

Yapı ve Kredi Bankası A.Ş.

**Publicly announced consolidated financial statements and
related disclosures at June 30, 2023 together with
auditor's review report**

**(Convenience translation of publicly announced consolidated interim financial statements and review
report originally issued in Turkish, See Note L of Section three)**

AUDITOR’S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor’s review report originally issued in Turkish,
See Note I of Section Three)

To the General Assembly of Yapı ve Kredi Bankası A.Ş.

Introduction

We have reviewed the consolidated balance sheet of Yapı ve Kredi Bankası A.Ş. (“the Bank”) and its consolidated subsidiaries (collectively referred to as “the Group”) at 30 June 2023 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Legislation which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying consolidated financial information does not present fairly in all material respects the financial position of Yapı ve Kredi Bankası A.Ş. and its consolidated subsidiaries at 30 June 2023 and its financial performance and its cash flows for the six-month-period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

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 30 June 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, 24 July 2023

Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three

**THE CONSOLIDATED INTERIM FINANCIAL REPORT OF
YAPI VE KREDİ BANKASI A.Ş. AS OF JUNE 30, 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 six months which is prepared in accordance with the “Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” as regulated by the Banking Regulation and Supervision Agency includes the following sections.

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

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

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

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

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

Y. Ali KOÇ
Chairman of the
Board of
Directors

Gökhan ERÜN
Executive Director and
CEO

Demir KARAASLAN
Chief Financial Officer

Barış SAVUR
Financial Reporting and
Accounting Executive Vice President

Dr. Ahmet ÇİMENÖĞLU
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

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Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of June 30, 2023

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

Section One

General Information

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

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

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

The Parent Bank's publicly traded shares are traded on the Borsa Istanbul ("BIST") since 1987. As of June 30, 2023, 32,03% of the shares of the Bank are publicly traded (December 31, 2022 - 32,03%). 40,95% of the shares out of the remaining 67,97% is owned by Koç Finansal Hizmetler A.Ş. ("KFS") which is owned by Koç Group, 27,02% is owned by Koç Holding A.Ş.

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

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

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

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

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

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

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)

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of June 30, 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 June 30, 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 ÇİMENOGU	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 ÇİMENOGU	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
Cemal Aybars SANAL	Legal Management
Demir KARAASLAN	Financial Planning and Administration
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 and Internal Services Management
Saruhan YÜCEL	Treasury Management
Serkan ÜLGEN	Retail Banking
Uğur Gökhan ÖZDİNÇ	Technology, Data and Process Management
Yakup DOĞAN	Limitless Banking

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of June 30, 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.	2.282.666.574,00	27,02	2.282.666.574,00	-

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 June 30, 2023, the Parent Bank has 799 branches operating in Turkey and 1 branch in overseas (December 31, 2022 - 800 branches operating in Turkey, 1 branch in overseas).

As of June 30, 2023, the Parent Bank has 15.731 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 June 30, 2023 the Group has 16.647 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.

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of June 30, 2023 and December 31, 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 (30.06.2023)			Prior Period (31.12.2022)			
		Note (Section Five)	TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (Net)		121.565.652	239.772.264	361.337.916	117.836.504	176.266.279	294.102.783
1.1	Cash and Cash Equivalents	1.1	42.804.830	201.758.540	244.563.370	45.589.087	148.987.880	194.576.967
1.1.1	Cash and Balances with Central Bank		22.398.643	161.972.308	184.370.951	35.736.573	117.094.330	152.830.903
1.1.2	Banks	1.4	11.647.199	40.417.513	52.064.712	7.534.842	32.310.175	39.845.017
1.1.3	Money Markets	1.4.2	8.869.037	-	8.869.037	2.461.599	53.158	2.514.757
1.1.4	Provisions for Expected Losses (-)		110.049	631.281	741.330	143.927	469.783	613.710
1.2	Financial Assets Measured at Fair Value Through Profit Or Loss	1.2	402.670	1.063.081	1.465.751	1.517.569	753.326	2.270.895
1.2.1	Government debt securities		-	474.657	474.657	-	365.229	365.229
1.2.2	Share certificates		39.604	-	39.604	1.485.674	-	1.485.674
1.2.3	Other financial assets		363.066	588.424	951.490	31.895	388.097	419.992
1.3	Financial Assets Measured at Fair Value Through Other Comprehensive Income	1.5,1.6	59.817.089	27.064.415	86.881.504	60.478.890	17.992.601	78.471.491
1.3.1	Government debt securities		57.744.879	26.978.734	84.723.613	58.487.789	17.909.169	76.396.958
1.3.2	Share certificates		181.503	13.046	194.549	166.527	9.295	175.822
1.3.3	Other financial assets		1.890.707	72.635	1.963.342	1.824.574	74.137	1.898.711
1.4	Derivative Financial Assets	1.3	18.541.063	9.886.228	28.427.291	10.250.958	8.532.472	18.783.430
1.4.1	Derivative financial assets measured at fair value through profit or loss		14.911.215	6.373.666	21.284.881	6.592.888	4.832.545	11.425.433
1.4.2	Derivative financial assets measured at fair value through other comprehensive income		3.629.848	3.512.562	7.142.410	3.658.070	3.699.927	7.357.997
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		644.782.462	359.855.208	1.004.637.670	521.425.110	271.189.316	792.614.426
2.1	Loans	1.7	511.422.035	248.737.927	760.159.962	432.058.729	196.129.681	628.188.410
2.2	Receivables From Leasing Transactions (Net)	1.12	10.264.460	19.994.943	30.259.403	7.370.420	13.177.733	20.548.153
2.3	Factoring Receivables		9.706.523	2.669.271	12.375.794	10.183.485	2.297.983	12.481.468
2.4	Financial Assets Measured at Amortised Cost	1.8	140.375.892	103.042.877	243.418.769	96.448.465	72.377.792	168.826.257
2.4.1	Government debt securities		138.335.547	95.028.510	233.364.057	96.117.661	67.511.505	163.629.166
2.4.2	Other financial assets		2.040.345	8.014.367	10.054.712	330.804	4.866.287	5.197.091
2.5	Provisions for Expected Losses (-)		26.986.448	14.589.810	41.576.258	24.635.989	12.793.873	37.429.862
III.	ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	1.15	1.016.002	68.386	1.084.388	1.036.253	49.452	1.085.705
3.1	Held for Sale Purposes		1.016.002	68.386	1.084.388	1.036.253	49.452	1.085.705
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		707.585	4.306.386	5.013.971	725.731	2.871.962	3.597.693
4.1	Investments in Associates (Net)	1.9	675.269	4.306.386	4.981.655	693.415	2.871.962	3.565.377
4.1.1	Consolidated based on Equity Method		636.823	4.306.386	4.943.209	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)		10.812.259	269.218	11.081.477	9.908.108	201.662	10.109.770
VI.	INTANGIBLE ASSETS (Net)		1.571.340	111.171	1.682.511	1.270.101	89.886	1.359.987
6.1	Goodwill		-	-	-	-	-	-
6.2	Other	1.13	1.571.340	111.171	1.682.511	1.270.101	89.886	1.359.987
VII.	INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
VIII.	CURRENT TAX ASSETS		2.248.676	-	2.248.676	42.522	-	42.522
IX.	DEFERRED TAX ASSETS	1.14	3.851.722	-	3.851.722	5.409.021	-	5.409.021
X.	OTHER ASSETS	1.16	56.541.563	34.073.172	90.614.735	44.254.844	31.690.263	75.945.107
TOTAL ASSETS			843.097.261	638.455.805	1.481.553.066	701.908.194	482.358.820	1.184.267.014

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of June 30, 2023 and December 31, 2022

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

1. Consolidated balance sheet (Statement of Financial Position)

				Current Period (30/06/2023)			Prior Period (31/12/2022)	
		Note (Section Five)	TL	FC	Total	TL	FC	Total
LIABILITIES								
I.	DEPOSITS	2.1	547.739.945	408.168.883	955.908.828	385.622.097	319.873.342	705.495.439
II.	BORROWINGS	2.3.1	11.226.085	106.204.390	117.430.475	11.019.098	83.097.300	94.116.398
III.	MONEY MARKETS		20.045.200	19.892.025	39.937.225	32.894.807	7.400.223	40.295.030
IV.	MARKETABLE SECURITIES ISSUED (Net)	2.3.3	8.123.344	40.561.243	48.684.587	11.945.667	37.405.141	49.350.808
4.1	Bills		7.720.415	3.206.204	10.926.619	11.280.086	2.031.595	13.311.681
4.2	Asset backed Securities		-	5.382.171	5.382.171	-	4.940.364	4.940.364
4.3	Bonds		402.929	31.972.868	32.375.797	665.581	30.433.182	31.098.763
V.	FUNDS		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE								
VI.	THROUGH PROFIT OR LOSS	2.3.4	325.226	46.185.555	46.510.781	687.777	35.771.646	36.459.423
VII.	DERIVATIVE FINANCIAL LIABILITIES	2.2	7.403.322	8.854.913	16.258.235	8.037.193	5.931.870	13.969.063
7.1	Derivative liabilities measured at fair value through profit or loss		7.403.322	8.854.913	16.258.235	8.004.843	5.931.870	13.936.713
	Derivative liabilities measured at fair value through other comprehensive income		-	-	-	32.350	-	32.350
VIII.	FACTORING PAYABLES		-	-	-	-	-	-
IX.	LEASE PAYABLES (Net)	2.5	2.471.647	182.855	2.654.502	1.848.072	127.841	1.975.913
X.	PROVISIONS	2.6	9.950.161	1.613.243	11.563.404	10.263.964	1.318.492	11.582.456
10.1	Provisions for Restructuring		-	-	-	-	-	-
10.2	Provisions for Employee Benefits	2.6.1	3.766.234	13.428	3.779.662	3.282.906	7.457	3.290.363
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions	2.6.3	6.183.927	1.599.815	7.783.742	6.981.058	1.311.035	8.292.093
XI.	CURRENT TAX LIABILITIES	2.7	2.009.207	133.573	2.142.780	5.820.028	121.994	5.942.022
XII.	DEFERRED TAX LIABILITIES		25.916	23.970	49.886	-	22.735	22.735
LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)								
XIII.	OPERATIONS (Net)	2.8	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT	2.9	757.170	38.204.366	38.961.536	725.201	38.663.031	39.388.232
14.1	Loans		-	6.988.674	6.988.674	-	16.059.998	16.059.998
14.2	Other Facilities		757.170	31.215.692	31.972.862	725.201	22.603.033	23.328.234
XV.	OTHER LIABILITIES	2.4	47.619.575	14.559.439	62.179.014	46.913.782	12.493.774	59.407.556
XVI.	SHAREHOLDERS' EQUITY	2.10	137.435.882	1.835.931	139.271.813	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		2.216.962	-	2.216.962	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		1.660.025	-	1.660.025	1.608.754	-	1.608.754
16.3	Other accumulated comprehensive income that will not be reclassified in profit or loss		2.586.403	15.156	2.601.559	1.956.972	9.299	1.966.271
	Other accumulated comprehensive income that will be reclassified in profit or loss		12.631.959	1.862.182	14.494.141	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		25.756.425	-	25.756.425	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		24.116.471	-	24.116.471	52.744.689	-	52.744.689
16.7	Minority interest		1.971	-	1.971	1.537	-	1.537
TOTAL LIABILITIES			795.132.680	686.420.886	1.481.553.066	639.587.336	544.679.678	1.184.267.014

