.546**	**7.867.243**	**1.433.581**	**(2.059.517)**	**32.464.808**	**1.639.954**	**10.489.758**	**63.488.188**	**1.018**	**63.489.206**
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**	-	**1.588.628**	**1.877.188**	**(837.989)**	**20.546**	**7.867.243**	**1.433.581**	**(2.059.517)**	**32.464.808**	**1.639.954**	**10.489.758**	**63.488.188**	**1.018**	**63.489.206**
IV. Total comprehensive income (loss)	-	-	-	-	**3.035.201**	**(2.129.283)**	**608**	**2.830.610**	**6.337.488**	**1.931.031**	-	-	**52.744.689**	**64.750.344**	**612**	**64.750.956**
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	-	-	-	**1.363**	-	-	-	-	-	-	**(979.493)**	-	-	**(978.130)**	-	**(978.130)**
XI. Profit distribution	-	-	-	**18.763**	-	-	-	-	-	-	**9.470.995**	-	**(10.489.758)**	**(1.000.000)**	**(93)**	**(1.000.093)**
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	(1.000.000)	(1.000.000)	(93)	(1.000.093)
11.2. Transfers to legal reserves	-	-	-	18.763	-	-	-	-	-	-	9.470.995	-	(9.489.758)	-	-	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+…..+X+XI)	**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**

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.

- 10 -

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of December 31, 2023 and 2022
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

6. Consolidated statement of cash flows

		(Notes section five)	Current Period (31/12/2023)	Prior Period (31/12/2022)
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**		**61.085.199**	**38.665.176**
1.1.1	Interest received		160.531.428	85.855.948
1.1.2	Interest paid		(130.164.847)	(47.477.789)
1.1.3	Dividend received		66.864	88.694
1.1.4	Fees and commissions received		53.176.158	21.841.199
1.1.5	Other income		31.733.510	16.931.804
1.1.6	Collections from previously written-off loans and other receivables		9.713.886	5.153.298
1.1.7	Cash Payments to personnel and service suppliers		(46.274.062)	(19.720.513)
1.1.8	Taxes paid		(11.282.997)	(18.860.696)
1.1.9	Other	6.3	(6.414.741)	(5.146.769)
1.2	**Changes in operating assets and liabilities subject to banking operations**		**99.533.367**	**1.520.647**
1.2.1	Net (increase) decrease in financial assets measured at fair value through profit or loss		(8.904)	(1.647.423)
1.2.2	Net (increase) decrease in due from banks		(92.012.519)	(40.957.665)
1.2.3	Net (increase) decrease in loans		(345.125.157)	(225.181.766)
1.2.4	Net (increase) decrease in other assets		(25.975.200)	(32.002.260)
1.2.5	Net increase (decrease) in bank deposits		21.908.371	3.350.257
1.2.6	Net increase (decrease) in other deposits		365.314.129	278.035.348
1.2.7	Net increase (decrease) in financial liabilities measured at fair value through profit or loss		31.230.408	12.502.769
1.2.8	Net increase (decrease) in funds borrowed		157.740.572	5.398.869
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities	6.3	(13.538.333)	2.022.518
I.	**Net cash provided from banking operations**		**160.618.566**	**40.185.823**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash provided from investing activities**		**(84.084.831)**	**(46.349.985)**
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures		-	(25.016)
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures		-	1.040.675
2.3	Cash paid for the purchase of tangible and intangible asset		(2.835.045)	(1.612.407)
2.4	Cash obtained from the sale of tangible and intangible asset		188.820	706.819
2.5	Cash paid for the purchase of financial assets measured at fair value through other comprehensive income		(27.656.036)	(36.339.903)
2.6	Cash obtained from the sale of financial assets measured at fair value through other comprehensive income		10.788.203	12.377.339
2.7	Cash paid for the purchase of financial assets at amortised cost		(70.084.788)	(31.057.183)
2.8	Cash obtained from sale of financial assets at amortised cost		5.514.015	8.559.691
2.9	Other		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash flows from financing activities**		**(27.875.266)**	**4.435.208**
3.1	Cash obtained from funds borrowed and securities issued		105.335.415	35.102.143
3.2	Cash outflow from funds borrowed and securities issued		(124.153.391)	(29.189.667)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(7.911.191)	(1.000.093)
3.5	Payments for finance lease liabilities		(1.146.099)	(477.175)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**	**6.3**	**50.742.058**	**27.521.017**
V.	**Net increase (decrease) in cash and cash equivalents**		**99.400.527**	**25.792.063**
VI.	**Cash and cash equivalents at beginning of the period**	**6.1**	**129.110.338**	**103.318.275**
VII.	**Cash and cash equivalents at end of the period**	**6.1**	**228.510.865**	**129.110.338**

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

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of December 31, 2023 and 2022
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

7. Profit distribution[(1),(2)]

		Current Period (31/12/2023)	Prior Period (31/12/2022)
I.	**Distribution of current year income**		
1.1	Current year income	82.551.277	68.313.534
1.2	Taxes and duties payable (-)	14.542.441	15.568.845
1.2.1	Corporate tax (income tax)	9.370.801	20.149.630
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	5.171.640	(4.580.785)
A.	**Net income for the year (1.1-1.2)**	**68.008.836**	**52.744.689**
1.3	Prior year losses (-)	-	-
1.4	First legal reserves (-)	-	-
1.5	Other statutory reserves (-)	-	-
B.	**Net income available for distribution [(A+(1.3+1.4+1.5)]**	**68.008.836**	**52.744.689**
1.6	First dividend to shareholders (-)	-	422.353
1.6.1	To owners of ordinary shares	-	422.353
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of preferred shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	Dividends to personnel (-)	-	-
1.8	Dividends to board of directors (-)	-	-
1.9	Second dividend to shareholders (-)	-	7.488.647
1.9.1	To owners of ordinary shares	-	7.488.647
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of preferred shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	Second legal reserves (-)	-	748.865
1.11	Statutory reserves (-)	-	-
1.12	Extraordinary reserves	-	44.048.529
1.13	Other reserves	-	-
1.14	Special funds	-	36.295
II.	**Distribution of reserves**	-	-
2.1	Appropriated reserves	-	-
2.2	Second legal reserves (-)	-	-
2.3	Dividends to shareholders (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of preferred shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	Dividends to personnel (-)	-	-
2.5	Dividends to board of directors (-)	-	-
III.	**Earnings per share**		
3.1	To owners of ordinary shares (Full TL)	0,0805	0,0624
3.2	To owners of ordinary shares (%)	-	-
3.3	To owners of privileged shares	-	-
3.4	To owners of privileged shares (%)	-	-
IV.	**Dividend per share**		
4.1	To owners of ordinary shares (Full TL)	-	0,0094
4.2	To owners of ordinary shares (%)	-	93,6540
4.3	To owners of privileged shares	-	-
4.4	To owners of privileged shares (%)	-	-

(1) Profit Distribution Statement has been prepared according to unconsolidated financial statements of the Parent Bank.
(2) Regarding profit distribution, the authorized body of the Bank is the General Assembly and the annual general assembly meeting has not been held as of the date of preparation of these financial statements. Since the dividend distribution proposal for 2023 has not yet been prepared by the Board of Directors, only the distributable profit is stated in the profit distribution table.

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

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 are 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 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, communique, 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.

As of June 30, 2023, the Group completed the development of necessary infrastructure for transition to overnight interest rates in risk management systems and USD Libor indexed derivatives, money market transactions, bonds, loan products. As of June 30, 2023, alternative benchmark interest rates is started to be used in the new floating rate transactions.The transition to alternative benchmark interest rates is completed for the existing interbank derivative transactions and interbank money market transactions. The transition process has not been completed yet for customer transactions. The transition to alternative interest rates have no material impact on the Bank's financial statements.

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.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Additional paragraph for convenience translation into English:

BRSA Accounting and Financial Reporting Legislation, as described in the preceding paragraphs, differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of December 31, 2023 and the differences between accounting principles have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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.

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 rates (%) December 31, 2023	Direct and indirect rates (%) December 31, 2023
Yapı Kredi Leasing	Istanbul/Türkiye	Leasing	99,99	99,99
Yapı Kredi Faktoring	Istanbul/Türkiye	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/Türkiye	Investment Management	99,98	99,98
Yapı Kredi Portföy	Istanbul/Türkiye	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.

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 % December 31, 2023	Direct and indirect rates % December 31, 2023
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

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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 mostly include foreign currency 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.

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 "TFRS 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 "TFRS – 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 December 31, 2023, 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 "TFRS 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 the these reference assets. The Bank uses the total return swaps to generate long term funding.

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, those currency exchange transactions 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.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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 rediscounts 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.

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. 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.

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.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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.

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 Uniform Chart of Accounts ('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 "TFRS 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 December 31, 2023, the Bank has classified loans in accordance with the TFRS 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.

Provision expenses are deducted from the net income of the year. 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.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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.

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 new 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.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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;
- 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 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.

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 resale and related to discontinued operations and explanations on liabilities related with these assets:

According to the "TFRS-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 resale" 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 resale" 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 explained in Note 2, Section 1, in 2006, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. Within the scope of TFRS 3 - Business Combinations standard, the goodwill arised from the merger was subject to annual impairment test in accordance with the requirement of TAS 36 - Impairment of Assets. As of December 31, 2022, the provision for impairment for the entire amount of goodwill was recognized in profit reserves directly under equity.

12.2. Other intangible assets:

Other 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 "TAS 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 "TAS 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.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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

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 "TFRS 16 - Leases" in the accounting of leasing transactions.

In accordance with "TFRS 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 lessee:

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 TFRS 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 TFRS 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".

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 termination 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. 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.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

A commission (whose members are the representatives of the SSI, Republic of Türkiye Ministry of Treasury and Finance, 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. 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 as of December 31, 2023 are subject to inflation adjustment regardless of whether the conditions for inflation adjustment are met. The profit/loss difference arising from inflation adjustment is recognized in retained earnings but has no effect on the corporate tax base.

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 December 31, 2023 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.

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.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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 avalized drafts and letter of acceptances:

Avalized drafts and acceptances are included in the "off-balance sheet commitments".

21. Explanations on government grants:

None (December 31, 2022 - None).

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	68.008.836	52.744.689
Weighted average number of issued ordinary shares (thousand)	844.705.128	844.705.128
Earnings per share (full TL)	**0,0805**	**0,0624**

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 2023 (2022 - 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 7 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 12 of Section Four.

26. Explanations on other matters:

None.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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 19,12% (December 31, 2022 - 19,95%) and the Parent Bank is 20,28% (December 31, 2022 - 21,34%).

1.1. Information related to capital adequacy ratio:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-up Capital	8.447.051	8.447.051
Share issue premiums	556.937	556.937
Retained earnings	87.382.611	42.548.922
Accumulated other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	33.904.404	28.852.512
Profit	69.648.790	54.384.643
Net profit of the period	68.008.836	52.744.689
Profit of the previous years	1.639.954	1.639.954
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	31.689	16.142
Minority interest	2.674	1.537
Common Equity Tier 1 capital before regulatory adjustments	**199.974.156**	**134.807.744**
Common Equity Tier 1 capital: regulatory adjustments		
Prudential valuation adjustments	-	106.062
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	21.093.163	8.545.805
Improvement costs for operating leasing	520.942	204.739
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.804.260	1.208.874
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Cash-flow hedge reserve	2.888.940	5.116.918
Shortfall of provisions to expected losses	-	-
Securitisation 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 shares	-	-
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 adjustments to Common equity Tier 1	**26.307.305**	**15.182.398**
Common Equity Tier 1 capital (CET1)	**173.666.851**	**119.625.346**

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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 capital instruments and relevant share issue premiums that are approved by the BRSA	19.134.830	12.153.895
Eligible capital 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 I capital	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
Additional Tier 1 capital before regulatory adjustments	**19.134.830**	**12.153.895**
Additional Tier 1 capital: regulatory adjustments		
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**	**12.153.895**
Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	**192.801.681**	**131.779.241**
TIER 2 CAPITAL		
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	15.519.100	10.149.150
Eligible capital 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)	5.086.750	5.334.326
Tier 2 capital before regulatory adjustments	**20.605.850**	**15.483.476**
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	**20.605.850**	**15.483.476**
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	**213.264.762**	**147.199.236**
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	19.261	12.111
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	123.508	51.370
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 (-)	-	-

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

OWN FUNDS	Current Period	Prior Period
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	213.264.762	146.592.166
Total Risk Weighted Assets(2)	1.115.540.871	734.986.439
CAPITAL ADEQUACY RATIOS		
Common Equity Tier 1 Capital Adequacy Ratio (%)	15,57	16,28
Tier 1 Capital Adequacy Ratio (%)	17,28	17,93
Capital Adequacy Ratio (%)	19,12	19,95
BUFFERS		
Institution specific buffer requirement of the Bank (a+b+c)	3,551	3,542
a)Capital conservation buffer requirement (%)	2,500	2,500
b)Bank's specific countercyclical buffer requirement (%)	0,051	0,042
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 (%)	11,068	11,776
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financials	972.927	422.947
Significant investments in the common stock of financials	7.069.176	3.526.931
Mortgage servicing rights (net of related tax liability)	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	16.986.235	9.782.385
Applicable caps on the inclusion of provisions in Tier 2 capital		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	5.230.279	3.411.544
Up to 1,25% of total risk-weighted amount of general provisions for receivables where the standard approach used	2.456.027	1.644.844
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	3.758.179	11.526.584
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	2.630.723	3.689.482

(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 credit risk amount, spot purchase rates announced as of December 30, 2022 by Central Bank are used in accordance with the in accordance with the legislation of BRSA numbered 10496 dated January 31, 2023.

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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)	XS2286436451 / US984848AN12	XS1867595750 / US984848AL55	TRSYKBK62914	TRSYKBK92911
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)	14.719	19.135	500	300
Par value of instrument	14.719	19.135	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 22, 2021	January 15, 2019	July 3, 2019	October 3, 2019
Perpetual or dated	Dated	Perpetual	Dated	Dated
Original maturity date	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	Every 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 7,875% fixed, second 5 years U.S. five year treasury bond rate +741.50 basis points	First 5 years 13,875% fixed, second 5 years midswap+11,245% fixed	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	Optional	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/ Common Equity Tier 1 capital adequacy ratio of the bank falls below 5,125%	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	Temporary	Permanent	Permanent
If temporary write-down, description of write-up mechanism	-	In case of cancellation of default/ Common Equity Tier 1 capital adequacy ratio of the bank is higher than 5,125%	-	-
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, and the TIER 1	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"	-	-	-	-

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.3. There are differences between the figures in the own funds and their corresponding amounts in the balance sheet. Within this context; in the calculation of own funds, the losses and gains that are related to cash flow hedge transactions are not considered in the own funds and the prudential valuation adjustments calculated in accordance with the (i) item of the first paragraph in the ninth article of the "Regulation Regarding Banks' Shareholders' Equity" are considered in the own funds. In addition, the subordinated liabilities are considered after the adjustments made in accordance with the ninth paragraph of the eighth article of the "Regulation Regarding Banks' Shareholders' Equity".

1.4. Exposures subject to countercyclical capital buffer:

The exposures subject to countercyclical capital buffer table prepared in accordance with the communiqué "Regulation on Capital Conservation and Countercyclical Capital buffers of Banks" published in the Official Gazette no. 28812 dated November 5, 2013 is presented below:

Consolidated private sector receivables:

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Türkiye	842.979.630	-	842.979.630
Netherland	4.680.942	-	4.680.942
Malta	3.529.582	-	3.529.582
Switzerland	2.907.571	-	2.907.571
Azerbaijan	2.712.319	-	2.712.319
Germany	2.229.331	-	2.229.331
Italy	2.037.566	-	2.037.566
Marshall Islands	1.839.910	-	1.839.910
Luxembourg	1.612.285	-	1.612.285
France	1.398.012	-	1.398.012
Man Island	973.977	-	973.977
Macedonia	917.452	-	917.452
Austria	910.123	-	910.123
Spain	826.229	-	826.229
United Arab Emirates	777.481	-	777.481
England	701.444	-	701.444
Other	3.449.168	-	3.449.168
Total	**874.483.022**	**-**	**874.483.022**

2. Explanations on Consolidation Credit Risk:

As of June 30, 2021, the 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. Credit risk is the loss or the risk of the Parent Bank in case a counterparty cannot fulfill its obligations stated in agreements where the Parent Bank is at a side. The Parent Bank identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports and geographical and industry concentration and considering credit policies determined by Board of the Directors each year. The limits defined by the Board of Directors for each correspondent bank are followed-up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls of each Treasury Management employee who is authorised for transactions in the market are controlled by the system. During the loan granting process, liquid collaterals are preferred to the greatest extent possible. Collaterals and guarantees must be obtained during credit underwriting based on credit worthiness, customers' financial status, and credit type. While granting of long term project finance loans, long term projections of the companies are analyzed both by financial analysis specialists and head office. Also the pricing of these commitments are decided by coordination with Treasury Management. The Parent Bank also monitors limitations on single borrower and group of borrowers in accordance with the regulations.

Rating system used for Medium Sized Entities (ME), Small and Medium Sized Entities (SME) and Corporate/Commercial customers is also used for defining the authorization level for loan granting. Thus, customers with a low rating are assigned to higher authority levels, whereas customers with a high rating are assigned to lower authority levels. By using this methodology it is aimed to establish risk based optimization in the loan processes.

Probability of default of a customer is calculated through this internally developed rating system. The rating concentration of Corporate/Commercial, ME and SME customers according to Parent Bank's rating system is as follows:

	Current Period	Prior Period
Above average	46,2%	43,6%
Average	41,3%	40,7%
Below average	12,6%	15,7%

The Parent Bank takes following criterias into consideration for the identification of default:

- The loan is overdue more than 90 days.
- The borrower is not able to pay at least one of the loans he received from the Bank (cross default)
- Having a negative intelligence and bad-record for the borrower in the market.
- Deterioration of the creditworthiness of the borrower.

The Group sets aside expected credit loss in accordance with the Provisioning Regulation within the scope of "provisions" and "value adjustments".

Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types, are disclosed below for the relevant period:

Risk classifications:	Current Period Risk Amount(1)	Average Risk Amount(1)
Exposures to central governments or central banks	565.394.427	467.162.736
Exposures to banks and financial institutions	177.892.173	154.531.896
Corporate exposures - Other	341.679.099	293.123.888
Specialised Lending	93.107.252	98.038.081
Corporate exposures - SME	168.688.539	155.918.283
Retail Exposures - Other	257.662.642	174.451.489
Retail exposures - Qualifying revolving	402.311.905	237.078.637
Retail exposures - SME	151.439.932	123.409.857
Investments in equities	5.317.373	4.533.143
Other Items	82.545.573	72.755.152
Total	**2.246.038.915**	**1.781.003.162**

(1) Includes credit risk amounts of total exposure before applying credit risk mitigations.

2.2. The Parent Bank has control limits over the positions of forwards, options and similar agreements. These positions are measured and managed by following their market values and by taking potential risk into considerations throughout their maturities, in accordance with Counterparty Credit Risk management. Limits are also calculated and dynamically managed by taking these potential risks into considerations. Daily market value calculations, limit controls, collateral assessments are performed and reported to the relevant departments within the Bank.

The Group may use its rights, as stated in the derivative agreements based on which the Group realizes derivative transactions, in order to eliminate the risks that may arise due to being exposed to severe risk levels arising from fluctuations in the market.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

2.3. In line with the Provisioning Regulation, if the cash risk of a customer is classified as nonperforming, the non-cash risk is also classified as nonperforming under the same group where the cash risks were already followed and specific provision is reserved.

Restructured loans are also classified and followed up according to the regulation on provisions considering the Bank's credit risk policies. Accordingly, the financial position and commercial operations of related customers are monitored, their principal and interest payments are followed up with the restructured repayment schedule and the necessary precautions are taken.

2.4. The Group's banking activities in foreign countries and credit transactions are subject to periodical follow-up in terms of the economic conditions of the related country and the evaluation of the creditworthiness of the customers and financial institutions. No material credit risk have been observed in scope of these operations.

2.5. In terms of credit risk;

- The proportion of the Parent Bank's top 100 and 200 cash loan balances in total cash loans is 23% and 27%. (December 31, 2022- 24% and 28%).
- The proportion of the Parent Bank's top 100 and 200 non-cash loan balances in total non-cash loans is 37% and 47%. (December 31, 2022- 38% and 50%).
- The proportion of the Parent Bank's cash and non-cash loan balances with the first 100 and 200 customers comprises of 27% and 33% of total cash loans and non-cash loans. (December 31, 2022- 28% and 34%).

2.6. The Group provided a general loan loss provision amounting to TL 26.041.720 (December 31, 2022 - TL 23.520.128).

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

2.7. Risk profile according to the geographical concentration:

	Risk Classifications(1),(2)										
	1	2	3	4	5	6	7	8	9	10	Total
Current Period											
Domestic	554.008.754	83.170.523	318.425.595	90.587.243	164.726.279	256.303.463	401.521.423	151.430.608	21.470	82.545.573	2.102.740.931
EU countries	10.566.798	67.953.727	13.166.645	1.346.242	3.458.016	157.414	431.876	4.210	410	-	97.085.338
OECD countries (3)	-	772.758	2.928.751	-	46.715	10.968	35.412	1.738	-	-	3.796.342
Off-shore banking regions	-	-	1.139.968	-	29.660	619	2.296	45	-	-	1.172.588
USA, Canada	131.196	19.397.500	1.114.307	-	122.851	44.508	92.121	1.548	592.966	-	21.496.997
Other countries	687.679	6.597.665	4.903.833	1.173.767	305.018	1.145.670	228.777	1.783	-	-	15.044.192
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	4.702.527	-	4.702.527
Undistributed Assets / Liabilities (4)	-	-	-	-	-	-	-	-	-	-	-
Total	**565.394.427**	**177.892.173**	**341.679.099**	**93.107.252**	**168.688.539**	**257.662.642**	**402.311.905**	**151.439.932**	**5.317.373**	**82.545.573**	**2.246.038.915**

(1) Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" is used.
(2) Includes credit risk amounts of total exposure before credit risk mitigation.
(3) OECD Countries other than EU countries, USA and Canada.
(4) Assets and liabilities are not allocated on a consistent basis.

1- Exposures to central governments or central banks
2- Exposures to banks and financial institutions
3- Corporate exposures - Other
4- Specialised Lending
5- Corporate exposures – SME
6- Retail Exposures - Other
7- Retail exposures - Qualifying revolving
8- Retail exposures – SME
9- Investments in equities
10- Other Items

	Risk Classifications(1),(2)										
	1	2	3	4	5	6	7	8	9	10	Total
Prior Period											
Domestic	341.795.420	53.461.476	234.826.332	79.606.488	96.019.699	122.291.286	104.264.047	105.491.951	741.289	57.283.882	1.195.781.870
EU countries	7.171.132	41.209.611	13.260.056	944.898	347.979	66.378	104.885	1.255	310	-	63.106.504
OECD countries(3)	-	1.446.238	1.490.119	-	21.380	5.545	9.733	1.039	-	-	2.974.054
Off-shore banking regions	-	-	824.653	-	29.656	853	922	17	-	-	856.101
USA, Canada	27.324	18.963.203	901.938	-	-	21.143	22.568	600	276.654	-	20.213.430
Other countries	585.819	3.029.100	3.543.228	671.608	226.926	554.011	73.833	664	1.872	-	8.687.061
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	2.225.727	-	2.225.727
Undistributed Assets / Liabilities(4)	-	-	-	-	-	-	-	-	-	-	-
Total	**349.579.695**	**118.109.628**	**254.846.326**	**81.222.994**	**96.645.640**	**122.939.216**	**104.475.988**	**105.495.526**	**3.245.852**	**57.283.882**	**1.293.844.747**

(1) Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" is used.
(2) Includes credit risk amounts of total exposure before credit risk mitigation.
(3) OECD Countries other than EU countries, USA and Canada.
(4) Assets and liabilities are not allocated on a consistent basis.

1- Exposures to central governments or central banks
2- Exposures to banks and financial institutions
3- Corporate exposures - Other
4- Specialised Lending
5- Corporate exposures – SME
6- Retail Exposures - Other
7- Retail exposures - Qualifying revolving
8- Retail exposures – SME
9- Investments in equities
10- Other Items

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

2.8. Risk profile according to sectors and counterparties:

	1	2	3	4	5	6	7	8	9	10	TL	FC	Total
	Risk Classifications[(1)(2)]												
Agricultural	**7.791**	**-**	**7.992.301**	**-**	**4.466.658**	**-**	**-**	**7.128.571**	**-**	**-**	**16.426.485**	**3.168.836**	**19.595.321**
Farming and raising livestock	7.791	-	5.654.624	-	3.654.450	-	-	6.416.844	-	-	14.452.004	1.281.705	15.733.709
Forestry	-	-	1.227.859	-	750.397	-	-	638.358	-	-	1.686.578	930.036	2.616.614
Fishing	-	-	1.109.818	-	61.811	-	-	73.369	-	-	287.903	957.095	1.244.998
Manufacturing	**22.054**	**-**	**192.092.262**	**51.687.098**	**87.873.702**	**-**	**-**	**68.989.695**	**1.870**	**-**	**282.342.969**	**118.323.712**	**400.666.681**
Mining	-	-	502.612	-	678.790	-	-	315.225	-	-	1.066.328	430.299	1.496.627
Production	1.546	-	181.073.730	1.568.925	71.349.531	-	-	67.605.167	1.870	-	247.184.248	74.416.521	321.600.769
Electric, gas and water	20.508	-	10.515.920	50.118.173	15.845.381	-	-	1.069.303	-	-	34.092.393	43.476.892	77.569.285
Construction	**28**	**-**	**17.326.192**	**19.177.180**	**24.827.766**	**-**	**-**	**16.833.079**	**-**	**-**	**49.546.869**	**28.617.376**	**78.164.245**
Services	**554.577.347**	**145.102.368**	**85.800.486**	**22.242.974**	**51.141.713**	**-**	**-**	**57.889.272**	**5.304.689**	**63.362.765**	**644.914.906**	**340.506.708**	**985.421.614**
Wholesale and retail trade	5	-	20.441.598	8.733.952	16.608.305	-	-	21.042.052	-	-	50.518.219	16.307.693	66.825.912
Hotel, food and beverage services	6	-	6.612.892	216.696	10.480.320	-	-	6.329.285	-	-	14.138.331	9.500.868	23.639.199
Transportation and telecommunication	-	-	9.737.422	7.747.939	8.654.985	-	-	8.416.736	5.000	-	19.385.538	15.176.544	34.562.082
Financial institutions	549.595.396	145.102.368	19.941.150	-	1.808.632	-	-	1.899.895	5.241.635	63.362.765	505.907.586	281.044.255	786.951.841
Real estate and renting services	-	-	9.315.798	3.393.370	6.569.259	-	-	2.510.872	51.676	-	20.768.826	1.072.149	21.840.975
Professional services	-	-	-	-	-	-	-	-	-	-	-	-	-
Education services	1.570	-	800.332	-	530.534	-	-	349.609	-	-	1.600.899	81.146	1.682.045
Health and social services	4.980.370	-	18.951.294	2.151.017	6.489.678	-	-	17.340.823	6.378	-	32.595.507	17.324.053	49.919.560
Other	**10.787.207**	**32.789.805**	**38.467.858**	**-**	**378.700**	**257.662.642**	**402.311.905**	**599.315**	**10.814**	**19.182.808**	**689.169.480**	**73.021.574**	**762.191.054**
Total	**565.394.427**	**177.892.173**	**341.679.099**	**93.107.252**	**168.688.539**	**257.662.642**	**402.311.905**	**151.439.932**	**5.317.373**	**82.545.573**	**1.682.400.709**	**563.638.206**	**2.246.038.915**

(1) Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" will be used.
(2) Includes credit risk amounts of total exposure before credit risk mitigation.

1- Exposures to central governments or central banks
2- Exposures to banks and financial institutions
3- Corporate exposures - Other
4- Specialised Lending
5- Corporate exposures – SME
6- Retail Exposures - Other
7- Retail exposures - Qualifying revolving
8- Retail exposures – SME
9- Investments in equities
10- Other Items

2.9. Risk profile according to remaining maturities:

Risk classifications[(1)]	1 month	1-3 months	3-6 months	6-12 months	1 year and over	Total
Exposures to central governments or central banks	192.326.825	15.322.587	5.074.958	23.332.548	320.034.284	556.091.202
Exposures to banks and financial institutions	63.034.309	40.545.993	18.611.898	17.261.734	22.505.000	161.958.934
Corporate exposures - Other	225.884.779	15.390.618	10.323.245	14.222.401	75.765.071	341.586.114
Specialised Lending	91.335.488	-	-	-	1.771.764	93.107.252
Corporate exposures - SME	126.524.716	1.054.466	219.687	283.767	40.414.237	168.496.873
Retail Exposures - Other	131.846.506	607.182	91.738	364.057	91.970.039	224.879.522
Retail exposures - Qualifying revolving	402.311.905	-	-	-	-	402.311.905
Retail exposures - SME	123.472.599	1.466.920	400.891	882.740	22.059.992	148.283.142
Investments in equities	-	-	-	-	-	-
Other Items	227.829	-	-	-	-	227.829
Total	**1.356.964.956**	**74.387.766**	**34.722.417**	**56.347.247**	**574.520.387**	**2.096.942.773**

(1) Includes credit risk amounts of total exposure before applying credit risk mitigations.

2.10. Risk balances according to risk weights:

Total exposure amount before and after applying risk mitigation techniques and total amounts deducted from the capital which are calculated in accordance with the Appendix-1 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are presented below.

	Risk Weights	0%-20%	20%-35%	35%-50%	50%-75%	75%-100%	100%-250%	250%	1250%	Total	Deductions from the shareholders' equity
1	Total exposure before credit risk mitigation	994.782.979	304.889.150	107.223.552	244.903.499	171.730.966	400.461.009	22.047.760	-	2.246.038.915	2.467.971
2	Total exposure after credit risk mitigation	989.695.477	282.732.003	107.262.290	243.108.673	170.621.723	396.616.561	22.047.760	-	2.212.084.487	2.467.971

2.11. Information according to sectors and counterparties:

For loans which are classified as impaired loans due to delay of collection of principal or interest by 90 days and above and/or negative risk assessments of creditworthiness of the debtor; "Specific Provision" is set aside in the accompanying financial statements as of December 31, 2023.

For loans which are classified as past due but not impaired loans due to delay of collection of principal or interest up to 90 days; "General Provision" is set aside in the accompanying financial statements as of December 31, 2023.

Sectors / Counterparties	Loans		Provisions
	Impaired Loans (TFRS9)		
	Significant increase in credit risk	Credit – Impaired (Stage 3)	Expected Credit Losses
Agricultural	**573.823**	**281.256**	**253.569**
Farming and raising livestock	339.074	225.064	183.897
Forestry	227.690	22.893	47.587
Fishing	7.059	33.299	22.085
Manufacturing	**49.507.619**	**9.200.497**	**15.074.588**
Mining	279.258	29.421	29.919
Production	9.995.019	3.875.511	3.981.713
Electric, gas and water	39.233.342	5.295.565	11.062.956
Construction	**27.152.170**	**2.109.419**	**4.719.195**
Services	**20.385.830**	**10.187.542**	**9.856.595**
Wholesale and retail trade	1.634.136	798.820	720.003
Hotel, food and beverage services	3.587.020	840.179	813.408
Transportation and telecommunication	4.797.170	318.981	1.261.655
Financial institutions	727.056	555.827	274.755
Real estate and renting services	2.696.888	7.379.538	4.999.938
Education services	107.230	8.088	9.474
Health and social services	6.836.330	286.109	1.777.362
Other	**21.214.096**	**8.837.450**	**7.995.433**
Total	**118.833.538**	**30.616.164**	**37.899.380**

2.12. Information about value adjustments and changes in the loan impairment:

		Opening balance	Provision amounts set aside during the period	Reversal of provisions	Other adjustments[1]	Closing balance
1	Specific provisions	17.691.195	11.698.141	(4.979.207)	(3.160.395)	21.249.734
2	General provisions (value adjustments)	23.520.128	12.526.518	(10.109.485)	104.559	26.041.720

(1) The figure represents the written off loans, foreign exchange differences and also includes non performing loan sales.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3. Explanations on Consolidated Risk Management:

3.1. General Information on Risk Management and Risk Weighted Amount

3.1.1. Risk management approach of the Bank

Risk management strategy of the Group ensures using the capital at an optimum level and provide sustainable growth in this framework through measurement of risks in accordance with international standards and local regulations and taking risk-return balance into consideration in the framework of sustainable growth. Risk management approach of the Group is based on strong risk management techniques of İSEDES (Evaluation Process of Internal Capital Adequacy) and prospective planning and capital evaluation depending upon risk profile.

A prospective capital planning approach is adopted for the Bank to carry out its operations if certain losses are incurred as a result of unexpected events or deteriorations in markets. The best international practices are utilized for the determination, measurement, analysis and control of risks. The process regarding identification of risks and determination of appropriate measurement method has a dynamic structure in which the risk management is improved through inspiring from advanced international practices and analyses updated in line with its business evolution. A risk appetite framework integrated to budget process, has been developed in order to carry out related activities at an optimum level while reaching predefined budget target of the Bank and therefore an appropriated risk positions are ensured to be taken.

Risk appetite, as an integral part of the main pillar and a crucial instrument of the Bank Management, is implemented in order to ensure the execution of Bank's activities in an ideal manner through taking appropriate risk positions at an acceptable level of risk. Risk appetite, is integrated to management and budget processes of the Bank with performance indicators which are sensitive to risk.

Risk appetite indicators, targets, limits and critical thresholds are determined by the Executive Committee with the joint recommendation of Compliance, Internal Control and Risk Management, Financial Planning and Administration Management. Possible changes which may occur in economic conditions are taken into consideration during the determination of aforementioned limits and thresholds.

Determined risk appetite indicators consists of capital adequacy, liquidity, assets quality, financial risk and operational risk ratios of the Bank and senior management ensures the Bank to carry out its activities in the range of such targets and critical thresholds. Senior management should be informed to take emergency precautions if the critical thresholds are exceeded. Monitoring and periodical reporting to senior management is performed by the related units in order to implement risk appetite framework.

The Bank implements internal policies and procedures that are audited and approved at least once a year by the Board of Directors in order to manage market risks arising from on-balance sheet and off-balance sheet liabilities. Based on the principles mentioned in Regulatory Authority's directives and best practice guidelines, internal policies determine responsibilities and practitioners for identification, measurement, monitoring and reporting of the risks in line with the risk appetite and needs of the Bank; lay the groundwork for granting limits in the Bank; and guide the actions to be taken in case of risk appetite is exceeded.

The Credit Policy Directive, which reflects the general framework of the Parent Bank's credit allocation activities, is updated at least annually and implemented with the approval of the Board of Directors. Credit Policy Directive is based on improving asset quality, supporting effective risk management and compliance with legal practices. In addition, it includes management of lending activities according to the Bank's common standards, limitations and principles.

The main purpose of the credit risk management is to identify, measure and mitigate credit risk, react in a timely manner and take necessary actions with the help of efficient and well-functioning rating/scoring models, strategies and processes. The main strategies include topics like effective implementation of the Credit Policy Directive to reinforce the sustainability of common risk management approach, steering of the loan portfolio toward less risky sectors, avoidance of excessive concentration in Group exposures while strictly obeying statutory limits, focus on customers with better credit ratings, avoidance of transactions bearing high credit and reputational risk, managing country risk in line with established strategy, policy and rules, timely updates to senior management about all developments in credit risk area to ensure effective credit risk management, performing credit stress tests and participating in credit risk regulatory processes.

Risk Management reports to Board of Directors in organisation structure via Audit Committee. Risk Management organisation is divided into "Market Risk Management", "Credit Risk Strategy, Modelling and Reporting Management" and "Risk Validation" units.

In the process of market risk management, related business and risk units perform their activities within the scope of the principles determined by internal policies such as the Financial Markets Policy, Liquidity Policy, Liquidity Risk Limit Management Policy, Liquidity Emergency Policy, Interest Rate Risk Policy, Interest Rate Risk Limit Management Policy, Hedge Policy, Financial Investment Risk Policy, Immovables Risk Policy, Derivatives Policy, Independent Price Verification Policy, Policy due to inclusion on Financial assets where fair value change is reflected to income statement, Market Risk Stress Test Policy.

Value at Risk, Basis Point Value (interest rate sensitivity), and Credit Basis Point Value (credit spread sensitivity) are risk metrics calculated via internal models and used in measurement of market risks. Risk measures are monitored at product, portfolio and account (Financial assets where fair value change is reflected to income statement and Financial assets where fair value change is reflected to other comprehensive income statement) basis. Performance of internal models is measured by backtesting of the model's outputs. In addition, transaction limits are used at specific products.

Liquidity Risk measurement methods; consists of both short term risk metrics such as Liquidity Coverage Ratio, Short Term Liquidity, Intraday Liquidity, and Early Warning Indicators and long-term risk metrics such as the Net Stable Funding Ratio and the funding concentration structure. With various scenario analyzes aimed at stressing the liquidity, it is examined how the possible deterioration scenarios that can be observed in the parameters of the market or institution-specific or both cases affect the liquidity position of the Bank.

Measurements performed via internal models in the context of market risk management are reported to the Bank's Top Management, Treasury, Financial Reporting and Credit Monitoring Units (for the Counterparty Credit Risk process) on a daily basis and to the Board of Directors and Executive Committee on a monthly basis.

Stress tests, provide a prospective point of view during risk management, budget and capital planning processes through reviewing the impact of events or changes in markets, which have a low possibility to occur under normal conditions but may result in losses to Bank in case they occur. The Bank performs stress tests to measure impacts of temporary or continuous deteriorations in market risk factors on income statement and to make capital plans. Scenarios, having basis, medium and high stress levels, aim to measure impacts of adverse conditions across the country on the economic value of the Bank through risk factors. Other important risk elements such as Fixed Assets held by the Bank and financial investment risks faced through its subsidiaries, as well as price movements, are reviewed during stress test processes as well.

Stress test studies are made with the active participation of senior management and impact of the stress test to the general risk profile of the Bank is reported. Senior management participates in establishing of stress test's scenario, analyzing of its results, through determination of the scope and approach of the scenario, guidance of required directions and review of results and recommendation of action plans. Stress scenarios, up-to-date estimations and crisis scenarios are prepared by Research and Analytics Department.

The Parent Bank reduces market risk exposure within scope of its commercial activities through derivative instruments and makes an effort to control impacts of the risks on capital through hedge accounting implementation. It holds foreign exchange positions to manage residual positions as a result of banking activities through performing a conservative approach to exchange risk and manages its end of day positions at a minimum level.

For the detection and mitigation of risks, Operational and Reputational Risk Management defines policies and strategies and determines, reports and monitors actions to reduce potential operational and reputational risks via loss data, key risk indicators, scenario analysis and risk assessments. Operational Risk Management Policy and Reputational Risk Policy is updated every year and approved by the Board of Directors.

Business Continuity Management Policy aims at reducing the risks that may endanger the continuity of Banks operations to a minimum level and ensuring critical product and services in case of unexpected events in an acceptable period. Bank's resilience against unexpected events is increased through the Crisis Communication Plan, Emergency Response Plan, Business Recovery Plan and Crisis Communication Plan. Business Continuity Policy and Plans are regularly updated and approved by the Board of Directors.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Risk validation management is an independent team that reports directly to the Assistant General Manager of Compliance, Internal Control and Risk Management and responsible for the controls of all models, data and processes carried out within the scope of risk management. In addition to statistical practices, validation unit is also responsible for the compliance with the regulations, legal practices and internal policies. The risk validation unit is divided into three sub-units; regulatory risk validation unit, strategic risk validation unit and rating models validation unit. Legal risk validation unit is responsible for IRB models, TFRS 9 and credit risk validation in the second structural pillar. Strategic risk validation unit is responsible for strategy validation, managerial models, market risk validation and validation of other risk types as part of the second structural pillar. Rating models validation unit is responsible of validation activities of marketing models, macroeconomic forecasting models, project financing models and operational risk models.