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of June 30, 2023 and December 31, 2022

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

2. Consolidated off-balance sheet commitments

		Current Period (30/06/2023)			Prior Period (31/12/2022)			
		Note (Section Five)	TL	FC	Total	TL	FC	Total
A.	Off-balance sheet commitments (I+II+III)		673.704.780	923.525.906	1.597.230.686	598.898.078	842.894.388	1.441.792.466
I.	Guarantees and warranties	3.1.2.1	136.783.442	184.911.489	321.694.931	99.977.185	143.814.354	243.791.539
1.1.	Letters of guarantee	3.1.2.2	122.809.992	114.195.381	237.005.373	88.883.239	92.489.465	181.372.704
1.1.1.	Guarantees subject to state tender law		1.311.913	1.817.029	3.128.942	1.399.840	1.363.690	2.763.530
1.1.2.	Guarantees given for foreign trade operations		38.819.471	110.982.163	149.801.634	27.620.393	90.217.924	117.838.317
1.1.3.	Other letters of guarantee		82.678.608	1.396.189	84.074.797	59.863.006	907.851	60.770.857
1.2.	Bank acceptances		-	1.151.913	1.151.913	-	864.879	864.879
1.2.1.	Import letter of acceptance		-	1.151.913	1.151.913	-	864.879	864.879
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		754.734	48.076.054	48.830.788	327.114	32.872.689	33.199.803
1.3.1.	Documentary letters of credit		754.734	48.068.186	48.822.920	327.114	32.867.948	33.195.062
1.3.2.	Other letters of credit		-	7.868	7.868	-	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 Turkey		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Securities issue purchase guarantees		-	-	-	-	-	-
1.7.	Factoring guarantees		-	-	-	-	3.888	3.888
1.8.	Other guarantees		13.218.716	12.736.830	25.955.546	10.766.832	9.553.300	20.320.132
1.9.	Other warranties		-	8.751.311	8.751.311	-	8.030.133	8.030.133
II.	Commitments		403.670.044	49.889.001	453.559.045	240.615.994	69.021.644	309.637.638
2.1.	Irrevocable commitments	3.1.1	377.957.719	5.459.592	383.417.311	223.708.638	36.562.938	260.271.576
2.1.1.	Asset purchase and sale commitments		2.527.373	3.142.037	5.669.410	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		68.679.519	1.416.603	70.096.122	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		8.601.299	-	8.601.299	5.482.867	-	5.482.867
2.1.8.	Tax and fund liabilities from export commitments		536	-	536	449	-	449
2.1.9.	Commitments for credit card limits		258.008.319	-	258.008.319	136.756.258	-	136.756.258
2.1.10.	Commitments for credit cards and banking services promotions		52.430	-	52.430	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		40.088.243	900.952	40.989.195	28.653.918	724.048	29.377.966
2.2.	Revocable commitments		25.712.325	44.429.409	70.141.734	16.907.356	32.458.706	49.366.062
2.2.1.	Revocable loan granting commitments		25.712.325	43.934.000	69.646.325	16.907.356	32.139.482	49.046.838
2.2.2.	Other revocable commitments		-	495.409	495.409	-	319.224	319.224
III.	Derivative financial instruments		133.251.294	688.725.416	821.976.710	258.304.899	630.058.390	888.363.289
3.1	Derivative financial instruments for hedging purposes		25.350.000	61.674.904	87.024.904	28.910.141	93.889.994	122.800.135
3.1.1	Transactions for fair value hedge		-	4.314.122	4.314.122	270.141	4.747.536	5.017.677
3.1.2	Transactions for cash flow hedge		25.350.000	57.360.782	82.710.782	28.640.000	89.142.458	117.782.458
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		107.901.294	627.050.512	734.951.806	229.394.758	536.168.396	765.563.154
3.2.1	Forward foreign currency buy/sell transactions		23.969.210	33.408.858	57.378.068	13.518.027	17.221.478	30.739.505
3.2.1.1	Forward foreign currency transactions-buy		12.080.338	16.899.405	28.979.743	12.690.957	3.178.448	15.869.405
3.2.1.2	Forward foreign currency transactions-sell		11.888.872	16.509.453	28.398.325	827.070	14.043.030	14.870.100
3.2.2	Swap transactions related to foreign currency and interest rates		74.815.576	446.840.420	521.655.996	159.881.223	363.392.172	523.273.395
3.2.2.1	Foreign currency swap-buy		1.638.170	97.854.313	99.492.483	5.018.738	133.689.633	138.708.371
3.2.2.2	Foreign currency swap-sell		45.440.406	48.887.903	94.328.309	102.529.485	37.799.517	140.329.002
3.2.2.3	Interest rate swap-buy		13.868.500	150.049.102	163.917.602	26.166.500	95.951.511	122.118.011
3.2.2.4	Interest rate swap-sell		13.868.500	150.049.102	163.917.602	26.166.500	95.951.511	122.118.011
3.2.3	Foreign currency, interest rate and securities options		100.000	8.668.389	8.768.389	47.884.306	63.887.163	111.771.469
3.2.3.1	Foreign currency options-buy		100.000	1.310.847	1.410.847	47.748.901	5.573.894	53.322.795
3.2.3.2	Foreign currency options-sell		-	1.454.919	1.454.919	135.405	53.338.749	53.474.154
3.2.3.3	Interest rate options-buy		-	4.783.929	4.783.929	-	3.890.663	3.890.663
3.2.3.4	Interest rate options-sell		-	1.118.694	1.118.694	-	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		2.287.225	2.402.969	4.690.194	1.303.006	1.217.241	2.520.247
3.2.4.1	Foreign currency futures-buy		2.287.225	-	2.287.225	1.015.119	229.092	1.244.211
3.2.4.2	Foreign currency futures-sell		-	2.402.969	2.402.969	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		6.729.283	135.729.876	142.459.159	6.808.196	90.450.342	97.258.538
B.	Custody and pledges received (IV+V+VI)		2.045.311.214	803.461.549	2.848.772.763	1.537.205.735	583.697.705	2.120.903.440
IV.	Items held in custody		713.727.717	80.603.194	794.330.911	253.387.513	57.908.696	311.296.209
4.1.	Customer fund and portfolio balances		610.310.204	26.213.112	636.523.316	170.680.657	19.001.079	189.681.736
4.2.	Investment securities held in custody		15.661.936	52.351.584	68.013.520	13.557.096	37.775.004	51.332.100
4.3.	Checks received for collection		67.730.952	93.197	67.824.149	54.920.770	115.121	55.035.891
4.4.	Commercial notes received for collection		19.966.481	1.565.233	21.531.714	14.170.846	747.138	14.917.984
4.5.	Other assets received for collection		-	302.585	302.585	-	215.011	215.011
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		58.144	77.483	135.627	58.144	55.343	113.487
4.8.	Custodians		-	-	-	-	-	-
V.	Pledges received		1.292.432.607	297.284.863	1.589.717.470	1.236.921.247	218.585.378	1.455.506.625
5.1.	Marketable securities		134.020.287	729.595	134.749.882	134.030.581	527.277	134.557.858
5.2.	Guarantee notes		22.098.752	2.697.269	24.796.021	21.997.777	1.901.842	23.899.619
5.3.	Commodity		5.912	-	5.912	5.912	-	5.912
5.4.	Warrants		-	-	-	-	-	-
5.5.	Properties		609.154.335	3.637.546	612.791.881	471.940.839	2.545.435	474.486.274
5.6.	Other pledged items		527.153.321	290.174.338	817.327.659	608.946.138	213.577.502	822.523.640
5.7.	Pledged items-depository		-	46.115	46.115	-	33.322	33.322
VI.	Accepted independent guarantees and warranties		39.150.890	425.573.492	464.724.382	46.896.975	307.203.631	354.100.606
Total off-balance sheet commitments (A+B)			2.719.015.994	1.726.987.455	4.446.003.449	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.

Yapı ve Kredi Bankası A.Ş.
Consolidated financial statements as of June 30, 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 - 30/06/2023)	Prior Period (01/01/2022 - 30/06/2022)
I.	INTEREST INCOME	4.1	80.787.407	47.903.100
1.1	Interest on Loans	4.1.1	49.062.860	28.236.623
1.2	Interest Received from Reserve Deposits		19.016	255.955
1.3	Interest Received from Banks	4.1.2	2.645.426	385.841
1.4	Interest Received from Money Market Transactions		264.426	68.683
1.5	Interest Received from Marketable Securities Portfolio	4.1.3	25.187.164	17.400.861
1.5.1	Financial Assets Measured at Fair Value Through Profit or Loss		49.532	16.319
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		7.688.123	5.838.146
1.5.3	Financial Assets Measured at Amortised Cost		17.449.509	11.546.396
1.6	Financial Lease Income		1.900.221	889.369
1.7	Other Interest Income		1.708.294	665.768
II.	INTEREST EXPENSE (-)	4.2	56.884.833	21.344.943
2.1	Interest on Deposits	4.2.6	44.545.812	11.563.343
2.2	Interest on Funds Borrowed	4.2.1	4.281.854	1.970.343
2.3	Interest expense on money market transactions	4.2.4	1.600.165	3.141.387
2.4	Interest on Securities Issued	4.2.3	6.016.633	4.029.129
2.5	Interest on Lease Payables		155.714	106.391
2.6	Other Interest Expense	4.2.5	284.655	534.350
III.	NET INTEREST INCOME/EXPENSE (I - II)		23.902.574	26.558.157
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		13.188.958	6.383.939
4.1	Fees and Commissions Received		17.674.140	8.675.807
4.1.1	Non-cash Loans		1.456.108	921.451
4.1.2	Other	4.1.2	16.218.032	7.754.356
4.2	Fees and Commissions Paid		4.485.182	2.291.868
4.2.1	Non-cash Loans		38.548	13.008
4.2.2	Other		4.446.634	2.278.860
V.	DIVIDEND INCOME		19.749	84.724
VI.	TRADING PROFIT/LOSS (Net)	4.3	18.662.842	4.651.701
6.1	Trading Gains/Losses on Securities		1.641.977	1.068.029
6.2	Derivative Financial Transactions Gains/Losses	4.5	17.362.764	9.713.785
6.3	Foreign Exchange Gains/Losses		(341.899)	(6.130.113)
VII.	OTHER OPERATING INCOME	4.6	10.210.851	6.581.804
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		65.984.974	44.260.325
IX.	ALLOWANCE FOR EXPECTED CREDIT LOSSES (-)	4.4	15.317.343	11.497.553
X.	OTHER PROVISION EXPENSES (-)	4.4	80.495	276.769
XI.	PERSONNEL EXPENSES (-)	4.8	6.863.502	3.429.747
XII.	OTHER OPERATING EXPENSES (-)	4.7	13.260.207	4.634.092
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		30.463.427	24.422.164
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		509.486	97.830
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	4.8	30.972.913	24.519.994
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	4.9	6.855.817	5.338.991
18.1	Current Tax Provision		1.035.395	10.903.643
18.2	Expense effect of deferred tax (+)		5.820.422	-
18.3	Income effect of deferred tax (-)		-	5.564.652
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)		24.117.096	19.181.003
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from assets held for sale		-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3	Other income from discontinued operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on assets held for sale		-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3	Other expenses from discontinued operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX - XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	NET PROFIT/ LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	4.10	24.117.096	19.181.003
25.1	Group's profit/loss		24.116.471	19.180.737
25.2	Minority shares	4.1.1	625	266
	Earnings/(loss) per share (full TL)		0.0286	0.0227