3.1.2 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)**	**976.167.760**	**649.272.334**	**78.093.421**
2	Of which standardised approach (SA)	126.209.397	92.580.266	10.096.752
3	Of which internal rating-based (IRB) approach	849.958.363	556.692.068	67.996.669
4	**Counterparty credit risk**	**14.257.094**	**13.345.144**	**1.140.568**
5	Of which standardised approach for counterparty credit risk (SA-CCR)	14.257.094	13.345.144	1.140.568
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**	**40.504**	**14.748**	**3.240**
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**	**14.512.699**	**19.194.892**	**1.161.016**
17	Of which standardised approach (SA)	14.512.699	19.194.892	1.161.016
18	Of which internal model approaches (IMM)	-	-	-
19	**Operational risk**	**99.403.270**	**46.346.961**	**7.952.262**
20	Of which Basic Indicator Approach	99.403.270	46.346.961	7.952.262
21	Of which Standardised Approach	-	-	-
22	Of which Advanced Measurement Approach	-	-	-
23	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**11.159.544**	**6.812.360**	**892.764**
24	**Floor adjustment**	-	-	-
25	**TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)**	**1.115.540.871**	**734.986.439**	**89.243.271**

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.2. Linkages between financial statements and risk amounts:

3.2.1 Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation:

			Carrying values of items in accordance with TAS				
Current Period	Carrying values in financial statements prepared as per TAS	Carrying values in consolidated Financial statements prepared as per TAS but in compliance with the communiqué "Preparation of Consolidated Financial	Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Financial Assets (Net)	455.720.462	455.746.228	434.438.871	47.431.898	-	7.773.186	-
Loans(Net)	1.271.034.971	1.268.871.212	1.309.536.213	54.309.640	-	-	142.769
Assets Held For Resale And Related To Discontinued Operations (Net)	1.074.724	1.074.724	1.074.724	-	-	-	-
Investment in Subsidiaries, Associates, Joint ventures (net)	7.095.983	7.139.938	7.139.938	-	-	-	-
Property And Equipment (Net)	7.346.361	18.875.665	18.354.723	-	-	-	520.942
Intangible Assets (Net)	2.036.914	2.036.510	232.250	-	-	-	1.804.260
Tax Asset	12.619.979	9.144.125	9.144.125	-	-	-	-
Other Assets	97.914.082	100.484.998	102.855.372	-	-	-	-
TOTAL ASSETS	**1.854.843.476**	**1.863.373.400**	**1.882.776.216**	**101.741.538**	**-**	**7.773.186**	**2.467.971**
Liabilities							
Deposits	1.156.824.801	1.108.885.676	-	-	-	-	1.108.885.676
Borrowings	161.034.843	161.034.843	-	-	-	-	161.034.843
Money Markets	15.443.345	63.382.500	-	46.966.613	-	-	16.415.887
Marketable Securities Issued	97.039.999	97.039.999	-	-	-	-	97.039.999
Financial liabilities measured at fair value through profit or loss	71.167.000	71.167.000	-	-	-	-	71.167.000
Derivative Financial Liabilities	11.666.461	11.666.461	-	-	-	5.784.015	11.666.461
Lease Payables	3.401.505	3.401.505	-	-	-	-	3.401.505
Provisions	17.355.126	21.915.958	-	-	-	-	21.915.958
Tax Liability	4.547.009	8.053.253	-	-	-	-	8.053.253
Subordinated Loans	36.846.139	36.846.139	-	-	-	-	36.846.139
Other Liabilities	108.720.868	101.099.073	-	-	-	-	101.099.073
Shareholder's Equity	170.796.380	178.880.993	-	-	-	-	178.880.993
TOTAL LIABILITIES	**1.854.843.476**	**1.863.373.400**	**-**	**46.966.613**	**-**	**5.784.015**	**1.816.406.787**

- 47 -

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

			Carrying values of items in accordance with TAS				
Prior Period	Carrying values in financial statements prepared as per TAS	Carrying values in consolidated Financial statements prepared as per TAS but in compliance with the communiqué "Preparation of Consolidated Financial	Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Financial Assets (Net)	294.047.285	294.102.783	275.567.834	26.987.165	-	9.432.655	-
Loans(Net)	794.596.759	792.614.426	828.707.936	30.158.530	-	-	63.481
Assets Held For Resale And Related To Discontinued Operations (Net)	1.085.705	1.085.705	1.085.705	-	-	-	-
Investment in Subsidiaries, Associates, Joint ventures (net)	3.553.739	3.597.693	3.597.693	-	-	-	-
Property And Equipment (Net)	4.555.541	10.109.770	9.905.031	-	-	-	204.739
Intangible Assets (Net)	1.360.465	1.359.987	147.631	-	-	-	1.208.874
Tax Asset	6.278.161	5.451.543	5.451.543	-	-	-	-
Other Assets	73.641.016	75.945.107	65.058.380	-	-	-	-
TOTAL ASSETS	**1.179.118.671**	**1.184.267.014**	**1.189.521.753**	**57.145.695**	**-**	**9.432.655**	**1.477.094**
Liabilities							
Deposits	736.018.701	705.495.439	-	-	-	-	705.495.439
Borrowings	94.116.398	94.116.398	-	-	-	-	94.116.398
Money Markets	9.772.685	40.295.030	-	25.648.225	-	-	14.646.805
Marketable Securities Issued	49.350.808	49.350.808	-	-	-	-	49.350.808
Financial liabilities measured at fair value through profit or loss	36.459.423	36.459.423	-	-	-	-	36.459.423
Derivative Financial Liabilities	13.969.063	13.969.063		-	-	8.434.832	13.969.063
Lease Payables	1.975.913	1.975.913	-	-	-	-	1.975.913
Provisions	9.024.619	11.582.456	-	-	-	-	11.582.456
Tax Liability	4.451.264	5.964.757	-	-	-	-	5.964.757
Subordinated Loans	39.388.232	39.388.232	-	-	-	-	39.388.232
Other Liabilities	63.018.253	59.407.556	-	-	-	-	59.407.556
Shareholder's Equity	121.573.312	126.261.939	-	-	-	-	126.261.939
TOTAL LIABILITIES	**1.179.118.671**	**1.184.267.014**	**-**	**25.648.225**	**-**	**8.434.832**	**1.158.618.789**

- 48 -

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.2.2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements:

	Current Period	Total	Subject to Credit Risk	Subject to the Securitisation	Subject To Counterparty Credit Risk	Subject To Market Risk
1	Asset carrying value amount under scope of regulatory Consolidation (As note 3.2.1 of Section 4)	1.992.290.940	1.882.776.216	-	101.741.538	7.773.186
2	Liabilities carrying value amount under regulatory scope of consolidation (As note 3.2.1 of Section 4)	52.750.628	-	-	46.966.613	5.784.015
3	**Total net amount under regulatory scope of consolidation**	**1.939.540.312**	**1.882.776.216**	-	**54.774.925**	**1.989.171**
4	**Off-Balance Sheet Amounts**	**1.199.671.668**	**598.578.148**	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences resulted from the BRSA's applications	-	(307.485.367)	-	(15.827.813)	12.523.528
9	Differences due to risk reduction	-	(731.622)	-	-	-
	Risk Amounts	-	**2.173.137.375**	-	**38.947.112**	**14.512.699**

	Prior Period	Total	Subject to Credit Risk	Subject to the Securitisation	Subject To Counterparty Credit Risk	Subject To Market Risk
1	Asset carrying value amount under scope of regulatory Consolidation (As note 3.2.1 of Section 4)	1.256.100.103	1.189.521.753	-	57.145.695	9.432.655
2	Liabilities carrying value amount under regulatory scope of consolidation (As note 3.2.1 of Section 4)	34.083.057	-	-	25.648.225	8.434.832
3	**Total net amount under regulatory scope of consolidation**	**1.222.017.046**	**1.189.521.753**	-	**31.497.470**	**997.823**
4	**Off-Balance Sheet Amounts**	**553.336.490**	**203.639.456**	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences resulted from the BRSA's applications	-	(148.316.857)	-	(6.280.582)	18.197.069
9	Differences due to risk reduction	-	(259.841)	-	-	-
	Risk Amounts	-	**1.244.584.511**	-	**25.216.888**	**19.194.892**

3.2.3 Disclosures regarding differences between exposures valued in accordance with TAS and risk exposures:

Main difference between amounts reported in financial statements and valuated in accordance with TAS and amounts valuated in accordance with TAS in scope of TAS in the framework of legal consolidation is that non-financial subsidiaries are not included in consolidation in scope of legal consolidation.

Group's financial instruments subject to fair value measurement are valued using Mark-to-Market or Mark-to-Model approach based on their product types. Implementation of valuation methodologies is carried out in accordance with the "Fair Value Measurement" policies in line with the prudent valuation principles set out in the annex of the Directive on Measurement and Assessment of Banks' Capital Adequacy. The Group uses market prices for bonds and futures contracts traded in organized markets, while it often uses platforms generating Mark-to-Model value for derivative transactions traded in OTC markets. Mark-to-Market or Mark-to-Model valuations are made on a daily basis so that changes in the market can be reflected in the Group's financials with the same frequency.

The Independent Price Control process (IPV) is designed to draw the errors or deviations that may occur in the valuations to the minimum level, to calculate the correct profit / loss and risk, through verification, comparison and approval of market prices and model inputs regularly with independent and different sources.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

The purpose of the IPV is to ensure that the data used for bank valuations are generated on a daily basis from a highly representative, adequately liquid and accurate instruments. All these processes have a clear, integrated and complementary approach that is in line with the objectives of the Bank.

Prices quoted in active markets for securities and derivative transactions are used to record the fair value of an instrument, but quoted prices are generally not available in active markets. Appropriate valuation techniques are used for financial instruments that are not traded in the market but the estimated fair value is adjusted through valuation techniques of the market participant's estimation of similar asset or liability price. Such adjustments are categorized close out cost, market liquidity, model risk and credit valuation adjustments.

Close out Cost adjustment reflects the amount which would be incurred to arrive at an appropriate ask/liquidation price (financial instruments which are assets at valuation date) or bid/unwind price (financial instruments which are liabilities at valuation date) for financial instruments valued at mid-market prices.

Market liquidity adjustment is calculated to reflect the amount which would be incurred to close out the position when liquidity is not sufficient. When there is not any tradeable price on liquid two way market, a liquidity discount is applied for pricing.

Model risk; reflects the risk stemming from deficiencies in model. Complexity of the model, being market standard and capability to incorporate all known risk factors determine the necessity/applicability of model risk adjustments.

Credit Value Adjustment (CVA), is defined as market value of counterparty credit risk (CCR), which arises from the possibility of a counterparty's default and considered in regulatory capital adequacy calculations for all CCR exposures.

3.3. Explanations on credit risk

3.3.1. General information regarding credit risk

3.3.1.1. General qualitative information regarding credit risk

Credit Policy is prepared to be well-structured in line with the BRSA loan management guidebook.

Credit Policy is revised at least once a year, approved by Board of Directors, announced within the bank and implemented in accordance with the appropriate procedures in banks. During the review of credit policies, economic conjuncture, the bank's capital adequacy ratio and amendments in related regulation are taken into consideration. Key elements such as target markets, portfolio structure and concentration, large exposures, credit limit applications, approval authorities are determined in the credit policies. In the policies, key messages are provided based on principles of prudence, continuity about the customers' worthiness, specific sectors, segments and products for growth in accordance with the defined credit strategies.

Credit Risk Management Section is established to manage the credit risk of the Bank by determining, measuring, monitoring, evaluating and reporting the risks. In order to improve the asset quality of the Bank, the main roles and responsibilities of the section are composed of performing periodical analyses on credit portfolio trend, calculating credit risk cost based on segments and executing compliance activities between risk management practices with Basel requirements.

Credit Risk Management consists of two sub-units: Credit Risk Strategies & Operational Risk Management and Credit Risk Planning, Modeling and Reporting Management.

Credit Risk Strategies and Operational Risk Management is responsible for developing underwriting, monitoring, collection and workout strategies and following the actions taken in accordance with the Bank's risk appetite in terms of credit risk. The unit takes an active role in the development of these strategies by conducting risk analysis, determining the rules to be used in decision trees, putting them into practice through decision support systems, and running the flow smoothly. The unit is also responsible for definition of the operational and reputational risk policies, implementation of measurement, monitoring and reporting systems, identification of the key risk indicators, and performance of scenario analyses. The unit carries out the activities regarding Basel compliance, operational risk models setting and development, operational risk weighted asset calculation and risk based insurance activities.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

The unit is responsible for the studies on Information Systems risk inventory, coordination of the Support Services Risk Management Program and setting up the relevant monitoring systems and management, as well as development of the Business Continuity Management Policy&Plans and continuous updating of these policy and plans. The unit also ensures the actions taken under business continuity and the coordination and control of Business Continuity Management projects and budget.

Credit Risk Planning, Modeling and Reporting Management is responsible for preparation of credit risk budgeting and credit risk reporting activities of the Bank, calculation of loan loss provisions; identification of the Credit Policy according to risk appetite of the Bank, implementation of the policy throughout the Banks and its subsidiaries, support to all units in the Bank for the related topics. The units establishes a common risk culture on group basis and performs process analyses of credit and risk management functions in subsidiaries to ensure standard risk management practices and establishes action plans for the standardization of all gaps within the group. The unit prepares reports for assessment of credit risk and for the preparation of various and comprehensive concentrations and forecasts on asset quality trends for the Bank, performs necessary calculations to measure the risk profile of the bank and ensures that the country risk is identified.

The unit is also responsible for taking part in the model development processes of PD, EAD, LGD models which are in the scope of IRB communique (issued by BRSA – using internal rating based approach for credit risk calculations) and giving opinions as the ultimate authority, supervising the rating systems, monitoring the performance, analysing the results regularly, ensuring the proper functioning of the rating systems, leading the studies for the areas that need improvement and the deficiencies identified, informing the BRSA about the changes made in the rating systems and the relevant units within the Bank, evaluating model use test, ensuring dissemination of the models in the bank internal processes within the scope requested by the BRSA and monitoring the projects carried out in the Bank within the scope of Basel for commercial customers. This business unit is also responsible for taking part in the development processes of operational models used in underwriting, monitoring, collection, etc. processes and monitoring their performance.
ISEDES report is prepared in accordance with the related guide of BRSA and submitted to the approval of the Board of Directors. The report mainly includes the Bank's approach for the review of risks and capital in order to preserve capital adequacy of the Bank with respect to its current and future activities and information on management structure and applied approaches.

Regular supervision and controls are performed to ensure that credit process is carried out in compliance with the Bank credit policies and procedures, loans are extended in accordance with principles and procedures determined by the Board of Directors and loans are reported properly with the information of maturity, quantity and qualification to top management.

Activities carried out by units within scope of internal systems are employed as a tool to define weak points regarding the credit risk management process, policy and procedures and to determine the transactions that are not compliant with limits, policy and procedures.

Issues that are observed during the examinations is being regularly reported to top management and Audit Committee considering importance level.

Summary of the activities of units within the scope of internal systems are effectively utilized by the management and actions are taken in order to prevent repetition of weaknesses and conflicts regarding credit management.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.1.2. Credit quality of assets

	Current Period	Gross carrying values of as per TAS: Defaulted exposures	Gross carrying values of as per TAS: Non-defaulted exposures	Allowances/ impairement	Net values
1	Loans	28.587.292	964.218.184	41.314.247	951.491.229
2	Debt Securities	-	417.410.688	969.230	416.441.458
3	Off-balance sheet exposures	2.028.872	1.182.875.758	3.294.465	1.181.610.165
4	**Total**	**30.616.164**	**2.564.504.630**	**45.577.942**	**2.549.542.852**

	Prior Period	Gross carrying values of as per TAS: Defaulted exposures	Gross carrying values of as per TAS: Non-defaulted exposures	Allowances/ impairement	Net values
1	Loans	22.266.298	638.951.733	37.028.518	624.189.513
2	Debt Securities	-	248.072.180	566.377	247.505.803
3	Off-balance sheet exposures	1.431.465	502.631.650	2.224.326	501.838.789
4	**Total**	**23.697.763**	**1.389.655.563**	**39.819.221**	**1.373.534.105**

3.3.1.3 Changes in stock of defaulted loans and debt securities

		Current Period	Prior Period
1	**Defaulted loans and debt securities at end of the previous reporting period**	**23.697.763**	**21.370.518**
2	Loans and debt securities that have defaulted since the last reporting period	19.230.377	12.176.056
3	Returned to non-defaulted status (-)	78.940	106.767
4	Amounts written off (-)	3.160.395	4.843.613
5	Other changes	(9.072.641)	(4.898.431)
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)**	**30.616.164**	**23.697.763**

3.3.1.4 Additional disclosure related to the credit quality of assets

According to the BRSA Regulation "Regulation on the procedures and principles for the determination of qualification of loans and other receivables by Banks and provision to be set aside" in the cases:

- ➢ For which recovery of principal or interest or both delays for more than ninety days from their terms or due dates or;
- ➢ Which have limited means for total recovery because debtors' equity or guarantees extended by them are found inadequate to cover payment of debts on respective terms and are likely to lead to losses in case any such problems observed are not solved or;
- ➢ For which debtors have suffered deterioration in their creditworthiness and credits have suffered weakness consequently or;
- ➢ For which it is believed that recovery by banks of principal or interest or both would delay for more than ninety days from their terms or due dates due to reasons such as problems encountered by debtors over operating capital financing or additional liquidity creation,

Loans and receivables are classified as non performing loans and are transferred to non performing loan accounts. Within the scope of the same regulation, these loans are set aside for the expected credit loss according to the internal models developed by the Bank.

In accordance with the regulation; in the event that failure to meet payment obligations towards banks stems from temporary liquidity difficulties related to the loans and other receivables as part of the principles of classification, loans and other receivables including any overdue interest may be restructured or subject to a new redemption plan for the purpose of providing debtors with liquidity capability and ensuring recovery of receivables by Bank.

3.3.1.4.1. Exposures provisioned against by major regions (1):

	Current Period	Prior Period
Domestic	1.269.494.528	823.577.257
USA, Canada	2.690.295	1.396.247
European Union (EU) Countries	36.355.587	24.415.665
OECD Countries	7.035.652	3.648.164
Off-Shore Banking Regions	1.297	720
Other Countries	21.646.770	13.073.802
Total	**1.337.224.129**	**866.111.855**

(1) Breakdown of cash, non-cash and non-performing loans with respect to geographical regions are provided.

3.3.1.4.2. Exposures provisioned against by major sectors [1]:

	Current Period	Prior Period
Agricultural	**23.887.467**	**14.167.454**
Farming and raising livestock	16.711.429	10.486.145
Forestry	4.768.164	2.665.356
Fishing	2.407.874	1.015.953
Manufacturing	**515.000.536**	**376.353.296**
Mining and Quarrying	6.151.661	4.788.759
Production	403.237.781	293.210.643
Electricity, Gas, Water	105.611.094	78.353.894
Construction	**134.966.274**	**85.006.390**
Services	**316.609.287**	**206.917.321**
Wholesale and retail trade	87.802.548	54.537.792
Hotel, food and beverage services	26.486.418	18.719.251
Transportation and telecommunication	47.908.798	31.951.203
Financial institutions	74.582.570	47.833.882
Real estate and leasing services	20.114.763	16.952.494
Education services	1.888.718	1.736.312
Health and social services	57.825.472	35.186.387
Other	**346.760.565**	**183.667.394**
Total	**1.337.224.129**	**866.111.855**

(1) Breakdown of cash loans, non cash loans and non performing loans by sector is as in the above table.

3.3.1.4.3. Receivables according to remaining maturities:

Receivables according to remaining maturities are explained Note 7 of Section 4.

3.3.1.4.4. Exposures provisioned against by major sectors:

Information on the amount of receivables and provisions provided for on the sector basis are disclosed in Note 2 of Section 4.

3.3.1.4.5. Exposures provisioned against by major regions:

The distribution of the specific provisions is predominantly domestic and a provision amounting to TL 27.308.756 (December 31, 2022- TL 21.132.394) has been set aside for the risk at an amount of TL 19.231.599 (December 31, 2022- TL 16.106.553).

3.3.1.4.6. Aging analysis for overdue receivables [1]:

	Current Period	Prior Period
1-30 days	4.974.940	2.285.342
31-60 days	3.713.089	1.863.501
61-90 days	2.215.461	870.807
Total	**10.903.490**	**5.019.650**

(1) Overdue receivables under close monitoring represent over due of cash loans.

Loans under close monitoring amounting to TL 93.840.655 (December 31, 2022- 76.439.636) are not overdue.

3.3.1.4.7. Breakdown of restructured receivables based on whether or not provisions are allocated:

Provisions are recognized for all non-performing loans in accordance with Provisioning Regulation.

Credit Class	Current Period	Prior Period
Loans restructured from loans and other receivables under close monitoring	48.266.305	50.237.972
Loans restructured from loans under legal follow-up	8.233.007	5.170.167
Total	**56.499.312**	**55.408.139**

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.1.4.8. Informations related to expected credit losses for loans:

Current Period	Stage 1	Stage 2	Stage 3	Total
Begining of the period	**4.761.203**	**15.674.510**	**16.592.805**	**37.028.518**
Additions	4.175.875	7.334.241	11.328.634	22.838.750
Disposals (-)	6.194.917	10.139.907	6.609.971	22.944.795
NPL sales (-)	-	-	3.047.039	3.047.039
Write offs (-)	-	-	113.356	113.356
Transfer to stage 1	2.957.649	(2.957.057)	(592)	-
Transfer to stage 2	(941.765)	1.070.784	(129.019)	-
Transfer to stage 3	(72.543)	(1.408.622)	1.481.165	-
Exchange differences	1.353.166	5.984.790	214.213	7.552.169
End of the period	**6.038.668**	**15.558.739**	**19.716.840**	**41.314.247**

Prior Period	Stage 1	Stage 2	Stage 3	Total
Begining of the period	**3.260.936**	**12.736.277**	**14.479.141**	**30.476.354**
Additions	2.166.711	4.534.753	10.541.184	17.242.648
Disposals (-)	1.683.870	3.893.527	5.266.689	10.844.086
NPL sales (-)	-	-	1.672.492	1.672.492
Write offs (-)	-	-	3.171.121	3.171.121
Transfer to stage 1	315.113	(315.019)	(94)	-
Transfer to stage 2	(19.921)	114.132	(94.211)	-
Transfer to stage 3	(185)	(1.646.371)	1.646.556	-
Exchange differences	722.419	4.144.265	130.531	4.997.215
End of the period	**4.761.203**	**15.674.510**	**16.592.805**	**37.028.518**

3.3.2. Credit risk mitigation

3.3.2.1. Qualitative disclosure on credit risk mitigation techniques

The Parent Bank employs on-balance sheet netting and/or general netting agreements for specific capital market transactions for credit risk mitigation, with the condition of meeting the requirements of having implemented corresponding systems supported methods and processes and clear documentation of the required documents.

The Parent Bank may use assets and liabilities as an on balance sheet netting instrument considering them as cash collateral.

The capital requirements may be determined on the base of net exposure of assets and liabilities, if the following conditions are met:

- ➢ The agreement should provide the Bank the authorization to monitor the receivable of the payee over a single value after netting all payables and receivables even though there is no such indicator for the counterparty showing bankruptcy or financial difficulty in accordance with the regulations of governments.
- ➢ The Bank is provided the authority of netting and monitoring the risk over a single value even the counterparty is not in bankruptcy case of a bankruptcy of one counterparty, the other counterparty should have the authority to terminate all contracts under the agreement
- ➢ The agreement should provide the facility to monitor the receivable of the payee over a single value after netting all payables and receivables in case of the termination of all contracts

In the policies and procedures regarding the assessment and management of the collaterals as part of collateralized lending, credit risk mitigation techniques aims at:

- ➢ Determination of general and specific requirements for the improvement and optimization of collateral systems, processes, strategies and procedures;
- ➢ Valuation of collateral taking into consideration the local regulations and procedures;
- ➢ Provision of the soundness, legal enforceability and maintenance of ratable collateral based on a legal framework;
- ➢ Determination of the level of the collateral haircut taking the local conditions and the process of risk management into consideration;
- ➢ Regular monitoring of the collateral value;
- ➢ Differentiation between counterparty (economic) and country (political) risk aspects,
- ➢ Mitigation of concentration risks, correlation risks and residual risks through recognition of collateral;

- Improvement in the quality of strategic business and overall Bank management
- Clear definition of Roles and Responsibilities
- Determination of acceptable collaterals and collateral related conditions (list of collateral) / (non-parametric condition list)

In the calculations regarding credit risk mitigation, the Bank performs risk mitigation within the regulations set out in the Credit Risk Mitigation Techniques Notification dated September 6, 2014 and numbered 29111 and uses a comprehensive financial guarantee method for its financial collaterals. With the comprehensive financial collateral method, the relevant volatility adjustments specified in the regulation made on the value of the financial collaterals that are used in calculating the capital requirements.

The credit policies establish an operational connection between Bank's activities and its risk capacity and covers the main business areas in accordance with target portfolio structure, risk targets regarding expected and unexpected loss in line with risk capacity and limits relating to risk concentration. Limits are ensured to be compliant with restrictions determined by related regulation and regulatory authorities. Bank uses an integrated approach in concentration risk management, in which all risk concentrations are identified, monitored and evaluated. Therefore, besides the loans to individuals and companies, also the concentrations of market, sector, country and segment are being taken into consideration. Bank pays utmost attention to any concentration of the credit and market risks on a specific counterparty or risk classification in accordance with policies and internal procedures.

3.3.2.2. Credit risk mitigation techniques – overview

Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans	878.000.046	73.491.183	56.236.768	1.689.445	1.416.070	-	-
Debt securities	416.441.458	-	-	-	-	-	-
Total	**1.294.441.504**	**73.491.183**	**56.236.768**	**1.689.445**	**1.416.070**	-	-
Of which defaulted	4.960.584	3.909.868	2.867.556	446.094	256.814	-	-

Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans	565.955.069	58.234.444	42.737.061	4.073.740	3.442.226	-	-
Debt securities	247.505.803	-	-	-	-	-	-
Total	**813.460.872**	**58.234.444**	**42.737.061**	**4.073.740**	**3.442.226**	-	-
Of which defaulted	4.173.687	1.499.806	663.375	435.944	305.249	-	-

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.3. Credit risk under standardised approach

3.3.3.1. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

An international rating firm, Fitch Ratings' external risk ratings are used to determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". The international risk ratings are used for all the exposures to central governments/central banks, for Financial Institutions, Corporations, Regional Governments, Administrative Bodies and for Multinational Development Banks asset classes of which the counterparty resides in foreign countries.

Exposures to central governments and central banks which are not rated by Fitch Ratings are included in the calculation of capital adequacy as unrated. Receivables from residents in Türkiye are classified as unrated.

Fitch Ratings' risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

Credit Quality Grade	Fitch Ratings	Claims on sovereigns and Central Banks	Claims on administrative bodies and other non-commercial undertakings	Claims on banks and intermediary institutions: Contractual maturity of claims under 3 months	Claims on banks and intermediary institutions: Contractual maturity of claims over 3 months	Claims on corporates
1	AAA AA+ AA AA-	0%	20%	20%	20%	20%
2	A+ A A-	20%	50%	20%	50%	50%
3	BBB+ BBB BBB-	50%	100%	20%	50%	100%
4	BB+ BB BB-	100%	100%	50%	100%	100%
5	B+ B B-	100%	100%	50%	100%	150%
6	CCC+ CCC CCC- CC C D	150%	150%	150%	150%	150%

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.3.2. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects

	Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	545.163.047	122	546.835.931	56.364	287.212	0,05%
2	Exposures to regional governments or local authorities	1.259.026	-	1.253.450	-	626.725	50,00%
3	Exposures to public sector entities	2.123.825	298.265	2.123.767	99.798	2.223.565	100,00%
4	Exposures to multilateral development banks	1.243.438	114.614	1.243.438	62.453	-	-
5	Conditional and unconditional receivables from banks and brokerage houses	106.015.441	26.234.321	106.014.580	10.301.824	43.098.237	37,05%
6	Exposures to institutions	62.039.774	67.058.960	60.852.405	13.510.149	65.252.818	87,75%
7	Exposures to corporates	8.601.810	2.201.861	7.835.685	135.356	6.001.208	75,29%
8	Retail exposures	28.489	21.301	28.189	10.620	13.612	35,07%
9	Exposures secured by residential property	2.222	467.970	2.222	233.985	124.928	52,89%
10	Exposures secured by commercial real estate	210.223	-	124.541	-	87.066	69,91%
11	Past-due loans	2.637.225	702.518	2.465.934	8.859	3.712.602	150,02%
12	Higher-risk categories by the Agency Board	54.376	-	54.376	-	40.504	74,49%
13	Investments in equities	5.317.372	-	5.317.372	-	12.013.099	225,92%
14	Other assets	15.662.657	-	15.662.657	-	3.927.869	25,08%
	Total	**750.358.925**	**97.099.932**	**749.814.547**	**24.419.408**	**137.409.445**	**17,75%**

	Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	326.297.373	2.422	330.044.849	173.891	92.454	0,03%
2	Exposures to regional governments or local authorities	208.510	20.512	208.510	10.256	109.383	50,00%
3	Exposures to public sector entities	1.497.583	716.706	1.497.526	253.137	1.750.663	100,00%
4	Exposures to multilateral development banks	1.046.689	168.348	1.046.689	128.199	-	-
5	Conditional and unconditional receivables from banks and brokerage houses	83.660.206	33.602.582	83.660.206	4.948.684	27.514.405	31,05%
6	Exposures to institutions	49.166.246	49.744.841	47.298.846	11.178.033	53.146.823	90,89%
7	Exposures to corporates	6.379.178	1.334.390	4.696.322	101.747	3.715.596	77,44%
8	Retail exposures	79.237	1.043	79.237	359	29.104	36,57%
9	Exposures secured by residential property	15.297	1.383.382	15.297	691.681	363.026	51,35%
10	Exposures secured by commercial real estate	370.528	-	269.023	-	211.132	78,48%
11	Past-due loans	742.361	4.243.498	538.508	13.226	827.601	150,00%
12	Higher-risk categories by the Agency Board	31.895	-	31.895	-	14.749	46,24%
13	Investments in equities	3.245.852	-	3.245.852	-	7.333.268	225,93%
14	Other assets	12.087.832	-	12.087.832	-	4.299.170	35,57%
	Total	**484.828.787**	**91.217.724**	**484.720.592**	**17.499.213**	**99.407.374**	**19,79%**

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.3.3. Standard Approach: Receivables by risk classes and risk weights

	Current Period												
	Asset classes/ Riskweight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to central governments or central banks	546.418.906	-	-	-	372.353	-	101.036	-	-	-	-	546.892.295
2	Exposures to regional governments or local authorities	-	-	-	-	1.253.450	-	-	-	-	-	-	1.253.450
3	Exposures to public sector entities	-	-	-	-	-	-	2.223.565	-	-	-	-	2.223.565
4	Exposures to multilateral development banks	1.305.891	-	-	-	-	-	-	-	-	-	-	1.305.891
5	Conditional and unconditional receivables from banks and brokerage houses	-	-	65.340931	-	41.890845	-	9.084.628	-	-	-	-	116.316.404
6	Exposures to institutions	-	-	236.679	-	17.840786	-	56.285089	-	-	-	-	74.362.554
7	Exposures to corporates	-	-	-	-	-	7.879339	91.702	-	-	-	-	7.971.041
8	Retail exposures	-	-	-	38738	-	71	-	-	-	-	-	38.809
9	Exposures secured by residential property	-	-	-	-	222.559	-	13.648	-	-	-	-	236.207
10	Exposures secured by commercial real estate	-	-	-	-	74.951	-	49.590	-	-	-	-	124.541
11	Past-due loans	-	-	-	-	-	-	-	2.473968	825	-	-	2.474.793
12	Higher-risk categories by the Agency Board	3.129	-	8.038	-	8.625	-	34.584	-	-	-	-	54.376
13	Investments in equities	-	-	-	-	-	-	853.554	-	-	4.463818	-	5.317.372
14	Other assets	11.734.788	-	-	-	-	-	3.927.869	-	-	-	-	15.662.657
	Total	**559.462714**	**-**	**65.585648**	**38738**	**61.663569**	**7.879410**	**72.665265**	**2.473968**	**825**	**4.463818**	**-**	**774.233955**

	Prior Period												
	Asset classes/ Riskweight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Total credit risk exposure amount (after CCF and CRM)
1	Exposures to central governments or central banks	330.087459	-	-	-	77.653	-	53.628	-	-	-	-	330.218.740
2	Exposures to regional governments or local authorities	-	-	-	-	218.766	-	-	-	-	-	-	218.766
3	Exposures to public sector entities	-	-	-	-	-	-	1.750.663	-	-	-	-	1.750.663
4	Exposures to multilateral development banks	1.174.888	-	-	-	-	-	-	-	-	-	-	1.174.888
5	Conditional and unconditional receivables from banks and brokerage houses	-	-	57.528150	-	30.143931	-	936.809	-	-	-	-	88.608.890
6	Exposures to institutions	330.804	-	440.198	-	9.294.188	-	48.411.689	-	-	-	-	58.476.879
7	Exposures to corporates	-	-	-	-	-	4.329.889	468.180	-	-	-	-	4.798.069
8	Retail exposures	-	-	-	76.481	-	3.115	-	-	-	-	-	79.596
9	Exposures secured by residential property	-	-	-	-	685.271	5.267	16.440	-	-	-	-	706.978
10	Exposures secured by commercial real estate	-	-	-	-	115.782	-	153.241	-	-	-	-	269.023
11	Past-due loans	-	-	-	-	-	-	-	551.734	-	-	-	551.734
12	Higher-risk categories by the Agency Board	1.678	-	14.924	-	7.059	-	8.234	-	-	-	-	31.895
13	Investments in equities	-	-	-	-	-	-	520.908	-	-	2.724944	-	3.245.852
14	Other assets	7.788.663	-	-	-	-	-	4.299.169	-	-	-	-	12.087.832
	Total	**339.383.492**	**-**	**57.983.272**	**76.481**	**40.542.650**	**4.338.271**	**56.618.961**	**551.734**	**-**	**2.724.944**	**-**	**502.219.805**

3.3.3.4. Explanations on the use of IRB Models

In the development of internal models;

- As the owners of the probability of default (PD), loss given default (LGD) and exposure at default (EAD) models used in capital adequacy calculations, credit risk control and modeling units (individual & commercial) are responsible for the development and implementation processes of the models, also the regular monitoring and updating of the models.
- In case of need, advanced analytics unit is responsible for the development of the PD, LGD, EAD models,
- Validation unit is responsible for performing the initial and periodic validation of the models and providing the regular validation report.

When the development of the models is completed and following the approval of the validation unit, they are submitted to the approval of the credit committee and the Board of Directors. The models can be got into use after the necessary approvals are obtained from the relevant committees.

Performance monitoring of the model, which has been developed and put into use, is carried out by the credit risk control and modeling units and the validation unit. Performance monitoring of the models is carried out through the credit risk control unit report prepared quarterly by the credit risk control and modeling teams and annual periodic validation studies. In addition, every month before the models are run, certification checks are carried out and the accuracy of the data used in the model is confirmed.

Re-development, re-train or re-calibration of the models can be done according to the performance monitoring results of the models in use.

In accordance with the IRB communiqué (issued by BRSA – using internal rating based approach for credit risk calculations) as published in the Official Gazette dated October 23, 2015 numbered 29511, all IRB models and validation processes are audited annually by the Internal Audit Department. The scope of audits consists of three main areas: governance and validation, rating systems and quantification of risks and usage testing. Audit processes include reviewing IRB models for compliance with all minimum requirements, as well as validation of models. In this framework, initial, periodic, data and process validation activities are examined and validation findings are also taken into account within the scope of relevant model audits.

Reports on credit risk models are prepared in order to explain the structure, process and performance of the rating system, the areas that need improvement, the activities to complete the identified deficiencies, and to monitor the credit risk. Commercial credit risk control and modeling & retail credit risk control and modeling units are responsible for reporting. The related report includes the risk profile according to grades, migrations between grades, comparison of the estimations of risk parameters and observed values, and analysis of the effectiveness of the override process. If there is a rating override for project finance loans in the relevant reporting period, the reasons for the change are also included.

For the capital calculation, BRSA allowed the use of PD and EAD models in the corporate receivables class, the PD, LGD and EAD models in the retail receivables class, and the use of the slotting method in project finance loans.

91% of the bank's total risk weighted assets amount is calculated with the IRB approach. 7% of the total risk weighted assets amount is in portfolios such as receivables from central governments or financial institutions that do not have an IRB approach permit. The corporate and commercial portfolio is under the Foundation IRB approach, 95% of which is calculated with the IRB approach. The retail portfolio is under the Advanced IRB approach and 99% of it is calculated with the IRB approach. The slotting approach is used for all project finance risks.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

There are application and behavior PD Models for both corporate and retail receivables classes. Application models are the models that work at the moment when a customer applies for a loan to the Bank. Behavioral models are run at the end of each month for customers with limits or risks in the bank (for the behavior insert, it is required to be older than six months in the individual portfolio).

- Individual portfolio PD application models consist of five models that work separately for each product in case the customer makes their own application. Behavior PD model is a model that consists of nine different segments
- Individual portfolio EAD models are two models consisting of five different segments that vary according to the limit usage rate and risk amount for the customer's credit card and overdraft products. LGD models are five models consisting of eleven different segments in terms of risk amount breakdown by product.
- SME portfolio PD behavior and application models consists of four different segments, which vary according to the customer's information such as turnover, memzuç limit, customer type and being a agriculture customer.
- The same model is used for application and behavior in the corporate/commercial portfolio PD calculation. The model consists of four different segments that vary according to the customer's balance sheet type, memzuç limit and gross profit.
- Corporate/commercial/SME portfolio EAD model consists of twelve different segments that vary according to the portfolio, limit, risk, limit usage rate and limit gap information for the customer's commercial overdraft, commercial credit card, non-cash (check, letter of guarantee, letter of credit) products. Five of the twelve segments are for the corporate/commercial portfolio and seven are for the SME portfolio.

Bank's PD models are developed using logistic regression. At least five years of data are used while developing the model in accordance with the articles specified in the communique. For the initial validation activities, out-of-sample (OOS) and out-of-time (OOT) data is separated. As stated in the Communique, the PD of the best grade can be at least 0.03%.

Due to the use of minimum five-year data during model development and the higher default rates during the model development period compared to the current period, the calculated PD value especially for the individual portfolio differs relatively from the observed DR.

The PD model is used in underwriting strategies, provision calculations and economic capital calculations as well as capital calculations.

Specialized loans can be defined as portfolios with low default rates. PD calculation is not made for specialized loans, the classification method is used.

While developing the LGD model, the gross LGD approach was used. At least 5-7 years of data are used while developing the model in accordance with the articles specified in the communique. For the initial validation activities, out-of-sample (OOS) and out-of-time (OOT) data is separated. As stated in the communique, it has been ensured that the LGD value of mortgage loans is at least 10%. The downturn period effect for the individual portfolio is added as a conservatism margin:

- A random sample is selected one thousand times, with the LGD values calculated for the performing and default groups equal to the number of observations for each product.
- In each sample, the average of LGD values for the performing and default groups is calculated.
- LGD averages calculated in the previous step were ordered for all segments and groups, and the 75th percentile was determined as LGD with a conservatism margin added.
- In order to reflect the effect of the downturn period, the 90th percentile was chosen after the LGD averages were ranked for all segments and groups.

For Commercial LGD model, the total collection amount in the first year when the customers entered the liquidation process was calculated and this amount was deducted from the default amount of the following year. Thus, the default amounts remaining in the following years spent by the customer in the liquidation process are reflected. The annual collection has been made taking into account these default amounts. Thus, the year in which the collection rate was bad in the economic cycle was taken into account. The through-the-cycle (TtC) LGD of the annual calculated LGD values was found. The year with the largest percentage difference of the annual LGD values from the calculated TtC LGD was determined as the downturn year, and the related percentage difference was determined as the downturn period coefficient.

The saturation point values used for the time between the default event and the closing of the receivable are as follows.

Product / Portfolio	Saturation Point
Consumer loan	74
Auto loan	30
Overdraft	42
Mortgage	33
Credit card	50
Commercial portfolio	73
SME portfolio	68
Corporate portfolio	50

EAD model begins by associating defaulted loans with the 12-month risk and limit information before the default date. A random observation month is selected from the 12-month period from the date of default by the customer, and the EAD parameters are calculated accordingly. In product segmentation, arithmetic mean EAD ratios were calculated by considering business requirements and statistical significance. The last step is to add a conservatism margin as required in the Basel and IDD communiqué to create the final model.

As a result of the analysis made for individual loans, it was decided to use the 60th and 70th percentiles for the conservatism margin and downturn period effect ratios, respectively, in individual products in risk conversion factor (RCF), limit conversion factor (LCF) and Non-limit conversion factor (NLCF). For commercial loans, five quantile is added over the model output for both conservatism margin and downturn effect.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.3.5. Counterparty Credit Risk Amounts by Portfolio and PD Ranges

Current Period													
Foundation IRB	**PD Range**	**On-balance sheet amount**	**Off-balance sheet amount**	**Average CCF**	**Exposures post-CCF and CRM**	**Average PD**	**Number of Customers**	**Average LGD**	**Average Maturity**	**Risk Weighted Assets**	**RWA Density**	**Expected Loss**	**Provisions**
	0-0,15	60.459.577	157.551.108	53,96%	145.471.871	0,07%	29.052	43,84%	1,55	28.877.094	19,85%	46.099	87.554
	0,15-0,25	9.117.793	19.516.113	58,83%	20.599.449	0,20%	30.457	42,50%	1,39	7.435.044	36,09%	18.971	28.513
	0,25-0,5	30.596.048	39.379.179	47,03%	49.114.159	0,35%	12.249	42,19%	1,41	26.054.609	53,05%	77.969	102.971
	0,5-0,75	15.039.696	15.013.430	55,42%	23.360.385	0,62%	17.450	41,93%	1,31	16.147.057	69,12%	65.291	44.217
Exposures to	0,75-2,5	90.547.804	55.148.384	46,55%	116.216.670	1,50%	23.424	41,41%	1,62	111.805.360	96,20%	786.764	4.760.783
corporates	2,5-10	27.030.614	35.698.001	39,04%	40.966.132	4,96%	13.603	41,70%	1,38	55.418.918	135,28%	913.498	775.777
	10-100	9.899.941	5.259.687	32,76%	11.623.197	16,07%	1.772	39,97%	1,28	22.924.696	197,23%	840.563	578.838
	100 (default)	15.324.300	903.284	25,38%	15.553.528	100,00%	5.265	39,30%	2,50	-	0,00%	11.515.408	10.850.391
	Subtotal	**258.015.773**	**328.469.186**	**50,20%**	**422.905.391**	**5,12%**	**128.264**	**42,33%**	**1,54**	**268.662.778**	**63,53%**	**14.264.563**	**17.229.044**
Advanced IRB	**PD Range**	**On-balance sheet amount**	**Off-balance sheet amount**	**Average CCF**	**Exposures post-CCF and CRM**	**Average PD**	**Number of Customers**	**Average LGD**	**Average Maturity**	**Risk Weighted Assets**	**RWA Density**	**Expected Loss**	**Provisions**
	0-0,15	25.707.849	111.544.486	51,83%	83.516.266	0,10%	1.133.505	47,26%	-	2.971.538	3,56%	38.112	10.238
	0,15-0,25	29.801.222	123.629.624	51,85%	93.898.096	0,19%	1.639.783	47,10%	-	5.926.095	6,31%	85.184	22.561
	0,25-0,5	9.665.225	30.061.480	51,96%	25.284.343	0,33%	443.249	47,10%	-	2.527.327	10,00%	39.206	10.320
	0,5-0,75	27.051.529	72.821.293	52,02%	64.933.990	0,64%	1.128.864	47,12%	-	11.161.780	17,19%	196.473	41.094
Qualifying Revolving Retail Exposures	0,75-2,5	36.196.415	75.518.871	52,19%	75.606.560	1,47%	1.681.608	46,88%	-	24.264.197	32,09%	521.149	130.861
	2,5-10	36.488.561	29.003.465	53,02%	51.865.033	5,07%	1.839.194	46,25%	-	39.166.255	75,52%	1.211.055	380.544
	10-100	6.540.405	833.800	55,50%	7.003.192	30,05%	370.458	45,26%	-	12.472.298	178,09%	954.807	314.049
	100 (default)	204.371	94	57,01%	204.425	100,00%	9.701	57,77%	-	25.182	12,32%	116.685	16.957
	Subtotal	**171.655.577**	**443.413.113**	**52,02%**	**402.311.905**	**1,69%**	**8.246.362**	**46,96%**	**-**	**98.514.672**	**24,49%**	**3.162.671**	**926.624**
	0-0,15	6.879.695	30.229.750	47,88%	21.354.651	0,09%	124.663	50,53%	-	2.863.704	13,45%	9.835	19.530
	0,15-0,25	5.764.203	14.224.618	48,65%	12.684.863	0,20%	146.699	50,35%	-	3.096.519	25,11%	12.398	18.884
	0,25-0,5	10.350.266	20.656.841	43,28%	19.291.472	0,35%	138.012	52,17%	-	6.671.069	34,81%	35.127	40.171
	0,5-0,75	8.204.354	10.360.482	47,57%	13.132.535	0,63%	122.579	50,97%	-	6.549.872	51,91%	40.557	37.429
Retail SME	0,75-2,5	28.906.888	25.854.504	43,50%	40.152.417	1,48%	250.860	50,37%	-	26.828.923	67,58%	293.752	201.612
Exposures	2,5-10	22.950.320	9.442.108	43,03%	27.013.261	5,10%	183.354	49,36%	-	23.108.981	85,71%	672.808	384.188
	10-100	7.632.927	1.911.269	37,02%	8.340.424	20,13%	48.314	48,04%	-	9.360.660	112,01%	805.953	325.249
	100 (default)	2.326.572	573.610	22,49%	2.455.562	100,00%	44.614	78,16%	-	349.125	13,77%	1.892.187	2.534.893
	Subtotal	**93.015.225**	**113.253.182**	**45,39%**	**144.425.185**	**4,41%**	**873.533**	**50,84%**	**-**	**78.828.853**	**55,09%**	**3.762.617**	**3.561.956**
	0-0,15	3.254.468	17.629.219	83,92%	18.049.567	0,10%	1.326.660	57,84%	-	2.714.628	15,80%	9.608	7.697
	0,15-0,25	11.923.996	26.069.337	84,05%	33.834.905	0,19%	1.605.158	58,44%	-	8.775.889	28,24%	35.200	22.171
	0,25-0,5	5.060.483	9.985.549	84,23%	13.471.619	0,32%	514.520	58,32%	-	5.279.857	41,06%	24.467	13.680
	0,5-0,75	23.564.427	19.748.700	84,52%	40.255.802	0,65%	1.117.343	59,20%	-	26.482.179	69,20%	147.112	49.121
Other Retail	0,75-2,5	42.563.465	20.638.506	85,14%	60.135.400	1,51%	1.522.653	60,03%	-	61.908.558	105,44%	533.509	153.905
Exposures	2,5-10	59.100.241	6.504.176	88,89%	64.881.989	5,48%	1.388.250	60,87%	-	94.859.825	147,20%	2.149.861	522.859
	10-100	14.716.666	164.905	123,11%	14.919.684	30,44%	299.833	61,59%	-	35.956.173	242,87%	2.770.537	763.429
	100 (default)	8.963.115	7.467	36,56%	8.965.846	100,00%	174.674	75,80%	-	672.225	7,26%	6.742.747	6.311.746
	Subtotal	**169.146.861**	**100.747.859**	**84,73%**	**254.514.812**	**7,49%**	**7.935.175**	**60,37%**	**-**	**236.649.334**	**96,52%**	**12.413.041**	**7.844.608**
	Total (All portfolios)	**433.817.663**	**657.414.154**	**55,89%**	**801.251.902**	**3,93%**	**11.764.765**	**51,21%**	**-**	**413.992.859**	**51,67%**	**19.338.329**	**12.333.188**
Other Items	**Subtotal**	**82.549.994**	**-**	**-**	**82.549.994**	**-**	**2**	**-**	**-**	**66.709.358**	**80,76%**	**-**	**-**

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Counterparty Credit Risk Amounts by Portfolio and PD Ranges

Prior Period

Foundation IRB	PD Range	On-balance sheet amount	Off-balance sheet amount	Average CCF	Exposures post-CCF and CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density	Expected Loss	Provisions
Exposures to corporates	0-0,15	4.151.643	18.285.835	48,54%	13.027.132	0,09%	19.049	43,76%	1,80	3.268.153	34,19%	5.473	9.830
	0,15-0,25	1.748.718	3.677.631	63,40%	4.080.427	0,17%	34.646	41,67%	1,77	1.508.440	36,97%	3.194	10.518
	0,25-0,5	28.419.474	30.929.880	46,24%	42.722.342	0,33%	15.178	42,20%	1,37	20.652.229	59,05%	64.235	72.594
	0,5-0,75	63.836.734	60.297.757	45,73%	91.412.811	0,62%	19.949	43,44%	1,46	66.172.557	82,03%	255.467	1.456.916
	0,75-2,5	55.846.447	44.466.374	42,22%	74.621.232	1,56%	23.491	41,71%	1,49	73.564.520	100,45%	523.971	1.187.820
	2,5-10	28.523.654	27.044.456	38,36%	38.898.806	5,05%	13.949	41,84%	1,73	54.834.295	137,77%	884.655	1.800.787
	10-100	2.489.407	4.122.871	21,53%	3.377.054	27,92%	1.830	42,34%	1,41	7.679.676	216,72%	424.266	169.620
	100 (default)	11.315.590	557.785	20,23%	11.428.425	100,00%	7.554	39,65%	2,50	894.949	-	8.524.860	8.109.345
	Subtotal	**196.331.667**	**189.382.589**	**43,95%**	**279.568.229**	**5,81%**	**130.277**	**42,39%**	**1,55**	**228.574.819**	**86,58%**	**10.686.121**	**12.817.430**

Advanced IRB	PD Range	On-balance sheet amount	Off-balance sheet amount	Average CCF	Exposures post-CCF and CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density	Expected Loss	Provisions
Qualifying Revolving Retail Exposures	0-0,15	11.481.540	26.700.133	26,86%	18.653.823	0,10%	977.686	44,21%	-	603.499	35,94%	7.980	3.836
	0,15-0,25	13.731.338	31.430.466	26,94%	22.197.979	0,19%	1.459.760	43,28%	-	1.238.256	38,39%	18.504	9.808
	0,25-0,5	4.614.859	7.757.258	27,83%	6.773.835	0,33%	432.008	43,33%	-	579.918	42,00%	9.810	5.564
	0,5-0,75	11.245.089	16.529.290	28,14%	15.895.869	0,64%	945.891	43,73%	-	2.320.766	46,25%	44.683	19.155
	0,75-2,5	15.647.502	21.631.895	27,89%	21.679.935	1,49%	1.605.773	42,45%	-	5.744.070	49,94%	136.978	67.879
	2,5-10	13.990.073	9.670.544	29,71%	16.863.465	5,14%	1.554.470	42,09%	-	8.559.913	68,55%	363.348	216.705
	10-100	2.185.421	572.404	32,69%	2.372.525	27,48%	342.761	38,93%	-	3.196.063	116,51%	257.092	138.084
	100 (default)	38.491	255	25,89%	38.557	100,00%%	5.786	40,38%	-	260.116	392,34%	142	5.144
	Subtotal	**72.934.313**	**114.292.245**	**27,60%**	**104.475.988**	**1,98%**	**7.324.135**	**43,05%**	**-**	**22.502.601**	**48,55%**	**838.537**	**466.175**
Retail SME Exposures	0-0,15	1.127.021	2.802.973	37,04%	2.165.217	0,10%	64.136	47,95%	-	299.854	32,22%	1.070	3.932
	0,15-0,25	6.541.891	10.972.378	53,23%	12.382.523	0,17%	141.691	49,24%	-	2.431.691	23,64%	10.583	37.907
	0,25-0,5	12.818.653	15.847.176	45,92%	20.096.339	0,37%	130.400	49,73%	-	6.297.904	32,16%	36.769	87.859
	0,5-0,75	9.487.490	8.771.337	41,98%	13.169.456	0,61%	123.153	49,52%	-	5.695.395	45,30%	39.912	78.495
	0,75-2,5	22.661.179	15.087.678	40,54%	28.777.984	1,47%	240.416	48,96%	-	17.417.618	61,01%	206.496	261.000
	2,5-10	15.219.038	6.287.484	37,37%	17.568.407	5,03%	175.733	48,42%	-	13.683.606	76,62%	427.018	304.485
	10-100	2.806.022	889.901	30,88%	3.080.867	18,75%	36.882	46,92%	-	3.236.009	101,44%	271.286	114.058
	100 (default)	3.010.771	591.341	21,44%	3.137.569	100,00%	55.013	80,62%	-	404.960	12,96%	2.498.888	3.421.306
	Subtotal	**73.672.065**	**61.250.268**	**43,60%**	**100.378.362**	**5,18%**	**967.424**	**50,03%**	**-**	**49.467.037**	**50,42%**	**3.492.022**	**4.309.042**
Other Retail Exposures	0-0,15	976.024	4.203.450	81,40%	4.397.743	0,10%	1.092.070	56,40%	-	675.705	24,86%	2.391	4.166
	0,15-0,25	4.759.289	5.952.966	81,71%	9.623.703	0,19%	1.378.190	58,44%	-	2.697.916	46,99%	10.833	15.077
	0,25-0,5	2.053.921	2.630.257	82,12%	4.213.768	0,34%	482.587	58,67%	-	1.705.622	54,08%	8.475	8.901
	0,5-0,75	12.159.587	4.865.386	82,75%	16.185.667	0,65%	987.772	60,22%	-	10.741.070	80,20%	62.978	48.427
	0,75-2,5	26.958.674	6.154.708	83,88%	32.121.428	1,54%	1.470.401	60,54%	-	31.991.303	96,14%	300.057	190.067
	2,5-10	37.313.800	2.803.584	89,78%	39.830.822	5,36%	1.462.903	60,90%	-	54.816.083	109,76%	1.301.040	729.941
	10-100	8.040.243	101.145	133,11%	8.174.879	28,90%	255.511	61,49%	-	19.286.226	134,77%	1.456.962	769.316
	100 (default)	5.751.379	6.456	26,89%	5.753.115	100,00%	191.543	77,79%	-	1.864.682	17,75%	4.363.917	4.714.144
	Subtotal	**98.012.917**	**26.717.952**	**83,42%**	**120.301.125**	**9,05%**	**7.320.977**	**61,12%**	**-**	**123.778.607**	**89,37%**	**7.506.653**	**6.480.039**
	Total (All portfolios)	**244.619.295**	**202.260.465**	**39,82%**	**325.155.475**	**5,58%**	**10.686.717**	**51,89%**	**-**	**195.748.245**	**64,23%**	**11.837.212**	**11.255.256**
Other Items	**Subtotal**	**57.251.531**	**-**	**-**	**57.251.531**	**-**	**2**	**-**	**-**	**44.684.546**	**77,99%**	**-**	**-**

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.3.6. IRB: The effect of credit derivatives used as CRM technique on RWA

	Current Period	RWA – PRE Credit	Actual RWA
1	Exposures to central governments or central banks - Foundation IRB	-	-
2	Exposures to central governments or central banks - Advanced IRB	-	-
3	Exposures to banks and financial institutions - Foundation IRB	-	-
4	Exposures to banks and financial institutions - Advanced IRB	-	-
5	Exposures to corporates -Foundation IRB	270.495.684	270.495.684
6	Exposures to corporates - Advanced IRB	-	-
7	Specialised Lending - Foundation IRB	-	-
8	Specialised Lending - Advanced IRB	101.324.821	101.324.821
9	Retail exposures - Qualifying revolving	98.514.672	98.514.672
10	Retail exposures - secured by real estate	3.734.310	3.734.310
11	Retail exposures - SME	77.802.811	77.802.811
12	Retail Exposures - Other	233.942.348	233.942.348
13	Investments in equities - Foundation IRB	-	-
14	Investments in equities - Advanced IRB	-	-
15	Purchased Receivables - Foundation IRB	-	-
16	Purchased Receivables - Advanced IRB	-	-
17	Other Items - Advanced IRB	66.709.358	66.709.358
	Total	**852.524.004**	**852.524.004**

	Prior Period	RWA – PRE Credit	Actual RWA
1	Exposures to central governments or central banks - Foundation IRB	-	-
2	Exposures to central governments or central banks - Advanced IRB	-	-
3	Exposures to banks and financial institutions - Foundation IRB	-	-
4	Exposures to banks and financial institutions - Advanced IRB	-	-
5	Exposures to corporates -Foundation IRB	231.362.156	231.362.156
6	Exposures to corporates - Advanced IRB	-	-
7	Specialised Lending - Foundation IRB	-	-
8	Specialised Lending - Advanced IRB	88.314.214	88.314.214
9	Retail exposures - Qualifying revolving	22.502.601	22.502.601
10	Retail exposures - secured by real estate	-	-
11	Retail exposures - SME	49.482.874	49.482.874
12	Retail Exposures - Other	123.778.607	123.778.607
13	Investments in equities - Foundation IRB	-	-
14	Investments in equities - Advanced IRB	-	-
15	Purchased Receivables - Foundation IRB	-	-
16	Purchased Receivables - Advanced IRB	-	-
17	Other Items - Advanced IRB	44.684.546	44.684.546
	Total	**560.124.998**	**560.124.998**

3.3.3.7. RWA Movement Table Under IRB Approach (1)

		Current Period	Prior Period
1	Previous Period Closing Amount	556.692.068	306.567.715
2	Changes in Volume	215.651.230	150.427.302
3	Changes in Asset Quality	38.370.235	13.104.722
4	Model Updates	(36.176.926)	(198.188)
5	Policy and Regulatory Changes	75.421.756	86.790.517
6	Purchasing and Selling	-	-
7	FX Difference	-	-
8	Other	-	-
9	**Current Period Closing Amount**	**849.958.363**	**556.692.068**

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

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.3.8. IRB: Back-testing of probability of default in each asset class

Asset classes	PD Range	Equivalent External Rating	Weighted Average PD	Mean PD By Borrower	Number of Borrowers Prior Period	Number of Borrowers Current Period	Borrowers in default within the year	Borrowers in default for the first time within the year	Average historical annual default rate
Corporate exposures - 1	0% - 0,14%	AAA to A+	0,06%	0,08%	19.019	28.034	7	-	0,02%
Corporate exposures - 2	0,14% - 0,41%	A to A-	0,28%	0,24%	47.748	43.384	39	6	0,06%
Corporate exposures - 3	0,41% - 1,17%	BBB+ to BBB-	0,73%	0,75%	32.013	26.968	60	19	0,17%
Corporate exposures - 4	1,17 %- 3,22%	BB+ to BB-	1,80%	2,07%	18.703	18.470	140	37	0,59%
Corporate exposures - 5	3,22% - 15,08%	B+ to B-	6,53%	6,28%	8.932	9.601	205	61	2,07%
Corporate exposures - 6	15,08%- 33,77%	CCC+ to CCC-	19,39%	26,03%	1.230	1.257	146	23	9,88%
Corporate exposures - 7	33,77% - 99,999%	CC	38,91%	42,55%	72	76	5	15	18,30%
Corporate exposures - 8	100%	D	100,00%	100,00%	7.554	5.265	-	-	-
	Subtotal	**Subtotal**	**5,09%**	**6,24%**	**135.271**	**128.447**	**602**	**161**	**0,62%**

Asset classes	PD Range	Equivalent External Rating	Weighted Average PD	Mean PD By Borrower	Number of Borrowers Prior Period	Number of Borrowers Current Period	Borrowers in default within the year	Borrowers in default for the first time within the year	Average historical annual default rate
Retail exposures - Qualifying revolving - 1	0% - 0,14%	AAA to A+	0,10%	0,10%	966.927	1.133.422	352	18	0,03%
Retail exposures - Qualifying revolving - 2	0,14% - 0,41%	A to A-	0,22%	0,22%	1.846.177	2.082.893	1.177	77	0,05%
Retail exposures - Qualifying revolving - 3	0,41% - 1,17%	BBB+ to BBB-	0,77%	0,78%	1.651.295	1.847.882	4.049	484	0,18%
Retail exposures - Qualifying revolving - 4	1,17 %- 3,22%	BB+ to BB-	2,26%	2,32%	1.564.777	1.675.623	13.562	2.435	0,59%
Retail exposures - Qualifying revolving - 5	3,22% - 15,08%	B+ to B-	6,96%	7,37%	1.020.850	1.185.894	30.697	8.075	2,37%
Retail exposures - Qualifying revolving - 6	15,08%- 33,77%	CCC+ to CCC-	31,35%	31,34%	268.323	310.947	33.190	3.976	11,62%
Retail exposures - Qualifying revolving - 7	33,77% - 99,999%	CC	0,00%	-	-	-	-	-	25,12%
Retail exposures - Qualifying revolving - 8	100%	D	100,00%	100,00%	5.786	9.701	-	-	-
	Subtotal	**Subtotal**	**1,69%**	**2,92%**	**7.324.135**	**8.246.362**	**83.027**	**15.065**	**2,34%**

Asset classes	PD Range	Equivalent External Rating	Weighted Average PD	Mean PD By Borrower	Number of Borrowers Prior Period	Number of Borrowers Current Period	Borrowers in default within the year	Borrowers in default for the first time within the year	Average historical annual default rate
Retail exposures - SME - 1	0% - 0,14%	AAA to A+	0,08%	0,09%	64.019	110.864	19	2	0,04%
Retail exposures - SME - 2	0,14% - 0,41%	A to A-	0,27%	0,26%	216.223	279.200	205	65	0,13%
Retail exposures - SME - 3	0,41% - 1,17%	BBB+ to BBB-	0,74%	0,76%	256.206	203.568	699	120	0,44%
Retail exposures - SME - 4	1,17 %- 3,22%	BB+ to BB-	1,82%	2,05%	206.153	204.472	1.584	370	1,18%
Retail exposures - SME - 5	3,22% - 15,08%	B+ to B-	6,13%	6,39%	142.315	164.981	3.469	1.185	3,44%
Retail exposures - SME - 6	15,08%- 33,77%	CCC+ to CCC-	20,11%	23,35%	20.202	24.868	1.779	363	12,19%
Retail exposures - SME - 7	33,77% - 99,999%	CC	44,01%	45,78%	1.113	6.955	106	147	16,72%
Retail exposures - SME - 8	100%	D	100,00%	100,00%	55.092	44.478	-	-	-
	Subtotal	**Subtotal**	**4,41%**	**8,01%**	**961.323**	**873.544**	**7.861**	**2.252**	**1,27%**

Asset classes	PD Range	Equivalent External Rating	Weighted Average PD	Mean PD By Borrower	Number of Borrowers Prior Period	Number of Borrowers Current Period	Borrowers in default within the year	Borrowers in default for the first time within the year	Average historical annual default rate
Retail Exposures - Other -1	0% - 0,14%	AAA to A+	0,10%	0,10%	1.093.603	1.319.081	330	66	0,02%
Retail Exposures - Other- 2	0,14% - 0,41%	A to A-	0,23%	0,23%	1.867.693	2.094.436	1.740	533	0,06%
Retail Exposures - Other- 3	0,41% - 1,17%	BBB+ to BBB-	0,79%	0,79%	1.679.385	1.810.147	5.791	2.724	0,22%
Retail Exposures - Other- 4	1,17 %- 3,22%	BB+ to BB-	2,33%	2,36%	1.375.367	1.382.833	14.884	7.958	0,67%
Retail Exposures - Other- 5	3,22% - 15,08%	B+ to B-	7,11%	7,28%	902.758	822.884	31.294	14.439	2,32%
Retail Exposures - Other- 6	15,08%- 33,77%	CCC+ to CCC-	31,18%	31,32%	225.037	284.196	33.994	6.566	12,31%
Retail Exposures - Other- 7	33,77% - 99,999%	CC	-	-	-	-	-	-	18,77%
Retail Exposures - Other- 8	100%	D	100,00%	100,00%	191.637	174.507	-	-	-
	Subtotal	**Subtotal**	**7,49%**	**6,45%**	**7.335.480**	**7.888.084**	**88.033**	**32.286**	**1,76%**

Asset classes	PD Range	Equivalent External Rating	Weighted Average PD	Mean PD By Borrower	Number of Borrowers Prior Period	Number of Borrowers Current Period	Borrowers in default within the year	Borrowers in default for the first time within the year	Average historical annual default rate
Other Items - 1	-	-	-	-	2	2	-	-	-

- 65 -

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.3.3.9. IRB - Specialized lending and equity investments subject to the simple risk weight approach

Current Period

Specialised Lendings (Besides High-volatility Commercial Real Estates)

Category	Remaining Maturity	On-balance sheet amount	Off-balance sheet amount	Counterparty credit risk	Risk Weight	Risk Amount: Project Finance	Risk Amount: Object Finance	Risk Amount: Commodities Finance	Risk Amount: Income Producing Real Estate	Risk Amount: Total	RWA Amount: Credit Risk	RWA Amount: Counter Party Credit Risk	Expected Losses
Strong	<2,5 year	302.209	-	2.269	50%	304.478	-	-	-	304.478	151.104	1.135	-
	≥2,5 year	12.946.602	-	212.690	70%	13.159.292	-	-	-	13.159.292	9.062.621	148.883	52.637
Good	<2,5 year	4.763.454	2.735.752	370.817	70%	5.115.539	70.568	-	507.164	5.693.271	3.725.718	259.572	22.773
	≥2,5 year	27.691.400	8.575.230	209.127	90%	31.947.121	1.051.471	-	-	32.998.592	29.510.518	188.215	263.989
Satisfactory		32.111.099	1.792.411	116.217	115%	27.941.076	1.321.337	-	3.393.370	32.655.783	37.420.502	133.648	914.362
Weak		8.285.342	18.698	-	250%	8.289.162	-	-	-	8.289.162	20.722.905	-	663.133
Default		-	32.666	-	-	6.675	-	-	-	6.675	-	-	3.337
Total		**86.100.106**	**13.154.757**	**911.120**		**86.763.343**	**2.443.376**	**-**	**3.900.534**	**93.107.253**	**100.593.368**	**731.453**	**1.920.231**

Prior Period

Specialised Lendings (Besides High-volatility Commercial Real Estates)

Category	Remaining Maturity	On-balance sheet amount	Off-balance sheet amount	Counterparty credit risk	Risk Weight	Risk Amount: Project Finance	Risk Amount: Object Finance	Risk Amount: Commodities Finance	Risk Amount: Income Producing Real Estate	Risk Amount: Total	RWA Amount: Credit Risk	RWA Amount: Counter Party Credit Risk	Expected Losses
Strong	<2,5 year	-	-	163.673	50%	162.226	-	-	1.447	163.673	-	81.837	-
	≥2,5 year	8.516.500	1.641.022	154.458	70%	8.934.533	-	-	67.521	9.002.054	6.193.317	108.121	36.008
Good	<2,5 year	6.768.998	986.608	219.451	70%	5.944.431	725.674	-	517.403	7.187.508	4.877.640	153.616	28.750
	≥2,5 year	24.154.360	8.095.026	216.571	90%	29.027.733	120.788	-	-	29.148.521	26.038.755	194.914	233.188
Satisfactory		28.529.920	1.572.142	79.367	115%	23.404.903	100.667	-	5.434.894	28.940.464	33.190.261	91.268	810.333
Weak		6.605.757	832.649	-	250%	6.489.341	-	-	284.412	6.773.753	17.384.485	-	497.697
Default		-	34.798	-	-	7.021	-	-	-	7.021	-	-	3.510
Total		**74.575.535**	**13.162.245**	**833.520**		**73.970.188**	**947.129**	**-**	**6.305.677**	**81.222.994**	**87.684.458**	**629.756**	**1.609.486**

- 66 -

3.4. Explanation on counterparty credit risk

3.4.1. Qualitative evaluation for Counterparty Credit Risk

Counterparty Credit Risk (CCR) is organized under Market Risk Management and is functioning within the scope of "Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks". These functions include counterparty credit risk calculations within general risk appetite and control process of risk management policies for CCR.

Credit limits under CCR are defined within the scope of internal model method, specified in "Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks -Appendix 2", considering various stress scenarios.

General policies for collaterals and provisions under credit risk management are also valid for CCR. Exposure and collateral values are calculated on a daily basis. In order to mitigate the counterparty credit risk, international framework agreements (ISDA, CSA, GMRA, etc.) are being used through collateral and margin call mechanisms.

In case of a downgrade in credit note, the amount of additional collateral the Bank has to provide is calculated periodically under several stress scenarios.

3.4.2. Assessment of Counterparty Credit Risk according to the models of measurement

	Current Period	Revaluation Cost	Potential credit risk exposure	EEPE(1)	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standart Approach-CCR	20.007.429	-	-	1,40	20.007.429	7.076.800
2	Internal Model Approach			-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation					-	-
4	Comprehensive Method for Credit Risk Mitigation					11.441.715	3.073.002
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
	Total						**10.149.802**

	Prior Period	Revaluation Cost	Potential credit risk exposure	EEPE(1)	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standart Approach-CCR	14.906.299	-	-	1,40	14.906.299	7.601.575
2	Internal Model Approach			-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation					-	-
4	Comprehensive Method for Credit Risk Mitigation					3.776.098	1.562.017
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
	Total						**9.163.592**

(1) Effective expected positive exposure

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.4.3. Credit valuation adjustment (CVA) capital charge

		Current Period		Prior period	
		Exposure (After credit risk mitigation methods)	Risk Weighted Amounts	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
	Total portfolio value with comprehensive approach CVA capital adequacy	-	-	-	-
1	(i) Value at risk component (3*multiplier included)	-	-	-	-
2	(ii) Stressed Value at Risk (3*multiplier included)	-	-	-	-
3	Total portfolio value with simplified approach CVA capital adequacy	20.007.429	3.813.850	14.906.299	3.922.738
	Total amount of CVA capital adequacy	**20.007.429**	**3.813.850**	**14.906.299**	**3.922.738**

3.4.4. Standardised approach – CCR exposures by regulatory portfolio and risk weights

Current Period

	Risk Weights/Risk Classes	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%	Total credit risk(1)
1	Central governments and central banks receivables	5.224.021	-	-	-	-	-	-	-	-	-	5.224.021
2	Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-	-
3	Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-	-
5	Banks and Intermediary Institutions receivables	-	-	-	-	13.793.910	-	7.974.107	-	668.606	-	22.436.623
6	Corporate receivables	-	-	-	-	-	-	-	-	169.415	-	169.415
7	Retail receivables	-	-	-	-	-	-	-	405	-	-	405
8	Mortgage receivables	-	-	-	-	-	-	-	-	-	-	-
9	Non performing receivables	-	-	-	-	-	-	-	-	-	-	-
10	High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-
11	Investments in equities	-	-	-	-	-	-	-	-	-	-	-
12	Other receivables	-	-	-	-	-	-	-	-	-	-	-
	Total	**5.224.021**	**-**	**-**	**-**	**13.793.910**	**-**	**7.974.107**	**405**	**838.021**	**-**	**27.830.464**

Prior Period

	Risk Weights/Risk Classes	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%	Total credit risk(1)
1	Central governments and central banks receivables	1.850.855	-	-	-	-	-	-	-	-	-	1.850.855
2	Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-	-
3	Administrative and non commercial receivables	-	-	-	-	-	-	-	-	4.993	-	4.993
4	Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-	-
5	Banks and Intermediary Institutions receivables	-	128.315	6.406.176	-	3.438.244	-	7.429.755	-	207.665	-	17.610.155
6	Corporate receivables	-	-	-	-	52	-	744	-	576.648	-	577.444
7	Retail receivables	-	-	-	-	-	-	-	717.930	-	-	717.930
8	Mortgage receivables	-	-	-	-	-	-	-	-	-	-	-
9	Non performing receivables	-	-	-	-	-	-	-	-	-	-	-
10	High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-
11	Investments in equities	-	-	-	-	-	-	-	-	-	-	-
12	Other receivables	-	-	-	-	-	-	-	-	-	-	-
	Total	**1.850.855**	**128.315**	**6.406.176**	**-**	**3.438.296**	**-**	**7.430.499**	**717.930**	**789.306**	**-**	**20.761.377**

(1) Includes credit risk amounts of total exposure after applying credit risk mitigations.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.4.5. Counterparty Credit Risk Amounts by Portfolio and PD Ranges

Current Period								
Foundation IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density
Exposures to corporates	0-0,15	996.585	0,07%	112	43,59%	1,80	204.461	20,52%
	0,15-0,25	47.347	0,21%	3	44,99%	1,00	15.341	32,40%
	0,25-0,5	15.427	0,37%	14	44,69%	1,15	7.349	47,64%
	0,5-0,75	67.087	0,62%	7	34,76%	1,00	32.175	47,96%
	0,75-2,5	1.549.917	1,66%	36	44,98%	1,61	1.551.813	100,12%
	2,5-10	19.472	3,25%	10	44,80%	1,00	21.767	111,79%
	10-100	14	12,36%	1	-	1,00	-	-
	100 (default)	-	-	-	-	-	-	-
	Subtotal	**2.695.849**	**1,03%**	**183**	**44,21%**	**1,65**	**1.832.906**	**67,99%**

Advanced IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density
Qualifying Revolving Retail Exposures	0-0,15	-	-	-	-	-	-	-
	0,15-0,25	-	-	-	-	-	-	-
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
	0,75-2,5	-	-	-	-	-	-	-
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-
Retail-SME Exposures	0-0,15	10.592	0,05%	6	53,37%	-	866	8,18%
	0,15-0,25	186	0,21%	1	45,83%	-	37	20,05%
	0,25-0,5	603	0,38%	1	50,48%	-	199	32,92%
	0,5-0,75	-	-	-	-	-	-	-
	0,75-2,5	330	1,72%	3	43,46%	-	180	54,43%
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Subtotal	**11.711**	**0,12%**	**11**	**52,83%**	-	**1.282**	**10,94%**
Other Retail Exposures	0-0,15	-	-	-	-	-	-	-
	0,15-0,25	-	-	-	-	-	-	-
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
	0,75-2,5	-	-	-	-	-	-	-
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-
	Total (All portfolios)	**11.711**	**0,12%**	**11**	**52,83%**	-	**1.282**	**10,94%**

- 69 -

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Prior Period								
Foundation IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density
Exposures to corporates	0-0,15	125.759	0,12%	24	45,00%	1,00	27.684	22,01%
	0,15-0,25	17.104	0,17%	4	45,00%	1,00	3.903	22,82%
	0,25-0,5	556.721	0,33%	83	45,00%	1,54	274.284	49,27%
	0,5-0,75	1.508.874	0,64%	75	45,00%	1,66	1.076.068	71,32%
	0,75-2,5	1.290.668	1,51%	55	45,00%	1,65	1.276.799	98,93%
	2,5-10	76.443	7,94%	7	44,95%	1,00	128.033	167,49%
	10-100	262	14,86%	1	45,00%	1,00	567	216,70%
	100 (default)	-	-	-	-	-	-	-
	Subtotal	**3.575.831**	**1,04%**	**249**	**45,00%**	**1,60**	**2.787.338**	**77,95%**

Advanced IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density
Qualifying Revolving Retail Exposures	0-0,15	-	-	-	-	-	-	-
	0,15-0,25	-	-	-	-	-	-	-
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
	0,75-2,5	-	-	-	-	-	-	-
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-
Retail-SME Exposures	0-0,15	7.584	0,12%	7	50,70%	-	1.153	15,20%
	0,15-0,25	10.882	0,17%	24	52,65%	-	2.201	20,23%
	0,25-0,5	11.340	0,34%	20	48,16%	-	3.304	29,14%
	0,5-0,75	6.853	0,60%	12	48,21%	-	2.782	40,60%
	0,75-2,5	7.963	1,63%	12	51,20%	-	5.216	65,50%
	2,5-10	1.538	3,88%	3	50,48%	-	1.180	76,74%
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Subtotal	**46.160**	**0,64%**	**78**	**50,24%**	-	**15.836**	**34,31%**
Other Retail Exposures	0-0,15	-	-	-	-	-	-	-
	0,15-0,25	-	-	-	-	-	-	-
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
	0,75-2,5	-	-	-	-	-	-	-
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-	-
	Total (All portfolios)	**46.160**	**0,64%**	**78**	**50,24%**	-	**15.836**	**34,31%**

- 70 -

3.4.6. Composition of collateral for CCR exposure

		Collaterals for Derivatives				Collaterals or Other Transactions	
	Current Period	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash-Local Currency	-	-	-	-	10.141.150	-
2	Cash - Foreign Currency	-	-	-	-	23.442.947	-
3	Domestic sovereign debts	-	-	-	-	-	10.529.941
4	Other sovereign debts	-	-	-	-	-	34.325.510
5	Other collateral	-	-	-	-	-	-
	Total	-	-	-	-	**33.584.097**	**44.855.451**

		Collaterals for Derivatives				Collaterals or Other Transactions	
	Prior Period	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
		Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash-Local Currency	-	-	-	-	18.496.136	-
2	Cash - Foreign Currency	-	-	-	-	5.473.381	-
3	Domestic sovereign debts	-	-	-	-	-	18.844.825
4	Other sovereign debts	-	-	-	-	-	8.714.900
5	Other collateral	-	-	-	-	-	-
	Total	-	-	-	-	**23.969.517**	**27.559.725**

3.4.7. Credit derivatives exposures

	Current Period		Prior Period	
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Nominal				
Single-name credit default swaps	-	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	71.331.874	-	38.271.238
Credit Options	-	-	-	-
Other Credit Derivatives	-	-	-	-
Total Nominal	-	**71.331.874**	-	**38.271.238**
Rediscount Amount	-	**(1.298.906)**	-	**(2.448.578)**
Positive Rediscount Amount	-	2.449.816	-	788.608
Negative Rediscount Amount	-	(3.748.722)	-	(3.237.186)

3.4.8. Exposures to central counterparties

		Current Period		Prior Period	
		Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
1	**Exposure to Qualified Central Counterparties (QCCPs) (Total)**		**293.442**		**258.814**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
3	(i) OTC Derivatives	7.354.368	290.570	6.534.491	258.814
4	(ii) Exchange-traded Derivatives	-	-	-	-
5	(iii) Securities financing transactions	-	-	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
7	Segregated initial margin	-		-	
8	Non-segregated initial margin	-	-	-	-
9	Pre-funded default fund contributions	143.600	2.872	-	-
10	Unfunded default fund contributions	-	-	-	-
11	**Exposures to non-QCCPs (Total)**	-	-	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)	-	-	-	-
13	(i) OTC Derivatives	-	-	-	-
14	(ii) Exchange-traded Derivatives	-	-	-	-
15	(iii) Securities financing transactions	-	-	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
17	Segregated initial margin	-		-	
18	Non-segregated initial margin	-	-	-	-
19	Pre-funded default fund contributions	-	-	-	-
20	Unfunded default fund contributions	-	-	-	-

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.5. Securitisations

None.

3.6. Explanations on consolidated market risk

3.6.1. Qualitative disclosure on market risk

Market Risk Management department monitors the interest rate, exchange rate, stock, commodity and credit spread risks arising from the main financial activities of the Group on a daily basis and measures the probability of loss that may arise from the related risks by using internal model. Risks measured are regularly reported to the business units, their compliance with Bank's risk appetite is monitored and impacts on capital requirement are analyzed. By taking into account the distinction between banking and trading portfolios, analyses and measurements enable Market Risk Management to determine specific limits on sub-portfolio / product levels.

Market risks that the Group is exposed to are assessed and managed by a triple structure consisting of Treasury, Financial Planning and Market Risk Management Units. The Board of Directors, the Executive Committee and the Audit Committee have primary responsibility for management of such risks. Both Top management and the sub-units are responsible for managing the risks taking into account constraints and targets such as Bank's interest rate sensitivity, liquidity constraints, funding sources, budget targets, medium and long-term capital planning and profitability of the products in operation.

Models, strategies and processes that are accurate and integrated in accordance with risks the Group is or may be exposed to have been established. Automated reporting and validation activities are carried out for effective analysis, monitoring and control mechanisms. Risk management infrastructure integrated with day-to-day activities enabling monitor and measurement independently from executive activities; and supports business and decision-making processes has been established. Policies, processes, targets, roles / responsibilities, and regular trainings are the main elements of the Bank's dissemination of risk culture and awareness. Systems and structures compatible with international best practices and in line with the risk appetite are available for risk management.

The Group implements internal policies and procedures that are reviewed and approved at least once a year by the Board of Directors in order to manage market risks arising from on and off-balance sheet liabilities. Based on the principles mentioned in Regulatory Authority's directives and best practice guidelines, internal policies determine responsibilities and practitioners for identification, measurement, monitoring and reporting of the risks in line with the risk appetite and needs of the Group; lay the groundwork for granting limits in the Bank; and guide the actions to be taken in case of risk appetite is exceeded.