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of June 30, 2023 and 2022

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

Income and expense items		Note (Section Five)	Current Period (01/04/2023 - 30/06/2023)	Prior Period (01/04/2022 - 30/06/2022)
I.	INTEREST INCOME	4.1	43.255.701	27.623.785
1.1	Interest on Loans	4.1.1	27.444.740	15.746.314
1.2	Interest Received from Reserve Deposits		7.707	34.782
1.3	Interest Received from Banks	4.1.2	1.556.184	181.870
1.4	Interest Received from Money Market Transactions		107.053	26.196
1.5	Interest Received from Marketable Securities Portfolio	4.1.3	12.125.592	10.765.639
1.5.1	Financial Assets Measured at Fair Value Through Profit or Loss		24.337	6.128
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		3.815.156	3.409.647
1.5.3	Financial Assets Measured at Amortised Cost		8.286.099	7.349.864
1.6	Financial Lease Income		1.128.062	488.892
1.7	Other Interest Income		886.363	380.092
II.	INTEREST EXPENSE (-)	4.2	34.349.699	11.699.007
2.1	Interest on Deposits	4.2.6	27.159.180	6.215.609
2.2	Interest on Funds Borrowed	4.2.1	2.551.576	1.081.461
2.3	Interest expense on money market transactions	4.2.4	1.097.791	1.916.082
2.4	Interest on Securities Issued	4.2.3	3.366.443	2.156.879
2.5	Interest on Lease Payables		79.725	52.879
2.6	Other Interest Expense	4.2.5	94.984	276.097
III.	NET INTEREST INCOME/EXPENSE (I - II)		8.906.002	15.924.778
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		7.400.696	3.537.387
4.1	Fees and Commissions Received		9.792.181	4.841.015
4.1.1	Non-cash Loans		719.175	476.855
4.1.2	Other	4.1.2	9.073.006	4.364.160
4.2	Fees and Commissions Paid		2.391.485	1.303.628
4.2.1	Non-cash Loans		21.537	7.603
4.2.2	Other		2.369.948	1.296.025
V	DIVIDEND INCOME		14.906	24.197
VI.	TRADING PROFIT/LOSS (Net)	4.3	14.585.667	3.114.860
6.1	Trading Gains/Losses on Securities		456.624	715.987
6.2	Derivative Financial Transactions Gains/Losses	4.5	14.852.633	3.897.843
6.3	Foreign Exchange Gains/Losses		(723.590)	(1.498.970)
VII.	OTHER OPERATING INCOME	4.6	3.690.499	1.510.257
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		34.597.770	24.111.479
IX.	ALLOWANCE FOR EXPECTED CREDIT LOSSES (-)	4.4	8.453.017	4.570.360
X.	OTHER PROVISION EXPENSES (-)	4.4	57.454	39.648
XI.	PERSONNEL EXPENSES (-)	4.8	3.958.394	1.937.088
XII.	OTHER OPERATING EXPENSES (-)	4.7	6.909.474	2.668.877
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		15.219.431	14.895.506
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		113.024	61.246
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+XIV+XV+XVI)	4.8	15.332.455	14.956.752
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	4.9	3.855.880	3.034.333
18.1	Current Tax Provision		(1.889.555)	180.418
18.2	Expense effect of deferred tax (+)		5.745.435	2.853.915
18.3	Income effect of deferred tax (-)		-	-
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)		11.476.575	11.922.419
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from assets held for sale		-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3	Other income from discontinued operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on assets held for sale		-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3	Other expenses from discontinued operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX - XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	NET PROFIT/ LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	4.10	11.476.575	11.922.419
25.1	Group's profit/loss		11.476.246	11.922.289
25.2	Minority shares	4.11	329	130
	Earnings/(loss) per share (full TL)		0,0136	0,0141

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

(Yetkili İmza / Kaşe)

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of June 30, 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 (30/06/2023)	Prior Period (30/06/2022)
I. PROFIT (LOSS)	24.117.096	19.181.003
II. OTHER COMPREHENSIVE INCOME	(3.211.007)	12.765.072
2.1 Other comprehensive income that will not be reclassified to profit or loss	635.288	2.788.904
2.1.1. Gains (losses) on Revaluation of Property, Plant and Equipment	-	3.748.858
2.1.2. Gains (losses) on Revaluation of Intangible Assets	-	-
2.1.3. Gains (losses) on Remeasurements of Defined Benefit Plans	(421.716)	(396.799)
2.1.4. Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	5.856	2.520
2.1.5. Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	1.051.148	(565.675)
2.2. Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(3.846.295)	9.976.168
2.2.1. Exchange Differences on Translation	5.643.268	1.205.803
2.2.2. Valuation and/or Reclassification Profit or Loss from Financial Assets Measured at Fair Value Through Other Comprehensive Income	(7.311.801)	7.325.853
2.2.3. Income (loss) Related with Cash Flow Hedges	(1.202.458)	5.141.221
2.2.4. Income (loss) Related with Hedges of Net Investments in Foreign Operations	(4.039.105)	(534.898)
2.2.5. Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	(74.551)	-
2.2.6. Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	3.138.352	(3.161.811)
III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	20.906.089	31.946.075

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of June 30, 2023

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

5. Consolidated statement of changes in shareholders' equity

Current Period (30/06/2023)					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							Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total equity except minority interest	Minority Interest	Total shareholders' equity
					1	2	3	4	5	6						
I. Balance at the beginning of the period	8.447.051	556.937	-	1.608.754	4.912.389	(2.967.272)	21.154	10.697.853	7.771.069	(128.486)	40.956.310	1.639.954	52.744.689	126.260.402	1.537	126.261.939
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	8.447.051	556.937	-	1.608.754	4.912.389	(2.967.272)	21.154	10.697.853	7.771.069	(128.486)	40.956.310	1.639.954	52.744.689	126.260.402	1.537	126.261.939
IV. Total comprehensive income (loss)	-	-	-	-	945.719	(316.287)	5.856	5.643.268	(5.483.838)	(4.005.725)	-	-	24.116.471	20.905.464	625	20.906.089
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	-	-	14.976	-	-	-	-	-	-	-	-	-	14.976	-	14.976
XI. Profit distribution	-	-	-	36.295	-	-	-	-	-	-	44.797.394	-	(52.744.689)	(7.911.000)	(191)	(7.911.191)
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	(7.911.000)	(7.911.000)	(191)	(7.911.191)
11.2. Transfers to legal reserves	-	-	-	36.295	-	-	-	-	-	-	44.797.394	-	(44.833.689)	-	-	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+.....+X+XI)	8.447.051	556.937	-	1.660.025	5.858.108	(3.283.559)	27.010	16.341.121	2.287.231	(4.134.211)	85.753.704	1.639.954	24.116.471	139.269.842	1.971	139.271.813

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,

4. Exchange differences on translation reserve,

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,

6. Accumulated gains or losses on cash flow hedges, other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss and net investment hedges.

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of June 30, 2022

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

5. Consolidated statement of changes in shareholders' equity

Changes in shareholder's equity	Prior Period (30/06/2022)				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			Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total equity except minority interest	Minority Interest	Total shareholders' equity
	Paid in capital	Share premium	Share certificate cancellation profits	Other capital reserves	1	2	3	4	5	6						
I. Balance at the beginning of the period	8.447.051	556.937	-	1.588.628	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)	-	-	-	-	3.033.273	(246.889)	2.520	1.205.803	5.403.222	3.367.143	-	-	19.180.737	31.945.809	266	31.946.075
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	-	-	-	828	-	-	-	-	-	-	(359)	-	-	469	-	469
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	-	1.608.219	4.910.461	(1.084.878)	23.066	9.073.046	6.836.803	1.307.626	41.935.444	1.639.954	19.180.737	94.434.466	1.191	94.435.657

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,
4. Exchange differences on translation reserve,
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Accumulated gains or losses on cash flow hedges, other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss and net investment hedges.

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

Yapı ve Kredi Bankası A.Ş.

Consolidated financial statements as of June 30, 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 (30/06/2023)	Prior Period (30/06/2022)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		30.585.414	16.459.111
1.1.1 Interest received		58.319.366	34.378.635
1.1.2 Interest paid		(47.568.814)	(17.739.431)
1.1.3 Dividend received		19.749	84.724
1.1.4 Fees and commissions received		17.674.140	8.675.807
1.1.5 Other income		21.222.296	12.091.068
1.1.6 Collections from previously written-off loans and other receivables		3.229.675	2.712.901
1.1.7 Cash Payments to personnel and service suppliers		(18.176.766)	(7.929.186)
1.1.8 Taxes paid		(5.176.455)	(13.035.850)
1.1.9 Other		1.042.223	(2.779.557)
1.2 Changes in operating assets and liabilities subject to banking operations		21.799.620	(3.706.761)
1.2.1 Net (increase) decrease in financial assets measured at fair value through profit or loss		749.935	(156.834)
1.2.2 Net (increase) decrease in due from banks		(53.734.372)	(36.791.746)
1.2.3 Net (increase) decrease in loans		(150.729.622)	(124.519.116)
1.2.4 Net (increase) decrease in other assets		(17.414.965)	(13.438.037)
1.2.5 Net increase (decrease) in bank deposits		4.687.019	1.828.848
1.2.6 Net increase (decrease) in other deposits		238.025.282	102.579.641
1.2.7 Net increase (decrease) in financial liabilities measured at fair value through profit or loss		13.541.447	8.338.489
1.2.8 Net increase (decrease) in funds borrowed		21.599.023	45.410.149
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		(34.924.127)	13.041.845
I. Net cash provided from banking operations		52.385.034	12.752.350
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(44.132.947)	(25.944.158)
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		(938.110)	(460.635)
2.4 Cash obtained from the sale of tangible and intangible asset		81.236	440.220
2.5 Cash paid for the purchase of financial assets measured at fair value through other comprehensive income		(11.735.034)	(14.513.146)
2.6 Cash obtained from the sale of financial assets measured at fair value through other comprehensive income		2.520.446	6.943.359
2.7 Cash paid for the purchase of financial assets at amortised cost		(37.028.990)	(22.745.043)
2.8 Cash obtained from sale of financial assets at amortised cost		2.967.505	3.375.428
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flows from financing activities		(11.872.436)	(3.922.192)
3.1 Cash obtained from funds borrowed and securities issued		33.375.611	12.453.346
3.2 Cash outflow from funds borrowed and securities issued		(37.067.107)	(15.209.808)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(7.911.191)	(1.000.093)
3.5 Payments for lease liabilities		(269.749)	(165.637)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		33.316.428	18.356.017
V. Net increase/decrease in cash and cash equivalents		29.696.079	1.242.017
VI. Cash and cash equivalents at beginning of the period		129.110.338	103.318.275
VII. Cash and cash equivalents at end of the period		158.806.417	104.560.292

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

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of June 30, 2023

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

Section Three - Accounting policies

1. Explanations on basis of presentation:

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

The consolidated financial statements 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 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Accounting Standards ("TAS") 34 - Interim Financial Reporting" and "Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" and changes and notes to this communiqué published in the Official Gazette No. 28337 dated June 28, 2012.

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

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

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

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

The preparation and fair presentation of the financial statement and used principles of valuation in accordance with "Accounting and Reporting Legislation" published in the regulation, communiqué, interpretations and circular published by BRSA and If no specific regulation has been made by BRSA, it has been determined and applied according to the principles of TFRS. The accounting principles are in accordance with the principles used in preparing yearly financial statements as of December 31, 2022.

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 30 June 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. The transition process has not been completed yet for customer transactions and interbank money market transactions. The transition to alternative interest rates have no material impact on the Bank's financial statements.

On January 20, 2022, POA made a statement on the Implementation of Financial Reporting in High Inflation Economies within the scope of TFRS, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. In 2022, as of the reporting date, there has not been any further announcement by POA regarding this issue; therefore, inflation adjustments have not been applied on the financial statements dated June 30, 2023 in accordance with TAS 29.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of June 30, 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 June 30, 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.

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of June 30, 2023

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

3. Information on consolidation principles:

3.1. Consolidation principles applied:

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

3.1.1. Consolidation principles of subsidiaries:

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

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

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

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

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

Title	Incorporation (City/ Country)	Main activities	Effective rates (%)	Direct and indirect rates
			June 30, 2023	June 30, 2023
Yapı Kredi Leasing	Istanbul/Turkey	Leasing	99,99	99,99
Yapı Kredi Faktoring	Istanbul/Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul	Istanbul/Turkey	Investment Management	99,98	99,98
Yapı Kredi Portföy	Istanbul/Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Holding B.V.	Amsterdam/Netherlands	Financial Holding	100,00	100,00
Yapı Kredi Bank N.V.	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Azerbaijan	Baku /Azerbaijan	Banking	100,00	100,00
Stichting 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 %	Direct and indirect rates %
			June 30, 2023	June 30, 2023
Banque de Commerce et de Placements S.A.	Geneva/Switzerland	Banking	30,67	30,67
Allianz Yaşam ve Emeklilik A.Ş.	Istanbul/Turkey	Insurance	20,00	20,00

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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 "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).

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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 June 30, 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.

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

5. Explanations on interest income and expense:

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

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

6. Explanations on fee and commission income and expenses:

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

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

7. Explanations on financial assets:

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

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

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

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

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

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

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

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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.

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

➤ **Other business models**

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

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

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

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

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

In making the assessment, the Group considers:

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

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

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

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

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

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

7.2. Financial assets measured at amortised cost:

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

7.3. Loans:

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

Retail, commercial and corporate loans included in cash loans are accounted for with their original maturities in accounts which are mentioned in the 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 June 30, 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.

The Parent Bank has taken into account the possible difficulties in the cash flows or payments of customers due to uncertainties caused by the earthquake disaster on February 6, 2023 within the scope of TFRS 9 while calculating the expected credit loss for the loans classified according to their stages in the scope above.

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.

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

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

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

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

7.5. Equity instruments of 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.

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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 prudence 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 prudence 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 prudence 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.

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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.

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.

Financial instruments defined as low risk for TFRS 9 are;

- Receivables from Central Bank of the Republic of Turkey;
- Loans with counterparty of Treasury of the Republic of Turkey
- 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. Within the scope of the effects of COVID-19 on Expected Credit Loss calculations, the weight of base scenario has been reduced and pessimistic scenario has been increased at the same rate. 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. On the other hand, researches have been carried out on the sectors affected by COVID-19, the effects that belonged to the period which COVID-19 was the most effective, were segregated on a sectoral basis and analyzed whether in which direction the Borsa Istanbul Index data differed from the cumulative index data and this differentiation is reflected in the probability of default values on a sectoral basis. The Bank made no change in its current approach in current period.

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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, unemployment rate and foreign trade deficit, 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 acquiree 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 arising 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 goodwill was fully impaired and directly recognized in profit reserves under the statement of shareholders' equity.

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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.

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.

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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 lessor:

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 lessor:

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

14.2.1. Provision for doubtful lease receivables

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

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16. Explanations on obligations related to employee benefits :

16.1. Employee termination benefits

Obligations related to severance pay 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 severance pay 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 Benefit" 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. The technical financial statements of the Fund are audited in accordance with the Article 38 of the Insurance Supervision Law and the "Regulation Regarding the Actuaries" by a registered independent 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 Turkey ("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, the Ministry of Finance, Turkish Treasury, 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.

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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 Benefit", 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. Additional tax is not payable unless the profit is distributed.

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 Turkey 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.

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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.

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 June 30, 2023 are as follows:

Netherlands	25,00%
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 duplicate article 298-ç 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.

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.

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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	24.116.471	19.180.737
Weighted average number of issued ordinary shares (thousand)	844.705.128	844.705.128
Earnings per share (full TL)	0,0286	0,0227

In Turkey, 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).

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24. Related parties:

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

25. Explanations on operating segments:

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

26. Explanations on other matters:

None.

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Section four - Information related to financial position of the Group

1. Explanations on consolidated equity:

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

The consolidated capital adequacy ratio of the Group is 18,79% (December 31, 2022 - 19,95%) and the Parent Bank is 20,11% (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	28.987.122	28.852.512
Profit	25.756.425	54.384.643
Net profit of the period	24.116.471	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	31.118	16.142
Minority interest	1.971	1.537
Common Equity Tier 1 capital before regulatory adjustments	151.163.235	134.807.744
Common Equity Tier 1 capital: regulatory adjustments		
Prudential valuation adjustments	131.403	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	11.891.422	8.545.805
Improvement costs for operating leasing	201.709	204.739
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.521.514	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	4.417.404	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	18.163.452	15.182.398
Common Equity Tier 1 capital (CET1)	132.999.783	119.625.346

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ADDITIONAL TIER 1 CAPITAL	Current Period	Prior Period
Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-	-
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA	16.785.015	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	16.785.015	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 be 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	16.785.015	12.153.895
Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	149.784.798	131.779.241
TIER 2 CAPITAL		
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	13.711.550	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)	6.491.785	5.334.326
Tier 2 capital before regulatory adjustments	20.203.335	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	20.203.335	15.483.476
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	169.922.620	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	8.163	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	57.350	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 be 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 be 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 be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-

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OWN FUNDS	Current Period	Prior Period
Total Capital (The sum of Tier 1 capital and Tier 2 capital) ⁽²⁾	169.086.854	146.592.166
Total Risk Weighted Assets ⁽²⁾	899.771.974	734.986.438
CAPITAL ADEQUACY RATIOS		
Common Equity Tier 1 Capital Adequacy Ratio (%)	14,78	16,28
Tier 1 Capital Adequacy Ratio (%)	16,65	17,93
Capital Adequacy Ratio (%)	18,79	19,95
BUFFERS		
Institution specific buffer requirement of the Bank (a+b+c)	3,532	3,542
a) Capital conservation buffer requirement (%)	2,500	2,500
b) Bank's specific countercyclical buffer requirement (%)	0,032	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 (%)	10,281	11,776
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financials	625.844	422.947
Significant investments in the common stock of financials	4.943.209	3.526.931
Mortgage servicing rights (net of related tax liability)	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	11.001.245	9.782.385
Applicable caps on the inclusion of provisions in Tier 2 capital		
General provisions for standard based receivables (before ten thousand twenty five limitation)	4.442.414	3.411.544
Up to 1,25% of total risk-weighted amount of general provisions for receivables where the standard approach used	2.189.806	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	8.678.465	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	4.301.979	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.

(Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

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

	1	2	3	4	5
Lender (1,2), Issuer (3,4,5)	UNICREDIT SPA	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	TRSYKKBK62914	TRSYKKBK92911
Governing law(s) of the instrument	BRSA / Austria Law	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	No
Eligible at stand-alone / consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Bond	Bond	Bond	Bond
Amount recognised in regulatory capital (Currency in m€, as of most recent reporting date)	-	12.912	16.785	500	300
Par value of instrument	6.972	12.912	16.785	500	300
Accounting classification	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost
Original date of issuance	December 18, 2013	January 22, 2021	January 15, 2019	July 3, 2019	October 3, 2019
Perpetual or dated	Dated	Dated	Perpetual	Dated	Dated
Original maturity date	10 years	10 years	-	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	After 5th year	5 years	Every 5 years	After 5th year	After 5th year
Subsequent call dates, if applicable	After 5th year	-	-	After 5th year	After 5th year
Coupons / dividends					
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Floating	Floating
Coupon rate and any related index	First 5 years 6,55% fixed, second 5 years 7,7156% fixed	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	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	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, 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	No
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-	-	-	-	-

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- 1.3. There are differences between the figures in the own funds and their corresponding amounts in the balance sheet. Within this context; 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".

2. Explanations on Consolidation Based Risk Management:

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

2.1. General Information on Risk Management and Risk Weighted Amount

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

2.1.1. Overview of Risk Weighted Assets

	Risk Weighted Assets		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	767.641.379	649.272.333	61.411.310
2 Of which standardised approach (SA)	120.604.195	92.580.266	9.648.336
3 Of which internal rating-based (IRB) approach	647.037.184	556.692.067	51.762.974
4 Counterparty credit risk	13.814.206	13.345.144	1.105.136
5 Of which standardised approach for counterparty credit risk (SA-CCR)	13.814.206	13.345.144	1.105.136
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	11.047	14.748	884
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	9.760.114	19.194.892	780.809
17 Of which standardised approach (SA)	9.760.114	19.194.892	780.809
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)	9.141.958	6.812.360	731.357
24 Floor adjustment	-	-	-
25 TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)	899.771.974	734.986.438	71.981.758

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2.1.2. 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 and interest or both delays for more than ninety days from their terms or;
- Which have limited means for total recovery because debtors' equity or collaterals 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 are recognized to have suffered substantial 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, 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 the Bank.