Market Risk Management organization consists of 4 sub-units; Market Risk Analysis, Asset-Liability Management and Affiliates Coordination, Counterparty Risk and Collateral Management and Risk Methodologies and Market Data Analysis units.

Market Risk Analysis unit; carry out the activities such as measuring and setting limits for risks arising from Financial assets where fair value change is reflected to income statement and Financial assets where fair value change is reflected to other comprehensive income statement using advanced internal methods (Value at Risk, Base Point Value Sensitivity etc.), complying policies and procedures with new regulations and best practices, product-based risk analysis, developing risk measurement and valuation techniques and applying stress tests.

Asset Liability Management and Subsidiaries Coordination unit; enables the Bank to measure the liquidity risk, manage the structural interest rate exposure, manage the protection procedures and the protection accounting processes used to reduce the risk of re-pricing. Follows the concentration of the bank's funding side. Also paves the way for implementation of Bank-side risk applications and risk culture in the Bank's subsidiaries, plays an active role in risk appetite determination and coordination processes.

Counterparty Risk and Collateral Management Unit calculates the exposures of over the counter (OTC) derivative transactions via internal model method and manages the inclusion of these exposures into the monitoring and the credit underwriting processes.

The Risk Methodologies and Market Data Analysis unit provides unbiased management of all market data related to treasury products under the risk management framework. The unit is responsible for the verification of fair values, and transfer of related data sources to the banking system.

3.6.2. Market risk under standardised approach

		Current Period Risk Weighted Asset	Prior Period Risk Weighted Asset
	Outright products	**14.480.549**	**18.559.842**
1	Interest rate risk (general and specific)	1.934.339	2.853.292
2	Equity risk (general and specific)	73.775	2.970.325
3	Foreign exchange risk	12.264.147	12.678.700
4	Commodity risk	208.288	57.525
	Options	**32.150**	**635.050**
5	Simplified approach	-	-
6	Delta-plus method	32.150	635.050
7	Scenario approach	-	-
8	Securitisation	-	-
	Total	**14.512.699**	**19.194.892**

3.7. Explanations on Operational Risk

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2022, 2021 and 2020 year-end gross income balances of the Bank, in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio", published in the Official Gazette No. 29511 dated October 23, 2015, namely "The Calculation of the Amount Subject to Operational Risk". As of December 31, 2022, the total amount subject to operational risk is TL 99.403.270 (December 31, 2022 - TL 46.346.961) and the amount of the related capital requirement is TL 7.952.262 (December 31, 2022 - TL 3.707.757).

Current Period	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for	Rate (%)	Total
Gross Income	24.056.398	32.434.838	102.553.996	53.015.077	15,00%	7.952.262
Amount subject to operational risk (Total*12,5)						**99.403.270**

Prior Period	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for	Rate (%)	Total
Gross Income	17.663.901	24.056.398	32.434.838	24.718.379	15,00%	3.707.757
Amount subject to operational risk (Total*12,5)						**46.346.961**

3.8. Interest rate risk arising from banking accounts:

Interest rate risk means possible losses on financial structure or equity of the Bank by movements in interest rates. Changes in interest rates affect the Bank's earnings by changing the level of net interest incomes, other interest sensitive incomes and operating expenses. The change in interest rates also affects the underlying values of the Bank's assets for active, passive and off-balance sheet items by changing the economic values of future cash flows (and in some cases, the cash flows themselves).

Interest rate risk has three main reasons:

- Repricing Risk: It is caused by the inconsistency in pricing of active and passive items.
- Yield Curve Risk: It results from the variation of the curve and shape of the yield curve.
- Basis Risk: It's due to the low correlation of the earned and paid interest yields of different financial instruments with peer revaluation structure.

The customer's prepayment risk (option risk) is indirectly taken into account in managing and following the interest rate risk by following a specific risk protection rate.

Within the scope of the interest rate risk arising from banking accounts, the core deposit analysis for demand deposits is carried out according to the maximum maturity structure of the same regulation. In core deposit analysis, it is possible to distribute demand deposits up to 3 times using behavioral models reviewed once a year.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

In addition, Consumer Price Index bonds model and early payment model in real estate and consumer loans are also considered in the calculation of interest rate risk.

Interest rate risk is monitored weekly through internal reports and reports made to the Executive Board on a monthly basis.

In accordance with the "Regulation on Measurement and Evaluation of the Interest Rate on Banking Accounts by Standard Shock Method", the economic value differences arising from fluctuations in interest rates are stated in the table below as of December 31, 2023, based on the significant currencies of the Parent Bank.

		Current Period		Prior Period	
Currency	**Applied shock (+/- x basis points)**	**Gains/Losses**	**Gains/Equity-Losses/Equity**	**Gains/Losses**	**Gains/Equity-Losses/Equity**
TRY	(+)500 bp	(12.799.786)	(6,02)%	(6.479.005)	(4,42)%
TRY	(-)400 bp	12.614.309	5,94%	6.097.199	4,16%
EUR	(+)200 bp	1.547.843	0,73%	764.516	0,52%
EUR	(-)200 bp	(1.554.431)	(0,73)%	(754.817)	(0,51)%
USD	(+)200 bp	(6.799.301)	(3,20)%	(3.930.975)	(2,68)%
USD	(-)200 bp	8.458.759	3,98%	4.983.463	3,40%
Total (For negative shocks)		**19.518.637**	**9,19%**	**10.325.845**	**7,04%**
Total (For positive shocks)		**(18.051.244)**	**(8,50)%**	**(9.645.464)**	**(6,57)%**

4. 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 10.

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:	**29,4382**	**32,5739**
First day current bid rate	29,3973	32,6937
Second day current bid rate	29,3374	32,4186
Third day current bid rate	29,2647	32,2421
Fourth day current bid rate	29,2108	32,1766
Fifth day current bid rate	29,1344	32,0726
Arithmetic average of the last 31 days:	**29,0552**	**31,7410**
Evaluation rate as of prior period:	**18,6983**	**19,9349**

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Information on currency risk of the Group:

Current Period	EUR	USD	Other FC(4)	Total
Assets				
Cash (Cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Türkiye	71.252.509	84.614.328	21.129.757	176.996.594
Banks	16.274.124	32.282.498	816.556	49.373.178
Financial assets measured at fair value through profit or loss	26.470	1.625.351	-	1.651.821
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	218.024	29.222.127	1.494.144	30.934.295
Loans (1)	139.138.634	134.342.390	15.328.679	288.809.703
Investments in associates, subsidiaries and joint ventures	-	-	6.170.284	6.170.284
Financial assets measured at amortised cost	20.043.096	98.706.987	-	118.750.083
Hedging derivative financial assets	716.475	2.946.510	-	3.662.985
Tangible assets	55.668	-	274.503	330.171
Other assets (2)	7.302.481	30.713.060	2.387.649	40.403.190
Total assets	**255.027.481**	**414.453.251**	**47.601.572**	**717.082.304**
Liabilities				
Bank deposits	2.934.399	4.902.803	2.769.842	10.607.044
Foreign currency deposits	173.027.573	203.602.704	82.866.779	459.497.056
Funds from money market	6.640.705	30.509.726	-	37.150.431
Funds borrowed from other financial institutions	59.889.252	88.214.896	513.000	148.617.148
Marketable securities issued	10.561.817	70.251.795	5.601.503	86.415.115
Miscellaneous payables	6.119.186	1.996.023	45.644	8.160.853
Hedging derivative financial liabilities	-	-	-	-
Other liabilities(3)	12.996.897	115.222.451	469.451	128.688.799
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**
Prior Period				
Total assets	171.765.045	275.276.676	34.331.754	481.373.475
Total liabilities	164.544.967	330.750.585	46.924.380	542.219.932
Net on balance sheet position	**7.220.078**	**(55.473.909)**	**(12.592.626)**	**(60.846.457)**
Net off balance sheet position(5)	**(6.373.179)**	**44.908.990**	**16.447.620**	**54.983.431**
Financial derivative assets	24.199.658	124.124.582	18.612.685	166.936.925
Financial derivative liabilities	30.572.837	79.215.592	2.165.065	111.953.494
Net position	**846.899**	**(10.564.919)**	**3.854.994**	**(5.863.026)**
Non-cash loans	**67.393.694**	**66.369.841**	**10.050.819**	**143.814.354**

(1) Includes FX indexed loans amounting to TL 115.545 (December 31, 2022 - TL 166.285) which have been disclosed as TL in the financial statements.
(2) Does not include foreign currency prepaid expenses amounting to TL 2.603.455 (December 31, 2022 - TL 1.061.744) and intangible assets amounting to TL 130.179 (December 31, 2022 - TL 89.886).
(3) Does not include foreign currency other comprehensive income and expense under equity.
(4) Other FC column also includes gold balance.
(5) Forward transactions classified as commitments are also included.

Currency risk sensitivity analysis:

The table below represents the sensitivity of the Parent Bank to 15% change of currency exchange rates (USD and EUR).

15% change is the assumption of parity change that may be faced in a possible fluctuation used in the Bank's stress test scenarios.

	Current Period	Prior Period
Change in currency exchange rates (1)	**Profit/loss effect (2)**	**Profit/loss effect (2)**
(+) 15%	1.698.583	1.593.635
(-) 15%	(1.253.541)	(596.848)

(1) Represents the balances of the Parent Bank.
(2) Excluding tax effect

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

5. 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.

5.1. 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 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)**

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	3.265.724	-	-	-	-	149.565.179	152.830.903
Banks	6.922.595	3.499.070	6.116.267	-	-	23.307.085	39.845.017
Financial assets measured at fair value through profit or loss	-	5.558	20.156	127.463	212.054	1.905.664	2.270.895
Receivables from money markets	2.514.757	-	-	-	-	-	2.514.757
Financial assets measured at fair value through other comprehensive income	10.492.500	18.750.666	20.417.815	13.157.038	15.477.650	175.822	78.471.491
Loans (1)	127.298.709	124.350.642	214.577.219	139.524.656	33.200.507	(14.762.220)	624.189.513
Financial assets measured at amortised cost	47.543.781	21.551.302	13.817.909	29.743.940	56.169.325	-	168.826.257
Other assets	1.520.613	4.716.818	4.082.287	8.477.949	4.050.277	92.470.237	115.318.181
Total assets	**199.558.679**	**172.874.056**	**259.031.653**	**191.031.046**	**109.109.813**	**252.661.767**	**1.184.267.014**
Liabilities							
Bank deposits	2.616.742	2.582.968	3.914.800	47.571	-	1.325.315	10.487.396
Other deposits	262.675.306	116.779.884	25.435.248	4.850.599	338.428	284.928.578	695.008.043
Funds from money market	34.804.618	5.490.412	-	-	-	-	40.295.030
Miscellaneous payables	-	-	-	-	-	44.512.534	44.512.534
Marketable securities issued	2.984.364	21.691.053	24.675.391	-	-	-	49.350.808
Funds borrowed from other financial institutions	25.875.731	25.283.522	29.910.175	12.116.997	929.973	-	94.116.398
Other liabilities(2)	13.392.296	39.117.426	10.264.520	25.282.464	3.614.406	158.825.693	250.496.805
Total liabilities	**342.349.057**	**210.945.265**	**94.200.134**	**42.297.631**	**4.882.807**	**489.592.120**	**1.184.267.014**
Balance sheet long position	-	-	**164.831.519**	**148.733.415**	**104.227.006**	-	**417.791.940**
Balance sheet short position	**(142.790.378)**	**(38.071.209)**	-	-	-	**(236.930.353)**	**(417.791.940)**
Off-balance sheet long position	21.885.861	41.542.366	-	-	-	-	63.428.227
Off-balance sheet short position	-	-	(18.909.027)	(33.696.216)	(10.384.551)	-	(62.989.794)
Total position	**(120.904.517)**	**3.471.157**	**145.922.492**	**115.037.199**	**93.842.455**	**(236.930.353)**	**438.433**

(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".

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

5.2. 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	-	-	-	-
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 (1)	3,94	5,72	-	39,50
Other deposits (1)	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

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	2,50	-	-	-
Banks	0,08	0,97	-	13,54
Financial assets measured at fair value through profit or loss	4,80	5,38	-	-
Receivables from money markets	-	-	-	11,86
Financial assets measured at fair value through other comprehensive income	3,32	7,56	-	48,68
Loans	6,09	8,18	-	22,83
Financial assets measured at amortised cost	2,62	6,39	-	53,69
Liabilities				
Bank deposits (1)	-	3,05	-	8,63
Other deposits (1)	0,25	1,09	-	8,16
Funds from money market	3,37	4,43	-	9,14
Miscellaneous payables	-	-	-	-
Marketable securities issued	4,69	7,15	-	20,33
Funds borrowed from other financial institutions	3,98	7,99	-	16,15

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

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

None.

7. Explanations on consolidated liquidity risk management and liquidity coverage 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.

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 major 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 59% of total liabilities of the Bank (December 31, 2022 – 60%) 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, Central Bank of the Republic of Türkiye ("CBRT") accounts and reserves and government bonds issued by Republic of Türkiye Ministry of Treasury and Finance 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 Republic of Türkiye Ministry of Treasury 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.

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.

	Unweighted Amounts		Weighted Amounts	
Current Period	**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 current period 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

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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.

	Unweighted Amounts		Weighted Amounts	
Prior Period	**TL+FC**	**FC**	**TL+FC**	**FC**
High Quality Liquid Assets				
High Quality Liquid Assets			272.983.478	131.335.615
Cash Outflows				
Retail and Small Business Customers Deposits	**397.165.767**	**188.483.727**	**36.092.366**	**18.795.427**
Stable deposits	72.484.220	1.058.912	3.624.211	52.946
Less stable deposits	324.681.547	187.424.815	32.468.155	18.742.481
Unsecured Funding other than Retail and Small Business Customers Deposits	**281.926.371**	**142.155.176**	**168.334.921**	**81.418.756**
Operational deposits	-	-	-	-
Non-Operational deposits	202.790.483	105.269.760	97.785.352	44.533.340
Other Unsecured funding	79.135.888	36.885.416	70.549.569	36.885.416
Secured funding			**116.510**	**86.724**
Other Cash Outflows	**3.475.231**	**3.475.231**	**3.475.231**	**3.475.231**
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.475.231	3.475.231	3.475.231	3.475.231
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	**258.290.430**	**144.736.960**	**12.914.521**	**7.236.848**
Other irrevocable or conditionally revocable commitments	**251.677.440**	**38.594.558**	**22.214.640**	**5.678.798**
Total Cash Outflows			**243.148.189**	**116.691.784**
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	82.979.532	40.250.599	62.709.823	35.883.439
Other contractual cash inflows	302.562	76.848.953	302.561	76.848.954
Total Cash Inflows	**83.282.094**	**117.099.552**	**63.012.384**	**112.732.393**
			Capped Amounts	
Total High Quality Liquid Assets			**272.983.478**	**131.335.615**
Total Net Cash Outflows			**180.135.805**	**29.172.946**
Liquidity Coverage Ratio (%)			**151,54**	**450,20**

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	November 11, 2022	December 2, 2022	October 7, 2022	October 7, 2022
Ratio (%)	432,12	137,02	580,31	170,73

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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	183.155.959	95.883.530	-	-	-	-	-	279.039.489
Banks	33.212.452	7.894.323	4.662.863	10.678.590	373.948	-	-	56.822.176
Financial assets measured at fair value through profit or loss	563.306	-	11.969	40.278	247.444	418.577	995.911	2.277.485
Receivables from money markets	-	-	-	-	-	-	-	-
Financial assets	-	308.431	417.353	10.474.966	39.607.238	46.011.852	198.149	97.017.989
Loans[1]	-	238.504.171	130.500.017	334.189.292	202.905.906	58.118.798	(12.726.955)	951.491.229
Financial assets measured at amortised cost	-	4.962.697	925.132	18.594.204	187.552.404	106.078.657	-	318.113.094
Other assets	69.249.961	2.834.325	3.227.800	5.382.036	9.206.125	4.516.337	64.195.354	158.611.938
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**
Liabilities								
Bank deposits	1.142.440	15.781.925	7.077.792	8.395.079	119.974	-	-	32.517.210
Other deposits	453.388.163	361.903.553	149.263.334	101.815.385	9.352.054	645.977	-	1.076.368.466
Funds borrowed from other financial institutions	-	11.401.668	42.666.728	84.597.920	21.322.626	1.045.901	-	161.034.843
Funds from money market	-	44.219.323	16.138.919	3.024.258	-	-	-	63.382.500
Marketable securities issued	-	9.055.909	10.140.499	38.468.494	39.375.097	-	-	97.039.999
Miscellaneous payables	1.118.604	70.049.254	2.039.756	1.476.634	-	-	2.283.743	76.967.991
Other liabilities[2]	21.210.502	21.325.001	10.401.102	12.595.994	44.541.697	54.976.767	191.011.328	356.062.391
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**
Prior Period								
Total assets	165.086.805	191.597.876	112.925.017	232.105.143	284.136.203	169.986.619	28.429.351	1.184.267.014
Total liabilities	298.270.529	372.113.745	166.830.602	101.913.995	78.640.961	28.414.761	138.082.421	1.184.267.014
Net liquidity gap	**(133.183.724)**	**(180.515.869)**	**(53.905.585)**	**130.191.148**	**205.495.242**	**141.571.858**	**(109.653.070)**	**-**
Net Off-Balance Sheet Position	**-**	**310.948**	**(464.320)**	**(2.441.667)**	**195.183**	**2.838.289**	**-**	**438.433**
Derivative Financial Assets	-	115.903.014	98.470.965	55.647.990	101.652.927	72.725.965	-	444.400.861
Derivative Financial Liabilities	-	115.592.066	98.935.285	58.089.657	101.457.744	69.887.676	-	443.962.428
Non-Cash Loans	**-**	**9.000.062**	**26.001.548**	**109.920.445**	**31.154.551**	**12.732.663**	**54.982.270**	**243.791.539**

(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.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Breakdown of financial liabilities according to their remaining contractual maturities:

The maturity distribution of values at contracted maturity date of non-derivative financial liabilities is presented below. Maturity segments also include the interests of related assets and liabilities.

Current Period[1]	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	842.966.632	169.799.311	123.957.464	9.482.601	648.355	1.146.854.363
Borrowings	11.631.093	44.746.588	91.280.801	24.222.201	1.491.973	173.372.656
Financial liabilities measured at fair value through profit or loss	-	3.724.714	11.053.243	43.265.390	37.731.249	95.774.596
Funds from money market	44.350.548	16.756.520	3.241.694	-	-	64.348.762
Subordinated loans	21.041.873	86.317	834.082	5.299.462	18.504.795	45.766.529
Marketable securities issued	9.108.486	10.532.193	40.611.517	48.767.094	-	109.019.290
Total	**929.098.632**	**245.645.643**	**270.978.801**	**131.036.748**	**58.376.372**	**1.635.136.196**

Prior Period[1]	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Liabilities						
Deposits	554.940.662	123.601.727	31.403.736	4.912.009	338.727	715.196.861
Borrowings	16.657.999	12.807.788	52.159.023	15.557.561	1.381.667	98.564.038
Financial liabilities measured at fair value through profit or loss	735.241	1.498.167	5.498.769	31.525.794	17.047.205	56.305.176
Funds from money market	34.879.888	5.608.915	-	-	-	40.488.803
Subordinated loans	12.222.546	121.714	6.703.541	16.817.742	12.985.673	48.851.216
Marketable securities issued	3.008.046	21.507.327	6.235.755	19.715.346	-	50.466.474
Total	**622.444.382**	**165.145.638**	**102.000.824**	**88.528.452**	**31.753.272**	**1.009.872.568**

(1) Maturities of non-cash loans are described in Note 3 of Section 5.

8. 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)]	1.782.911.988	1.147.430.043
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 Communique on Preparation of Consolidated Financial Statements of the Banks	5.696.132	5.130.104
3	Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	21.568.363	5.202.695
4	Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(42.657.037)	(31.916.083)
5	Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(63.168.751)	(47.918.699)
6	Other differences in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	51.451.562	38.286.704
7	Total Risks	2.932.796.488	1.662.188.119

(1) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communique 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)	1.790.307.010	1.155.479.635
2	(Asset amounts deducted in determining Tier 1 capital)	(19.534.130)	(8.994.462)
3	Total on-Balance sheet exposures	1.770.772.880	1.146.485.173
	Derivative financial instruments and credit derivatives		
4	Replacement cost of derivative financial instruments and credit derivatives	11.757.100	12.074.956
5	Potential credit risk of derivative financial instruments and credit derivatives	21.568.363	5.202.695
6	Total derivative financial instruments and credit derivatives exposure	33.325.463	17.277.651
	Securities financing transaction exposure		
7	Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	16.285.046	1.425.925
8	Agent transaction exposures	-	-
9	Total securities financing transaction exposures	16.285.046	1.425.925
	Off-balance sheet items		
10	Off-balance sheet exposure at gross notional amount	1.175.581.849	544.918.069
11	(Adjustments for conversion to credit equivalent amounts)	(63.168.751)	(47.918.699)
12	Total risk of off-balance sheet items	1.112.413.098	496.999.370
	Capital and total exposure		
13	Tier 1 capital	184.543.914	129.117.257
14	Total exposures	2.932.796.488	1.662.188.119
15	**Leverage ratio (%)**	**6,30**	**7,77**

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

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

9. Explanations on the presentation of financial assets and liabilities at fair values:

The following table summarises the carrying values and fair values of some financial assets and liabilities of the Group. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Book value		Fair value	
	Current period	Prior period	Current period	Prior period
Financial assets	**1.464.758.735**	**950.875.553**	**1.479.763.469**	**971.968.516**
Due from money market	-	2.514.757	-	2.514.757
Banks	56.822.176	39.845.017	56.962.050	39.922.535
Financial assets at fair value through other comprehensive income	97.017.989	78.471.491	97.017.989	78.471.491
Financial assets measured at amortised cost	318.113.094	168.826.257	300.731.388	192.651.507
Loans	992.805.476	661.218.031	1.025.052.042	658.408.226
Financial liabilities	**1.551.941.648**	**969.322.834**	**1.551.390.735**	**969.259.338**
Bank deposits	32.517.210	10.487.396	32.509.234	10.486.500
Other deposits	1.076.368.466	695.008.043	1.069.081.744	695.480.726
Funds borrowed from other financial institutions	161.034.843	94.116.398	164.302.780	94.852.421
Financial liabilities measured at fair value through profit or loss	71.167.000	36.459.423	71.167.000	36.459.423
Subordinated loans	36.846.139	39.388.232	36.968.295	40.684.977
Marketable securities issued	97.039.999	49.350.808	100.393.691	46.782.757
Miscellaneous payables	76.967.991	44.512.534	76.967.991	44.512.534

The fair values of deposits, banks, securities issued and funds borrowed from other financial institutions are determined by calculating the discounted cash flows using the current market interest rates.

The fair value of held-to-maturity assets is determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of loans and receivables is determined by calculating the discounted cash flows using the current market interest rates for the loans with fixed interest rates. For the loans with floating interest rates (such as overdrafts and credit card receivables), it is assumed that the carrying value approaches to the fair value.

TFRS 13, "Fair Value Measurement", requires classification of line items at fair value presented at the financial statements according to the defined levels. These levels depend on the observability of data used for fair value calculations. Classification for fair value is generated as followed below:

Level 1: Assets or liabilities with prices recorded (unadjusted) in active markets

Level 2: Assets or liabilities that are excluded in the Level 1 of recorded prices directly observable by prices or indirectly observable derived through prices observable from similar assets or liabilities

Level 3: Assets and liabilities where no observable market data can be used for valuation

According to these classification principles stated, the Group's classification of financial assets and liabilities carried at their fair value are as follows:

Current Period	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	1.318.932	958.553	-	2.277.485
Financial assets measured at fair value through other comprehensive income	96.755.650	131.623	-	96.887.273
Derivative financial assets	-	21.582.481	-	21.582.481
Total assets	**98.074.582**	**22.672.657**	**-**	**120.747.239**
Derivative financial liabilities	-	11.666.461	-	11.666.461
Financial liabilities measured at fair value through profit or loss	-	71.167.000	-	71.167.000
Total liabilities	**-**	**82.833.461**	**-**	**82.833.461**

Prior Period	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	1.882.798	388.097	-	2.270.895
Financial assets measured at fair value through other comprehensive income	76.396.958	1.965.099	-	78.362.057
Derivative financial assets	-	18.783.430	-	18.783.430
Total assets	**78.279.756**	**21.136.626**	**-**	**99.416.382**
Derivative financial liabilities	-	13.969.063	-	13.969.063
Financial liabilities at fair value through profit or loss	-	36.459.423	-	36.459.423
Total liabilities	**-**	**50.428.486**	**-**	**50.428.486**

The Group classify its buildings carried at their fair value within property and equipment under level 3.

10. Explanations on hedge accounting:

The Group applies the following hedge accounting models:

- Fair value Hedge ("FVH")
- Cash Flow Hedge ("CFH")

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 December 31, 2023 of these hedging instruments are presented in the table below:

	Current Period			Prior Period		
Hedging instrument	**Notional(1)**	**Asset**	**Liability**	**Notional(1)**	**Asset**	**Liability**
Interest rate swap / Currency swap / Cross currency interest rate swap (CFH)	40.790.710	5.320.823	32.334	58.891.229	7.357.997	32.350
Interest rate swap / Cross currency interest rate swap (FVH)	2.161.865	200.069	-	3.213.127	197.754	1.380.313
Total	**42.952.575**	**5.520.892**	**32.334**	**62.104.356**	**7.555.751**	**1.412.663**

(1) Only the "sell" legs of the related derivatives are presented with the addition of the " buy" legs of these derivatives amounting to TL 42.958.243 (December 31, 2022 - TL 60.695.779) the total notional of derivative financial assets amounting to TL 85.910.818 (December 31, 2022 - TL 122.800.135) 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.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

10.1. Fair value hedge accounting:

Starting from March 1, 2009, the Parent Bank has hedged the possible fair value effects of changes in market interest rates on some of its fixed interest loan portfolios and fair value effects of changes in foreign exchange rates on part of its foreign currency funds by using interest rate swaps, cross-currency interest rate swap.
Starting from July 28, 2015, the Parent Bank has hedged the possible fair value effects of changes in market interest rates and foreign exchange rates on marketable securities by using interest rates swaps and cross-currency interest rate swaps.
The Bank selected to apply macro FVH accounting for such relationship in accordance with "TAS 39 - Financial Instruments: Recognition and Measurement".

The impact of application of FVH accounting is summarized below;

Current 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**	
Interest rate swaps/ Cross currency interest rate swaps	Some of fixed interest loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	-	-	-	(12.725)

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	Some of fixed interest loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	(12.725)	-	1.380.313	(23.015)

(1) The amount refers to the fair value of the hedged item calculated for some of fixed interest loan portfolios 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) There is no ineffective portion of the mentioned hedging transaction (December 31, 2022 - TL 9.054 loss).

At the inception date, the Parent Bank 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 Bank'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.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

10.2. Cash flow hedge accounting:

The Parent Bank started to apply macro cash flow hedge accounting from January 1, 2010 onwards 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 USD, EUR and TL deposits, 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 and borrowings	Cash flow risk due to the changes in the interest rates	5.320.823	32.334	3.227.560	(2.151.990)

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 and borrowings	Cash flow risk due to the changes in the interest rates	7.357.997	32.350	5.379.550	3.046.675

(1) Includes deferred tax impact.
(2) Includes tax and foreign exchange differences.
(3) The ineffective portion of the mentioned hedging transaction is TL 594.177 gain (December 31, 2022 – TL 358.721 gain).

At the inception date, the Parent Bank 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.

10.3. 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 December 31, 2023 is EUR 528 million (December 31, 2022 - EUR 469 million).

11. 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.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

12. 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. 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.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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 revenue continuing	58.498.456	12.586.936	42.970.047	3.212.925	8.820.138	30.621.739	(138.082)	156.572.159
Operating expenses continuing	(26.116.281)	(5.583.817)	(7.048.449)	(968.739)	(2.052.751)	(31.601.954)	138.082	(73.233.909)
Net operating income continuing	**32.382.175**	**7.003.119**	**35.921.598**	**2.244.186**	**6.767.387**	**(980.215)**	-	**83.338.250**
Dividend income(2)	-	-	-	-	-	66.864	-	66.864
Income/Loss from Investments accounted based on equity method(2)	-	-	-	-	-	1.623.787	-	1.623.787
Profit before tax	**32.382.175**	**7.003.119**	**35.921.598**	**2.244.186**	**6.767.387**	**710.436**	-	**85.028.901**
Tax expense(2)	-	-	-	-	-	(17.018.737)	-	(17.018.737)
Net period income from continuing operations	**32.382.175**	**7.003.119**	**35.921.598**	**2.244.186**	**6.767.387**	**(16.308.301)**	-	**68.010.164**
Minority interest (-)	-	-	-	-	-	(1.328)	-	(1.328)
Group income/loss	**32.382.175**	**7.003.119**	**35.921.598**	**2.244.186**	**6.767.387**	**(16.309.629)**	-	**68.008.836**
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**

Prior 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 revenue continuing	20.936.911	6.562.696	18.276.595	1.450.116	3.963.319	64.308.299	(38.683)	115.459.253
Operating expenses continuing	(15.442.780)	(4.982.023)	(7.397.186)	(542.401)	(1.162.091)	(17.101.910)	38.683	(46.589.708)
Net operating income continuing	**5.494.131**	**1.580.673**	**10.879.409**	**907.715**	**2.801.228**	**47.206.389**	-	**68.869.545**
Dividend income (2)	-	-	-	-	-	88.694	-	88.694
Income/Loss from Investments accounted based on equity method(2)	-	-	-	-	-	235.529	-	235.529
Profit before tax	**5.494.131**	**1.580.673**	**10.879.409**	**907.715**	**2.801.228**	**47.530.612**	-	**69.193.768**
Tax expense (2)	-	-	-	-	-	(16.448.467)	-	(16.448.467)
Net period income from continuing operations	**5.494.131**	**1.580.673**	**10.879.409**	**907.715**	**2.801.228**	**31.082.145**	-	**52.745.301**
Minority interest (-)	-	-	-	-	-	(612)	-	(612)
Group income/loss	**5.494.131**	**1.580.673**	**10.879.409**	**907.715**	**2.801.228**	**31.081.533**	-	**52.744.689**
Segment assets	218.433.296	136.525.915	196.590.142	49.506.595	49.406.881	535.695.783	(5.489.291)	1.180.669.321
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	3.597.693	-	3.597.693
Total assets	**218.433.296**	**136.525.915**	**196.590.142**	**49.506.595**	**49.406.881**	**539.293.476**	**(5.489.291)**	**1.184.267.014**
Segment liabilities	406.396.874	91.213.313	164.104.986	39.080.311	42.576.852	320.122.030	(5.489.291)	1.058.005.075
Shareholders' equity	-	-	-	-	-	126.261.939	-	126.261.939
Total liabilities	**406.396.874**	**91.213.313**	**164.104.986**	**39.080.311**	**42.576.852**	**446.383.969**	**(5.489.291)**	**1.184.267.014**

(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".

13. Explanations on fees for services received from independent auditor (1):

Pursuant to decision of POA dated March 26, 2021 and numbered 660, fees for services received from independent auditor are presented below:

	Current Period	Prior Period
Independent audit fee	29.600	18.405
Tax advisory services fee	935	549
Other assurance services fee	2.275	1.696
Total	**32.810**	**20.650**

(1) Value added tax (VAT) excluded amounts are presented.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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 Central Bank of the Republic of Türkiye ("the CBRT"):

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	3.656.106	18.521.163	2.606.808	10.570.726
The CBRT(1)	98.386.789	142.963.897	33.129.765	97.841.163
Other	-	15.511.534	-	8.682.441
Total	**102.042.895**	**176.996.594**	**35.736.573**	**117.094.330**

(1) The balance of gold amounting to TL 17.611.624 is accounted for under the Central Bank foreign currency account (December 31, 2022 – TL 14.779.986).

1.1.2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount (1)	86.406.051	59.857.962	33.129.765	35.844.180
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	2.990.650
Reserve requirement(2)	11.980.738	83.105.935	-	59.006.333
Total	**98.386.789**	**142.963.897**	**33.129.765**	**97.841.163**

(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, 2022 - 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	814.178	9.974	1.033.868	6.421
Swap transactions	8.577.577	6.623.625	5.256.728	3.735.073
Futures transactions	4.012	-	23.185	-
Options	31.050	1.173	279.107	893.297
Other	-	-	-	-
Total	**9.426.817**	**6.634.772**	**6.592.888**	**4.634.791**

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)	-	200.069	-	197.754
Cash flow hedges(1)	1.857.907	3.462.916	3.658.070	3.699.927
Hedges for investments made in foreign countries	-	-	-	-
Total	**1.857.907**	**3.662.985**	**3.658.070**	**3.897.681**

(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	7.448.997	14.461.451	7.534.841	8.087.731
Foreign	1	34.911.727	1	24.222.444
Headquarters and branches abroad	-	-	-	-
Total	**7.448.998**	**49.373.178**	**7.534.842**	**32.310.175**

1.4.2. Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
EU countries	6.773.643	5.602.272	123.554	67.831
USA, Canada	25.004.236	16.649.137	2.358.509	1.515.978
OECD countries (1)	109.226	40.007	-	-
Off-shore banking regions	1.708	1.556	-	-
Other	540.852	345.664	-	-
Total	**32.429.665**	**22.638.636**	**2.482.063**	**1.583.809**

(1) OECD countries except EU countries, USA and Canada.

1.4.3. Information on money markets receivables:

As of December 31, 2023 the bank has no money market receivables (December 31, 2022 – TL 2.461.599 money market receivables and TL 53.158 reverse repo transactions).

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 December 31, 2023 financial assets measured at fair value through other comprehensive income given as repo transactions amounting to TL 10.388.515 (December 31, 2022 – TL 827.520). The securities subject to collateral/blocked are TL 16.848.459 (December 31, 2022 - TL 28.421.698) of which blocked at the CBRT is TL 6.127.002 (December 31, 2022 - TL 12.534.283).

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

	Current Period	Prior Period
Debt securities	101.757.174	79.553.354
Quoted on stock exchange	101.756.131	77.776.653
Not quoted	1.043	1.776.701
Share certificates	242.543	139.910
Quoted on stock exchange	4.183	2.667
Not quoted	238.360	137.243
Impairment provision (-)(1)	4.981.728	1.221.773
Total	**97.017.989**	**78.471.491**

(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	**35.697**	**1.304.299**	**107.694**	**903.139**
Loans granted to employees	**923.666**	**3.906**	**502.075**	**1.338**
Total	**959.363**	**1.308.205**	**609.769**	**904.477**

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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:

		Loans under close monitoring		
			Loans under restructuring	
Cash Loans	Standard Loans	Not under the scope of restructuring	Modifications on agreement conditions	Refinancing
Non-specialised loans	**816.413.713**	**54.827.613**	**1.898.705**	**46.367.600**
Loans given to enterprises	224.460.792	27.689.271	1.157.918	31.057.849
Export loans	99.140.974	5.002.614	413.072	4.415.067
Import loans	-	-	-	-
Loans given to financial sector	30.208.601	-	-	-
Consumer loans	161.695.287	9.277.487	7.048	2.896.317
Credit cards	208.229.437	9.018.416	-	2.917.562
Other	92.678.622	3.839.825	320.667	5.080.805
Specialised loans	-	-	-	-
Other receivables	**43.060.326**	**1.650.227**	-	-
Total	**859.474.039**	**56.477.840**	**1.898.705**	**46.367.600**

	Standard loans	Loans under close monitoring
12-month provisions for possible losses	6.038.668	-
Significant increase in credit risk	-	15.558.739
Total	**6.038.668**	**15.558.739**

1.7.3. Loans according to their maturity structure:

		Loans under close monitoring	
	Standard loans	Not under the scope of restructuring	Agreement conditions modified
Short-term loans	477.536.347	17.329.006	3.020.887
Medium and long-term loans	381.937.692	39.148.834	45.245.418
Total	**859.474.039**	**56.477.840**	**48.266.305**

1.7.4. Information on loans by types and specific provisions

1.7.4.1. Information on loans by types and specific provisions:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial Leasing	Factoring	Total
Standard loans	446.488.989	161.695.287	208.229.437	31.201.599	11.858.727	859.474.039
Watch list	78.977.088	12.180.852	11.935.978	847.295	802.932	104.744.145
Loans under legal follow-up	19.351.247	6.500.634	2.193.165	402.132	140.114	28.587.292
Specific provisions (-)	12.246.986	5.503.201	1.590.788	276.276	99.589	19.716.840
Total	**532.570.338**	**174.873.572**	**220.767.792**	**32.174.750**	**12.702.184**	**973.088.636**

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial Leasing	Factoring	Total
Standard loans	318.915.497	104.081.716	103.407.456	19.281.878	11.805.900	557.492.447
Watch list	65.208.722	8.280.844	6.628.678	765.372	575.670	81.459.286
Loans under legal follow-up	15.598.722	4.661.054	1.405.721	500.903	99.898	22.266.298
Specific provisions (-)	10.587.775	4.284.070	1.281.113	367.751	72.096	16.592.805
Total	**389.135.166**	**112.739.544**	**110.160.742**	**20.180.402**	**12.409.372**	**644.625.226**

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

1.7.4.2. Specific provisions on loans:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing receivables	Factoring receivables	Total
Opening balance	**10.587.775**	**4.284.070**	**1.281.113**	**367.751**	**72.096**	**16.592.805**
Allowance for impairment	4.377.284	5.639.691	1.098.481	164.787	48.391	11.328.634
Amount recovered during the period (-)	1.914.351	2.703.959	342.854	276.355	20.898	5.258.417
Loans written off during the period as uncollectible (-)	904.702	1.795.697	459.996	-	-	3.160.395
Exchange difference	100.980	79.096	14.044	20.093	-	214.213
Total	**12.246.986**	**5.503.201**	**1.590.788**	**276.276**	**99.589**	**19.716.840**

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing receivables	Factoring receivables	Total
Opening balance	**10.127.194**	**2.622.507**	**1.272.640**	**343.226**	**113.574**	**14.479.141**
Allowance for impairment	5.831.894	3.735.621	892.585	54.168	26.916	10.541.184
Amount recovered during the period (-)	2.110.007	1.124.096	427.194	40.394	12.747	3.714.438
Loans written off during the period as uncollectible (-)	3.319.213	1.001.601	467.152	-	55.647	4.843.613
Exchange difference	57.907	51.639	10.234	10.751	-	130.531
Total	**10.587.775**	**4.284.070**	**1.281.113**	**367.751**	**72.096**	**16.592.805**

1.7.4.3. Fair value of collaterals:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial Leasing	Factoring	Total
Watch List	42.290.303	319.802	-	847.295	-	43.457.400
Loans under legal follow-up	7.759.063	103.889	-	402.132	-	8.265.084
Total	**50.049.366**	**423.691**	**-**	**1.249.427**	**-**	**51.722.484**

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial Leasing	Factoring	Total
Watch List	42.650.060	199.734	11	765.372	-	43.615.177
Loans under legal follow-up	4.847.433	177.922	-	500.903	-	5.526.258
Total	**47.497.493**	**377.656**	**11**	**1.266.275**	**-**	**49.141.435**

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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

	Short-term	Medium and long-term	Total
Consumer loans-TL	**35.403.973**	**103.080.153**	**138.484.126**
Real estate loans	13.863	16.104.196	16.118.059
Automotive loans	3.265.232	12.978.903	16.244.135
Consumer loans	32.124.878	73.997.054	106.121.932
Other	-	-	-
Consumer loans-FC indexed	**-**	**30.292**	**30.292**
Real estate loans	-	30.292	30.292
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	**95.414**	**1.375.318**	**1.470.732**
Real estate loans	3.481	581.058	584.539
Automotive loans	-	1.091	1.091
Consumer loans	51.655	746.345	798.000
Other	40.278	46.824	87.102
Individual credit cards-TL	**183.034.313**	**1.430.599**	**184.464.912**
With installments	90.084.298	1.050.748	91.135.046
Without installments	92.950.015	379.851	93.329.866
Individual credit cards-FC	**512.463**	**159.919**	**672.382**
With installments	27.880	144.490	172.370
Without installments	484.583	15.429	500.012
Personnel loans-TL	**79.742**	**211.652**	**291.394**
Real estate loans	-	2.112	2.112
Automotive loans	3.787	4.497	8.284
Consumer loans	75.955	205.043	280.998
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	**1.455**	**82.427**	**83.882**
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	1.455	82.427	83.882
Other	-	-	-
Personnel credit cards-TL	**474.019**	**487**	**474.506**
With installments	241.441	308	241.749
Without installments	232.578	179	232.757
Personnel credit cards-FC	**3.409**	**2.009**	**5.418**
With installments	17	2.009	2.026
Without installments	3.392	-	3.392
Credit deposit account-TL (Real Person)[1]	**33.515.713**	**-**	**33.515.713**
Credit deposit account-FC (Real Person)	**-**	**-**	**-**
Total	**253.120.501**	**106.372.856**	**359.493.357**

(1) TL 68.466 of the credit deposit account belongs to the loans used by personnel.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.7.6. Information on commercial installment loans and corporate credit cards:

Current Period			
	Short-term	**Medium and long-term**	**Total**
Commercial installments loans-TL	**7.774.658**	**62.104.398**	**69.879.056**
Business loans	63	1.289.282	1.289.345
Automotive loans	1.739.816	25.079.001	26.818.817
Consumer loans	6.034.779	35.736.115	41.770.894
Commercial installments loans-FC indexed	-	-	-
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Corporate credit cards-TL	**34.242.729**	**293.582**	**34.536.311**
With installment	16.242.483	292.281	16.534.764
Without installment	18.000.246	1.301	18.001.547
Corporate credit cards-FC	**11.691**	**195**	**11.886**
With installment	-	-	-
Without installment	11.691	195	11.886
Credit deposit account-TL (legal person)	**2.791.401**	-	**2.791.401**
Total	**44.820.479**	**62.398.175**	**107.218.654**

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

	Current Period	**Prior Period**
Public	25.863.648	17.038.689
Private	938.354.536	621.913.044
Total	**964.218.184**	**638.951.733**

(1) Non-performing loans are not included.

1.7.8. 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	916.706.846	609.629.917
Foreign loans	47.511.338	29.321.816
Total	**964.218.184**	**638.951.733**

(1) Non-performing loans are not included.

1.7.9. Loans granted to associates and subsidiaries:

	Current Period	**Prior Period**
Direct loans granted to associates and subsidiaries	46.769	14.605
Indirect loans granted to associates and subsidiaries	-	-
Total	**46.769**	**14.605**

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

	Current Period	**Prior Period**
Loans and other receivables with limited collectability	2.075.684	2.263.398
Loans and other receivables with doubtful collectability	6.932.381	3.235.026
Uncollectible loans and other receivables	10.708.775	11.094.381
Total	**19.716.840**	**16.592.805**

1.7.11. Information on non-performing loans (net):

1.7.11.1. Information on non-performing loans restructured or rescheduled, and other receivables:

	III. Group	**IV. Group**	**V. Group**
	Loans with limited collectibility	**Loans with doubtful collectibility**	**Uncollectible loans**
Current Period			
(Gross amounts before specific reserves)	**587.712**	**809.841**	**6.835.454**
Restructured loans	587.712	809.841	6.835.454
Prior Period			
(Gross amounts before specific reserves)	**670.884**	**370.519**	**4.128.764**
Restructured loans	670.884	370.519	4.128.764

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.7.11.2. 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	**3.461.335**	**3.899.754**	**14.905.209**
Additions (+)	15.787.678	904.859	1.940.433
Transfers from other categories of non-performing loans (+)	-	14.616.214	6.968.974
Transfer to other categories of non- performing loans (-)	14.616.214	6.968.974	-
Collections (-)	1.463.728	1.955.568	6.310.590
FX valuation differences	7.529	310	570.466
Write-offs (-)	-	-	113.356
Sold (-)	-	-	3.047.039
Corporate and commercial loans	-	-	861.183
Consumer loans	-	-	1.755.619
Credit cards	-	-	430.237
Other	-	-	-
Current Period	**3.176.600**	**10.496.595**	**14.914.097**
Provision (-)	2.075.684	6.932.381	10.708.775
Net balance on balance sheet	**1.100.916**	**3.564.214**	**4.205.322**

TL 3.375.849 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 1.112.150.

1.7.11.3. 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	187.982	6.885.068	8.013.781
Provision amount(-)	177.722	4.353.764	4.985.900
Net balance on-balance sheet	**10.260**	**2.531.304**	**3.027.881**
Prior Period			
Period end balance	1.981.534	1.819.298	6.821.279
Provision amount(-)	1.390.844	1.803.510	3.757.333
Net balance on-balance sheet	**590.690**	**15.788**	**3.063.946**

1.7.11.4. 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)	**1.100.916**	**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)	-	-	-
Prior Period (net)	**1.197.937**	**664.728**	**3.810.828**
Loans granted to real persons and corporate entities (gross)	3.461.335	3.899.754	14.820.535
Provision amount (-)	2.263.398	3.235.026	11.009.707
Loans granted to real persons and corporate entities (net)	1.197.937	664.728	3.810.828
Banks (gross)	-	-	774
Provision amount (-)	-	-	774
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.900
Provision amount (-)	-	-	83.900
Other loans and receivables (net)	-	-	-

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

	III. Group Loans with limited collectibility	nIV. Group Loans with doubtful collectibility	V. Group Uncollectible loans
Current Period (net)	**132.452**	**195.355**	**199.668**
Interest accruals and rediscounts and valuation differences	327.091	605.675	1.610.291
Provision amount (-)	194.639	410.320	1.410.623
Prior Period (net)	**147.012**	**140.162**	**314.154**
Interest accruals and rediscounts and valuation differences	422.447	475.126	1.227.208
Provision amount (-)	275.435	334.964	913.054

1.7.12. 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.

1.7.13. 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 December 31, 2023 financial assets measured at amortised cost given as repo transactions amounting to TL 53.304.273 (December 31, 2022 – TL 29.017.189). The securities subject to collateral/blocked are TL 122.737.604 (December 31, 2022 – TL 77.548.753) of which blocked securities at the CBRT is TL 39.080.654 (December 31, 2022 – TL 14.502.644).

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

	Current Period	Prior Period
Government bond	302.772.173	163.629.166
Treasury bill	-	-
Other debt securities	15.340.921	5.197.091
Total	**318.113.094**	**168.826.257**

1.8.3. Information on financial assets measured at amortized cost:

	Current Period	Prior Period
Debt securities	326.959.503	173.486.404
Quoted on stock exchange	326.959.503	173.486.404
Not quoted	-	-
Impairment provision (-)(1)	8.846.409	4.660.147
Total	**318.113.094**	**168.826.257**

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

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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

	Current Period	Prior Period
Beginning balance	**168.826.257**	**96.286.812**
Foreign currency differences on monetary assets(1)	88.902.326	52.091.895
Purchases during year	70.084.788	31.057.183
Disposals through sales and redemptions	5.514.015	8.559.691
Impairment provision (-)(2)	4.186.262	2.049.942
Period end balance	**318.113.094**	**168.826.257**

(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	Tanı 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	154.028	(209.471)	66.835	2.345	-	(228.814)	(41.648)	-
2	1.201.571	242.443	452.695	29.452	-	128.363	29.975	-
3	3.880.800	3.344.720	380.638	511.366	-	2.659.647	207.417	-

(1) Financial statement information is September 30, 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	111.134.356	22.894.486	69.484	4.332.767	758.319	1.166.474	716.296	-
2	13.690.569	3.871.494	272.171	3.528.352	-	2.060.756	1.164.952	-

1.9.6. Movement of consolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	**3.526.931**	**2.476.401**
Movements during the period	**3.542.245**	**1.050.530**
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	1.623.787	235.529
Sales	-	-
Foreign exchange gain/(loss) items from the foreign subsidiaries(1)	2.123.083	940.691
Impairment provision (-)(2)	204.625	125.690
Balance at the end of the period	**7.069.176**	**3.526.931**
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	6.170.284	2.871.962
Insurance companies	898.892	654.969
Total financial investments	**7.069.176**	**3.526.931**

1.9.8. Investments in associates quoted on stock exchange:

None (December 31, 2022-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	(239)	-	40.649	-	13.578.697
Legal Reserves	98.890	26.000	79.305	61.812	-
Extraordinary Reserves	1.342.885	874.273	3.859.069	-	1.948.770
Other Profit Reserves	-	-	-	-	-
Income or Loss	2.675.730	745.302	1.580.809	608.037	1.528.686
Current Year Income/Loss	2.745.676	745.302	1.492.394	584.162	1.528.686
Prior Years' Income/Loss	(69.946)	-	88.415	23.875	-
Leasehold improvements (-)	-	1.119	655	243	44
Intangible assets (-)	43.409	13.979	52.228	1.330	3.941
Total core capital	**4.313.755**	**1.744.234**	**5.642.060**	**694.576**	**17.164.610**
Tier II capital	**25.160**	**88.104**	**247.868**	**-**	**189.653**
Capital	**4.338.915**	**1.832.338**	**5.889.928**	**694.576**	**17.354.263**
Deductions from the capital	-	-	-	-	-
Total shareholders' equity	**4.338.915**	**1.832.338**	**5.889.928**	**694.576**	**17.354.263**

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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 December 31, 2023.

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	186.800	81.580	1.696	408	-	13.663	4.270	-
2	109.851	96.819	34.543	9.272	-	11.586	6.390	-
3	130.945	47.855	9.746	6.165	-	23.018	939	-
4	25.015	25.015	-	-	-	-	-	-

1.10.3. Consolidated subsidiaries:

1.10.3.1. Information on consolidated subsidiaries(1):

	Description	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/Azerbaijan	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 Stiching 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.

1.10.3.2. Main financial figures of the consolidated subsidiaries in the order of the below 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	116.891	114.448	-	-	-	1.363	938	-
2	14.829.657	4.357.164	115.105	3.794.529	12.228	2.745.676	997.983	-
3	12.155.026	1.759.332	30.665	2.867.896	-	745.302	390.435	-
4	38.256.534	5.694.943	63.930	4.566.353	-	1.492.394	837.136	-
5	867.940	696.149	5.749	148.275	-	584.162	331.233	-
6	88.961.471	17.168.595	59.610	3.443.780	171.937	1.528.686	616.341	-
7	9.245.136	1.849.636	400.740	414.346	74.830	134.512	53.598	-

1.10.4. Movement schedule of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	**17.905.733**	**13.110.619**
Movements during the period	**13.620.148**	**4.795.114**
Purchases	-	-
Free shares obtained profit from current years share	-	-
Share of current year income	6.974.755	3.102.944
Sales (-)(1)	-	163.842
Revaluation increase/decrease (1), (2)	6.915.441	1.995.716
Impairment provision (-)(3)	270.048	139.704
Balance at the end of the period	**31.525.881**	**17.905.733**
Capital commitments		-
Shareholding percentage at the end of the period (%)		-

(1) The paid in capital amounting to EUR 60 million of Yapı Kredi Bank Malta Ltd, of which 100% of its shares indirectly owned by the Bank through Yapı Kredi Holding B.V., was reduced within the framework of the liquidation process on May 20, 2022 and concurrently the paid in capital of Yapı Kredi Holding B.V. amounting to EUR 102 million, was reduced to EUR 42 million. As a result of reduce in paid in capital, Yapı Kredi Bank Malta Ltd is deconsolidated.
(2) Includes the differences in the other comprehensive income related with the equity method accounting.
(3) 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	13.390.646	7.330.588
Insurance companies	-	-
Factoring companies	1.758.494	1.015.337
Leasing companies	5.694.593	4.237.311
Finance companies	-	-
Other financial subsidiaries	10.682.148	5.322.497
Total financial subsidiaries	**31.525.881**	**17.905.733**

1.10.6. Subsidiaries quoted on stock exchange:

None (December 31, 2022 - None).

1.11. Information on joint ventures (net):

1.11.1. Unconsolidated joint ventures:

None (December 31, 2022 - 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	17.780.312	13.141.356	9.908.435	7.743.367
Between 1- 4 years	20.306.566	17.261.168	13.306.000	11.328.153
More than 4 years	2.222.712	2.048.502	1.652.678	1.476.633
Total	**40.309.590**	**32.451.026**	**24.867.113**	**20.548.153**

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

1.12.2. Information for net investments in finance leases:

	Current Period		Prior Period	
	TL	FC	TL	FC
Gross lease receivables	16.152.056	24.157.534	10.175.602	14.691.511
Unearned financial income from leases (-)	4.952.459	2.906.105	2.805.182	1.513.778
Amount of cancelled leases (-)	-	-	-	-
Total	**11.199.597**	**21.251.429**	**7.370.420**	**13.177.733**

1.13. Information on tangible assets:

	Immovable	Leased fixed assets	Vehicles	Right of use assets (1)	Other tangible fixed assets	Total
Prior Period						
Cost	7.352.925	182.804	6.941	2.681.739	3.307.982	13.532.391
Accumulated depreciation (-)	938.948	146.220	3.661	804.225	1.529.567	3.422.621
Net book value	**6.413.977**	**36.584**	**3.280**	**1.877.514**	**1.778.415**	**10.109.770**
Current Period						
Net book value at beginning of the period	**6.413.977**	**36.584**	**3.280**	**1.877.514**	**1.778.415**	**10.109.770**
Additions (2)	6.080.781	3.811	30.718	2.641.184	1.773.189	10.529.683
Disposals (-), net	24.912	-	364	518.212	9.287	552.775
Reversal of impairment, net	-	-	-	-	-	-
Impairment (-)	-	-	-	-	-	-
Depreciation (-)	70.320	4.371	4.332	751.104	499.843	1.329.970
Foreign exchange differences, net	-	1.100	977	63.364	53.516	118.957
Net book value at end of the period	**12.399.526**	**37.124**	**30.279**	**3.312.746**	**3.095.990**	**18.875.665**
Cost at the end of the period	13.354.475	175.015	38.104	4.647.427	5.089.254	23.304.275
Accumulated depreciation at the period end (-)	954.949	137.891	7.825	1.334.681	1.993.264	4.428.610
Net book value	**12.399.526**	**37.124**	**30.279**	**3.312.746**	**3.095.990**	**18.875.665**

(1) Includes branch and ATM leases accounted within the scope of TFRS 16.
(2) As of December 31, 2023 the Parent Bank is revalued its land and buildings and the revaluation increase amounting to TL 6.066.155 is presented in additions.

As of December 31, 2023, the Parent Bank had no total provision for impairment (December 31, 2022 – None) for the property and equipment.

1.14. Information on intangible assets:

	Current Period	Previous Period
Balance at the beginning of the period	**1.359.987**	**2.121.208**
Additions during the period	1.012.701	478.433
Unused and disposed items (-)	4.060	1.397
Provision for goodwill impairment (-)	-	979.493
Amortization expenses (-)	384.169	286.579
Translation differences	52.051	27.815
Balance at the end of the period	**2.036.510**	**1.359.987**

1.15. Information on investment property:

None. (December 31, 2022 - None).

1.16. Information on deferred tax:

	Current Period		Prior Period	
	Tax base	**Deferred tax**	**Tax base**	**Deferred tax**
Expected credit loss	25.741.762	7.722.528	23.469.274	5.867.319
Provision for pension fund	10.027.806	3.008.342	2.945.243	736.311
Provision for employee benefit	4.052.432	1.218.193	3.290.363	822.223
Valuation difference of securities portfolio	-	-	1.683.713	420.929
Subsidiaries, investment in associates and share certificates	122.117	36.635	122.117	30.529
Other	15.700.617	4.657.122	5.790.437	1.425.452
Total deferred tax asset	**55.644.734**	**16.642.820**	**37.301.147**	**9.302.763**
Derivative financial assets	9.951.417	2.935.118	3.246.659	769.870
Property, equipment and intangibles, net	5.910.152	1.263.971	8.066.597	1.501.716
Valuation difference of securities portfolio	5.694.240	1.708.272	-	-
Other	5.552.218	1.605.378	6.695.613	1.644.891
Total deferred tax liability	**27.108.027**	**7.512.739**	**18.008.869**	**3.916.477**
Deferred tax asset / (liability) net	**28.536.707**	**9.130.081**	**19.292.278**	**5.386.286**

There is a deferred tax asset amounting to TL 9.144.125 and deferred tax liability amounting to TL 14.044 as of December 31, 2023 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, 2022 - TL 5.409.021 deferred tax asset and TL 22.735 deferred tax liability).

1.17. Movement schedule of assets held for resale and related to discontinued operations:

	Current Period	Prior Period
Net book value at the beginning of the period	**1.085.705**	**1.354.937**
Additions (1)	108.526	244.072
Disposals (-), net	150.197	523.843
Impairment provision reversal	-	16
Impairment provision (-)	-	292
Translation differences	30.690	10.815
Net book value at the end of the period	**1.074.724**	**1.085.705**
Cost at the end of the period	1.077.106	1.089.321
Accumulated depreciation at the end of the period (-)	2.382	3.616
Net book value at the end of the period	**1.074.724**	**1.085.705**

(1) In current period, the carrying value of asset held for resale with a right of repurchase is TL 16.000 (December 31, 2022 – TL 33.196). The total net carrying value of asset held for resale with a right of repurchase is TL 882.752 (December 31, 2022 – TL 913.642).

As of December 31, 2023, the Group booked impairment provision on assets held for resale with an amount of TL 2.120 (December 31, 2022 – TL 2.120).

1.18. Information on other assets:

As of December 31, 2023, other assets do not exceed 10% of the total assets.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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):

Prior Period	Demand	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over	Cumulative 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**

Prior Period	Demand	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over	Cumulative savings account	Total
Saving deposits	48.659.040	5.628.551	147.023.414	7.064.785	735.023	4.350.934	472	213.462.219
Foreign currency deposits	160.693.649	41.185.234	64.999.846	5.990.576	4.360.361	7.116.769	-	284.346.435
Residents in Türkiye	146.810.112	33.935.416	62.220.315	4.783.271	1.932.781	1.135.962	-	250.817.857
Residents abroad	13.883.537	7.249.818	2.779.531	1.207.305	2.427.580	5.980.807	-	33.528.578
Public sector deposits	1.073.991	1.812.672	106.067	3.730	-	-	-	2.996.460
Commercial deposits	42.934.974	28.267.542	63.925.448	13.448.552	109.747	7.225.835	-	155.912.098
Other institutions deposits	340.198	606.623	3.278.473	414.220	722	13.487	-	4.653.723
Precious metals vault	31.226.726	-	1.125.635	-	1.152.310	132.437	-	33.637.108
Bank deposits	1.325.315	2.286.606	1.710.701	3.042.361	1.955.815	166.598	-	10.487.396
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	4.348	2.154.596	887.874	3.042.361	1.955.815	166.598	-	8.211.592
Foreign banks	561.811	132.010	822.827	-	-	-	-	1.516.648
Participation banks	759.156	-	-	-	-	-	-	759.156
Other	-	-	-	-	-	-	-	-
Total	**286.253.893**	**79.787.228**	**282.169.584**	**29.964.224**	**8.313.978**	**19.006.060**	**472**	**705.495.439**

(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" product which provide protection against foreign currency exchange rate changes for TL deposits was launched for customers. In this context as of the report date, the total amount of deposits opened is TL 222.335.968 (December 31, 2022 – TL 121.858.904).

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

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:

	Under the guarantee of deposit insurance		Exceeding the limit of the insurance deposit	
Saving deposits	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Deposits	141.654.843	81.939.051	257.622.518	131.547.356
Foreign currency deposits	89.012.805	43.253.864	162.954.856	111.893.910
Other deposits	32.917.070	13.580.277	27.761.034	16.621.798
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

	Under the guarantee of deposit insurance		Exceeding the limit of the insurance deposit	
Commercial deposits	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Deposits	22.152.450	13.506.632	163.557.160	125.985.183
Foreign currency deposits	7.476.116	4.030.620	144.343.906	113.937.868
Other deposits	1.068.231	453.968	5.845.003	2.980.166
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	3.338.299	3.017.032
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	618.144	1.076.232
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	180.708	68.205	212.753	8.790
Swap transactions	4.485.127	6.782.595	6.271.967	5.718.565
Futures transactions	10.023	-	13.354	-
Options	92.336	15.133	126.456	204.515
Other	-	-	-	-
Total	**4.768.194**	**6.865.933**	**6.624.530**	**5.931.870**

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)	-	-	1.380.313	-
Cash flow hedges (1)	32.334	-	32.350	-
Hedges for investments made in foreign countries	-	-	-	-
Total	**32.334**	**-**	**1.412.663**	**-**

(1) Explained in Note 8 of section 4.

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	11.757.504	10.615.941	10.069.627	7.015.365
From foreign banks, institutions and funds	660.191	138.001.207	949.471	76.081.935
Total	**12.417.695**	**148.617.148**	**11.019.098**	**83.097.300**

2.3.2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Short-term	9.920.235	30.605.554	9.608.706	21.306.245
Medium and long-term	2.497.460	118.011.594	1.410.392	61.791.055
Total	**12.417.695**	**148.617.148**	**11.019.098**	**83.097.300**

2.3.3. Information on marketable securities issued

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Bills	10.221.955	10.933.847	11.280.086	2.031.595
Asset backed securities (1)	-	16.325.139	-	4.940.364
Bonds (2)	402.929	59.156.129	665.581	30.433.182
Total	**10.624.884**	**86.415.115**	**11.945.667**	**37.405.141**

(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 804.685 as of December 31, 2023 (December 31, 2022 – TL 1.483.345).

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 December 31, 2023, the total amount of financial liabilities classified as fair value through profit/loss is TL 71.167.000 (December 31, 2022 – TL 36.459.423) with an accrued interest income of TL 564.874 (December 31, 2022 - TL 2.211.815 income) and with a fair value difference of TL 1.398.345 recognized in the income statement as an income (December 31, 2022 - TL 1.116.156 income). On the other hand, the buy and sell nominal amounts of the total return swaps and bond forwards which are closely related with these financial liabilities as of December 31, 2023 are TL 71.731.874 (December 31, 2022 – TL 38.671.238) with a fair value differences amounting to TL 1.247.239 liability (December 31, 2022 – TL 2.554.954 liability). The mentioned total return swaps have 9 year maturity in average.

2.4. Information on other liabilities:

As of December 31, 2023, 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	1.092.047	780.132	637.964	451.894
Between 1-4 Years	2.139.774	1.533.116	1.266.656	890.701
More than 4 Years	1.513.897	1.088.257	893.273	633.318
Total	**4.745.718**	**3.401.505**	**2.797.893**	**1.975.913**

2.6. Information on provisions:

2.6.1. Information on reserve 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	0,55
Possibility of being eligible for retirement (%)	94,92	95,20

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 reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	**2.845.025**	**928.857**
Changes during the period	339.285	196.835
Recognized in equity	829.753	1.824.127
Paid during the period	(730.670)	(104.794)
Balance at the end of the period	**3.283.393**	**2.845.025**

In addition, the Group has accounted for unused vacation rights provision amounting to TL 769.039 as of December 31, 2023 (December 31, 2022 – TL 445.338).

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

None (December 31, 2022 – None).

2.6.3. Information on other provisions:

	Current Period	Prior Period
Pension fund provision	10.027.806	2.945.243
Provisions on non-funded non cash loans	1.508.223	1.078.763
Generic provisions on non cash loans	1.786.242	1.145.563
Provision on lawsuits	346.390	236.223
Provisions on credit cards and promotion campaigns related to banking services	195.116	109.996
Other	3.999.749	2.776.305
Total	**17.863.526**	**8.292.093**

Pension fund provision:

The Parent Bank has set aside provision amounting to TL 10.027.806 (December 31, 2022 – TL 2.945.243) for the technical deficit based on the report prepared by a registered actuary within the framework of the transfer assumption, taking into account the technical interest rate of 9,8%, CSO 1980 mortality table and calculation methods determined by the New Law. The Bank accounted pension fund provision in accordance with "TAS 19 - Employee Benefits" standard. Accordingly, as of December 31, 2023, in the calculation of pension fund provision the change arises,

- As a result of service cost and interest is recognized under income statement,
- Actuarial gains and losses, including the effect of differences between assumptions and actual outcomes, are recognized in shareholders' equity.

In the calculation of the defined benefit obligation for transferrable benefits, mainly fixed and specific assumptions are used within the framework of the New Law. However, the final obligation amount that the Bank will bear at the transfer may vary depending on factors such as the discount rate, inflation and salary increase and number of participants and attrition rate.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

	Current Period	Prior Period
Opening balance	**2.945.243**	**1.813.098**
Amount recognized under equity	7.028.582	1.084.664
Contributions paid by the Bank	(1.818.809)	(880.685)
Income statement charge	1.872.790	928.166
Closing balance	**10.027.806**	**2.945.243**

The amounts recognized in the balance sheet are determined as follows:

	Current Period	Prior Period
Present value of funded obligations	18.119.593	8.219.529
- Pension benefits transferable to SSI	11.186.741	9.537.922
- Post employment medical benefits transferable to SSI	6.932.852	(1.318.393)
Fair value of plan assets	(8.091.787)	(5.274.286)
Provision for the actuarial deficit of the pension fund	**10.027.806**	**2.945.243**

The principal actuarial assumptions used were as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	9,80%	9,80%
- Post employment medical benefits transferable to SSI	9,80%	9,80%

Mortality rate: Average life expectation is defined according to CSO 1980 mortality table.

Plan assets are comprised as follows:

	Current Period		Prior Period	
	Amount	**%**	**Amount**	**%**
Bank placements	2.312.910	29	1.237.561	23
Government bonds and treasury bills	3.667.312	45	2.886.545	55
Premises and equipment	1.583.398	20	883.125	17
Other	528.167	6	267.055	5
Total	**8.091.787**	**100**	**5.274.286**	**100**

	Current Period	Prior Period
Opening balance of plan assets	**5.274.286**	**3.414.420**
Contributions paid by the Bank	1.818.809	880.685
Contributions paid by the employee	1.380.995	632.015
Other	(382.303)	347.166
Closing balance	**8.091.787**	**5.274.286**

2.7. Explanations on tax liability:

2.7.1. Information on taxes payable:

	Current Period	Prior Period
Banking Insurance Transaction Tax ("BITT")	1.900.419	562.420
Corporate Tax Payable	4.532.965	4.428.529
Taxation of Marketable Securities	563.484	277.629
Value Added Tax Payable	122.517	144.180
Foreign Exchange Transaction Tax	23.308	37.258
Property Tax	11.526	6.923
Other	536.658	301.670
Total	**7.690.877**	**5.758.609**

2.7.2. Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	8.731	3.385
Social security premiums - employer	15.642	3.765
Bank pension fund premiums - employee	124.465	67.648
Bank pension fund premiums - employer	172.801	94.097
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	8.884	4.829
Unemployment insurance - employer	17.809	9.689
Other	-	-
Total	**348.332**	**183.413**

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

None (December 31, 2022 - 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**	**-**	**12.929.445**
Subordinated loans	-	-	-	-
Subordinated debt	-	20.355.837	-	12.929.445
Debt instruments to be included in contribution capital calculation	**1.260.412**	**15.229.890**	**725.201**	**25.733.586**
Subordinated loans	-	-	-	16.059.998
Subordinated debt	1.260.412	15.229.890	725.201	9.673.588
Total	**1.260.412**	**35.585.727**	**725.201**	**38.663.031**

(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 stock	8.447.051	8.447.051
Preferred stock	-	-

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, 2022– None).

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

None (December 31, 2022 - None).

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

None (December 31, 2022 - 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, 2022 - None).

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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)]	**(4.167.049)**	**1.249.717**	**8.764.973**	**(972.750)**
Revaluation difference	(4.167.049)	1.249.717	8.764.973	(972.750)
Foreign currency differences	-	-	-	-
Total	**(4.167.049)**	**1.249.717**	**8.764.973**	**(972.750)**

(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	**1.537**	**1.018**
Current period income/(loss)	1.328	612
Dividends paid	(191)	(93)
Period ending balance	**2.674**	**1.537**

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	512.438.126	136.756.258
Asset purchase and sale commitments	72.643.748	35.118.725
Loan granting commitments	96.706.632	53.491.909
Commitments for cheques	8.435.319	5.482.867
Other irrevocable commitments	106.052.213	29.421.817
Total	**796.276.038**	**260.271.576**

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 1.786.242 (December 31, 2022 - TL 1.145.563) and specific provision amounting to TL 2.028.872 (December 31, 2022 - TL 1.431.465) for non-cash loans which are not indemnified yet amounting to TL 1.508.223 (December 31, 2022 - TL 1.078.763).

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	2.178.212	864.879
Letter of credits	54.078.251	33.199.803
Other guarantees and collaterals	28.188.925	28.354.153
Total	**84.445.388**	**62.418.835**

3.1.2.2. Guarantees, suretyships and other similar transactions:

	Current Period	Prior Period
Temporary letter of guarantees	5.075.662	4.124.146
Definite letter of guarantees	147.977.407	90.745.471
Advance letter of guarantees	44.721.720	29.283.824
Letter of guarantees given to customs	7.917.628	5.894.112
Other letter of guarantees	98.490.787	51.325.151
Total	**304.183.204**	**181.372.704**

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	96.627.631	50.905.414
With original maturity of 1 year or less than 1 year	9.930.139	8.240.689
With original maturity of more than 1 year	86.697.492	42.664.725
Other non-cash loans	292.000.961	192.886.125
Total	**388.628.592**	**243.791.539**

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

3.1.3.2. Information on sectoral concentration of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	**4.459.418**	**2,50**	**5.619.898**	**2,68**	**2.394.159**	**2,39**	**2.607.664**	**1,81**
Farming and raising livestock	3.822.365	2,14	3.008.408	1,43	1.786.275	1,79	1.645.956	1,14
Forestry	497.454	0,28	2.571.808	1,23	534.118	0,53	957.397	0,67
Fishing	139.599	0,08	39.682	0,02	73.766	0,07	4.311	0,00
Manufacturing	**96.468.975**	**53,98**	**127.433.628**	**60,70**	**58.429.473**	**58,44**	**86.906.201**	**60,43**
Mining	556.194	0,31	650.363	0,31	429.820	0,43	684.123	0,48
Production	84.673.111	47,38	108.972.931	51,91	51.079.831	51,09	73.924.826	51,40
Electric, gas and water	11.239.670	6,29	17.810.334	8,48	6.919.822	6,92	12.297.252	8,55
Construction	**29.337.700**	**16,42**	**37.951.490**	**18,08**	**14.125.654**	**14,13**	**26.834.695**	**18,66**
Services	**47.700.383**	**26,68**	**37.856.688**	**18,04**	**24.480.600**	**24,49**	**26.792.839**	**18,63**
Wholesale and retail trade	13.787.213	7,71	6.747.216	3,21	6.899.143	6,90	3.436.733	2,39
Hotel, food and beverage services	2.097.811	1,17	3.245.848	1,55	1.207.034	1,21	1.943.389	1,35
Transportation and telecommunication	4.539.026	2,54	10.591.194	5,05	2.721.373	2,72	6.751.356	4,69
Financial institutions	20.202.345	11,30	7.983.138	3,80	9.710.296	9,71	4.576.505	3,18
Real estate and renting services	1.210.701	0,68	1.513.316	0,72	634.367	0,63	2.227.830	1,55
Education services	356.684	0,20	143.348	0,07	65.617	0,07	107.658	0,07
Health and social services	5.506.603	3,08	7.632.628	3,64	3.242.770	3,24	7.749.368	5,39
Other	**746.280**	**0,42**	**1.054.132**	**0,50**	**547.299**	**0,55**	**672.955**	**0,47**
Total	**178.712.756**	**100,00**	**209.915.836**	**100,00**	**99.977.185**	**100,00**	**143.814.354**	**100,00**

3.1.3.3. Information non-cash loans classified in Group I and Group II:

Current Period	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	162.235.291	126.817.624	5.644.786	7.838.812
Bank acceptances	-	2.103.028	-	22.795
Letters of credit	1.257.810	52.240.693	-	572.300
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	5.516	-	-
Other commitments and contingencies	9.246.038	18.922.466	10.700	-
Total	**172.739.139**	**200.089.327**	**5.655.486**	**8.433.907**

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	85.139.234	89.013.912	3.429.146	2.639.148
Bank acceptances	-	864.879	-	-
Letters of credit	327.114	32.755.173	-	117.516
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	3.888	-	-
Other commitments and contingencies	10.761.832	16.587.887	5.000	994.552
Total	**96.228.180**	**139.225.739**	**3.434.146**	**3.751.216**

3.1.3.4. Maturity distribution of non cash loans:

Current Period[1]	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	-	38.045.151	16.022.047	11.053	54.078.251
Letter of guarantee	81.805.739	51.188.834	152.460.723	18.727.908	304.183.204
Bank acceptances	-	2.145.223	32.989	-	2.178.212
Other	3.507.307	9.031.933	3.641.804	12.007.881	28.188.925
Total	**85.313.046**	**100.411.141**	**172.157.563**	**30.746.842**	**388.628.592**

Prior Period[1]	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	-	23.236.662	9.809.757	153.384	33.199.803
Letter of guarantee	53.544.571	40.030.674	74.027.791	13.769.668	181.372.704
Bank acceptances	-	861.227	3.652	-	864.879
Other	1.437.699	10.932.462	3.299.513	12.684.479	28.354.153
Total	**54.982.270**	**75.061.025**	**87.140.713**	**26.607.531**	**243.791.539**

(1) The distribution is based on the original maturities.

3.2. Information on derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	605.454.301	419.094.074
FC trading forward transactions	50.297.878	30.739.505
Trading swap transactions	524.028.470	279.037.373
Futures transactions	7.475.390	2.520.247
Trading option transactions	23.652.563	106.796.949
Interest related derivative transactions (II)	505.199.409	249.210.542
Forward interest rate agreements	-	-
Interest rate swaps	500.965.348	244.236.022
Interest rate options	4.234.061	4.974.520
Interest rate futures	-	-
Other trading derivative transactions (III)	214.035.638	97.258.538
A. Total trading derivative transactions (I+II+III)	**1.324.689.348**	**765.563.154**
Transactions for fair value hedge	4.329.397	5.017.677
Cash flow hedges	81.581.421	117.782.458
Transactions for foreign net investment hedge	-	-
B. Total hedging related derivatives	**85.910.818**	**122.800.135**
Total derivative transactions (A+B)	**1.410.600.166**	**888.363.289**

3.3. Information on credit derivatives and risk exposures:

The Group has no credit default swaps in derivative portfolio for the period ended December 31, 2023.

Derivative portfolio includes total return swap that has a nominal amount of TL 142.663.748 (total of buy and sell leg) as of December 31, 2023 (December 31, 2022 – TL 76.542.476).

3.4. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 346.390 (December 31, 2022 – TL 236.223) 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.

3.5. 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.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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]	48.659.762	4.063.070	22.188.399	2.500.632
Medium/long-term loans[1]	58.997.850	17.063.155	31.638.436	10.815.805
Interest on loans under follow-up	3.268.424	-	1.997.997	-
Premiums received from resource utilisation support fund	-	-	-	-
Total	**110.926.036**	**21.126.225**	**55.824.832**	**13.316.437**

(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	76.667	63.600	2.292	7.866
From domestic banks	2.662.470	721.333	505.311	204.319
From foreign banks	232	3.355.173	-	866.845
Headquarters and branches abroad	-	-	-	-
Total	**2.739.369**	**4.140.106**	**507.603**	**1.079.030**

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	-	126.273	5.480	47.235
Financial assets measured at fair value through other comprehensive income	20.902.145	2.175.752	18.159.861	1.062.882
Financial assets measured at amortised cost	57.140.619	4.018.994	35.895.485	2.954.353
Total	**78.042.764**	**6.321.019**	**54.060.826**	**4.064.470**

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

	Current Period	Prior Period
Interests received from associates and subsidiaries	79.064	1.743
Total	**79.064**	**1.743**

4.2. Information on interest expense:

4.2.1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	3.040.512	3.151.431	1.394.304	1.490.011
The CBRT	-	-	-	-
Domestic banks	2.864.071	706.078	1.270.469	298.728
Foreign banks	176.441	2.445.353	123.835	1.191.283
Headquarters and branches abroad	-	-	-	-
Other institutions	-	5.291.798	-	2.037.396
Total[1]	**3.040.512**	**8.443.229**	**1.394.304**	**3.527.407**

(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	252.819	9.601
Total	**252.819**	**9.601**

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	3.258.656	12.189.113	1.932.932	7.146.374
Total	**3.258.656**	**12.189.113**	**1.932.932**	**7.146.374**

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	4.722.113	1.264.972	4.883.537	212.791
Total	**4.722.113**	**1.264.972**	**4.883.537**	**212.791**

4.2.5. Information on other interest expense:

As of December 31, 2023, commision expense amounting to TL 1.505.590 (December 31, 2022 – TL 1.858.951) 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:

		Time Deposit							
Account name	Demand Deposit	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 Year	More than 1 year	Accumulating deposit	Total	Prior Period
TL									
Bank deposits	3.564	2.224.831	78.278	-	-	-	-	2.306.673	503.024
Saving deposits	-	2.136.025	69.288.412	3.599.751	1.506.100	56.096	57	76.586.441	15.840.830
Public sector deposits	-	138.407	54.771	2.078	63	-	-	195.319	25.128
Commercial deposits	111	4.522.650	17.288.159	1.489.188	1.809.613	690.742	-	25.800.463	11.267.357
Other deposits	-	619.461	5.338.029	2.118.029	2.883.254	462.041	-	11.420.814	3.194.081
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Total	**3.675**	**9.641.374**	**92.047.649**	**7.209.046**	**6.199.030**	**1.208.879**	**57**	**116.309.710**	**30.830.420**
FC									
Foreign currency deposits	13.111	479.026	648.485	167.939	217.049	234.046	-	1.759.656	1.907.464
Bank deposits	271.302	177.218	210.536	-	-	-	-	659.056	89.215
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	491	3.617	-	1.008	69	-	5.185	4.518
Total	**284.413**	**656.735**	**862.638**	**167.939**	**218.057**	**234.115**	**-**	**2.423.897**	**2.001.197**
Grand total	**288.088**	**10.298.109**	**92.910.287**	**7.376.985**	**6.417.087**	**1.442.994**	**57**	**118.733.607**	**32.831.617**

4.3. Information on dividend income:

	Current Period	Prior Period
Financial assets measured at fair value through profit or loss	44.794	23.563
Financial assets measured at fair value through other comprehensive income	22.070	21.422
Other	-	43.709
Total	**66.864**	**88.694**

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

	Current Period	Prior Period
Profit	**201.324.463**	**127.365.501**
Gain from capital market transactions	4.003.170	2.751.312
Derivative financial transaction gains	96.381.202	62.969.337
Foreign exchange gains	100.940.091	61.644.852
Loss(-)	**180.036.061**	**117.163.810**
Loss from capital market transactions	46.636	148.108
Derivative financial transaction losses	63.055.922	44.261.971
Foreign exchange loss	116.933.503	72.753.731
Net trading profit/loss	**21.288.402**	**10.201.691**

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

4.5. Allowance for expected credit losses and other provisions:

	Current Period	Prior Period
Allowance for expected credit losses[(1)]	**24.224.659**	**22.520.512**
12-month expected credit losses (Stage 1)	7.649.175	4.569.321
Significant increase in credit risk (Stage 2)	4.877.343	6.787.778
Credit-Impaired (Stage 3)	11.698.141	11.163.413
Impairment provisions for financial assets	**-**	**228.446**
Financial assets measured at fair value through profit or loss	-	228.446
Financial assets measured at fair value through other comprehensive income	-	-
Impairment provisions related to investments in associates, subsidiaries and jointly controlled partnerships (Joint ventures)	-	-
Investments in associates	-	-
Subsidiaries	-	-
Jointly controlled partnerships (joint ventures)	-	-
Other	**151.802**	**136.169**
Total	**24.376.461**	**22.885.127**

(1) Reversals of provisions for expected credit losses are started to be reported as gross basis. Therefore, the income amounting to TL 6.517.358 related to the reversal of provisions, which was previously reported under the allowance for expected credit loss, has been classified under other operating income.

4.6. Information on derivatives financial transaction gain/loss:

The net gain resulting from the foreign exchange differences related to derivative financial transactions is TL 35.650.282 (December 31, 2022 – TL 19.598.272 gain).

4.7. 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.

Reversals of provisions for expected credit losses are started to be reported as gross basis. Therefore, the income amounting to TL 6.517.358 related to the reversal of provisions, which was previously reported under the allowance for expected credit loss, has been classified under other operating income.