Current Period	Gross carrying values of as per TAS		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
1 Loans	28.499.098	774.296.061	40.862.298	761.932.861
2 Debt Securities	-	331.608.082	790.171	330.817.911
3 Off-balance sheet exposures	1.779.248	703.332.994	2.540.387	702.571.855
4 Total	30.278.346	1.809.237.137	44.192.856	1.795.322.627

Prior Period	Gross carrying values of as per TAS		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
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

2.1.3. 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	11.194.609	12.176.056
3 Returned to non-defaulted status	80.716	106.767
4 Amounts written off	1.764.758	4.843.613
5 Other changes	(2.768.552)	(4.898.431)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	30.278.346	23.697.763

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2.1.4. Credit risk mitigation techniques – overview:

	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
Current Period							
Loans	695.653.606	66.279.255	49.676.690	2.843.365	2.401.094	-	-
Debt securities	330.817.911	-	-	-	-	-	-
Total	1.026.471.517	66.279.255	49.676.690	2.843.365	2.401.094	-	-
Of which defaulted	4.644.732	4.500.948	3.233.428	415.184	293.101	-	-

	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
Prior Period							
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	-	-

2.1.5. 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	399.295.028	438	401.989.224	91.422	278.120	0,07%
2	Exposures to regional governments or local authorities	706.912	14.670	706.912	7.335	357.124	50,00%
3	Exposures to public sector entities	2.056.713	327.961	2.056.688	131.828	2.188.516	100,00%
4	Exposures to multilateral development banks	1.089.243	234.921	1.089.243	181.566	-	-
5	Conditional and unconditional receivables from banks and brokerage houses	86.703.249	18.428.921	86.703.249	7.740.613	26.320.849	27,87%
6	Exposures to corporates	76.361.774	70.943.133	75.258.405	12.230.533	80.236.219	91,71%
7	Retail exposures	8.587.264	1.776.162	7.194.501	143.006	5.583.777	76,10%
8	Exposures secured by residential property	306.088	27.064	306.088	13.369	113.190	35,43%
9	Exposures secured by commercial real estate	19.827	1.324.763	19.827	662.381	346.478	50,79%
10	Past-due loans	1.046.460	2.093	764.879	418	935.370	122,72%
11	Higher-risk categories by the Agency Board	129.711	1.046.110	117.886	25.000	214.554	150,16%
12	Exposures in the form of units or shares in collective investment undertakings (CIUs)	24.005	-	24.005	-	11.047	46,02%
13	Investments in equities	4.345.499	-	4.345.499	-	9.830.674	226,23%
14	Other assets	16.967.458	-	16.967.458	-	3.341.282	19,69%
TOTAL		597.639.231	94.126.236	597.543.864	21.227.471	129.757.200	20,97%

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 corporates	49.166.246	49.744.841	47.298.846	11.178.033	53.146.823	90,89%
7	Retail exposures	6.379.178	1.334.390	4.696.322	101.747	3.715.596	77,44%
8	Exposures secured by residential property	79.237	1.043	79.237	359	29.104	36,57%
9	Exposures secured by commercial real estate	15.297	1.383.382	15.297	691.681	363.026	51,35%
10	Past-due loans	370.528	-	269.023	-	211.132	78,48%
11	Higher-risk categories by the Agency Board	742.361	4.243.498	538.508	13.226	827.601	150,00%
12	Exposures in the form of units or shares in collective investment undertakings (CIUs)	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 interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

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2.1.6. Standard Approach: Receivables by risk classes and risk weights:

Current Period												Total credit risk exposure amount (after CCF and CRM)
Asset classes/ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	
1 Exposures to central governments or central banks	401.617911	-	-	-	369.230	-	93.505	-	-	-	-	402.080.646
2 Exposures to regional governments or local authorities	-	-	-	-	714.247	-	-	-	-	-	-	714.247
3 Exposures to public sector entities	-	-	-	-	-	-	2.188.516	-	-	-	-	2.188.516
4 Exposures to multilateral development banks	1.270.809	-	-	-	-	-	-	-	-	-	-	1.270.809
5 Conditional and unconditional receivables from banks and brokerage houses	-	-	69.970014	-	24.294004	-	179.844	-	-	-	-	94.443.862
6 Exposures to corporates	330.807	-	192.619	-	13.535634	-	73.429878	-	-	-	-	87.488.938
7 Retail exposures	-	-	-	-	-	7.014920	322.587	-	-	-	-	7.337.507
8 Exposures secured by residential property	-	-	-	316.007	-	3.450	-	-	-	-	-	319.457
9 Exposures secured by commercial real estate	-	-	-	-	669.211	4.498	8.499	-	-	-	-	682.208
10 Past-due loans	-	-	-	-	126.317	-	172.517	466.463	-	-	-	765.297
11 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	142.436	450	-	-	142.886
12 Exposures in the form of units or shares in collective investment undertakings (CIUs)	333	-	12.689	-	4.948	-	6.035	-	-	-	-	24.005
13 Investments in equities	-	-	-	-	-	-	688.716	-	-	3.656.783	-	4.345.499
14 Other assets	13.626.176	-	-	-	-	-	3.341.282	-	-	-	-	16.967.458
Total	416.846.036	-	70.175322	316.007	39.713591	7.022868	80.431.379	608.899	450	3.656.783	-	618.771335

Prior Period												Total credit risk exposure amount (after CCF and CRM)
Asset classes/ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	
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	-	-	57.528.150	-	30.143.931	-	936.809	-	-	-	-	88.608.890
6 Exposures to corporates	330.804	-	440.198	-	9.294.188	-	48.411.689	-	-	-	-	58.476.879
7 Retail exposures	-	-	-	-	-	4.329.889	468.180	-	-	-	-	4.798.069
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	-	-	-	-	115.782	-	153.241	-	-	-	-	269.023
11 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	551.734	-	-	-	551.734
12 Exposures in the form of units or shares in collective investment undertakings (CIUs)	1.678	-	14.924	-	7.059	-	8.234	-	-	-	-	31.895
13 Investments in equities	-	-	-	-	-	-	520.908	-	-	2.724.944	-	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

(Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

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Notes to consolidated financial statements as of June 30, 2023

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

2.1.7. 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	
Exposures to corporates	0-0,15	43.441.822	110.685.568	49,28%	97.987.331	0,07%	23.254	42,99%	1,78	19.303.366	19,70%	32.384	63.215	
	0,15-0,25	6.639.529	16.698.206	49,43%	14.893.950	0,20%	34.051	42,42%	1,65	5.748.080	38,59%	13.731	17.430	
	0,25-0,5	27.364.213	29.377.857	48,37%	41.573.064	0,36%	14.400	41,68%	1,90	21.227.119	51,06%	66.584	757.075	
	0,5-0,75	18.411.114	16.108.956	52,85%	26.924.019	0,60%	18.428	42,74%	1,50	19.419.172	72,13%	72.521	32.754	
	0,75-2,5	71.820.816	43.418.842	44,75%	91.250.938	1,44%	26.204	41,96%	1,68	86.979.954	95,32%	591.628	2.667.817	
	2,5-10	35.609.836	40.428.431	37,39%	50.727.231	4,24%	14.972	41,27%	1,94	67.876.892	133,81%	967.796	782.350	
	10-100	4.983.894	4.467.214	27,41%	6.208.319	18,75%	1.944	39,68%	1,87	12.113.052	195,11%	523.936	436.317	
	100 (default)	17.390.940	834.742	20,37%	17.560.989	100,00%	5.901	39,31%	2,50	-	-	12.355.805	11.641.883	
Sub Total	225.662.164	262.019.816	46,36%	347.125.841	6,51%	134.022	42,02%	1,85	232.667.635	67,03%	14.624.385	16.398.841		
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	
Qualifying Revolving Retail Exposures	0-0,15	16.741.392	52.855.661	51,93%	44.189.278	0,10%	1.041.229	46,85%	-	1.378.998	3,12%	20.029	7.123	
	0,15-0,25	20.874.887	63.036.765	51,97%	53.633.195	0,19%	1.571.079	46,54%	-	2.962.067	5,52%	48.079	19.304	
	0,25-0,5	6.720.255	14.416.595	52,17%	14.241.153	0,33%	423.323	46,44%	-	1.242.587	8,73%	22.029	8.679	
	0,5-0,75	18.236.691	34.225.346	52,23%	36.113.366	0,64%	1.037.702	46,58%	-	5.360.706	14,84%	108.193	33.411	
	0,75-2,5	24.787.047	41.437.785	52,32%	46.469.333	1,47%	1.700.604	45,97%	-	12.593.868	27,10%	313.754	118.062	
	2,5-10	23.007.199	17.728.134	53,08%	32.417.347	5,07%	1.647.613	45,16%	-	20.221.889	62,38%	738.818	357.737	
	10-100	3.658.650	915.629	54,28%	4.155.698	27,99%	364.658	42,83%	-	6.073.822	146,16%	501.999	235.328	
	100 (default)	98.911	231	59,88%	99.050	100,00%	7.971	45,60%	-	631.724	637,79%	7.022	14.488	
Sub Total	114.125.032	224.616.146	52,17%	231.318.420	1,74%	7.794.179	46,23%	-	50.465.661	21,82%	1.759.923	794.132		
Retail SME Exposures	0-0,15	5.308.593	21.051.284	46,55%	15.108.504	0,09%	99.612	50,30%	-	1.822.396	12,10%	6.794	16.130	
	0,15-0,25	4.548.890	8.148.485	47,07%	8.384.329	0,20%	137.887	49,46%	-	1.820.376	22,52%	8.026	16.675	
	0,25-0,5	9.189.585	14.373.786	42,33%	15.273.602	0,35%	132.875	50,57%	-	4.796.976	31,69%	27.138	39.176	
	0,5-0,75	7.025.754	6.128.236	45,15%	9.792.899	0,63%	117.068	50,20%	-	4.209.018	45,23%	29.249	39.254	
	0,75-2,5	25.817.197	18.901.033	41,04%	33.573.957	1,47%	259.693	49,62%	-	20.392.785	61,59%	240.230	206.107	
	2,5-10	18.546.918	7.953.249	40,04%	21.731.393	5,09%	189.516	49,54%	-	17.444.609	80,36%	540.404	350.209	
	10-100	5.543.696	1.562.331	34,02%	6.075.205	20,20%	49.139	47,65%	-	6.536.763	107,40%	581.279	267.144	
	100 (default)	2.275.312	586.928	22,51%	2.407.407	100,00%	45.767	80,25%	-	313.229	12,43%	1.907.652	2.642.034	
Sub Total	78.255.945	78.705.332	43,32%	112.347.296	4,87%	1.031.557	50,43%	-	57.336.152	51,60%	3.340.772	3.576.729		
Other Retail Exposures	0-0,15	2.566.536	5.734.240	83,93%	7.379.436	0,10%	1.233.664	56,53%	-	993.305	15,13%	3.597	6.227	
	0,15-0,25	9.571.523	8.090.999	84,10%	16.375.717	0,19%	1.529.327	58,08%	-	3.700.735	27,08%	15.454	18.411	
	0,25-0,5	3.404.616	2.862.028	84,36%	5.819.055	0,34%	476.430	58,54%	-	1.998.369	39,37%	10.136	9.738	
	0,5-0,75	17.106.989	6.225.983	84,71%	22.381.192	0,65%	1.077.452	59,68%	-	12.915.776	63,36%	78.812	55.894	
	0,75-2,5	32.705.745	7.493.677	85,43%	39.107.268	1,54%	1.534.539	60,17%	-	35.411.571	94,23%	347.787	221.429	
	2,5-10	46.366.569	3.355.726	89,10%	49.356.589	5,50%	1.473.741	60,82%	-	62.872.098	128,54%	1.632.686	900.867	
	10-100	10.957.707	127.177	113,59%	11.102.161	29,10%	268.302	61,42%	-	24.673.225	224,10%	1.969.150	921.685	
	100 (default)	6.574.498	6.975	27,26%	6.576.399	100,00%	169.152	77,12%	-	3.333.004	50,38%	4.866.115	5.008.238	
Sub Total	129.254.183	33.896.805	85,09%	158.097.817	9,03%	7.762.607	60,79%	-	145.898.083	98,41%	8.923.737	7.142.489		
Retail Total	321.635.160	337.218.283	53,42%	501.763.533	4,53%	11.269.422	50,55%	-	253.699.896	50,56%	14.024.432	11.513.350		
Other Items	Sub Total	75.021.802	-	-	75.021.802	-	2	-	-	56.612.213	75,41%	-	-	

(Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of June 30, 2023

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

IRB Approach: 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
	Sub Total		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

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
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
Sub Total		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
Sub Total		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
Sub Total		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%	10.686.717	51,89%	-	195.748.245	64,23%	11.837.212	11.255.256
Other Items	Sub Total	57.251.531	-	-	57.251.531	-	2	-	-	44.684.546	77,99%	-	-

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

2.1.8. IRB: The effect of credit derivatives used as CRM technique on RWA

Current Period	RWA – PRE Credit Derivatives	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	235.426.580	235.426.580
6 Exposures to corporates - Advanced IRB	-	-
7 Specialised Lending - Foundation IRB	-	-
8 Specialised Lending - Advanced IRB	104.498.505	104.498.505
9 Retail exposures - Qualifying revolving	50.465.661	50.465.661
10 Retail exposures - secured by real estate	3.920.175	3.920.175
11 Retail exposures - SME	56.230.941	56.230.941
12 Retail Exposures - Other	143.083.135	143.083.135
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	56.612.213	56.612.213
Total	650.237.210	650.237.210

Prior Period	RWA – PRE Credit Derivatives	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

2.1.9. RWA Movement Table Under IRB Approach⁽¹⁾

	Current Period	Prior Period
1 Previous Period Closing Amount	556.692.067	306.567.715
2 Changes in Volume	57.686.982	150.427.302
3 Changes in Asset Quality	16.524.252	13.104.722
4 Model Updates	(36.429.052)	(198.188)
5 Policy and Regulatory Changes	52.562.935	86.790.516
6 Purchasing and Selling	-	-
7 FX Difference	-	-
8 Other	-	-
9 Current Period Closing Amount	647.037.184	556.692.067

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

(Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

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

2.1.10. IRB (Specialised lending and equity investments subject to the simple risk weight approach)

Specialised Lendings													
Current Period													
Besides High-volatility Commercial Real Estates													
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	RWA Amount		Expected Losses
											Credit Risk	Counter Party Credit Risk	
Strong	<2,5 years	-	-	-	50%	-	-	-	-	-	-	-	-
	≥2,5 years	10.756.882	1.208.602	-	70%	10.756.885	-	-	246.964	11.003.849	7.702.694	-	44.015
Good	<2,5 years	5.191.698	1.866.050	304.634	70%	5.334.406	36.630	-	506.611	5.877.647	3.901.105	213.248	23.511
	≥2,5 years	31.208.548	9.509.852	247.020	90%	37.549.686	345.816	-	-	37.895.502	33.883.634	222.318	303.164
Satisfactory		32.891.169	1.790.554	4.782	115%	30.592.831	1.236.313	-	1.591.874	33.421.018	38.428.673	5.499	935.789
Weak		8.052.713	18.698	-	250%	8.056.534	-	-	-	8.056.534	20.141.334	-	644.523
Default		-	25.500	-	-	5.211	-	-	-	5.211	-	-	2.605
Total		88.101.010	14.419.256	556.436	-	92.295.553	1.618.759	-	2.345.449	96.259.761	104.057.440	441.065	1.953.607

Specialised Lendings													
Prior Period													
Besides High-volatility Commercial Real Estates													
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	RWA Amount		Expected Losses
											Credit Risk	Counter Party Credit Risk	
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

(Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

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2.1.11. Assessment of Counterparty Credit Risk according to the models of measurement:

	Revaluation Cost	Potential credit risk exposure	EEPE ⁽¹⁾	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
Current Period						
1 Standard Approach-CCR	26.957.291	-	-	1,40	26.957.291	6.312.780
2 Internal Model Approach			-	-	-	-
3 Simplified Standardised Approach for Credit Risk Mitigation					-	-
4 Comprehensive Method for Credit Risk Mitigation					5.652.705	1.407.517
5 Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
6 Total						7.720.297

	Revaluation Cost	Potential credit risk exposure	EEPE ⁽¹⁾	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
Prior Period						
1 Standard 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					-	-
6 Total						9.163.592

(1) Effective expected positive exposure

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2.1.12. 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	26.957.291	5.663.156	14.906.299	3.922.738
4 Total amount of CVA capital adequacy	26.957.291	5.663.156	14.906.299	3.922.738

2.1.13. 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 ⁰⁾
1 Central governments and central banks receivables	15.489.946	-	-	-	-	-	-	-	-	-	15.489.946
2 Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-	-
3 Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-	-	-
4 Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-	-
5 Banks and Intermediary Institutions receivables	-	-	-	-	8.409.538	-	4.009.637	-	422.857	-	12.842.032
6 Corporate receivables	-	-	-	-	-	-	-	-	410.586	-	410.586
7 Retail receivables	-	-	-	-	-	-	-	135	-	-	135
8 Mortgage receivables	-	-	-	-	-	-	-	-	-	-	-
9 Non performing receivables	-	-	-	-	-	-	-	-	-	-	-
10 High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-
11 Investments in equities	-	-	-	-	-	-	-	-	-	-	-
12 Other receivables	-	-	-	-	-	-	-	-	-	-	-
Total	15.489.946	-	-	-	8.409.538	-	4.009.637	135	833.443	-	28.742.699

(Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

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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) Represents the risk amount after credit risk mitigation.

(Convenience translation of publicly announced consolidated interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

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2.1.14. 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	1.002.519	0,09%	35	44,50%	2,01	234.384	23,38%
	0,15-0,25	11.793	0,21%	6	45,00%	1,01	3.819	32,38%
	0,25-0,5	140.126	0,38%	16	45,00%	3,45	97.396	69,51%
	0,5-0,75	293.216	0,62%	5	45,00%	1,46	190.533	64,98%
	0,75-2,5	1.522.020	1,67%	33	45,00%	1,80	1.582.981	104,01%
	2,5-10	341.012	7,91%	6	45,00%	3,27	649.832	190,56%
	10-100	-	-	-	-	-	-	-
	100 (default)	10	100,00%	1	-	-	-	-
Sub Total		3.310.696	1,68%	102	44,90%	2,17	2.758.945	83,33%
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)	-	-	-	-	-	-	-
Sub Total		-	-	-	-	-	-	-
Retail SME Exposures	0-0,15	161	0,05%	1	55,0%	-	14	8,79%
	0,15-0,25	-	0,21%	1	50,5%	-	-	22,09%
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
	0,75-2,5	4	1,32%	1	50,5%	-	2	60,78%
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
Sub Total		165	0,08%	3	54,9%	-	16	9,99%
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)	-	-	-	-	-	-	-
Sub Total		-	-	-	-	-	-	-
Total (All portfolios)		165	0,08%	3	54,90%	-	16	9,99%

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Counterparty Credit Risk Amounts by Portfolio and PD Ranges

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)	-	-	-	-	-	-	-	
Sub Total		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	
Q ualifying 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)	-	-	-	-	-	-	-	
Sub total		-	-	-	-	-	-	-	
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)	-	-	-	-	-	-	-	
Sub total		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)	-	-	-	-	-	-	-	
Sub Total		-	-	-	-	-	-	-	
Total (All portfolios)		46.160	0,64%	78	50,24%	-	15.836	34,31%	

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2.1.15. 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	-	-	-	-	14.160.369	-
2 Cash-foreign currency	-	-	-	-	14.317.700	-
3 Domestic sovereign debts	-	-	-	-	-	17.807.509
4 Other sovereign debt	-	-	-	-	-	19.490.411
5 Government agency debt	-	-	-	-	-	-
6 Corporate debts	-	-	-	-	-	-
7 Equity securities	-	-	-	-	-	-
8 Other collateral	-	-	-	-	-	-
Total	-	-	-	-	28.478.069	37.297.920

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	-	-	-	-	5.473.381	-
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	-	-	-	-	23.969.517	27.559.725

2.1.16. 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	-	49.668.834	-	38.271.238
Credit Options	-	-	-	-
Other Credit Derivatives	-	-	-	-
Total Nominal	-	49.668.834	-	38.271.238
Rediscount Amount	-	(3.965.650)	-	(2.448.578)
Positive Rediscount Amount	-	618.371	-	788.608
Negative Rediscount Amount	-	(4.584.021)	-	(3.237.186)

2.1.17. Market risk under standardised approach:

	Current Period		Prior Period	
	Risk		Risk	
	Weighted Asset		Weighted Asset	
Outright products	8.368.702		18.559.842	
1 Interest rate risk (general and specific)	1.583.772		2.853.292	
2 Equity risk (general and specific)	79.175		2.970.325	
3 Foreign exchange risk	6.525.930		12.678.700	
4 Commodity risk	179.825		57.525	
Options	1.391.412		635.050	
5 Simplified approach	-		-	
6 Delta-plus method	1.391.412		635.050	
7 Scenario approach	-		-	
8 Securitisation	-		-	
9 Total	9.760.114		19.194.892	

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2.1.18. 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)		430.753		258.814
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
2 (i) OTC Derivatives	9.117.493	360.213	6.534.491	258.814
3 (ii) Exchange-traded Derivatives	-	-	-	-
4 (iii) Securities financing transactions	3.362.050	67.241	-	-
5 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
6 Segregated initial margin	-	-	-	-
7 Non-segregated initial margin	-	-	-	-
8 Pre-funded default fund contributions	164.950	3.299	-	-
9 Unfunded default fund contributions	-	-	-	-
11 Exposures to non-QCCPs (total)		-		-
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
12 (i) OTC Derivatives	-	-	-	-
13 (ii) Exchange-traded Derivatives	-	-	-	-
14 (iii) Securities financing transactions	-	-	-	-
15 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
16 Segregated initial margin	-	-	-	-
17 Non-segregated initial margin	-	-	-	-
18 Pre-funded default fund contributions	-	-	-	-
19 Unfunded default fund contributions	-	-	-	-

3. Explanations on consolidated currency risk:

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

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

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

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

(Exchange rates presented as full TL)	USD	EUR
Balance sheet evaluation rate	25,8231	28,1540
First day current bid rate	25,8231	28,1540
Second day current bid rate	25,2505	27,4579
Third day current bid rate	23,6239	25,9732
Fourth day current bid rate	23,5493	25,7113
Fifth day current bid rate	23,5770	25,7720
Arithmetic average of the last 30 days:	23,5728	25,5509
Evaluation rate as of prior period:	18,6983	19,9349

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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 Turkey	65.638.157	69.804.227	26.529.924	161.972.308
Banks	10.918.920	28.564.347	934.246	40.417.513
Financial assets measured at fair value through profit or loss	33.733	1.029.348	-	1.063.081
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	175.941	25.772.384	1.116.090	27.064.415
Loans ⁽¹⁾	121.405.789	124.856.255	11.395.616	257.657.660
Investments in associates, subsidiaries and joint ventures	-	-	4.306.386	4.306.386
Financial assets measured at amortised cost	15.826.766	87.216.111	-	103.042.877
Hedging derivative financial assets	834.691	2.930.835	-	3.765.526
Tangible assets	54.309	-	214.909	269.218
Other assets ⁽²⁾	7.218.464	28.061.842	2.077.766	37.358.072
Total assets	222.106.770	368.235.349	46.574.937	636.917.056
Liabilities				
Bank deposits	1.035.970	1.963.602	1.227.866	4.227.438
Foreign currency deposits	140.391.922	197.105.025	66.444.498	403.941.445
Funds from money market	4.299.043	15.592.982	-	19.892.025
Funds borrowed from other financial institutions	44.076.506	61.668.182	459.702	106.204.390
Marketable securities issued	6.296.158	25.603.555	8.661.530	40.561.243
Miscellaneous payables	4.203.987	721.924	14.272	4.940.183
Hedging derivative financial liabilities	-	-	-	-
Other liabilities ⁽³⁾	10.883.210	93.590.959	330.134	104.804.303
Total liabilities	211.186.796	396.246.229	77.138.002	684.571.027
Net on balance sheet position	10.919.974	(28.010.880)	(30.563.065)	(47.653.971)
Net off balance sheet position⁽⁵⁾	(10.453.226)	29.916.759	36.367.327	55.830.860
Financial derivative assets	20.042.509	81.305.004	38.940.056	140.287.569
Financial derivative liabilities	30.495.735	51.388.245	2.572.729	84.456.709
Net position	466.748	1.905.879	5.804.262	8.176.889
Non-cash loans	87.529.552	85.793.729	11.588.208	184.911.489
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 154.704 (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 1.582.282 (December 31, 2022 - TL 1.061.744) and intangible assets amounting to TL 111.171 (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.