4.8. Information related to other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	357.393	116.825
Provision expense for pension fund	53.981	47.481
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	1.329.970	828.051
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortization expenses of intangible assets	384.169	286.579
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	-	292
Depreciation expenses of assets held for resale	-	-
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	23.143.792	9.832.234
TFRS 16 exempt lease expenses	194.815	120.553
Repair and maintenance expenses	751.220	360.777
Advertising expenses	847.892	427.765
Other expense	21.349.865	8.923.139
Loss on sales of assets	9.635	-
Other	5.282.154	2.739.729
Total	**30.561.094**	**13.851.191**

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

Income before tax includes net interest income amounting to TL 79.417.115 (December 31, 2022 – TL 79.258.471) net fee and commission income amounting to TL 38.160.316 (December 31, 2022 – TL 15.740.654), personnel expenses amounting to TL 18.296.354 (December 31, 2022 - TL 9.853.390) and total other operating expense amounting to TL 30.561.094 (December 31, 2022 – TL 13.851.191).

As of December 31, 2023, the Group has no profit before taxes from discontinued operations (December 31, 2022 – None).

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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

As of December 31, 2023, the Group has current tax expense amounting to TL 12.077.111 (December 31, 2022 – TL 20.934.300 expense) and deferred tax expense amounting to TL 4.941.626 (December 31, 2022 – TL 4.485.833 deferred tax income).

	Current Period	Prior Period
Profit before tax	85.028.901	69.193.768
Tax calculated at statutory rate	25.508.670	17.298.442
Nondeductible expenses, discounts and other, net	(8.489.933)	(849.975)
Total	**17.018.737**	**16.448.467**

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

4.11.1. 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.

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

4.12. Income/loss of minority interest:

	Current Period	Prior Period
Income/(loss) of minority interest	1.328	612

4.13. Other items in income statement:

"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.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

5. Explanations and notes related to consolidated statement of changes in shareholders' equity

5.1. Information on dividends:

Authorised body for profit distribution of the current period is General Assembly. As of the preparation date of these financial statements, annual ordinary meeting of the General Assembly has not been held yet.

5.2. Information on increase/decrease amounts resulting from merger:

None.

5.3. Information on equity share premiums:

The details regarding property and equipment valuation differences are disclosed in section 3 note 19.

5.4. Explanations on property and equipment valuation differences:

Group, adopted fair value accounting method for its buildings and art objects and paintings in tangible assets in accordance with TAS 16 "Property, Plant and Equipment". As of 31 December 2023, revaluation gain under shareholders' equity is amounting to TL 10.912.237 (December 31, 2022 – TL 4.912.389).

5.5. Explanations related to accumulated remeasurement gains/losses of defined benefit plans:

Accumulated remeasurement gains/losses of defined benefit plans are accounted under equity. As of December 31, 2023 actuarial loss under shareholders' equity regarding to employee benefits are amounting to TL 2.371.380 (December 31, 2022 - TL 1.920.863), actuarial loss related to pension fund provision is amounting to TL 5.896.655 (December 31, 2022 - TL 1.046.409).

5.6. Explanations on financial assets at fair value through other comprehensive income:

"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 until the related assets are impaired or disposed.

5.7. Hedging transactions:

The Parent Bank has begun to apply cash flow hedge accounting in order to hedge the risk of cash flow of its liabilities from January 1, 2010. In the scope of this application, the derivative financial instruments are specified as floating rate and fixed rate interest payment USD, EUR and TL interest rate swaps, hedging liabilities as the USD, EUR and TL customer deposits, repos, cash outflows due to re-pricing of loans because of the expected interest rate financing. In this context, fair value change of the effective portion of derivative financial instruments accounted under "Other accumulated comprehensive income that will be reclassified in profit or loss", taking into account tax effects. Such amount as of December 31, 2023 is TL 3.227.560 gain (December 31, 2022 – 5.379.550 gain).

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 December 31, 2023 is EUR 528 million (December 31, 2022 – EUR 469 million). The foreign exchange loss of TL 10.019.031 (December 31, 2022 – TL 5.578.536 loss), net of tax, on translation of the borrowing to Turkish Lira at the statement of financial position date is recognized in "hedging reserves" in equity.

5.8. Information on other capital and profit reserves:

Other capital and profit reserves in general comprise of legal reserves and extraordinary reserves.

6. Explanations and notes related to consolidated statement of cash flows:

6.1. Information on cash and cash equivalent:

6.1.1. Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency balances together with demand deposits at banks including the unrestricted amounts of CBRT are defined as "Cash"; money market placements and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

6.1.2. Effect of a change in the accounting policies:

None.

6.1.3. Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:

6.1.3.1. Cash and cash equivalents at the beginning of period:

	Current Period	Prior Period
Cash	**113.279.228**	**87.319.462**
Cash and effectives	13.177.534	12.884.224
Demand deposits in banks	100.101.694	74.435.238
Cash equivalents	**15.831.110**	**15.998.813**
Interbank money market	2.513.158	1.808.653
Deposits in bank	13.317.952	14.190.160
Total cash and cash equivalents	**129.110.338**	**103.318.275**

6.1.3.2. Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	**216.391.689**	**113.279.228**
Cash and effectives	22.177.269	13.177.534
Demand deposits in banks	194.214.420	100.101.694
Cash equivalents	**12.119.176**	**15.831.110**
Interbank money market	-	2.513.158
Deposits in bank	12.119.176	13.317.952
Total cash and cash equivalents	**228.510.865**	**129.110.338**

6.2. Information on cash and cash equivalents those are not in use due to legal limitations and other reasons:

As of December 31, 2023, the Group's cash and cash equivalents those are not in use due to legal limitations and other reasons, including reserve requirements is amounting to TL 244.424.260 (December 31, 2022- TL 129.950.790).

6.3. Explanations on other items in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents :

Decrease in "Other account" amounting to TL 6.414.741 (December 31, 2022 – TL 5.146.769 decrease) which is classified under "Operating profit before changes in operating assets and liabilities" includes fee and commissions given, other operating expenses excluding personnel expenses and foreign exchange gains/losses.

Decrease in "Net increase/decrease in other liabilities" amounting to TL 13.538.333 (December 31, 2022 - TL 2.022.518 increase) which is classified under "Changes in operating assets and liabilities" mainly arises from changes in miscellaneous payables, subordinated loans and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as an increase approximately of TL 50.742.058 as of December 31, 2023 (December 31, 2022 - TL 27.521.017 increase).

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

7. Explanations and notes related to Group's risk group:

7.1. The volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit or loss of the period:

7.1.1. 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	
Group's risk group (1) (2)	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
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	**79.064**	**272**	**42.651**	**6.574**	**4.386.974**	**64.978**

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	
Group's risk group (1) (2)	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Loans						
Balance at the beginning of the period	22.481	2.838	416.619	1.070.846	8.119.787	3.310.640
Balance at the end of the period	46.501	1.784	176.501	903.139	12.012.206	5.772.850
Interest and commission income received	**1.743**	**11**	**59.479**	**2.651**	**1.795.490**	**27.690**

(1) Defined in subsection 2 of the 49th article of 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.

7.1.2. Information on deposits of the Group's risk group:

Group's risk group (1) (2)	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	
Deposit	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Beginning of the period	570.543	406.888	27.832.583	38.214.095	70.401.031	50.919.449
End of the period	1.179.266	570.543	30.457.645	27.832.583	123.741.795	70.401.031
Interest expense on deposits	**252.819**	**9.601**	**2.167.942**	**1.990.833**	**4.353.728**	**1.482.225**

(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.

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

Group's risk group (1)	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**
Transactions at fair value through profit or loss						
Beginning of the period(2)	-	-	1.886.536	2.828.070	1.273.964	379.300
End of the period(2)	-	-	19.721.860	1.886.536	5.382.691	1.273.964
Total profit / loss	**-**	**-**	**(35.811)**	**192.197**	**108.119**	**(349.753)**
Transactions for hedging purposes						
Beginning of the period(2)	-	-	-	525.855	-	-
End of the period(2)	-	-	-	-	-	-
Total profit / loss	-	-	-	-	-	-

(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.

7.2. Information regarding benefits provided to the Group's top management:

Salaries and benefits paid to the Group's top management amount to TL 565.684 as of December 31, 2023 (December 31, 2022 – TL 263.289).

8. Explanations and notes related to the domestic, foreign, off-shore branches or associates and foreign representatives of the Parent Bank:

	Number	Number of Employees	Country of incorporation	Total assets	Statutory share capital
Domestic Branch	779	15.006			
Foreign Representation Office	-	-	-		
Foreign Branch	1	3	Bahrain	34.393.503	-
Off-Shore Banking Region Branch	-	-		-	-

9. Explanations and notes related to subsequent events :

On January 15, 2019, the Additional Tier 1 bond which can be redeemed in the fifth year, issued abroad by the Bank with an amount of USD 650 million, were redeemed as of January 15, 2024, by the approval of BRSA.

On January 17, 2024, the Bank issued abroad a Tier 2 bond with an amount of USD 650 million, maturity of 10 years, fixed interest and semi-annual interest payments with an early redemption option in 2029.

(Convenience translation of publicly announced consolidated financial statements and audit report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.
Notes to consolidated financial statements as of December 31, 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section Six- Other Explanations

1. Other explanations on the Parent Bank's operations

None.

Section seven - Independent auditor's report

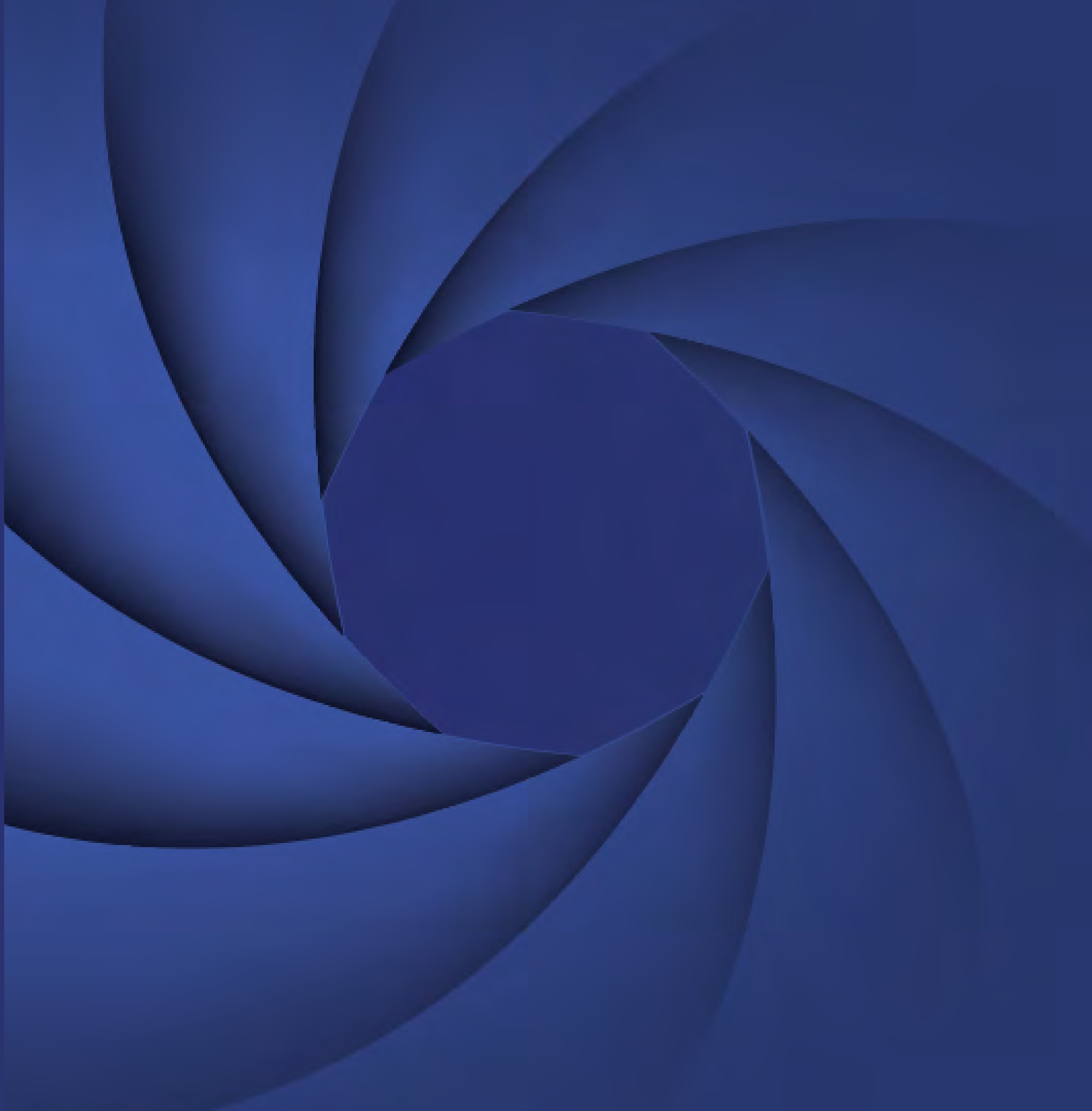
1. Explanations on independent auditor's report

The consolidated financial statements for the period ended December 31, 2023 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent auditor's audit report dated February 2, 2024 is presented preceding the consolidated financial statements.

2. Explanations and notes prepared by independent auditor

None.

Annexes



GRI 302-1, GRI 302-2, GRI 302-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 306-3

Performance Tables

ENVIRONMENTAL PERFORMANCE TABLES

GHG Emissions (ton CO_2e)[1]	2020	2021	2022	2023
Scope 1	13,731	15,985	14,555	18,415
Scope 2 (Location based)	42,137	38,802	35,862	35,598
Scope 2 (Market based)	35,146	23,635	0	0
Total (Scope 1 and Scope 2)	48,877	39,620	14,555	18,415
Scope 3 (Category 1)[2]	465	389	398	572.4
Scope 3 (Category 5)	5,301	3,147	3,713	95.6
Scope 3 (Category 6)	487	267	477	1,256
Scope 3 (Category 7)	259	51.9	63.2	3,743
Scope 3 (Category 15)[3]	-	18,409,285	11,229,389	-
Emission Intensity of Scope 1 and 2 (ton CO_2e/total number of employees)	2.95	2.49	0.87	1.14
Emission Intensity of Scope 3 Category 15 (ton CO_2e/credit balance million TL)	-	59.34	30.20	-
Emission Intensity of Scope 3 Category 15 (ton CO_2e/million TL)	-	523.75	102.77	-

[1] As of 2021, the coverage of environmental performance indicators has been expanded with the inclusion of other subsidiaries, namely Yapı Kredi Culture Arts and Publishing (YKKSY), Yapı Kredi Technology, Yapı Kredi Bank Nederland N.V. and Yapı Kredi Bank Azerbaijan, in addition to the Bank's Head Office and facility buildings, branches, and subsidiaries (Yapı Kredi Faktoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest). The reason for the increase in Scope 1 data for 2023 is due to the change in the emission factors published by the IPCC and the leakage gases resulting from the destruction of air conditioners in the earthquake zone.
[2] As of 2021, Scope 3 covers greenhouse gas emissions, paper consumption across the Bank and its subsidiaries (Yapı Kredi Faktoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest), fuel consumption for employee commuting at selected locations (Head Office and facility buildings, regional offices and branch buildings) of the Bank and its subsidiaries (Yapı Kredi Faktoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest) and air travel across the Bank. In addition, as of 2021, the Scope 3 greenhouse gas emissions include hazardous wastes, nonhazardous wastes, medical wastes and household wastes generated by Banking Base, Plaza Building D/A, Black Sea Commercial Regional Office Building, Ankara Regional Office Building, Kadıköy Branch Building, YKKSY Building and Darıca Archive facilities.
[3] As of 2021, Scope 3 Category 15 emissions of the Bank and its selected subsidiaries (Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Bank Nederland N.V. ve Yapı Kredi Bank Azerbaijan) arising from investments and loans started to be calculated and 2021 was chosen as the base year. In addition, 2023 Scope 3 Category 15 emissions will be calculated after the companies in the Yapı Kredi's portfolio disclose their year-end data and will be publicly disclosed in the Yapı Kredi CDP Climate Change report. In Scope 3 emissions within Scope 3 Category 15, only Scope 1&2 emissions of the companies in the portfolio are disclosed. In the intensity calculation, only the loan balance included in the emission scope is taken as loan balance.

Energy Consumption (GJ)	2020	2021	2022	2023
Electricity[4]	325,455	323,710	298,394	301,869
Grid electricity[5]	325,455	323,710	298,256	297,185
Renewable electricity (produced)[6]	0	0.0324	138	4,684
Renewable electricity (purchased)[7]	54,000	126,079	298,256	297,185
Natural Gas	116,384	125,187	108,422	97,049
Fuel oil[8]	77,436	73,924	84,871	81,682
Total Energy Consumption	519,275	522,821	491,687	480,600
Energy Intensity (GJ/total number of employees)	31.4	31.6	29.8	29.6

[4] Electricity amount refers to the total of grid electricity and produced renewable electricity. The reason for the change in electricity consumption data in 2022 is the inclusion of electricity consumption in domestic and foreign subsidiaries.
[5] It is the amount of electricity purchased from electricity distribution companies.
[6] The amount of renewable energy produced in the solar energy systems of Bodrum Branch and Banking Base (SPP) is included in the scope of the renewable electricity produced, Bodrum SPP started production in 2021, and Banking Base SPP started in 2022.
[7] The Bank has supplied 100% of its electricity consumption in 2022 and 2023 from renewable energy sources with IREC certification.
[8] Since 2022, in addition to fuels used for generators and heating purposes, gasoline and diesel fuel from vehicle sources have also been included in the breakdown of fuel consumption.

GRI 302-4, GRI 303-3, GRI 303-4, GRI 303-5, GRI 305-5

Energy Savings	2020	2021	2022	2023
Total annual energy saving (GJ)	19.2	6,708	2,703	1,880
Total annual GHG saving via energy saving *(ton CO_2e)*	2.5	873	185	226.2
Total annual financial savings (TL)	8,080	1,819,825	2,153,287	1,883,211

Water Consumption (m^3)	2020	2021	2022	2023
Municipal water	208,558	226,685	215,375	175,232
Ground water	8,240	5,454	5,839	8,202
Rain water	0	683	4,113	7,757
Total	216,975	232,822	225,327	191,191
Amount of wastewater (m^3)	216,975	232,822	225,327	191,191
Water intensity (m^3/total number of employee)	13.1	14.1	13.6	11.8

Waste Generation (ton)[9]	2020	2021	2022	2023
Hazardous waste				
Recycled	291.5	242.2	100.1	107.7
Electronic waste	246.8	228.0	87.8	95.1
Other	44.8	14.2	12.3	12.6
Incinerated with energy recovery	0	0	0	0
Disposed	0.11	0.12	0.33	0.34
Total	291.6	242.3	100.4	108
Non - Hazardous waste				
Recycled	939.1	905.5	1.211.8	894.8
Paper	838.6	828.6	874.9	734.9
Plastic	8.47	15.8	5.66	4.4
Metal	37.4	45.9	128.3	38.9
Other[10]	0.0	15.2	202.9	116.6
Incinerated with energy recovery	2.25	0.00	0.00	0
Municipal waste	396.0	45.96	60.3	113.2
Total	1,337.3	951.5	1,272.1	1,008

[9] In 2023 reporting period, hazardous waste and non-hazardous waste generated by Banking Base, Plaza Building D/A, Mutlukent Warehouse, İkitelli Warehouse, Darıca Archives-Warehouse, Yeniköy Koru Facilities, Regional Office Buildings and Branch Buildings with Zero Waste Management, Yapı Kredi Culture Arts and Publishing (YKKSY), Samsun Communication Center, Yapı Kredi Bank Azerbaijan and household waste (including municipal waste) generated by Banking Base, Plaza Building D and Darıca Archives are included in recovery/recycling and disposal processes. Municipal waste started to be calculated from 2020.
[10] Other breakdown includes glass packaging, mixed packaging, wooden packaging, aluminium, kitchen and canteen waste, end-of-life tires and non-hazardous electronic waste.

Certificates (% Employee)	2020	2021	2022	2023
ISO-14001 Environment Management System	31	47	70	75
ISO-50001 Energy Management System	-	-	30	32
ISO-14064-1 Greenhouse Gases Emissions Certificate	100	100	100	100
ISO-14046 Water Footprint Certificate	27	53	61	98

Environmental Investments & Expenditures (million TL)	2020	2021	2022	2023
CAPEX	2.5	3.5	32.4	17.2
OPEX	0.7	0.7	4.7	12.0
Total	3.2	4.2	37.1	29.2

GRI 2-7, GRI 2-8

SOCIAL PERFORMANCE TABLES

Consolidated Number of Employees[1]	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Yapı Kredi Bank	10,243	6,320	9,950	6,165	9,607	5,824	9,354	5,655
Türkiye	10,243	6,317	9,950	6,162	9,607	5,821	9,354	5,652
Bahreyn Branch	0	3	0	3	0	3	0	3
Domestic Subsidiaries	253	340	293	370	335	435	362	454
Foreign Subsidiaries	100	205	109	199	103	212	114	223
Total	17,464		17,086		16,516		16,162	

[1] The table covers Yapı Kredi Bank, domestic subsidiaries (Yapı Kredi Invest, Yapı Kredi Asset Management, Yapı Kredi Technology, Yapı Kredi Leasing ve Yapı Kredi Faktoring) and foreign subsidiaries (Yapı Kredi Bank Nederland N.V. and Yapı Kredi Bank Azerbaijan).

Number of Employees and Subcontractors by Employment Type[2]	2020		2021		2022		2023	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Employee number	15,886	151	15,208	244	15,256	175	14,834	175
Subcontracter number	2,508	147	2,348	101	2,445	136	2,222	102

[2] The table covers only Yapı Kredi Bank.

Employment Models (%)[3]	2022	2023
Office	55	54
Hybrid	20	20
Remote	25	26

[3] The application was launched in May 2022 and only Yapı Kredi Bankası was included.

Number of Employees by Age[4]	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	125	335	186	415	1,960	1,080	2,326	1,332
30-50 years old (including 30 and 50 years old)	7,818	5,047	7,783	4,816	7,752	4,673	7,108	4,325
Over 50 years old	2,300	938	2,002	934	230	506	282	452

[4] Unless otherwise stated, Employment Models and the following tables cover Yapı Kredi Bank and its domestic subsidiaries (Yapı Kredi Invest, Yapı Kredi Portföy, Yapı Kredi Technology, Yapı Kredi Leasing ve Yapı Kredi Faktoring).

Number of Employees with Disabilities	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Employees with disabilities by gender	115	407	131	398	134	383	144	380

Number of Employees by Term of Employment	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
0-5 years	2,375	1,677	2,127	1,517	2,209	1,633	2,740	2,013
5-10 years (including 5th and 10th years)	3,449	2,065	3,357	2,004	3,243	1,949	2,729	1,638
10 years and above	4,419	2,578	4,466	2,644	4,490	2,677	4,247	2,458

Number of Internal Promotion	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	468	185	239	163	524	336	666	406
30-50 years old (including 30 and 50 years old)	785	663	741	549	951	909	1,150	680
Over 50 years old	1	5	0	4	0	0	16	22

New Employee Hires by Gender and Age	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	469	345	776	493	1,032	693	1,403	773
30-50 years old (including 30 and 50 years old)	38	74	59	122	116	168	257	224
Over 50 years old	0	0	0	0	0	1	0	1

Position Filled with Internal Candidates	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
By Gender (%)	-	-	62.1	37.9	66.7	33.3	68.5	31.6
Total	-		1,209		147		1,433	

Number of Employees Leaving Work	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	378	196	504	315	650	368	636	406
30-50 years old (including 30 and 50 years old)	491	262	576	385	477	325	1,073	592
Over 50 years old	65	129	63	114	37	66	99	224

Employee Turnover Rate (%)[5]	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	2.2	1.2	3.1	1.9	4.0	2.3	4.0	2.5
30-50 years old (including 30 and 50 years old)	2.9	1.6	3.5	2.4	3.0	2.0	6.7	3.7
Over 50 years old	0.4	0.8	0.4	0.7	0.2	0.4	0.6	1.4
Toplam	9.0		12.0		11.9		18.9	

[5] Employee turnover rate is calculated over the total number of people who left voluntarily (with resignation) and non-resignation ways.

Voluntary Employee Turnover Rate (%)[6]	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	1.2	1.0	2.0	1.6	2.2	1.6	2.4	2.0
30-50 years old (including 30 and 50 years old)	0.6	0.7	1.0	1.3	0.9	1.1	0.9	1.1
Over 50 years old	0	0	0	0	0	0	0	0
Toplam	3.4		5.9		5.8		6.4	

[6] Voluntary employee turnover rate is calculated only for people who left by resignation.

Maternity Leave[7]	2020	2021	2022	2023
Number of employees taking maternity leave	551	546	471	412
Number of employees returning to work after maternity leave	641	532	475	424
Number of employees that returned to work after maternity leave and worked at least 12 more months afterward	640	515	457	415
Return-to-work rate after maternity leave (%)	93.3	95.9	94.5	95.6
Retention rate after maternity leave (at least 12 months) (%)	95.1	96.9	96.2	97.8

[7] The table covers only employees at Yapı Kredi Bank Turkey locations.

Number of Employees Benefiting from Parental Leave[8]	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of employees benefiting from parental leave	551	264	546	276	471	256	412	206

[8] The table covers only employees at Yapı Kredi Bank Turkey locations.

GRI 2-21, GRI 202-1, GRI 405-1, GRI 405-2

Gender Diversity	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Employees in all positions (%)	61.7	38.3	61.7	38.3	61.4	38.6	61.4	38.6
Board members (%)	20.0	80.0	16.7	83.3	16.7	83.3	20	80
Employees in all management positions (%)	40.3	59.7	40.0	60.0	39.9	60.1	61.6	38.4
Employees in senior management positions (%)	30.0	70.0	22.9	77.1	22.2	77.8	19.4	80.6
Employees in middle and first-level management positions (%)[9]	49.2	50.8	48.6	51.4	48.5	51.5	48.5	51.5
Employees in first-level management positions (%)[9]	61.2	38.8	60.6	39.4	59.0	41.0	58.6	41.4
Employees in non-management positions (%)	64.3	35.7	64.4	35.6	64.1	35.9	64.1	35.9
Employees in income generating management positions (%)	43.4	56.6	43.6	56.4	44.4	55.6	46.2	53.8
Employees in income generating positions (%)	67.7	32.3	67.9	32.1	68.2	31.8	69.1	30.9
Employees in STEM[10] related positions (%)	36.2	63.8	36.6	63.4	38.2	61.8	37.0	63.0
Employees in technology/IT teams (%)	38.1	61.9	38.1	61.9	39.3	60.7	38.4	61.6
Employees in engineering positions (%)	22.6	77.4	23.3	76.7	23.0	77.0	22.9	77.1

[9] For senior management positions maximum two levels away from CEO or similar positions, for middle-level management positions three and four levels away from CEO or similar positions, and first-level management positions five and more levels away from CEO or similar positions are taken as a basis.

[10] STEM refers to science, technology, engineering and mathematics.

Share in Management Position by Nationality (%)	2022		2023	
	Total Workforce	All Management Positions	Total Workforce	All Management Positions
Turkey	98	98	98.2	98.4
Azerbaijan	1.5	1.4	1.6	1.1
The Netherlands	0.2	0.5	0.2	0.5

Pay Gap Analysis	2020		2021		2022		2023	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median
Gender Pay Gap Ratio (%)	27.1	25.9	27.5	26.4	27.1	24.9	27.6	24.5
Bonus Gap Ratio (%)	42.7	44.9	35.4	36.9	31.4	33	41	40

Unionization[11]	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of unionized employees	6,025	2,879	5,792	2,743	6,595	2,840	6,283	2,616

[11] The table covers only employees at Yapı Kredi Bank Turkey locations.

Employee Engagement (%)	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Employee engagement	75	76	76	68	67	68	67	72

Note: the printed Employee Engagement table has 12 sub-columns (Female, Male, Female, Male, Female, Male, Female, Male, Female, Male, Female, Male) with values 75, 76, 76, 68, 67, 68, 67, 72, 69, 65, 67, 66.

Training	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Average hours of training per employee	20	24	43	47	49	50	33	33
Total training hours	202,844	141,751	419,491	274,456	488,316	310,781	318,010	200,936
Average amount spent per employee on training (TL)	1,626	1,626	2,392	2,392	5,349	5,349	10,630	10,630
Total amount spent on training (million TL)	16.2	9.7	23.1	13.8	53.1	33.4	103.3	64.9

Total Training Hours	2020	2021	2022	2023
Ethics	4,491	2,943	20,162	4,986
Personal Data Protection Law	3,502	7,311	4,677	16,963
OHS	7,837	84,763	30,679	8,523
Environment	646	1,129	2,011	4,283
Leadership	15,564	125,506	130,006	33,817
Professional/Technical	230,130	320,703	379,936	329,808
Other	82,426	151,592	231,087	125,942

Occupational Health and Safety (Employees)	2020	2021	2022	2023
Total working hours (in a year)	27,665,546	28,650,588	29,582,643	30,904,527
The total lost working days	165	118	161	71
The number of work-related injuries	20	18	33	22
The number of work-related fatalities	1	0	0	0
The number of occupational diseases	0	1	0	0
Lost Day Rate (LDR)[12]	1.19	0.82	1.09	0.46
Injury Rate (IR)[13]	0.14	0.13	0.22	0.14
Occupational Disease Rate (ODR)[14]	0	0,06	0	0
Absentee Rate (% of total days scheduled)[15]	2.57	1.56	2.12	1.98

Occupational Health and Safety (Subcontractors)	2020	2021	2022	2023
Total working hours (in a year)	5,651,713	5,789,403	5,200,244	5,507,567
The total lost working days	10	1	4	8
The number of work-related injuries	7	12	14	14
The number of work-related fatalities	0	0	0	0
The number of occupational diseases	0	0	0	0
Lost Day Rate (LDR)[12]	0.35	0.03	0.15	0.29
Injury Rate (IR)[13]	0.25	0.41	0.54	0.51
Occupational Disease Rate (ODR)[14]	0	0	0	0

[12] Lost Days Rate (LDR): Calculated based on the number of lost working days due to workplace accidents and total working time. Formula: (Total Number of Lost Working Days x 200,000) / Total Working Hours

[13] Injury Rate (IR): Calculated based on work-related injuries and total time worked during the year. Formula: Total Number of Work-Related Injuries / (Total Working Hours – Lost Working Hours) x 200,000

[14] Occupational Disease Rate (ODR): Calculated based on temporary or permanent diseases due to the nature or conditions of the work and total working hours. Formula: (Total Number of Occupational Diseases x 200,000)/Total Working Hours

[15] Absentee Rate: Calculated based on absentee days lost and total days worked. Formula: (Absentee Days / Total Days Scheduled) x 100

Supplier Management[16]	2022	2023
Number of total supplier	564	626
Number of local supplier	509	563
Rate of payments to local suppliers (%)	97.9	94

[16] The table covers only Yapı Kredi Bank.

United Nations Responsible Banking Principles Reporting Index

PRINCIPLE 1: ALIGNMENT

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

BUSINESS MODEL

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

RESPONS

Yapı Kredi operates in Turkey as one of the largest private banks in the country. The Bank is active in retail banking (including card payment systems, individual banking, business banking and private banking) as well as corporate, commercial and SME banking. The bank serves its customers with 780 branches covering all regions of Turkey and approximately 15 thousand employees.

Yapı Kredi's performing loans consists of 68% retail loans (including SME loans) and 32% corporate and commercial loans as of 2023 year end. Sectoral breakdown of loans is as follows; 39.6% retail lending, 6.6% infrastructure & other construction, 6.0% energy, 5.0% wholesale trade, 4.6% metals, 4.3% automotive, 3.8% finance, 3.5% textile, 3.4% food & beverage, 3.3% health & education, 19.9% other sectors. The Bank's operations are supported by its domestic subsidiaries operating in the fields of portfolio management, investment, financial leasing and factoring, as well as its foreign banking subsidiaries in the Netherlands and Azerbaijan.

About Yapı Kredi, page 28-29

STRATEGY ALIGNMENT

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

[X] Yes [ ] No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.
Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- [X] UN Guiding Principles on Business and Human Rights
- [X] International Labour Organization fundamental conventions
- [X] UN Global Compact
- [ ] UN Declaration on the Rights of Indigenous Peoples
- [ ] Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: ---------------------
- [ ] Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: ------------------------
- [ ] None of the above

RESPONSE

In line with its vision of adding value to society, Yapı Kredi adopts as one of its strategic priorities maintaining its solid position among the banks that shape the sector in environmental, social and corporate governance areas. The Sustainable Development Goals (SDGs) and the Paris Climate Agreement serve as guides in creating the Bank's sustainability strategy. Yapı Kredi's sustainability strategy is also guided by Turkey's development plans and Turkey's Intended National Contribution Declaration within the scope of Turkey's sustainability priorities. Therefore, Yapı Kredi addresses its sustainability strategy under four main pillars in line with national and international sustainability trends as well as internal and external stakeholder expectations. Yapı Kredi's sustainability strategy includes the following focus areas: Climate Crisis and Environment, Risk Management and Corporate Governance, Sustainable Finance, Human and Society.

Business Model and Strategy, page 78-81

PRINCIPLE 2: IMPACT AND TARGET SETTING

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 IMPACT ANALYSIS (KEY STEP 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d)[2]:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

RESPONSE

Yapı Kredi used the Portfolio Impact Analysis Tool of UNEP FI to identify its most significant impact areas and determine priority areas for target-setting. Being active in retail, corporate, commercial and SME banking segments, Yapı Kredi analyzed the environmental and social impact created by all of its business segments by means of the Impact Analysis Tool.

The segmentation employed by Yapı Kredi and the segmentation used in the Impact Analysis Tool are different. The Bank adopted the segment definitions of the Impact Analysis Tool under the UN Principles for Responsible Banking reporting.

- Consumer Banking Segment in the Impact Analysis Tool: Yapı Kredi Individual Banking
- Business Banking Segment in the Impact Analysis Tool: Yapı Kredi Business and SME Banking
- Corporate Banking Segment in the Impact Analysis Tool: Yapı Kredi Corporate and Commercial Banking

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope
i) by sectors & industries[3] for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
ii) by products & services and by types of customers for consumer and retail banking portfolios.
If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

RESPONSE

The impact of the services offered by Bank on all segments of the society is assessed in an integrated manner. For this reason, while using the Impact Analysis Tool, Yapı Kredi took into account the focus areas of its financial services offered to its individual customers and the number of active customers under the Consumer Banking segment. Within the scope of Business and Corporate Banking, the Bank has used the sectoral breakdown of loan volumes as a basis. In this context, the top ten sectors to which the Bank provides loans in both segments are included in the analysis. Energy, construction, wholesale trade, food and beverage industries are the main sectors in the Bank's portfolio.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?[4] Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.
This step aims to put your bank's portfolio impacts into the context of society's needs.

RESPONSE

Carrying out almost all of its operations in Turkey, Yapı Kredi has taken into account the needs of Turkey in the field of sustainable development, with the Impact Analysis Tool, while defining its material environmental and social impacts.

[1] That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.
[2] Further guidance can be found in the Interactive Guidance on impact analysis and target setting.
[3] 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.
[4] Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

PRINCIPLE 2: IMPACT AND TARGET SETTING

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)[5]? Please disclose.

RESPONSE

The Bank's potential impact areas have been defined in line with the data utilized in the Impact Analysis Tool within the scope of Retail, Business and Corporate Banking as well as Turkey's sustainable development needs. In terms of Retail Banking, the Bank's potential impact areas are determined as employment and inclusive, healthy economies. In terms of Business and Corporate Banking, the Bank's potential impact areas are determined as economic convergence and climate

According to the results of the Impact Analysis Tool, Yapı Kredi identified the impact areas for which it plans to set targets as follows, taking into consideration the portfolio, product density and the order of the country's needs within the scope of the joint impact areas of business units and the Bank's material issues in terms of sustainability:

Inclusive and Healthy Economy: Financial Health and Inclusion
Climate: Climate Change
Economic Convergence: Gender Equality

<u>a) For these (min. two prioritized impact areas):</u> Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

RESPONSE

Considering the breakdown of the relevant impact areas in the Impact Analysis Tool, the priorities of the Bank and the main impact areas of the sector include financial inclusion and R&D investments, which are positioned under the inclusive and healthy economy area. Within the scope of inclusive and healthy economy impact area, the Bank aims to support Turkey's social development. To this end, Yapı Kredi has become one of the founding signatories of the Financial Health and Inclusion Initiative, established in 2021 by the United Nations Principles for Responsible Banking. Climate risks and greenhouse gas emissions, which are handled within the scope of climate change impact area, are also among the priorities of the Bank. During the transition to a low-carbon economy, the Bank has committed to set emission reduction targets within the scope of the Science Based Targets Initiative (SBTi) and Net-Zero Banking Alliance NZBA. In line with these commitments, the Bank works to reduce its emissions arising from its own operations and the emissions linked to its lending activities to achieve its net zero target by 2050.

In addition, the Bank has also launched projects to integrate climate risks into credit risk assessment processes. The issue of gender equality, which is handled under economic convergence, is also among the priorities of the Bank. Under this priority, the Bank works on projects to support and improve gender equality within the scope of human resources processes, products and services, and social responsibility projects.

Environmental Impact Management, page 128-135
Contribution to the Society, page 136-143
Talented and Committed Employees, page 226-235

[5] To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

SELF-ASSESSMENT SUMMARY:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?[6]

	Yes	In progress	No
Scope:	[X] Yes	[ ] In progress	[ ] No
Portfolio composition:	[X] Yes	[ ] In progress	[ ] No
Context:	[X] Yes	[ ] In progress	[ ] No
Performance measurement:	[X] Yes	[ ] In progress	[ ] No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?
Climate change, financial inclusion, gender equality.

How recent is the data used for and disclosed in the impact analysis?

- [ ] Up to 6 months prior to publication
- [X] Up to 12 months prior to publication
- [ ] Up to 18 months prior to publication
- [ ] Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

[6] You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 TARGET SETTING (KEY STEP 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis. The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with[8] have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.
You can build upon the context items under 2.1.

RESPONSE

Yapı Kredi embraces the Sustainability Development Goals (SDGs) and the Paris Climate Agreement as guidelines for its sustainability strategy. Yapı Kredi's sustainability strategy is also guided by Turkey's development plans and Turkey's Intended Nationally Determined Contribution Statement within the scope of Turkey's sustainability priorities.

Climate Change Mitigation Target: Yapı Kredi is a signatory to Net-Zero Banking Alliance and committed to align its lending portfolio with net-zero by 2050. The Bank align with its net-zero target with SDG 13 (Take urgent action to combat climate change and its impacts) and also contributes to SDG 7 (Ensure access to affordable, reliable, sustainable and modern energy for all), SDG 9 (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation) and SDG 12 (Ensure sustainable consumption and production patterns).

Financial Inclusion and Gender Equality Target: Yapı Kredi aims to support financial resilience of its women entrepreneur customers. The Bank align with its financial inclusion target with SDG 5 (Achieve gender equality and empower all women and girls) and SDG 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employement and decent work for all).

Business Model and Strategy, page 78-81
Material Issues, page 97-99
Responsible and Sustainable Finance, page 122-127
Environmental Impact Management, page 128-135

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation		

Impact area	Indicator code	Response
Financial health & inclusion		

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

[7] Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.
[8] Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

2.2 TARGET SETTING (KEY STEP 2)

RESPONSE

Climate Change Mitigation Target:
Baseline year is 2021 for all decarbonisation targets of Yapı Kredi. Total amount of absolute emissions was calculated as 18.5 million tons of CO_2e in the baseline year, 2021. Yapı Kredi set emission reduction targets for categories below.

Scope 2:
- Electricity Consumption: Renewable energy purchasing increase target in %

Scope 3:
- Corporate Loans - Electricity Production: Emission intensity reduction target in tCO_2e/MWh
- Project Finance - Electricity Production: Emission intensity reduction target in tCO_2e/MWh
- Real Estate: Emission intensity reduction target in $kgCO_2e/m^2$
- Corporate Loans – Other Long Term Lending: Temperature rating reduction target in °C

Financial Inclusion and Gender Equality Target:
Yapı Kredi identified financial inclusion and gender equality as its most significant impact areas and combined these two areas in a single target. Yapı Kredi has set a target of increasing the percentage of women entrepreneurs with two or more active financial products from different categories in the bank by 10% by 2026, based on the baseline value of 10.4% in 2021 to support their financial resilience. Yapı Kredi periodically monitors the following indicators in order to monitor progress towards achieving its goals.