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Notes to consolidated financial statements as of June 30, 2023

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

4. Explanations on consolidated interest rate risk:

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

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	42.578	-	-	-	-	184.328.373	184.370.951
Banks	12.663.727	1.295.140	9.244.032	-	-	28.861.813	52.064.712
Financial assets measured at fair value through profit or loss	345.236	-	5.894	159.353	303.236	652.032	1.465.751
Receivables from money markets	8.869.037	-	-	-	-	-	8.869.037
Financial assets measured at fair value through other comprehensive income	11.355.254	18.921.062	15.576.502	15.133.506	25.699.589	195.591	86.881.504
Loans ⁽¹⁾	184.699.777	131.816.921	254.367.412	154.760.841	48.651.110	(12.363.200)	761.932.861
Financial assets measured at amortised cost	55.526.956	24.323.868	16.651.408	57.578.305	89.338.232	-	243.418.769
Other assets	3.907.354	9.476.739	5.619.741	8.873.996	5.421.654	109.249.997	142.549.481
Total assets	277.409.919	185.833.730	301.464.989	236.506.001	169.413.821	310.924.606	1.481.553.066
Liabilities							
Bank deposits	3.900.679	3.806.983	6.121.128	20.867	-	1.336.481	15.186.138
Other deposits	324.354.561	200.081.064	16.391.377	7.824.748	515.344	391.555.596	940.722.690
Funds from money market	34.236.678	4.301.669	1.398.878	-	-	-	39.937.225
Miscellaneous payables	-	-	-	-	-	45.831.492	45.831.492
Marketable securities issued	4.623.461	12.100.204	17.509.698	14.451.224	-	-	48.684.587
Funds borrowed from other financial institutions	13.541.316	52.093.627	35.562.619	15.110.699	1.122.214	-	117.430.475
Other liabilities ⁽²⁾	3.203.380	49.123.725	30.302.758	16.258.814	5.333.416	169.538.366	273.760.459
Total liabilities	383.860.075	321.507.272	107.286.458	53.666.352	6.970.974	608.261.935	1.481.553.066
Balance sheet long position	-	-	194.178.531	182.839.649	162.442.847	-	539.461.027
Balance sheet short position	(106.450.156)	(135.673.542)	-	-	-	(297.337.329)	(539.461.027)
Off-balance sheet long position	13.744.086	33.116.103	-	-	-	-	46.860.189
Off-balance sheet short position	-	-	(4.253.318)	(19.196.543)	(13.617.818)	-	(37.067.679)
Total position	(92.706.070)	(102.557.439)	189.925.213	163.643.106	148.825.029	(297.337.329)	9.792.510

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 Turkey	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".

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4.2. Average interest rates for monetary financial instruments:

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

Current Period	EUR	USD	Yen	TL
	%	%	%	%
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	0,10	0,85	-	17,57
Financial assets measured at fair value through profit or loss	5,97	5,61	-	-
Receivables from money markets	-	-	-	16,55
Financial assets measured at fair value through other comprehensive income	4,12	7,81	-	28,07
Loans	7,29	8,71	-	24,88
Financial assets measured at amortised cost	2,65	6,46	-	29,19
Liabilities				
Bank deposits ⁽¹⁾	3,02	4,65	-	8,36
Other deposits ⁽¹⁾	0,40	0,63	-	16,54
Funds from money market	5,26	4,99	-	8,95
Miscellaneous payables	-	-	-	-
Marketable securities issued	6,20	7,78	-	29,15
Funds borrowed from other financial institutions	6,01	8,24	-	31,25

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 Turkey	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.

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

None.

6. 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 in cooperation with Treasury Management. 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.

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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 65% 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 Turkey ("CBRT") accounts and reserves and debt instruments issued by Treasury of the Republic of Turkey 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 Treasury of the Republic of Turkey 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.

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

Current Period	Unweighted Amounts		Weighted Amounts	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			302.853.497	152.773.950
Cash Outflows				
Retail and Small Business Customers Deposits	559.156.230	216.399.402	49.264.812	21.281.035
Stable deposits	133.016.228	7.178.107	6.650.812	358.905
Less stable deposits	426.140.002	209.221.295	42.614.000	20.922.130
Unsecured Funding other than Retail and Small Business Customers Deposits	283.771.327	108.646.930	170.112.544	58.575.851
Operational deposits	-	-	-	-
Non-Operational deposits	200.860.251	88.120.662	97.366.161	38.049.583
Other Unsecured funding	82.911.076	20.526.268	72.746.383	20.526.268
Secured funding	-	-	6.589	-
Other Cash Outflows	3.420.956	3.420.956	3.420.956	3.420.956
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.420.956	3.420.956	3.420.956	3.420.956
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	309.844.439	149.694.218	15.492.222	7.484.711
Other irrevocable or conditionally revocable commitments	401.027.340	47.818.327	30.941.183	6.571.423
Total Cash Outflows			269.238.306	97.333.976
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	113.443.897	42.165.354	80.832.479	36.595.739
Other contractual cash inflows	332.553	31.488.128	332.553	31.488.128
Total Cash Inflows	113.776.450	73.653.482	81.165.032	68.083.867
Capped Amounts				
Total High Quality Liquid Assets			302.853.497	152.773.950
Total Net Cash Outflows			188.073.274	29.250.109
Liquidity Coverage Ratio (%)			161,03	522,30

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	June 2, 2023	May 19, 2023	April 21, 2023	April 7, 2023
Ratio (%)	295,61	128,18	650,27	186,15

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

Prior Period	Unweighted Amounts		Weighted Amounts	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			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 interim financial statements and review report originally issued in Turkish, See Note I. of Section three)

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Breakdown of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified ⁽¹⁾⁽²⁾	Total
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	107.991.070	76.379.881	-	-	-	-	-	184.370.951
Banks	28.861.813	12.663.727	1.295.140	9.244.032	-	-	-	52.064.712
Financial assets measured at fair value through profit or loss	363.066	6.175	-	5.894	159.353	303.236	628.027	1.465.751
Receivables from money markets	-	8.869.037	-	-	-	-	-	8.869.037
Financial assets	-	213.319	864.836	5.588.162	39.458.076	40.561.520	195.591	86.881.504
Loans ⁽¹⁾	-	173.668.712	123.824.261	225.526.455	190.180.349	61.096.284	(12.363.200)	761.932.861
Financial assets measured at amortised cost	-	-	5.581.854	9.974.391	131.409.444	96.453.080	-	243.418.769
Other assets	62.926.026	3.629.316	10.941.145	3.883.747	9.560.094	5.521.944	46.087.209	142.549.481
Total assets	200.141.975	275.430.167	142.507.236	254.222.681	370.767.316	203.936.064	34.547.627	1.481.553.066
Liabilities								
Bank deposits	1.336.481	3.900.679	3.806.983	6.121.128	20.867	-	-	15.186.138
Other deposits	391.555.596	324.354.561	200.081.064	16.391.377	7.824.748	515.344	-	940.722.690
Funds borrowed from other financial institutions	-	12.836.692	13.174.570	62.332.957	27.694.788	1.391.468	-	117.430.475
Funds from money market	-	34.236.678	4.301.669	1.398.878	-	-	-	39.937.225
Marketable securities issued	-	4.627.128	7.028.106	18.241.159	18.788.194	-	-	48.684.587
Miscellaneous payables	279.830	41.326.750	1.936.941	1.376.987	-	-	910.984	45.831.492
Other liabilities ⁽²⁾	12.935.830	2.042.384	4.810.571	34.821.272	34.287.875	34.446.381	150.416.146	273.760.459
Total liabilities	406.107.737	423.324.872	235.139.904	140.683.758	88.616.472	36.353.193	151.327.130	1.481.553.066
Net liquidity gap	(205.965.762)	(147.894.705)	(92.632.668)	113.538.923	282.150.844	167.582.871	(116.779.503)	-
Net Off-Balance Sheet Position	-	1.360.529	5.099.946	(656.051)	399.976	3.588.110	-	9.792.510
Derivative Financial Assets	-	86.032.675	62.399.874	43.649.187	133.562.027	90.240.847	-	415.884.610
Derivative Financial Liabilities	-	84.672.146	57.299.928	44.305.238	133.162.051	86.652.737	-	406.092.100
Non-Cash Loans	-	15.956.584	33.611.641	140.923.099	47.382.533	14.094.872	69.726.202	321.694.931
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.

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7. Explanations on consolidated leverage ratio:

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

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

		Current Period ⁽²⁾	Prior Period ⁽²⁾
1	Total assets in the consolidated financial statements prepared in accordance with TAS ⁽¹⁾	1.371.609.466	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 Communiqué on Preparation of Consolidated Financial Statements of the Banks	4.278.534	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 Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	5.866.721	5.202.695
4	Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(34.492.186)	(31.916.083)
5	Differences between off-balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(60.562.494)	(47.918.699)
6	Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	42.232.215	38.286.704
7	Total Risks	2.089.805.462	1.662.188.119

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

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

		Current Period ⁽¹⁾	Prior Period ⁽¹⁾
	On-Balance sheet exposures		
1	On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	1.376.661.515	1.155.479.635
2	(Asset amounts deducted in determining Tier 1 capital)	(11.669.431)	(8.994.462)
3	Total on-Balance sheet exposures	1.364.992.084	1.146.485.173
	Derivative financial instruments and credit derivatives		
4	Replacement cost of derivative financial instruments and credit derivatives	16.025.514	12.074.956
5	Potential credit risk of derivative financial instruments and credit derivatives	5.866.721	5.202.695
6	Total derivative financial instruments and credit derivatives exposure	21.892.235	17.277.651
	Securities financing transaction exposure		
7	Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	3.859.434	1.425.925
8	Agent transaction exposures	-	-
9	Total securities financing transaction exposures	3.859.434	1.425.925
	Off-balance sheet items		
10	Off-balance sheet exposure at gross notional amount	759.624.201	544.918.069
11	(Adjustments for conversion to credit equivalent amounts)	(60.562.494)	(47.918.699)
12	Total risk of off-balance sheet items	699.061.707	496.999.370
	Capital and total exposure		
13	Tier 1 capital	143.667.068	129.117.257
14	Total exposures	2.089.805.462	1.662.188.119
15	Leverage ratio (%)	6,88	7,77

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

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Notes to consolidated financial statements as of June 30, 2023

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

8. 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 June 30, 2023 of these hedging instruments are presented in the table below:

Hedging instrument	Current Period			Prior Period		
	Notional ⁽¹⁾	Asset	Liability	Notional ⁽¹⁾	Asset	Liability
Interest rate swap / Currency swap / Cross currency interest rate swap (CFH)	41.355.391	7.142.410	-	58.891.229	7.357.997	32.350
Interest rate swap / Cross currency interest rate swap (FVH)	2.168.872	252.964	-	3.213.127	197.754	1.380.313
Total	43.524.263	7.395.374	-	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 43.500.641 (December 31, 2022 - TL 60.695.779) the total notional of derivative financial assets amounting to TL 87.024.904 (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.