- Number of new customers under the definition of woman entrepreneurs of Yapı Kredi
- Number of new customers under 'Woman Entrepreneur Support Package" per month
- Percentage of woman entrepreneur customers gained under 'Woman Entrepreneur Support Package" using overdraft regularly
- Percentage of woman entrepreneur customers gained under 'Woman Entrepreneur Support Package" with a non-performing loan

Environmental Impact Management, page 128-135
Innovative Banking, page 144- 211

c) SMART targets (incl. key performance indicators (KPIs)[9]): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

RESPONSE

Climate Change Mitigation Target:
Yapı Kredi's ultimate target is to align its operational and financed emissions with net-zero by 2050. In order to achieve its net-zero target, the Bank set interim targets covering its Scope 1, 2 & 3 emissions.

Targets are as follows;

Scope 2:
- Electricity Consumption: 100% renewable energy purchasing target every year

Scope 3:
- Corporate Loans - Electricity Production: 41.7% reduction in emission intensity (tCO_2e/MWh) by 2030 from a 2021 year base year
- Project Finance - Electricity Production: 73.7% reduction in emission intensity (tCO_2e/MWh) by 2030 from a 2021 year base year
- Commercial Real Estate: 67.4% reduction in emission intensity ($kgCO_2e/m^2$) by 2030 from a 2021 year base year
- Corporate Loans – Other Long Term: Reduction in temperature rating to 2.64°C by 2026 from a 2021 year base year

Financial Inclusion and Gender Equality Target:
A 10% increase in the percentage of woman entrepreneur customers with two or more active financial products from different categories with the bank by 2026 to support their financial resilience according to the baseline value of 10.4% in 2021.

This target would comprise the acquisition of 20,000 new woman entrepreneur customers aimed to reach with an advantageous product and service package called the 'Woman Entrepreneur Support Package".

Responsible and Sustainable Finance, page 122-127
Environmental Impact Management, page 128-135

[9] Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

2.2 TARGET SETTING (KEY STEP 2)

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.
Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

RESPONSE

Climate Change Mitigation Target: In 2023, in line with its climate change strategy, Yapı Kredi developed decarbonization strategies for the sectors it has prioritized in order to achieve its targets determined in line with the SBTi directives. The Bank also determined action sets to realize these strategies. While developing the transformation plan, an interactive process was carried out with the Steering Committee consisting of senior management and the working group members including the relevant teams, and studies were carried out within the scope of the Bank's credit policies and strategies.

The basis of the transformation strategy developed by Yapı Kredi for these sectors is to support the transformation needs of its customers. In order to meet transformation needs of its customers, Yapı Kredi continues to work to implement the action plans it has determined.

Financial Inclusion and Gender Equality Target: In line with its financial inclusion and gender equality target, Yapı Kredi designed the "Woman Entrepreneur Support Package" comprising the acquisition of 20,000 new woman entrepreneur customers aimed to reach with an advantageous product and services by 2026. Within the scope of this package, annual targets have been determined until 2026 and action plans have been assigned to relevant portfolio managers in line with these targets.

Business Model and Strategy, page 78-81
Responsible and Sustainable Finance, page 122-127
Environmental Impact Management, page 128-135

SELF-ASSESSMENT SUMMARY

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your…

	… first area of most significant impact: … (Climate Change Mitigation)	… second area of most significant impact: … (Financial Inclusion & Gender Equality)	(If you are setting targets in more impact areas) …your third (and subsequent) area(s) of impact: … (please name it)
Alignment	[X] Yes [ ] In progress [ ] No	[X] Yes [ ] In progress [ ] No	[ ] Yes [ ] In progress [ ] No
Baseline	[X] Yes [ ] In progress [ ] No	[X] Yes [ ] In progress [ ] No	[ ] Evet [ ] In progress [ ] No
SMART targets	[X] Yes [ ] In progress [ ] No	[X] Yes [ ] In progress [ ] No	[ ] Evet [ ] In progress [ ] No
Action plan	[ ] Yes [X] In progress [ ] No	[X] Yes [ ] In progress [ ] No	[ ] Evet [ ] In progress [ ] No

2.3 TARGET IMPLEMENTATION AND MONITORING (KEY STEP 2)

For each target separately:
Show that your bank has implemented the actions it had previously defined to meet the set target.
Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

RESPONSE

In 2023, Yapı Kredi worked to determine emission reduction targets compatible with the Science Based Targets Initiative and submitted these targets to SBTi for verification. The Bank also became a member of Net Zero Banking Alliance in 2023 and started working to determine net-zero targets in line with NZBA. Yapı Kredi also took an active role in UN PRB's Financial Health and Inclusion Working Group in 2023 and defined its financial inclusion and gender equality target.

In line with all these targets, the Bank will publicly report its target achievements in the coming years in its integrated annual reports.

Responsible and Sustainable Finance, page 122-127
Environmental Impact Management, page 128-135

PRINCIPLE 3: CLIENTS AND CUSTOMERS

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 CLIENT ENGAGEMENT

Does your bank have a policy or engagement process with clients and customers[10] in place to encourage sustainable practices?

☒ Yes ☐ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☒ Yes ☐ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities[11]). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

RESPONSE

Yapı Kredi puts its customers at the center of its activities. When offering its customers financial products and services that will meet to their needs and enhance their welfare, the Bank acts with the principle of providing them with accurate information, embracing a transparent and fair service understanding, and improving their financial literacy. Responsible Lending Statement forms the basis of the Bank's responsible relationship with its customers and serves as a guide for the Bank's employees.

Yapı Kredi, taking into consideration the far reaching influence the sector has, embraces a responsible growth approach in its operations, which will increase positive impacts on all its stakeholders and create value for all segments of its operations. Yapı Kredi's main approach to sustainability is based on creating long-term value for each area and stakeholder by adopting a sensitive attitude toward social and environmental issues while ensuring economic development and growth. Sustainability lies at the heart of the Bank's business culture and philosophy.

Given the huge responsibility that falls upon the finance sector for finding solutions for the global environmental and social issues, Yapı Kredi works to increase the number of sustainable finance products for its customers in individual and corporate segments. The Bank aims to set strategic targets to increase the share of these products in the loan portfolio. Another aim of the Bank is to contribute to the capacity building of its customers on sustainable finance products, thus supporting the financing of transformation.

Yapı Kredi also directs its customers to sustainable choices with the "Step" program launced in 2023 and aims to support them in their sustainability journey. In addition, Yapı Kredi actively and effectively uses all communication channels to create a common awareness regarding sustainability. Promoting a responsible behavior with the leading credit card brand of Turkey, "World", the Bank invites consumers to simplify their lives, start savings and shop smart with the "As Simple as the World" project instead of encouraging them to spend more. Thus, the Bank invites individuals to take steps to prevent waste and make savings in all areas of life. Yapı Kredi's podcast channel "Let's Talk Sustainability" shares sustainability tips from life with a dynamic and easy-to-understand style of narration. In the "Sustainability Talks" series, broadcast live on Yapı Kredi's social media page, two programs focusing on the impact of sustainability on the business world is broadcast every month, where success stories and good practice examples are shared with the audience.

Contribution to the Society, page136-143
Human Focus, page 216-239

Responsible Lending Statement
https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_lending_statement.pdf

[10] A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.
[11] Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

PRINCIPLE 3: CLIENTS AND CUSTOMERS

3.2 BUSINESS OPPORTUNITIES

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services , information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

RESPONSE

Yapı Kredi offers financial solutions to sustainable development issues through numerous products and services such as sustainability-linked loans, renewable energy and energy efficiency loans, Nature-Friendly Mortgage, and Nature-Friendly Auto Loans. On the other hand, encouraging its customers to take action in sustainability, Yapı Kredi sets certain targets linked with the customers' sustainability performances independent of where the loan is planned to be used in sustainability-linked loans extended to corporate and commercial customers. Advantages are provided in loan conditions if these targets are achieved during the loan's term.

In 2023, in line with its climate change strategy, Yapı Kredi developed decarbonization strategies for the sectors it has prioritized in order to achieve its targets determined in line with the SBTi directives and determined action sets to realize these strategies. The basis of the transformation strategy developed by Yapı Kredi for these sectors is to support the transformation needs of its customers. As capacity utilization rates increase in response to increasing demand, the use of loans for technologies that reduce emission intensities for capacity increase investments in companies is one of the most basic investment loan opportunities for the Bank. Providing financing for the investments of companies with high energy consumption that will produce energy from renewable sources in order to reduce their emission intensity, or providing loans for green energy consumption needs through the purchase of green electricity certificates are also within the scope of Yapı Kredi's sector strategies.. In addition, providing the financing needed by its customers for the integration of developed technologies such as carbon capture and storage is part of the Bank's transformation strategy.

Responsible and Sustainable Finance, page 122-127
Environmental Impact Management, page 128-135

PRINCIPLE 4: STAKEHOLDERS

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 STAKEHOLDER IDENTIFICATION AND CONSULTATION

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups[12]) you have identified as relevant in relation to the impact analysis and target setting process?

[X] Yes [ ] In progress [ ] No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

RESPONSE

Analyzing the priorities and expectations of stakeholders for Yapı Kredi enables the Bank to better manage risks and opportunities. The Bank embraces the concept of effective and two-way communication with its stakeholders, which are grouped as shareholders and investors, employees, customers, regulatory and supervisory authorities, financial institutions and creditors, international enterprises, chambers of commerce and unions, suppliers, non-governmental organizations (NGOs), universities and research institutions, and the media.

Customers lie at the heart of Yapı Kredi's business model and constitute one of the most important stakeholder groups. The Bank considers its customers' feedback, and improves and enhances customer experience and the value proposition delivered to them. Human capital is the most important asset that serves as the foundation of Yapı Kredi's sustainability. In order to meet the expectations of its employees and to prepare for the business world of the future, Yapı Kredi regularly improves its working model, employee training and development programs, and the fringe benefits offered to its employees.. Within the scope of relations with shareholders, the Investor Relations department organizes analyst day meetings and teleconferences and participated conferences and roadshows to meet with current and potential investors while informing shareholders about current developments.

Yapı Kredi believes that Sustainable Development Goals can be achieved only through multistakeholder collaborations. Aware of this fact, while setting its strategic priorities, Yapı Kredi regularly conducts stakeholder analyses to understand the expectations of its internal and external stakeholders and reflects the outcomes of these studies in its materiality analysis. The stakeholder analysis is performed with the participation of more than a hundred stakeholders, including shareholders and investors, customers, supervisory and regulatory bodies, financial institutions and creditors, chambers of commerce and unions, suppliers, NGOs, universities, and research institutions. The Bank engages with its external stakeholders and its own employees via an online survey to collect their opinions.

Yapı Kredi actively takes part in sectoral initiatives and non-governmental organizations, and gives importance to multi-stakeholder communication and cooperation. The Bank strives to become a member and contribute to international standards and initiatives on sustainability. The Bank works, carries out projects and collaborates with numerous organizations and initiatives, including the UNEP FI, UN PRB, Turkish Industry and Business Association (TÜSİAD), Global Compact Network Türkiye, Women's Empowerment Principles (WEPs), Women Entrepreneurs Association of Türkiye (KAGİDER), World Wide Fund for Nature (WWF-Türkiye), Finance for Biodiversity Foundation, Integrated Reporting Türkiye Network (ERTA). Yapı Kredi is also an active member of the Banks Association of Türkiye (BAT) and participates in all activities of the association. The Bank is a member of the "Role of the Financial Sector in Sustainable Growth Working Group" of BAT and actively contributes to all studies carried out under sub-working groups focuses on Green Asset Ratio (GAR) and climate risks.

Material Issues and Stakeholder Relations, page 97-103

[12] Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

PRINCIPLE 5: GOVERNANCE & CULTURE

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 GOVERNANCE STRUCTURE FOR IMPLEMENTATION OF THE PRINCIPLES

Does your bank have a governance system in place that incorporates the PRB?

[X] Yes [ ] In progress [ ] No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

RESPONSE

Yapı Kredi conducts its sustainability activities within the scope of its Sustainability Management System (SMS). The Sustainability Committee, the highest authority within the SMS, is responsible for integrating sustainability in business processes and monitoring sustainability performance. The Committee is chaired by an Independent Board Member and its activities are reported to the Executive Committee and the Board of Directors annually.

Reporting to the Corporate Communications Department, the Sustainability Unit is responsible for monitoring the Bank's sustainability goals and performances, coordinating the working groups under the Sustainability Committee, making suggestions to the Committee and working groups on sustainability trends and agenda, ensuring data consolidation in sustainability at the Bank, and managing sustainability communication. Yapı Kredi continues to improve its sustainability performace based on the framework of the United Nations Principles for Responsible Banking with the contribution of related teams within the scope of the activities conducted in the working groups under the leadership and coordination of the Sustainability Unit.

Sustainability Management, page 74-77

5.2 PROMOTING A CULTURE OF RESPONSIBLE BANKING:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

RESPONSE

Yapı Kredi has sustainability trainings and internal communication newsletters for its employees at all levels to stimulate a sustainability culture inside the Bank. There are online ESG trainings can be accessed by employees via Yapı Kredi's online training portal and some certificate programs for relevant employees working on ESG areas. Yapı Kredi also organizes trainings and workshops to build the knowledge capacity established within the Bank on specific subjects such as integration of climate change risks and opportunities into lending processes. In addition, non-financial KPIs linked to sustainability strategy and targets of Yapı Kredi are part of the remuneration package of all relevant staff including top management.

CDP Climate Change Report 2023, C1.3
https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-climate-change-programme-response-2023.pdf

Environmental Impact Management, page 128-135

5.3 POLICIES AND DUE DILIGENCE PROCESSES

Does your bank have policies in place that address environmental and social risks within your portfolio?[13] Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

RESPONSE

To identify, prevent or minimize the environmental and social risks of investments to be financed by Yapı Kredi, the Bank implements the ESRA System, based on national legislation and International Finance Corporation (IFC) Environmental and Social Performance Standards. Under the ESRA, all loan requests submitted to the Bank are evaluated in line with the loan policies and the Exclusion List provided in the Yapı Kredi Environmental and Social Policy. Activities that do not comply with these policies or are on the Exclusion List are not financed under any circumstances.

The effectiveness of the ESRA System is closely monitored through internal audits as well as regular trainings given to all teams responsible for the implementation of the model, especially portfolio managers. Improvements were made in the reporting steps of the ESRA System to the credit and sustainability committees, increasing the control of the senior management over the system.

The Bank expanded the scope of the ESRA System in 2019, which has been applied to investment and project finance loans with a loan amount of USD 20 million or more and a loan demand of at least three years since 2017. Since 2019, the ESRA system has been used to evaluate all new investment and project finances with an investment amount of USD 10 million and more and provided with resources and services under the corporate and commercial business lines. In order to align the scope of the ESRA System with the Equator Principles, improvements were made in 2021 with reference to national legislation and the International Finance Corporation Performance Standards (IFC PSs) as well as Equator Principles practices.

Under the ESRA System, investments are examined in line with the national Environmental and OHS legislation as well as within the scope of various international standards on issues such as key sensitive areas, cultural heritage, resettlement of affected people, natural resource use, stakeholder engagement, environmental and social management systems, community health and safety, media, and community objection. According to the results of the assessment performed with the question sets defined specifically for the sector, the relevant risk category of the investment in question is determined and action and monitoring plans suitable for this classification are created in cooperation with the customer. In case the investment is found to be high risk, these actions are monitored in cooperation with independent consultants. Yapı Kredi clearly defines the criteria and control definitions for the selection of independent consultants for investments, and includes these in the implementation processes of the ESRA System.

Responsible and Sustainable Finance, page 122-127

Environmental And Social Policy
https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_environmental_and_social_policy.pdf

SELF-ASSESSMENT SUMMARY

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

[X] Yes [ ] No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

[X] Yes [ ] No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

[X] Yes [ ] No

[13] Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 ASSURANCE

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

[X] Yes [ ] Partially [ ] No

If applicable, please include the link or description of the assurance statement.

RESPONSE

Four key areas (2.1 Impact Analysis, 2.2 Target Setting, 2.3 Target Implementation and Monitoring, 5.1 Governance Structure for Implementation of the Principles) requiring limited assurance have been assured by an independent assurer based on the PRB Guidance for Assurance Providers.

Limited Assurance Report

6.2 REPORTING ON OTHER FRAMEWORKS

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

[X] GRI [X] CDP [ ] TCFD
[ ] SASB [X] IFRS Sustainability Disclosure Standards (to be published) [ ] Other: ....

RESPONSE

Yapı Kredi discloses its sustainability information through GRI, CDP, TCFD frameworks.

TCFD Disclosure Table
GRI Content Index
CDP Climate Change Report 2023
https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-climate-change-programme-response-2023.pdf
CDP Water Security Report 2023
https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-water-security-programme-response-2023.pdf

6.3 OUTLOOK

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis[14], target setting[15] and governance structure for implementing the PRB)? Please describe briefly.

RESPONSE

Yapı Kredi will continue to implement its sustainability strategy in order to meet its targets and to increase its contribution to achieving the goals of the Paris Climate Agreement and the Sustainable Development Goals.

6.4 CHALLENGES

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks. What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- [ ] Embedding PRB oversight into governance
- [ ] Gaining or maintaining momentum in the bank
- [ ] Getting started: where to start and what to focus on in the beginning
- [ ] Conducting an impact analysis
- [ ] Assessing negative environmental and social impacts
- [ ] Choosing the right performance measurement methodology/ies
- [X] Setting targets
- [ ] Diğer: ...
- [ ] Customer engagement
- [ ] Stakeholder engagement
- [X] Data availability
- [X] Data quality
- [ ] Access to resources
- [ ] Reporting
- [ ] Assurance
- [ ] Prioritizing actions internally

If desired, you can elaborate on challenges and how you are tackling these:

[14] For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement
[15] For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

TCFD
Disclosure Table

Governance	Describe the board's oversight of climate-related risks and opportunitie	**Sustainability Management,** page 74-77 **Business Model and Strategy,** page 77-81 **CDP Climate Change Programme 2023,** page 4-6 CDP-climate-change-programme-response-2023.pdf (yapikredi.com.tr)
	Describe management's role assessing and managing climate-related risks and opportunitie	**Sustainability Management,** page 74-77 **Business Model and Strategy,** page 77-81 **CDP Climate Change Programme 2023,** page 7-15 CDP-climate-change-programme-response-2023.pdf (yapikredi.com.tr)
Strategy	Describe the climate-related risks and opportunitie the organization has identified over the short, medium, and long term	**Trends, Their Implication for the Sector and Yapı Kredi's Response,** page 87-93 Yapı Kredi Environmental and Social Policy yk_environmental_and_social_policy.pdf (yapikrediinvestorrelations.com) **CDP Climate Change Programme Report 2023,** page 16-20 CDP-climate-change-programme-response-2023.pdf (yapikredi.com.tr)
	Describe the impact of climate related risks and opportunities on the organization's business, strategy and financial planning	**Yapı Kredi Environmental and Social Policy** yk_environmental_and_social_policy.pdf (yapikrediinvestorrelations.com) **CDP Climate Change Programme Report 2023,** page 20-24, page 31-41, CDP-climate-change-programme-response-2023.pdf (yapikredi.com.tr)
	Describe the resilience of the organization's strategy, taking into consideration different scenarios, including a 2°C or lower scenario	**CDP Climate Change Programme 2023,** page 24-32, page 42-43 CDP-climate-change-programme-response-2023.pdf (yapikredi.com.tr)

Risk Management	Describe the organization's processes for identifyin and assessing climate-related risks	**CDP Climate Change Programme Report 2023,** page 16-32 CDP-climate-change-programme-response-2023.pdf (yapikredi.com.tr)
	Describe the organization's processes for managing climate-related risks	**CDP Climate Change Programme Report 2023,** page 17-20 CDP-climate-change-programme-response-2023.pdf (yapikredi.com.tr)
Metrics and Targets	Disclose the metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process	**CDP Climate Change Programme Report 2023,** page 20-24, page 71-73, page 98-99 CDP-climate-change-programme-response-2023.pdf (yapikredi.com.tr)
	Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas (GHG) emissions	**Environmental Performance Tables,** page 558-559 **CDP Climate Change Programme Report 2023,** page 131-136 CDP-climate-change-programme-response-2023.pdf (yapikredi.com.tr)
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance	**Environmental Impact, Environmental Targets,** page 135 **United Nations Principles for Responsible Banking Reporting Index,** page 564-577 **CDP Climate Change Programme Report 2023,** page 16-31, page 54-82 CDP-climate-change-programme-response-2023.pdf (yapikredi.com.tr)

UN Global Compact and WEPs Reporting Index

UN Global Compact Progress Index	
Principles	**Page Number**
Human Rights	
Principle 1	117
Principle 2	117
Labour	
Principle 3	232
Principle 4	117
Principle 5	117
Principle 6	233-234
Environment	
Principle 7	128-135
Principle 8	122-135
Principle 9	122-135
Anti-Corruption	
Principle 10	94-96, 115

WEPs Progress Index	
Principles	**Page Number**
Principle 1	233-234
Principle 2	233-234
Principle 3	233
Principle 4	233-234
Principle 5	233-234
Principle 6	142
Principle 7	560-563

Reporting Principles

This reporting principles (the "Principles") provides information on the methodologies for the preparation, calculation and reporting of data for the limited assurance indicators of Yapı ve Kredi Bankası A.Ş. ("Bank" or "Yapı Kredi") in the Yapı Kredi 2023 Integrated Annual Report ("2023 Integrated Report").

These indicators include social and environmental indicators. It is the responsibility of the Company's management to ensure that appropriate procedures are in place to prepare these indicators, in all material respects, in accordance with the Principles.

The information contained in this Principles covers the fiscal year ending December 31, 2023 and the Head Office, Branches and ATMs under the responsibility of Yapı ve Kredi Bankası A.Ş. ("Bank") as detailed in the "Key Definitions and Reporting Scope" section. In addition, indicators that include Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Cultural Activities, Arts and Publishing, Yapı Kredi Technology ("Domestic Subsidiaries") and Yapı Kredi Bank Nederland N.V., Yapı Kredi Bank Azerbaijan ("Foreign Subsidiaries") are also indicated in the "Key Definitions and Reporting Scope" section.

GENERAL REPORTING PRINCIPLES

In preparing this guidance document, consideration has been given to following principles:

- Information Preparation – to highlight to users of the information the primary principles of relevance and reliability of information; and
- Information Reporting – to highlight the primary principles of comparability / consistency with other data including prior year and understandability / transparency providing clarity to users.

KEY DEFINITIONS AND REPORTING SCOPE

For the purpose of this report, the Bank defines:

ENVIRONMENTAL INDICATORS

Indicator	Scope
Energy Consumption (GJ)	
Electricity (GJ)	In the reporting period, it refers to the sum of the Bank's Grid Electricity consumption and Renewable Electricity (Produced) amounts. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Grid Electricity (GJ)	In the reporting period, it refers to the electricity consumption of the Bank supplied from the grid, which is tracked by the invoices of the service providers and by dividing the payment amounts of branches and ATMs for which consumption data cannot be obtained by the average unit price of the branches. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Renewable Electricity (Produced)	In the reporting period, it refers to the amount of renewable energy obtained from the Banking Base and Bodrum Solar Energy System, which is monitored through the Bank's Energy Exchange Istanbul (EXIST)system and monitored through online monitoring platforms within the Bank.
Renewable Electricity (Purchased)	In the reporting period, it refers to the amount of renewable energy purchased (I-REC) by the Bank. It refers to the purchases of Yapı Kredi Bank.
Natural Gas (GJ)	In the reporting period, it refers to the amount of natural gas consumption of the Bank, which is monitored based on the invoices of the service provider companies and the average unit price of the branches whose consumption data cannot be obtained. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Fueloil (GJ)	In the reporting period, it refers to the sum of the diesel consumption amount used for generators calculated on the basis of the average unit price of the fuel purchased for the Head Offices, the diesel consumption amount of the company vehicles monitored from the invoices of the service provider company and the gasoline consumption amount. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Total Energy Consumption (GJ)	In the reporting period, it refers to the total of the Bank's Electricity, Natural Gas and Fuel consumption. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Energy Intensity (GJ/total number of employees)	In the reporting period, it refers to the ratio of the Total Energy Consumption by Fuel Type, including Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries to the Total Number of Employees.
Energy Savings	
Total Annual Energy Saving (GJ)	In the reporting period, it refers to the energy savings of Yapı Kredi Bank, achieved through the LED lighting project in the technical volume areas of the banking base and the corridor closure projects in the data center, which is monitored with the difference between before and after usage amounts (based on the consumption followed by invoices) and reported to the senior management regularly.
Total Annual GHG Saving via Energy Saving (tCO_2e)	In the reporting period, it refers to the greenhouse gas emission reduction effect calculated by multiplying the Total Annual Energy Savings amount by the coefficient of 0.0004331 tons CO_2e for the electricity reduction effect. It includes Yapı Kredi Bank.

ENVIRONMENTAL INDICATORS

Indicator	Scope
Green House Gas Emissions (tons CO_2e)	
Scope 1 (tons CO_2e)	In the reporting period, it refers to the amount of greenhouse gas emissions caused by the Bank's natural gas consumption tracked from invoices, diesel and gasoline consumption of company vehicles whose consumption amount is tracked from third party companies, generator diesel consumption tracked from invoices, and cooling gases tracked from the service forms of the maintenance company. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Scope 2 (Location based) (tons CO_2e)	In the reporting period, it refers to the amount of greenhouse gas emissions arising from the Bank's electricity consumption tracked from the invoices of service provider companies. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Scope 2 (Market based) (tons CO_2e)	In the reporting period, it refers to the value calculated by subtracting the amount of renewable energy (I-REC) purchased from the amount of indirect greenhouse gas emissions resulting from the Bank's Grid Electricity Consumption. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Total (Scope 1 and Scope 2) (tons CO_2e)	In the reporting period, it refers to the total amount of Scope 1 and Scope 2 greenhouse gas emissions, including Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries.
Scope 3 (Category 1) (tons CO_2e)	In the reporting period, it refers to the amount of greenhouse gas emissions resulting from purchases of A3 and A4 photocopy paper, statement paper, envelope paper and slip paper during the period, which are tracked with invoices in the Bank's accounting recording system. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Scope 3 (Category 5) (tons CO_2e)	In the reporting period, it refers to the amount of greenhouse gas emissions resulting from the disposal of total recycled hazardous and non-hazardous wastes and non-recyclable non-hazardous municipal wastes, which are monitored by the Ministry of Environment Urbanization and Climate Change's Mobile Waste Tracking System (MOTAT) and waste tracking forms, and declared to the Integrated Environmental Information System. Yapı Kredi Bank and YK Azerbaijan are included.
Scope 3 (Category 6) (tons CO_2e)	In the reporting period, it refers to the amount of greenhouse gas emissions caused by flights carried out by Bank employees for business purposes. Flights belonging to Yapı Kredi Sports Club Association, a subsidiary of the Bank, are also included in the flight-related greenhouse gas emission calculations. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Scope 3 (Category 7) (tons CO_2e)	In the reporting period, it refers to the amount of greenhouse gas emissions resulting from the use of service vehicles whose consumption amount is monitored with a third-party company and monitored by a GPS system. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Emission Intensity (Scope 1 and 2) (tons CO_2e/total number of employees)	In the reporting period, it refers to the ratio of the Total (Scope 1 and Scope 2) emission amount, including Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries to the Total Number of Employees.

ENVIRONMENTAL INDICATORS

Indicator	Scope
Water Management	
Municipal Water (m^3)	In the reporting period, it refers to the amount of water consumption from the municipal, followed by dividing the payment amounts of the Bank's service provider companies' invoices and the branches whose consumption data cannot be obtained by the average unit price of the branches. Yapı Kredi Bank Domestic Subsidiaries and Foreign Subsidiaries are included.
Ground Water (m^3)	In the reporting period, it refers to the amount of ground water consumption monitored by the invoices of the Bank's service providers. Only Yapı Kredi Bank is included.
Rain Water (m^3)	In the reporting period, it refers to the amount of rain water consumption of the Bank, which is monitored by meters. Darıca Archive and Administration Building, Banking Base and Yeniköy Grove are included. It only includes Yapı Kredi Bank.
Total Water Consumption (m^3)	In the reporting period, it refers to the sum of Municipal Water, Ground Water and Rain Water consumption, including Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries.
Amount of Wastewater (m^3)	In the reporting period, it refers to the amount of wastewater consumption, which is monitored with the assumption that all of the Yapı Kredi Bank's, Domestic Subsidiaries' and Foreign Subsidiaries' municipal water, groundwater and rainwater consumption is wastewater.
Water Intensity (m^3/total number of employees)	In the reporting period, it refers to the ratio of the total water consumption including Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries, which is the sum of municipal water, groundwater and rainwater consumption, to the Total Number of Employees.
Waste Generation (ton)	
Total Hazardous Waste (ton)	In the reporting period, it refers to the amount of hazardous waste monitored by the Ministry's Mobile Waste Tracking System (MOTAT) and declared to the Integrated Environmental Information System.
Recycled (ton)	In the reporting period, it refers to the amount of electronic and other hazardous waste recycled by the Bank's licensed waste processing facility with the "R" code, which is monitored by the Ministry's Mobile Waste Tracking System (MOTAT) and declared to the Integrated Environmental Information System.
Electronic Waste (ton)	In the reporting period, it refers to the amount of electronic waste monitored by the Bank's Ministry's Mobile Waste Tracking System (MOTAT) and declared to the Integrated Environmental Information System and evaluated by the licensed waste processing facility with the waste code "electronic waste".
Other (ton)	In the reporting period, it refers to the Bank's hazardous waste types, except electronic waste, which are classified as hazardous waste and declared to the Integrated Environmental Information System and monitored by the Ministry's Mobile Waste Tracking System (MOTAT).
Disposed (ton)	In the reporting period, it refers to the amount of waste disposed with the "D" code of the licensed waste treatment facility, which is monitored by the Bank's Ministry's Mobile Waste Tracking System (MOTAT) and declared to the Integrated Environmental Information System.

ENVIRONMENTAL INDICATORS

Indicator	Scope
Waste Generation (ton)	
Total Non - Hazardous Waste (ton)	In the reporting period, it refers to the amount of non-hazardous waste received from the Bank's authorized waste processing licensed companies, for which reconciliation, delivery notes and weighbridge receipts are tracked. Yapı Kredi Bank is included.
Recycled (ton)	In the reporting period, it refers to the amount of paper, plastic, metal, and other waste recycled, which is tracked with the weighbridge receipt & delivery note documents received from the Bank's licensed waste processing company.
Paper (ton)	In the reporting period, it refers to the amount of waste tracked under the code "paper waste" with the weighbridge receipt & delivery note documents received from the Bank's licensed waste processing company.
Plastic (ton)	In the reporting period, it refers to the amount of waste tracked with the code "plastic waste" with the weighbridge receipt & delivery note documents received from the Bank's licensed waste processing company.
Metal (ton)	In the reporting period, it refers to the amount of waste tracked with the code "metal waste" with the weighbridge receipt & delivery note documents received from the Bank's licensed waste processing company.
Other (ton)	In the reporting period, it refers to the amount of waste in glass packaging, wooden packaging, mixed packaging, end-of-life tires and non hazardous electronic wastes, which are tracked with weighbridge receipts & delivery notes received from the Bank's licensed waste processing company.
Municipal Waste (ton)	In the reporting period, it refers to the amount of domestic waste, which is tracked by the scale receipt & delivery note documents and reconciliation document received from the Bank's licensed waste processing company. Plaza D block, Banking Base and Darıca Archive are included.

SOCIAL INDICATORS

Indicator	Scope
Consolidated Number of Employees by Gender (#)	In the reporting period, it refers to the total number of employees by gender who are monitored through the Bank's Human Resources data platform and whose employment notifications are made to the Social Security Institution. Intern employees are not included in the total number of employees. Yapı Kredi Bank and Domestic Subsidiaries are included.
Number of Employees by Age (#)	In the reporting period, it refers to the total number of employees by gender and by the age groups of under 30 years old, 30-50 years old, and over 50 years old, who are monitored through the Bank's Human Resources data platform. Intern employees are not included in the total number of employees. Yapı Kredi Bank, Domestic Subsidiaries, and Foreign Subsidiaries are included.
Number of Internal Promotion (#)	In the reporting period, it refers to the number of employees who started to work in one or higher positions, as a result of the positive performance evaluation carried out for people who meet the criteria defined by the Bank, followed by the Bank's Human Resources tracking platform. It is reported by gender, male and female, and by age: under 30 years old, 30-50 years old, over 50 years old. It only includes Yapı Kredi bank.
Number of Employees with Disabilities (#)	In the reporting period, it refers to the number of employees of the Bank who are defined as disabled in the Law No. 5378 on Disabled Persons. Yapı Kredi Bank and Domestic Subsidiaries are included.
New Employee Hires (#)	In the reporting period, it refers to the number of people recruited by the Bank by gender and the age groups of under 30 years old, 30-50 years old, and over 50 years old, and declared to the Social Security Institution with the Employment Declaration within the reporting year. Yapı Kredi Bank and Domestic Subsidiaries are included
Voluntary Employee Turnover Rate (%)	In the reporting period, it refers to the ratio of the total number of male and female employees who left the Bank only through resignation and submitted resignation petitions and a Termination Declaration to the Social Security Institution, to the total number of employees at the end of the reporting period and the total number of employees at the end of the previous year. It is reported by gender, male and female, and by age: under 30 years old, 30-50 years old, over 50 years old. Only employees at Yapı Kredi Bank Türkiye locations are included.
Maternity Leave	
Number of Employees Taking Maternity Leave (#)	In the reporting period, it refers to the number of female employees who went on maternity leave within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave, within the periods specified in the regulation. Only employees at Yapı Kredi Bank Türkiye locations are included.
Number of Employees Returning to Work After Maternity Leave (#)	In the reporting period, it refers to the number of female employees who returned to work after the end of the Bank's maternity leave within the periods specified in the regulation within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave. Only employees at Yapı Kredi Bank Türkiye locations are included.
Number of Employees That Returned to Work After Maternity Leave and Worked at Least 12 More Months Afterwards	In the reporting period, within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave, it refers to the number of female employees who return to work after maternity leave of the Bank within the periods determined in the regulation and are employed in the company 12 months later, tracked through the Human Resources platform. Only employees at Yapı Kredi Bank Türkiye locations are included.
Return-to-Work Rate After Maternity Leave (%)	In the reporting period, it refers to the ratio of the number of female employees who went on maternity leave to the number of female employees who did not return to work after going on maternity leave. Only employees at Yapı Kredi Bank Türkiye locations are included.
Retention Rate After Maternity Leave (at least 12 months) (%)	In the reporting period, it refers to the ratio of the number of female employees who went on maternity leave to the number of female employees who left their jobs within 12 months after going on maternity leave. Only employees at Yapı Kredi Bank Türkiye locations are included.
Number of Employees Benefiting from Parental Leave (#)	In the reporting period, it refers to the number of female employees benefiting from maternity leave and the number of male employees benefiting from paternity leave. Only employees at Yapı Kredi Bank Türkiye locations are included.

SOCIAL INDICATORS	
Indicator	**Scope**
Gender Diversity by Management and Position (%)	
Employees in All Positions (%)	In the reporting period, it refers to the ratio of the number of employees in the gender breakdown of the Bank to the total number of employees. Yapı Kredi Bank and Domestic Subsidiaries are included.
Employees in Senior Management Positions (%)	In the reporting period, it refers to the ratio of the number of employees by gender in the positions of Executive Vice President and Director, which the Bank defines as senior executives, defined as being a maximum of two levels away from CEO or similar positions, to the total number of employees in senior management positions. Yapı Kredi Bank and Domestic Subsidiaries are included.
Training	
Average Hours of Training per Employee (hours)	In the reporting period, it refers to the ratio of total training hours tracked through the Bank's training platform to the total number of employees. Yapı Kredi Bank and Domestic Subsidiaries are included.
Total Training Hours (hours)	In the reporting period, it refers to the total number of training hours followed through the Bank's training platform. Yapı Kredi Bank and Domestic Subsidiaries are included.
Average Amount Spent per Employee on Training (TL)	In the reporting period, it refers to the ratio of expenditures tracked by invoices as training expenditures in the Bank's accounting system to the total number of employees. Yapı Kredi Bank and Domestic Subsidiaries are included.
Total Amount Spent on Training (million TL)	In the reporting period, it refers to the expenditures tracked with invoices as training expenditures in the Bank's accounting system. Yapı Kredi Bank and Domestic Subsidiaries are included.
Total Training Hours	
OHS (hours)	In the reporting period, it refers to the total number of compulsory or non-compulsory Occupational Health and Safety training hours provided by the Bank's training platform according to hazard class within the scope of Occupational Health and Safety Law No. 6331. Yapı Kredi Bank and Domestic Subsidiaries are included.
Ethics (hours)	In the reporting period, it refers to the hours of ethics training provided through the Bank's training platform. Yapı Kredi Bank and Domestic Subsidiaries are included.
Personal Data Protection Law (hours)	In the reporting period, it refers to the number of hours of training hours that were followed through the Bank's training platform and in which the training contents specified in the Law on the Protection of Personal Data were provided. Yapı Kredi Bank and Domestic Subsidiaries are included.

SOCIAL INDICATORS	
Indicator	**Scope**
Occupational Health and Safety Employees	
Total Working Hours (in a year)	In the reporting period, it refers to the total working hours calculated by taking into account the actual working hours of the employees monitored on the Bank's Human Resources platform.
Total Lost Working Days (days)	In the reporting period, it refers to total lost working days due to the total number of incidents involving the death, lost time injury, limited incapacity for work and medical treatment of the Bank's employees, which occurred during a work related activity of the employee and prevented the employee from coming to the workplace on the next shift or the next working day, and which are monitored through notifications made to the Social Security Institution. Yapı Kredi Bank and Domestic Subsidiaries are included.
Number of Work-Related Injuries (#)	In the reporting period, it refers to the number of injuries sustained by a Bank employee in a work related activity that resulted in the employee being directed to do his/her own job for a lesser period of time or to a simpler job, which is monitored through notifications made to the Social Security Institution. Yapı Kredi Bank and Domestic Subsidiaries are included.
Number of Work-Related Fatalities (#)	In the reporting period, it refers to the number of the Bank's employees who fall within the definition of "fatal occupational accident" within the scope of Occupational Health and Safety Law No. 6331 and are followed up through notifications made to the Social Security Institution. Yapı Kredi Bank and Domestic Subsidiaries are included.
Number of Occupational Diseases (#)	In the reporting period, it refers to the number of occupational diseases of the Company's employees that fall under the definition of "occupational disease" within the scope of the Occupational Health and Safety Law No. 6331 and are followed up through notifications made to the Social Security Institution. Yapı Kredi Bank and Domestic Subsidiaries are included.
Lost Day Rate (LDR)	In the reporting period, it refers to the ratio of the number lost working days due to occupational accidents to total working hours at the Bank. Yapı Kredi Bank and Domestic Subsidiaries are included.
Injury Rate (IR)	In the reporting period, it refers to the ratio of the number of work-related injuries of the Bank's employees to total working hours. Yapı Kredi Bank and Domestic Subsidiaries are included.
Occupational Disease Rate (ODR)	In the reporting period, it refers to the ratio of the number of occupational diseases experienced at the Bank to total working hours. Yapı Kredi Bank and Domestic Subsidiaries are included.

PREPARATION OF THE DATA

1. Environmental Indicators

Energy Consumption (GJ):

Natural Gas – Stationary Combustion Formula:
[Tüketim Verisi (sm³) * 10.64 kwh/sm³ * 0.0036 GJ/kwh = Faaliyet Verisi (GJ)]

Diesel (Generator) - Stationary Combustion Formula:
[Consumption Data (lt) * 0.83 (kg/lt) * 10,200,000 (kcal/ton) * 0.001 ton/kg * 1.163*10^{-3} kwh/kCal * 0.0036 GJ/kwh = Activity Data (GJ)]

Gasoline – Mobile Combustion Formula:
[Consumption Data (lt) * 0.735 (kg/lt) * 10,400,000 (kcal/ton) * 0.001 ton/kg * 1.163*10^{-3} kwh/kCal * 0.0036 GJ/kwh = Activity Data (GJ)]

Diesel - Mobile Combustion Formula:
[Consumption Data (lt) * 0.83 (kg/lt) * 10,200,000 (kcal/ton) * 0.001 ton/kg * 1.163*10^{-3} kwh/kCal * 0.0036 GJ/kwh = Activity Data (GJ)]

Purchased Electricity Formula:
[Consumption Data (kWh) * 0.0036 GJ/kwh = Activity Data (GJ)]

Energy Intensity (GJ/total number of employees)
Formula: Energy intensity (GJ/total number of employees) = Energy Intensity (GJ) / Total Number of Employees

Total Annual GHG Saving via Energy Saving (tCO_2e)
Formula: Total Annual Energy Savings (kwh) * 0.0004331 (International Energy Agency)

Greenhouse Gas Emissions
The coefficients used in Scope 1, Scope 2 and Scope 3 GHG calculations are taken from the following national and international guidelines.

[Fuel Sourced Emission (FSE) = Activity Data (AD) * Emission Factor (EF) * Oxidation Factor (OF)]

Emission Factor:
Emission Factors from Combustion (diesel, fuel-oil, natural gas, LPG): "IPCC Guidelines for National Greenhouse Gas Inventories Chapter 2: Stationary Combustion- Volume 2: Energy"

Intergovernmental Panel on Climate Change 2006

Table 2.2. Default Emission Factors for Stationary Combustion in the Energy Industries

Table 2.3. Default Emission Factors for Stationary Combustion in Manufacturing Industries and Construction"

A conversion factor of 0.830 was used when converting diesel activity data from lt to kg.

Electricity Emission Factor: Electricity emission factors are based on the "International Energy Agency" 2021 electricity emission factor for Turkey (0.4331 kg/kWh)

Vehicle Emission Factors (gasoline, diesel, LPG): "IPCC Guidelines for National Greenhouse Gas Inventories Chapter 3: Mobile Combustion - Volume 2: Energy Intergovernmental Panel on Climate Change 2006"

Equation 3.2.1. CO2 from Road Transport

Table 3.2.1. Road Transport Default CO2 Emissions Factors and Uncertainty Ranges

Equation 3.2.3 Emissions of CH4 and N2O

Table 3.2.2 Road Transport N2O and CH4 Default Emissions Factors and Uncertainty Ranges

Table 3.3.1. Default Emission Factors For Off-Road Mobile Sources And Machinery (Diesel ve Motorin 4 stroke) (For lawn mower and Bobcat)"

Refrigerant Gases: Global Warming Potentials - [Table] Direct (Except For CH4) Global Warming Potentials (GWP) Relative To Co2 Ipcc Sixth Assessment Report, 2021 (Ar6)-CHAPTER (8 VE 2)" is taken as reference.

Emission Source – Scope 1 (kg/Tj)	CO_2 ($kgCO_2$/TJ)	CH_4 ($kgCO_2$/TJ)	N_2O ($kgCO_2$/TJ)	Emission Factor (kg CO_2e)
Diesel (stationary)	74,100	3	0.6	74,343
Diesel (active)	74,100	3.9	3.9	75,243
Gasoline (active)	69,300	3.8	5.7	70,917
Natural Gas	56,100	1	0.1	56,155
Refrigerant Gases – Aerosol	2.83	-	-	2.83
Refrigerant Gases – Propane	0.003	-	-	0.003
Refrigerant Gases – R134A	1,530	-	-	1,530
Refrigerant Gases – SF6	23,900	-	-	23,900
Refrigerant Gases – R407C	2,013,67	-	-	2,013,67
Refrigerant Gases – R404A	4,728	-	-	4,728
Refrigerant Gases – R410A	2,255.5	-	-	2,255.5
Refrigerant Gases – CH4	27.90	-	-	27.90
Refrigerant Gases – R227ea	3,600	-	-	3,600
Refrigerant Gases – R290	3.30	-	-	3.30
Refrigerant Gases – R32	771	-	-	771
Refrigerant Gases – R450A	570	-	-	570

Emission Factor from Waste Disposal: UK Government GHG Conversion Factors (DEFRA), 2023, Waste Disposal

Waste Type	Combustion (kg CO_2e)	Landfill (kg CO_2e)
Organic: mixed food and garden waste	-	655.987
Commercial and industrial waste	21.281	-

Emission Factor from Flights: UK Government GHG Conversion Factors (DEFRA), 2023, Business Travel-air

Haul (average passenger, passenger.km)	kg CO_2e	kg CO_2e of CO_2 per unit	kg CO_2e of CH_4 per unit	kg CO_2e of N_2O per unit
Short-haul (<= 500 miles)	0.18592	0.18499	0.00001	0.00092
Long-haul (>=500, <= 1600 miles)	0.26128	0.25998	0.00001	0.00129
International (> 1600 miles)	0.17580	0.17493	0.00001	0.00086

Emission Factor from Employee Transportation: For stationary and mobile combustion emission sources “IPCC Guidelines for National Greenhouse Gas Inventories Chapter, Table 2.3, Tables 3.2.1 and 3.2.2 / Chapter 3. For Net Calorific Value and Density values, T.R. "Low Calorific Values of Energy Resources and Petroleum Equivalent Conversion Factors" published by the Ministry of Environment, Urbanization and Climate Change was used.

Density (t/L)	Net Calorific Value (kcal/kg)	Energy Conversion Value (TJ/kcal)	Emission Factor (tCO_2e/TJ)	Emission Factor (tCH_4/TJ)	Emission Factor (tN_2O/TJ)
0.0083	10,200,000	0.0000000042	74.1	0.0039	0.0039

Emission Factor from Paper Consumption: UK Government GHG Conversion Factors (DEFRA), 2023, Paper

Material	Unit	Kg CO_2e
Paper and board: paper	Tonnes	910.48

Emission Intensity (Scope 1 & 2 tons CO_2e/total number of employees)
Formula: Emission intensity (tons CO_2e/TL total number of employees) = (Scope 1 (tons CO_2e) + Scope 2 (tons CO_2e)) / Total number of employees

Water Consumption - Total (m^3)
Formula: Total water consumption (m^3) = Mains water (m^3) + Groundwater (m^3) + Rainwater (m^3)

Amount of Wastewater (m^3)
Formula: Amount of wastewater (m^3) = Municipal water (m^3) + Groundwater (m^3) + Rainwater (m^3)

Water Intensity (m^3/total number of employees)
Formula: Water intensity (m^3/total number of employees) = Total water consumption (m^3)/ Total number of employees

Waste Generations (ton) - Total
Formula: Total amount of waste (tons) = Hazardous Waste (tons) + Non-hazardous Waste (tons)

2. Social Indicators

Voluntary Employee Turnover Rate (%)
Formula: Number of Employees Resigning / (Total Number of Employees in 2022 + Total Number of Employees in 2021) / 2

Rate of Return to Work after Maternity Leave (%)
Formula: (Total number of employees on maternity leave / Number of employees who did not return to work after maternity leave)*100 -100

Retention rate after maternity leave (at least 12 months) (%)
Formula: (Total number of employees who returned to work after maternity leave and stayed for 12 months / Number of employees who did not return to work after maternity leave)*100 -100

Employees in All Positions (%)
Formula
Female: Number of Female Employees / Total Number of Employees
Male: Number of Male Employees / Total Number of Employees

Lost Day Rate (LDR)
Formula: (Total Number of Lost Working Days * 200,000) / Total working hours

Injury Rate (IR)
Formula: Total Number of Work-Related Injuries / Total working hours

Occupational Disease Rate (ODR)
Formula: (Total Number of Occupational Disease * 200,000) / Total working hours

United Nations Principles For Responsible Banking Reporting Index – Reporting Principles

2.1 Impact Analysis: Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements: a) Scope: The main business areas and products / services in the geographies in which the Bank operates (as described under 1.1), have been considered in the impact analysis. b) Portfolio Composition: When determining the most significant impact areas, the Bank took into account the industries, technologies and geographies to which its core business/major activities are related. c) Context: The Bank has considered the main challenges and priorities most related to sustainable development in the main countries/regions in which it operates. d) Performance Measurement: When determining the most significant impact areas, the bank has considered the scale and intensity / significance of the (potential) social, economic and environmental impacts resulting from the bank's activities and the provision of products and services. (The bank should engage with relevant stakeholders to help inform its analysis under elements c) and d). Based on this analysis, show that the Bank; • Identifies and explains the areas with the most significant (potential) positive and negative impact • Identifies strategic business opportunities related to increasing positive impacts / reducing negative impacts.	In its impact analysis study, the Bank used the 2nd version of the Portfolio Impact Analysis Tool (Impact Analysis Tool), developed by the Positive Impact Initiative, signatories of the Principles for Responsible Banking and the United Nations Environment Program Finance Initiative (UNEP FI). The segment breakdowns of the Bank and the segment breakdowns of the Impact Analysis Tool differ. United Nations Principles for Responsible Banking reporting segment names are based on the segments of the Impact Analysis Tool. The equivalents of these segments in Yapı Kredi are as follows: Impact Analysis Tool Retail Banking Segment: Yapı Kredi retail banking activities Impact Analysis Tool Business Banking Segment: Yapı Kredi business and SME banking Impact Analysis Tool Corporate Banking Segment: Yapı Kredi corporate and commercial banking The Bank's activities in three categories in Turkey, namely Individual (Yapı Kredi retail banking), Business (Yapı Kredi business and SME banking segments) and Corporate (Yapı Kredi corporate and commercial banking segment) Banking segments, were included in the Impact Analysis Tool evaluation. According to the results of the Impact Analysis Tool, considering the portfolio and product density and the ranking of country needs, within the scope of the common impact areas of the business units and the Bank's sustainability priorities, the Bank has determined the impact areas it intends to set targets as supporting social development, climate risks and greenhouse gas emissions. When using the Impact Analysis Tool, areas where financial services offered to individual customers within the scope of Retail Banking are concentrated (Vehicle Loans, Housing Loans, Education Loans, Other Consumer Loans, Term/Demand Deposit Accounts, Credit Cards and Checks) are included. In these areas, the number of active customers of the Bank in the relevant categories was taken into account according to the definitions specified for Retail Banking in the UN International Standard Industrial Classification of All Economic Activities (ISIC) sector classification list. The number of active retail banking customers and the number of customers who have used retail banking products were determined through the IT infrastructure. Within the scope of Business Banking and Corporate Banking, it is based on sectoral breakdowns of loan volumes. Business and SME-SME loans are included within the scope of Business Banking, and corporate and commercial loans are included within the scope of Corporate Banking. These loan amounts were determined by the IT infrastructure according to cash loans and their related risks. Sectoral breakdowns were determined according to the ISIC sector classification list. In this context, the top ten sectors to which the Bank provides loans within the framework of Business Banking and Corporate Banking were included in the analysis. The Impact Analysis Tool includes "Country Needs Scores" published by UNEP-FI. With this scoring, Turkey's environmental, social and economic impact areas (Water, Food, Housing, Health and Cleanliness, Education, Employment, Energy, Mobility, Communication & Information), Culture and Heritage, Personal Integrity and Security, Justice, Accessibility and quality in Strong Institutions, Peace and Stability; Quality (depending on physical and chemical properties) and efficient use in Water, Air, Soil, Biodiversity and Ecosystem, Resource Efficiency and Security, Climate, Waste; The issues of Inclusive and Healthy Economy, Economic Convergence, and the need for economic value creation for society were measured by UNEP-FI, and this analysis was directly used by the Bank when taking Turkey's sustainable development needs into account. Three potential impact areas of the Bank were defined in line with the data entered into the Impact Analysis Tool within the scope of Retail, Business and Corporate Banking and Turkey's sustainable development needs.

United Nations Principles For Responsible Banking Reporting Index – Reporting Principles

2.2 Target Setting: Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis. a) Alignment Which international, regional or national policy frameworks to align your Bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. b) Baseline Explain the determined baseline for selected indicators and assess the current level of alignment. Please disclose the indicators used as well as the year of the baseline. c) SMART Targets Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). d) Action Plan Please describe which actions including milestones have been defined to meet the set targets. Show that the Bank has identified and published at least two specific, measurable (can be qualitative or quantitative), applicable, relevant and time-limited (SMART) targets that address at least two of the "areas in which it has the most significant impact" due to its activities, products and services. Show that these goals are linked to and contribute to the appropriate Sustainable Development Goals, the goals of the Paris Agreement and other relevant international, national or regional frameworks. The bank should have set a reference point (evaluated against a specific year) and set targets on this basis. Show that the Bank has analyzed and is aware of the significant (potential) negative impacts of the targets set on other dimensions of the SDGs/climate change/society targets; has put forward relevant actions to reduce these as much as possible to maximize the net positive impact of the targets.	The Bank identified potential impact areas for the first time in 2020 with the Portfolio Impact Analysis Tool developed by the United Nations Environment Program Finance Initiative (UNEP FI). Following the update of the Portfolio Impact Analysis Tool and the publication of its 2nd version, the Bank repeated the impact analysis in 2021. As a result of the impact analysis, the Climate Change Mitigation Target, and the Financial Inclusion and Gender Equality Target were determined. The Bank's Integrated Reports for the reduction target among these determined targets can be found at the address below; https://www.yapikrediinvestorrelations.com/tr/finansal-bilgiler/finansal-bilgiler-raporlari-yil-dokuman-liste/Surdurulebilirlik-Raporlari/299/0/0 or for the Financial Inclusion and Gender Equality target, the following link can be referred to; https://www.unepfi.org/wordpress/wp-content/uploads/2023/07/PRB-Fin-Health-progress-report-1.pdf In the Impact Analysis study, the Sustainable Development Goals (SDGs) and the Paris Climate Agreement sustainability guide were adopted as the basis. The bank is a signatory of the Net-Zero Banking Alliance and has committed to aligning its loan portfolio with net zero by 2050. See the link below for the commitment. https://www.unepfi.org/net-zero-banking/members/ In line with the net zero target, the Bank carries out its efforts to align with SDG 13 and contribute to SDG 7, SDG 9 and SDG 12. Additionally, in relation to another target, the Bank aims to align with SDG 5 and SDG 8 in order to support the financial resilience of its female entrepreneur customers. The bank has determined the base year for decarbonization targets as 2021. For the Climate Change Mitigation Targets, the Bank has set targets such as reducing Scope 1 emissions, increasing the renewable energy purchased for electricity consumption included in Scope 2 emissions, providing loans to projects and corporate companies for electricity production, and financing long-term corporate loans. The bank has determined the base year for decarbonization targets as 2021. For the Climate Change Mitigation Targets, the Bank has set targets such as reducing Scope 1 emissions, increasing the renewable energy purchased for electricity consumption included in Scope 2 emissions, providing loans to projects and corporate companies for electricity production, and financing long-term corporate loans. In order to support their financial resilience, the bank aims to increase the rate of women entrepreneurs with two or more active financial products from different categories within the bank by 10% by 2026, based on the base value of 10.4% in 2021. As a result of the impact analysis, SMART targets were determined for the Climate Change Mitigation Target on page 311 of the 2023 Integrated Report. It carried out its work in line with the Science-Based Targets (SBT) directives, based on the data calculated in 2021. For the goal of financial inclusion and gender equality, a 10% increase in the percentage of female entrepreneur customers with two or more active financial products from different categories in the bank is targeted by 2026, compared to a baseline of 10.4% in 2021, to support their financial resilience. In order to implement the strategies stated by the Bank, action sets were determined together with the working group, including the Steering Committee and relevant teams. For this purpose, the Sustainability Committee met 4 times in 2023 and the current status of the determined action sets was evaluated.
2.3 Target Implementation and Monitoring: For each target separately, show that your bank has implemented the actions it had previously defined to meet the set target. Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined.	The Bank has worked to set Climate Change Mitigation Targets in line with the Science-Based Targets Initiative in 2023 and has submitted these targets to SBTI for verification. The bank also became a member of the Net Zero Banking Alliance in 2023 and has begun work to set net zero targets in line with the NZBA. https://www.unepfi.org/net-zero-banking/members/ The Bank also took an active role in UN PRB's Financial Health and Inclusion Working Group in 2023, defining the goal of financial health and gender equality. PRB-Fin-Health-progress-report-1.pdf (unepfi.org)
5.1 Governance Structure for Implementation of the Principles Show that your Bank has a governance system in place that incorporates the Principles for Responsible Banking (PRB): These activities should also include the following topics: a) Setting targets and carrying out activities to achieve the set targets b) Carrying out corrective actions if targets or milestones are not achieved or an unexpected negative impact is detected	The Bank reports to the Sustainability Committee chaired by the relevant Board member within the scope of compliance with the Principles for Responsible Banking. In 2023, the Sustainability Committee met 4 times in total.

RESTATEMENTS

The measurement and reporting of verified data inevitably involve a degree of estimation. Where there is a change of more than 5% in the data at the partnership level, a re-statement of opinion may be considered.

Limited Assurance Report

LIMITED ASSURANCE REPORT
TO THE BOARD OF DIRECTORS OF YAPI VE KREDI BANKASI A.Ş.
We have been engaged by the Board of Directors of Yapı ve Kredi Bankası A.Ş. (the "Yapı Kredi" or "Bank") to perform a limited assurance engagement in respect of the Selected Sustainability Information (the "Selected Information") stated in the Yapı Kredi 2023 Integrated Annual Report ("2023 Integrated Annual Report") for the year ended 31 December 2023 and listed below.

Selected Information

The scope of the Selected Information for the year ended 31 December 2023, which is subject to our limited assurance work, set out in the pages 558, 559, 560, 561, 562 and 563 of the 2023 Integrated Annual Report with the sign "✔" is summarized below:

Environmental Indicators

Energy Consumption (GJ)
- Electricity (GJ)
- Grid Electricity (GJ)
- Renewable Electricity (Produced)
- Renewable Electricity (Purchased)
- Natural Gas (GJ)
- Fuel Oil (GJ)
- Total Energy Consumption(GJ)
- Energy Intensity (GJ/total number of employees)

Energy Savings
- Total Annual Energy Saving (GJ)
- Total Annual GHG Saving via Energy Saving (tCO_2e)

GHG Emissions (tons CO_2e)
- Scope 1 (tons CO_2e)
- Scope 2 (Location based) (tons CO_2e)
- Scope 2 (Market based) (tons CO_2e)
- Total (Scope 1 and Scope 2) (tons CO_2e)
- Scope 3 (Category 1) (tons CO_2e)
- Scope 3 (Category 5) (tons CO_2e)
- Scope 3 (Category 6) (tons CO_2e)
- Scope 3 (Category 7) (tons CO_2e)
- Emission Intensity of Scope 1 and 2 (tons CO_2e/total number of employees)

Water Consumption (m^3)
- Municipal Water (m^3)
- Ground Water (m^3)
- Rain Water (m^3)
- Total (m^3)
- Amount of Wastewater (m^3)
- Water Intensity (m^3/total number of employees)

GRI 2-5

Waste Generation (ton)
- Hazardous Waste (ton)
- Recycled (ton)
- Electronic Waste (ton)
- Other (ton)
- Disposed (ton)
- Non-hazardous Waste (ton)
- Recycled (ton)
- Paper (ton)
- Plastic (ton)
- Metal (ton)
- Other (ton)
- Municipal Waste (ton)

Social Indicators
- Consolidated Number of Employees by Gender (#)
- Number of Employees by Age (#)
- Number of Internal Promotion (#)
- Number of Employees with Disabilities (#)
- New Employee Hires by Gender and Age (#)
- Voluntary Employee Turnover Rate (%)

Maternity Leave
- Number of Employees Taking Maternity Leave (#)
- Number of Employees Returning to Work After Maternity Leave (#)
- Number of Employees Returned to Work After Maternity Leave and Worked at Least 12 More Months Afterwards
- Return-to-Work Rate After Maternity Leave (%)
- Retention Rate After Maternity Leave (at least 12 months) (%)
- Number of Employees Benefiting from Parental Leave (#)

Gender Diversity (%)
- Employees in All Positions (%)
- Employees in Senior Management Positions (%)

Training
- Average Hours of Training per Employee (hours)
- Total Training Hours (hours)
- Average Amount Spent per Employee on Training (TL)
- Total Amount Spent on Training (TL)

Total Training Hours
- OHS (hours)
- Ethics (hours)
- Personal Data Protection Law (hours)

Occupational Health and Safety
- Total Working Hours (in a year)
- The Total Lost Working Days (days)
- The Number of Work-Related Injuries (#)
- The Number of Work-Related Fatalities (#)
- The Number of Occupational Diseases (#)
- Lost Day Rate (LDR)
- Injury Rate (IR)
- Occupational Disease Rate (ODR)

Our assurance was with respect to the Selected Information marked with "✔" in the in the 2023 Integrated Annual Report, and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with "✔" in the 2023 Integrated Annual Report and, any other elements included in the 2023 Integrated Annual Report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Bank to prepare the Selected Information is set out in section Yapı Kredi 2023 Integrated Annual Report – Reporting Principles (the "Reporting Principles") on pages 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592 and 593 of the 2023 Integrated Annual Report.

The Bank's Responsibility

The Bank is responsible for the content of the 2023 Integrated Annual Report and the preparation of the Selected Information in accordance with the Reporting Principles. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Principles.

In particular, the conversion of different energy measures to megawatt-hour (MWh) and energy used to carbon emissions is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Principles. Our assurance work did not include examination of the derivation of those factors and other third-party information.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to form a limited assurance, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Principles. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information', and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised) and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

GRI 2-5

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. Given the circumstances of the engagement, in performing the procedures listed above we:

Yürütmüş olduğumuz sınırlı güvence prosedürleri şunları içermektedir:

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Bank and
- undertook analytical procedures over the reported data.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Bank's Selected Information for the year ended 31 December 2023, is not properly prepared, in all material respects, in accordance with the Reporting Principles.

Restriction of use

This report, including the conclusion, has been prepared for the Board of Directors of the Bank as a body, to assist the Board of Directors in reporting Bank's performance and activities related to the Selected Information. We permit the disclosure of this report within the 2023 Integrated Annual Report for the year ended 31 December 2023, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Yapı ve Kredi Bankası A.Ş. as a body and Yapı ve Kredi Bankası A.Ş. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM
Independent Auditor

Istanbul, 30 April 2024

Limited Assurance Report

LIMITED ASSURANCE REPORT
TO THE BOARD OF DIRECTORS OF YAPI VE KREDI BANKASI A.Ş.

We have been engaged by the Board of Directors of Yapı ve Kredi Bankası A.Ş. (the "Bank" or "Yapı Kredi") to perform a limited assurance engagement in respect of the Selected Sustainability Information (the "Selected Information") stated in the United Nations Responsible Reporting Index (the "Report") for the year ended 31 December 2023 and listed below.

Selected Information

The scope of the Selected Information for the year ended 31 December 2023, which is subject to our limited assurance work, set out in the pages 565, 566, 568, 569, 570,571 and 575 of the Report with the sign "✔" is summarised below:

- 2.1 Impact Analysis
- 2.2 Target Setting
- 2.3 Target Implementation and Monitoring
- 5.1 Governance Structure for Implementation of the Principles

Our assurance was with respect to the Selected Information marked with "✔" in the in the Report, and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with "✔" in the Report and, any other elements included in the Report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Bank to prepare the Selected Information is set out in section United Nations Principles For Responsible Banking Reporting Index – Reporting Principles (the "Reporting Principles") on pages 594 and 595 of the Report.

The Bank's Responsibility

The Bank is responsible for the content of the Report and the preparation of the Selected Information in accordance with the Reporting Principles. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Principles.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to form a limited assurance, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Principles. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000-"Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000" Revised).

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised). Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Bank and;
- undertook analytical procedures over the reported data.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Bank's Selected Information for the year ended 31 December 2023, is not properly prepared, in all material respects, in accordance with the Reporting Principles.

Restriction of use

This report, including the conclusion, has been prepared for the Board of Directors of the Bank as a body, to assist the Board of Directors in reporting Yapı ve Kredi Bankası A.Ş.'s performance and activities related to the Selected Information. We permit the disclosure of this report within the Report for the year ended 31 December 2023, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Yapı ve Kredi Bankası A.Ş. as a body and Yapı ve Kredi Bankası A.Ş. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM
Independent Auditor

Istanbul, 30 April 2024

GRI Content Index

GRI Placeholder

As part of the GRI Content Index - Core Service, GRI Services reviewed that the GRI content index is presented in a clear and consistent manner with the Standards and that references to disclosures 2-1 to 2-5, 3-1 and 3-2 are included in the body of the report in the appropriate sections.

Statement of Use	Yapı ve Kredi Bankası A.Ş. has reported in accordance with GRI Standards for the period January 1 - December 31, 2023.
GRI 1 Used	GRI 1: Fundamentals 2021
GRI Sector Standard Used	No sector standard has been used in financial services as no sector standard has been prepared yet.

GRI STANDARD		Notifications	Place of Notification	Disclosure of Withheld Information
General Notifications				
GRI 2: General Disclosures 2021	2-1	Organizational Details	**About the Report,** pages 6-7 **About Yapı Kredi,** page 28 **Shareholding Structure,** pages 32-33 **Subsidiaries of Yapı Kredi,** pages 38-39	
	2-2	Entities Included in the Organization's Sustainability Reporting	**About the Report,** pages 6-7	
	2-3	Reporting Period, Frequency and Contact Person	**About the Report,** pages 6-7	
	2-4	Restatement of Information	There is no revised statement regarding the information provided in previous reports.	
	2-5	External Assurance	**About the Report,** pages 6-7 **Limited Assurance Report,** pages 596-601	
	2-6	Activities, Value Chain and Other Business Relationships	**About Yapı Kredi,** page 28 **Shareholding Structure,** pages 32-33 **Service Model,** pages 36-37 **Subsidiaries of Yapı Kredi,** pages 38-39 **2023 Positioning,** page 40	
	2-7	Employees	**Performance Tables,** page 560	
	2-8	Workers Who are not Employees	**Performance Tables,** page 560	
	2-9	Governance Structure and Composition	**Board of Directors,** pages 42-47 **Senior Management,** pages 48-57 **Board of Directors and Committees,** pages 58-69	
	2-10	Nomination and Selection of the Highest Governance Body	**Board of Directors and Committees,** pages 58-69 **Decleration of Compliance with Corporate Governance Principles,** pages 256-257	
	2-11	Chair of the Highest Governance Body	**Board of Directors,** page 42 **Senior Management,** pages 48-57 **Board of Directors and Committees,** page 58	
	2-12	The Role of the Highest Governance Body in Overseeing the Management of IMP	**Board of Directors and Committees,** pages 58-59 **Sustainability Management,** pages 74-77	
	2-13	Delegation of Responsibilities for Managing Impacts	**Sustainability Management,** pages 74-77	
	2-14	Role of the Highest Governance Body in Sustainability Reporting	**Sustainability Management,** pages 74-77 **Material Issues,** pages 97-99	
	2-15	Conflict of Interest	**Ethics and Compliance,** pages 94-96	
	2-16	Communicating of Critical Concerns	**Ethics and Compliance,** pages 94-96	

GRI STANDARD		Notifications	Place of Notification	Disclosure of Withheld Information
General Notifications				
GRI 2: General Disclosures 2021	2-17	Collective Knowledge of the Highest Governance Body	**Ethics and Compliance,** pages 94-96	
	2-18	Evaluation of the Performance of the Highest Governance Body	**Board of Directors,** pages 42-47 **Decleration of Compliance with Corporate Governance Principles,** pages 256-257	
	2-19	Remuneration Policies	**Board of Directors and Committees,** page 61 **Decleration of Compliance with Corporate Governance Principles,** pages 256-257 Remuneration Policy	
	2-20	Process to Determine Remuneration	**Decleration of Compliance with Corporate Governance Principles,** pages 256-257 Remuneration Policy	
	2-21	Annual Total Compensation Ratio	**Decleration of Compliance with Corporate Governance Principles,** pages 256-257 **Performance Tables,** page 562 Remuneration Policy	
	2-22	Statement on Sustainable Development Strategy	**Statement on Sustainable Development Strategy** **Chairman's Message,** pages 18-19 **CEO's Message,** pages 20-23	
	2-23	Policy Commitments	**Ethics and Compliance,** pages 94-96 **Risk Management,** page 117 Yapı Kredi Human Rights Statement Yapı Kredi Responsible Procurement Policy	
	2-24	Embedding Policy Commitments	**Ethics and Compliance,** pages 94-96 **Risk Management,** page 117 Yapı Kredi Human Rights Statement Yapı Kredi Responsible Procurement Policy	
	2-25	Processes to Remediate Negative Impacts	**Ethics and Compliance,** pages 94-96 Yapı Kredi Human Rights Statement	
	2-26	Mechanisms for Seeking Advice and Raising Concerns	**Ethics and Compliance,** pages 94-96 Yapı Kredi Human Rights Statement	
	2-27	Compliance with Laws and Regulations	In 2023, there were no environmental fines for non-compliance with environmental laws and regulations.	
	2-28	Membership Associations	**Stakeholder Relations,** page 103	
	2-29	Approach to Stakeholder Engagement	**Material Issues,** pages 97-99 **Stakeholder Relations,** pages 100-102	
	2-30	Collective Bargaining Agreements	**Talented and Committed Employees,** page 232	
GRI 3: Material Topics 2021	3-1	Process to Determine Material Topics	**Material Issues,** pages 97-99	
	3-2	List of Material Topics	**Material Issues,** pages 98-99	

GRI STANDARD		Notifications	Place of Notification	Disclosure of Withheld Information
Financial Performance				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Material Issues,** pages 97-99 **Chairman's Message,** pages 18-19 **CEO's Message,** 20-23	
GRI 201: Economic Performance 2016	201-1	Direct Economic Value Generated and Distributed	**Five-Year Summary Financials,** page 254 **2023 Financial Review,** Pages 252-253	
	201-2	Financial Implications and other Risks and Opportunities Due to Climate Change	**Trends, Their Implication for the Sector and Yapı Kredi's Response,** pages 89-91 **Risk Management,** pages 104-106 **TCFD Statement,** pages 587-579	
	201-3	Defined Benefit Plan Obligations and other Retirement Plans	**Financial Information,** pages 409-410, pages 330-331	
	201-4	Financial Assistance from the Government	**Financial Information,** page 465	
GRI 207: Tax 2019	207-1	Approach to Tax	**Financial Information,** pages 331-333	
	207-2	Tax Governance, Control and Risk Management	**Financial Information,** pages 331-333	
	207-3	Stakeholder Engagement and Management of Concerns Related to Tax	**Financial Information,** pages 331-333	
	207-4	Country-by-Country Reporting	**Financial Information,** pages 331-333	
Financial Inclusion				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Material Issues,** pages 97-99 **Talented and Committed Employees,** pages 231-234	
GRI 202: Market Presence 2016	202-1	Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage	**Performance Tables,** page 568	
Responsible Products & Services / Open Banking				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Material Issues,** pages 97-99 **Chairman's Message,** pages 18-19 **CEO's Message,** 20-23	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure Investments and Services Supported	**Responsible and Sustainable Finance,** pages 122-125	
	203-2	Significant Indirect Economic Impacts	**Commercial and SME Banking,** pages 174-177 **Corporate Banking,** pages 178-182	
Ethics & Compliance / Transparency				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Yapı Kredi Anti-Corruption and Anti-Bribery Policy **Ethics and Compliance,** pages 94-96	
GRI 205: Anti-Corruption 2016	205-1	Operations Assessed for Corruption-Related Risks	**Risk Management,** page 115	
	205-2	Communication and Training About Anti-Corruption Policies and Procedures	**Ethics and Compliance,** pages 94-96 **Risk Management,** page 115	
	205-3	Confirmed Incidents of Corruption and Actions Taken	**Ethics and Compliance,** pages 94-96 **Risk Management,** page 115	
GRI 206: Anti-Competitive Behavior 2016	206-1	Legal Actions for Anti-Competitive Behavior, Trust and Monopoly Practices	In 2023, there were no lawsuits filed in relation to anti-competitive behavior, antitrust and monopoly activities.	

GRI STANDARD		Notifications	Place of Notification	Disclosure of Withheld Information
Climate Change				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Material Issues,** pages 97-99 **Environmental Impact Management,** pages 128-133	
GRI 302: Energy 2016	302-1	Energy Consumption within the Organization	**Performance Tables,** page 558	
	302-2	Energy Consumption Outside the Organization	**Performance Tables,** page 558	
	302-3	Energy Intensity	**Performance Tables,** page 558	
	302-4	Reduction of Energy Consumption	**Environmental Impact Management,** page 132 **Performance Tables,** page 559	
GRI 303: Water and Wastewater 2018	303-1	Interactions with Water as a Shared Resource	**Environmental Impact Management,** pages 132-133	
	303-2	Management of Water Discharge-Related Impacts	**Environmental Impact Management,** pages 132-133	
	303-3	Water Withdrawal	**Performance Tables,** page 559	
	303-4	Water Drainage	**Performance Tables,** page 559	
	303-5	Water Consumption	**Performance Tables,** page 559	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG Emissions	**Performance Tables,** page 558	
	305-2	Indirect (Scope 2) GHG Emissions	**Performance Tables,** page 558	
	305-3	Other Indirect (Scope 3) GHG Emissions	**Performance Tables,** page 558	
	305-4	GHG Emissions Intensity	**Performance Tables,** page 558	
	305-5	Reduction of GHG Emission	**Environmental Impact Management,** pages 130-131 **Performance Tables,** page 559	
Resource & Waste Management				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Material Issues,** pages 97-99 **Environmental Impact Management,** pages 133-134	
GRI 306: Waste 2020	306-1	Waste Generation and Significant Waste-Related Impacts	**Environmental Impact Management,** pages 133-134	
	306-2	Management of Significant Waste-Related Impacts	**Environmental Impact Management,** pages 133-134	
	306-3	Waste Generated	**Performance Tables,** page 559	

GRI STANDARD		Notifications	Place of Notification	Disclosure of Withheld Information
Responsible Supply Chain				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Material Issues,** pages 97-99 **Environmental Impact Management,** page 134	
GRI 308: Environmental Assessment of Suppliers 2016	308-1	New Suppliers Audited Using Environmental Criteria	**Environmental Impact Management,** page 134 Yapı Kredi Responsible Procurement Policy	
	308-2	Negative Environmental Impacts in the Supply Chain and Actions Taken	Yapı Kredi Responsible Procurement Policy	
GRI 414: Social Assessment of Suppliers 2016	414-1	New Suppliers Audited Using Social Criteria	Yapı Kredi Human Rights Statement Yapı Kredi Responsible Procurement Policy	
	414-2	Negative Social Impacts in the Supply Chain and Actions Taken	Yapı Kredi Human Rights Statement Yapı Kredi Responsible Procurement Policy	
Talent Management, Employee Satisfaction and Engagement				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Material Issues,** pages 97-99 **Talented and Committed Employees,** pages 226-235	
GRI 401: Employment 2016	401-1	New Employee Hires and Employee Turnover	**Performance Tables,** page 561	
	401-2	Benefits Provided to Full-Time Employees Not Provided to Temporary or Part-Time Employees	**Talented and Committed Employees,** page 232	
	401-3	Parental Leave	**Performance Tables,** page 561	
GRI 402: Labor/ Governance Relations 2016	402-1	Minimum Notification Periods for Operational Changes	**Talented and Committed Employees,** pages 231-232	
GRI 404: Education and Training 2016	404-1	Average Hours of Training per Year per Employee	**Talented and Committed Employees,** page 228	
	404-2	Employee Skills Development Programs and Transition Assistance Programs	**Talented and Committed Employees,** pages 228-230	
	404-3	Percentage of Employees Receiving Regular Performance and Career Development Evaluations	**Talented and Committed Employees,** pages 231-232	

GRI STANDARD		Notifications	Place of Notification	Disclosure of Withheld Information
Occupational Health and Safety				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Material Issues,** pages 97-99 **Talented and Committed Employees,** page 233	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational Health and Safety Management System	**Talented and Committed Employees,** page 233 Yapı Kredi Occupational Health and Safety Policy	
	403-2	Hazard Identification, Risk Assessment and Incident Investigation	Yapı Kredi Occupational Health and Safety Policy	
	403-3	Occupational Health Services	Yapı Kredi Occupational Health and Safety Policy	
	403-4	Worker Participation, Consultation and Communication on Occupational Health and Safety	**Talented and Committed Employees,** page 233 Yapı Kredi Occupational Health and Safety Policy	
	403-5	Worker Training on Occupational Health and Safety	**Talented and Committed Employees,** page 233	
	403-6	Promotion of Worker Health	**Talented and Committed Employees,** page 233	
	403-7	Preventing and Mitigating Occupational Health and Safety Impacts Directly Linked to Labor Relations	Yapı Kredi Occupational Health and Safety Policy	
	403-8	Workers within the scope of Occupational Health and Safety Management System	Yapı Kredi Occupational Health and Safety Policy	
	403-9	Work-Related Injury	**Performance Tables,** page 563	
	403-10	Work Related Illness	**Performance Tables,** page 563	
Diversity & Inclusion				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Material Issues,** pages 97-99 **Talented and Committed Employees,** pages 233-234	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of Governance Bodies and Employees	**Talented and Committed Employees,** pages 233-234 **Performance Charts,** page 562	
	405-2	Ratio of Basic Salaries and Wages of Women to Men	**Performance Tables,** page 562	
Human Rights				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Material Issues,** pages 97-99 **Talented and Committed Employees,** pages 226-235	
GRI 406: Prevention of Discrimination 2016	406-1	Incidents of Discrimination and Corrective Actions Taken	**Talented and Committed Employees,** page 233 Code of Ethics and Businesss Conduct	
GRI 407: Right to Organize and Collective Bargaining 2016	407-1	Operations and Suppliers where Freedom of Association and the Right to Collective Bargaining may be at Risk	**Risk Management,** page 117 **Talented and Committed Employees,** page 232	
GRI 408: Child Labor 2016	408-1	Operations and Suppliers at Significant Risk for Child Labor Incidents	**Risk Management,** page 117 Yapı Kredi Human Rights Statement Yapı Kredi Responsible Procurement Policy	
GRI 409: Forced and Compulsory Labor 2016	409-1	Operations and Suppliers at Significant Risk for Incidents of Forced or Compulsory Labor	**Risk Management,** page 117 Yapı Kredi Human Rights Statement Yapı Kredi Responsible Procurement Policy	

GRI STANDARD		Notifications	Place of Notification	Disclosure of Withheld Information
Social Investments / Financial Literacy				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Material Issues,** pages 97-99 **Social Contribution,** pages 136-143	
GRI 413: Local Communities 2016	413-1	Operations with Local Community Engagement, Impact Assessments and Development Programs	**Social Contribution,** pages 136-143	
Cyber Infrastructure and Data Security				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Material Issues,** pages 97-99 **Technological Risks and Cybersecurity,** pages 204-207	
GRI 418: Customer Privacy 2016	418-1	Substantiated Complaints of Breach of Customer Privacy and Loss of Customer Data	**Technological Risks and Cyber Security,** pages 204-207 **Personal Data Protection and Processing,** pages 223-225	
Enterprise Risk Management				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Board of Directors,** pages 42-47 **Senior Management,** pages 48-57 **Board of Directors and Committees,** pages 58-59 **Decleration of Compliance with Corporate Governance Principles,** pages 256-257	

GRI STANDARD		Notifications	Place of Notification	Disclosure of Withheld Information
Corporate Governance/Brand Culture				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Risk Management,** pages 104-117	
Digital Transformation & Innovation				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Technological Risks and Cyber Security,** pages 204-207	
Customer Satisfaction				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Customer Experience,** pages 216-219	
Business Continuity				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	**Board of Directors and Committees,** page 65	

Directory

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Fax:	0212 339 60 00
SWIFT Code:	YAPITRIS
Website:	http://www.yapikredi.com.tr
Branch Information:	All information can accessed via Yapı Kredi website.
Social Media Information:	Yapı Kredi has an active presence in Facebook, Twitter, Instagram, LinkedIn, TikTok, Google+ and Youtube, In all channels the bank is under the name Yapı Kredi

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Legal Disclaimer

This Integrated Annual Report (the Report), has been prepared by Yapı ve Kredi Bankası A.Ş. (Yapı Kredi) in accordance with the Integrated Reporting Framework of the IIRC.

This Report is prepared for information purposes only and it is not intended to form the basis of any investment decision.

The information contained herein does not constitute or form part of an offer to sell or issue, or a solicitation of an offer to purchase or subscribe for, any securities or other interests in Yapı ve Kredi Bankası A.Ş. or its subsidiaries, and no legal relations shall be created by its issue.

The information contained herein and associated documents were believed to be accurate for the time period it covers, expressed in good faith and based on sources believed to be reliable. However, this does not constitute a representation, guarantee, warranty or undertaking of any nature by Yapı ve Kredi Bankası A.Ş. Accordingly, neither Yapı ve Kredi Bankası A.Ş., nor its subsidiary companies, or their board members, consultants or employees shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in, or omission from, this Report or in any other information or communications in connection with the Report.

YapıKredi