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

8.1. 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 cross-currency interest rate swaps.

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

(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 (June 30 2022- TL 12.658 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.

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8.2. 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	7.142.410	-	4.477.706	(901.844)

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, 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 480.460 gain (June 30, 2022 – TL 189.531 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.

8.3. Hedge From Foreign Net Investment Risk:

The Group hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Group’s Euro denominated borrowing is designated as a hedge of the net investment in the Group’s certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at June 30, 2023 is EUR 496 million (December 31, 2022 - EUR 469 million).

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

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

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10. Explanations on consolidated operating segments:

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

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

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

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Notes to consolidated financial statements as of June 30, 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.

						Treasury, Asset- Liability Management and Other	Consolidation adjustments ⁽¹⁾	Total operations of the Group
Current Period	Retail banking	Corporate banking	Commercial and SME banking	Other foreign operations	Other domestic operations			
Operating revenue continuing	19.725.615	5.667.492	17.194.971	1.217.707	3.847.639	18.375.445	(63.644)	65.965.225
Operating expenses continuing	(10.539.684)	(5.153.105)	(3.019.231)	(380.201)	(831.047)	(15.661.923)	63.644	(35.521.547)
Net operating income continuing	9.185.931	514.387	14.175.740	837.506	3.016.592	2.713.522	-	30.443.678
Dividend income ⁽²⁾	-	-	-	-	-	19.749	-	19.749
Income/Loss from Investments accounted based on equity method ⁽²⁾	-	-	-	-	-	509.486	-	509.486
Profit before tax	9.185.931	514.387	14.175.740	837.506	3.016.592	3.242.757	-	30.972.913
Tax expense ⁽²⁾	-	-	-	-	-	(6.855.817)	-	(6.855.817)
Net period income from continuing operations	9.185.931	514.387	14.175.740	837.506	3.016.592	(3.613.060)	-	24.117.096
Minority interest (-)	-	-	-	-	-	(625)	-	(625)
Group income/loss	9.185.931	514.387	14.175.740	837.506	3.016.592	(3.613.685)	-	24.116.471
Segment assets	297.405.453	174.124.509	194.310.434	75.871.398	59.373.776	682.874.153	(7.420.628)	1.476.539.095
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	5.013.971	-	5.013.971
Total assets	297.405.453	174.124.509	194.310.434	75.871.398	59.373.776	687.888.124	(7.420.628)	1.481.553.066
Segment liabilities	541.988.848	76.855.160	216.939.160	60.358.090	50.419.796	403.140.827	(7.420.628)	1.342.281.253
Shareholders' equity	-	-	-	-	-	139.271.813	-	139.271.813
Total liabilities	541.988.848	76.855.160	216.939.160	60.358.090	50.419.796	542.412.640	(7.420.628)	1.481.553.066

						Treasury, Asset- Liability Management and Other	Consolidation adjustments ⁽¹⁾	Total operations of the Group
Prior Period ⁽³⁾	Retail banking	Corporate banking	Commercial and SME banking	Other foreign operations	Other domestic operations			
Operating revenue continuing	7.840.830	2.659.196	6.931.634	615.417	1.593.930	24.539.990	(5.396)	44.175.601
Operating expenses continuing	(5.420.022)	(2.536.633)	(3.345.869)	(234.731)	(451.281)	(7.855.021)	5.396	(19.838.161)
Net operating income continuing	2.420.808	122.563	3.585.765	380.686	1.142.649	16.684.969	-	24.337.440
Dividend income ⁽²⁾	-	-	-	-	-	84.724	-	84.724
Income/Loss from Investments accounted based on equity method ⁽²⁾	-	-	-	-	-	97.830	-	97.830
Profit before tax	2.420.808	122.563	3.585.765	380.686	1.142.649	16.867.523	-	24.519.994
Tax expense ⁽²⁾	-	-	-	-	-	(5.338.991)	-	(5.338.991)
Net period income from continuing operations	2.420.808	122.563	3.585.765	380.686	1.142.649	11.528.532	-	19.181.003
Minority interest (-)	-	-	-	-	-	(266)	-	(266)
Group income/loss	2.420.808	122.563	3.585.765	380.686	1.142.649	11.528.266	-	19.180.737
Segment assets	217.869.975	156.371.313	177.308.065	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	217.869.975	156.371.313	177.308.065	49.506.595	49.406.881	539.293.476	(5.489.291)	1.184.267.014
Segment liabilities	379.459.917	95.131.222	161.940.658	39.080.311	42.576.852	345.305.406	(5.489.291)	1.058.005.075
Shareholders' equity	-	-	-	-	-	126.261.939	-	126.261.939
Total liabilities	379.459.917	95.131.222	161.940.658	39.080.311	42.576.852	471.567.345	(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".

(3) Income statements items presents the balances as of June 30, 2022.

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Section five - Explanations and notes related to consolidated financial statements

1. Explanations and notes related to consolidated assets:

1.1. Information related to cash and the account of the Central Bank:

1.1.1. Information on cash and the account of the Central Bank of the Republic of Turkey ("the CBRT"):

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	3.593.583	20.312.008	2.606.808	10.570.726
The CBRT ⁽¹⁾	18.805.060	125.309.470	33.129.765	97.841.163
Other	-	16.350.830	-	8.682.441
Total	22.398.643	161.972.308	35.736.573	117.094.330

(1) The balance of gold amounting to TL 23.247.659 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⁾	18.805.060	48.972.167	33.129.765	35.844.180
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	2.990.650
Reserve requirement ⁽²⁾	-	76.337.303	-	59.006.333
Total	18.805.060	125.309.470	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	2.605.856	27.195	1.033.868	6.421
Swap transactions	12.269.349	6.015.944	5.256.728	3.735.073
Futures transactions	36.010	-	23.185	-
Options	-	77.563	279.107	893.297
Other	-	-	-	-
Total	14.911.215	6.120.702	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⁾	-	252.964	-	197.754
Cash flow hedges ⁽¹⁾	3.629.848	3.512.562	3.658.070	3.699.927
Hedges for investments made in foreign countries	-	-	-	-
Total	3.629.848	3.765.526	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	11.647.198	11.011.472	7.534.841	8.087.731
Foreign	1	29.406.041	1	24.222.444
Headquarters and branches abroad	-	-	-	-
Total	11.647.199	40.417.513	7.534.842	32.310.175

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1.4.2. Information on money markets receivables:

As of June 30, 2023 the total amount of TL 8.869.037 money market receivables contains TL 5.009.014 reverse repo transactions (December 31, 2022 – TL 2.461.599 money market transactions and TL 53.158 reverse repo transaction).

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 June 30, 2023 financial assets measured at fair value through other comprehensive income given as repo transactions amounting to TL 4.561.193 (December 31, 2022 – TL 827.520). The securities subject to collateral/blocked are TL 35.713.899 (December 31, 2022 - TL 28.421.698) of which blocked at the CBRT is TL 10.898.444 (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	89.244.090	79.553.354
Quoted on stock exchange	87.346.020	77.776.653
Not quoted	1.898.070	1.776.701
Share certificates	239.987	139.910
Quoted on stock exchange	3.673	2.667
Not quoted	236.314	137.243
Impairment provision (-) ⁽¹⁾	2.602.573	1.221.773
Total	86.881.504	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	107.555	1.156.370	107.694	903.139
Loans granted to employees	686.781	3.690	502.075	1.338
Total	794.336	1.160.060	609.769	904.477

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		
		Not under the scope of restructuring	Loans under restructuring	
			Modifications on agreement conditions	Refinancing
Cash Loans	Standard Loans			
Non-specialised loans	640.548.930	39.913.051	3.165.782	48.627.233
Loans given to enterprises	219.806.833	11.813.022	2.485.620	28.894.975
Export loans	69.515.323	5.008.203	586.626	13.727.456
Import loans	-	-	-	-
Loans given to financial sector	23.130.401	-	-	-
Consumer loans	124.489.872	8.552.186	6.714	2.355.652
Credit cards	144.461.650	7.908.389	-	1.585.201
Other	59.144.851	6.631.251	86.822	2.063.949
Specialised loans	-	-	-	-
Other receivables	40.634.570	1.406.495	-	-
Total	681.183.500	41.319.546	3.165.782	48.627.233

	Standard loans	Loans under close monitoring
12-month provisions for possible losses	5.585.544	-
Significant increase in credit risk	-	15.923.336
Total	5.585.544	15.923.336

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

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

	Short-term	Medium and long-term	Total
Consumer loans-TL	16.901.067	102.079.864	118.980.931
Real estate loans	29.072	17.115.728	17.144.800
Automotive loans	422.314	11.891.758	12.314.072
Consumer loans	16.449.681	73.072.378	89.522.059
Other	-	-	-
Consumer loans-FC indexed	-	29.496	29.496
Real estate loans	-	29.496	29.496
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	75.191	877.089	952.280
Real estate loans	2.324	408.294	410.618
Automotive loans	-	1.230	1.230
Consumer loans	38.006	424.957	462.963
Other	34.861	42.608	77.469
Individual credit cards-TL	121.732.789	666.061	122.398.850
With installments	63.160.641	666.061	63.826.702
Without installments	58.572.148	-	58.572.148
Individual credit cards-FC	417.591	120.442	538.033
With installments	32.809	120.442	153.251
Without installments	384.782	-	384.782
Personnel loans-TL	45.749	150.186	195.935
Real estate loans	-	2.316	2.316
Automotive loans	774	3.542	4.316
Consumer loans	44.975	144.328	189.303
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	1.018	57.874	58.892
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	1.018	57.874	58.892
Other	-	-	-
Personnel credit cards-TL	382.192	734	382.926
With installments	213.458	734	214.192
Without installments	168.734	-	168.734
Personnel credit cards-FC	4.139	1.504	5.643
With installments	30	1.504	1.534
Without installments	4.109	-	4.109
Credit deposit account-TL (Real Person)⁽¹⁾	15.186.860	-	15.186.860
Credit deposit account-FC (Real Person)	30	-	30
Total	154.746.626	103.983.250	258.729.876

(1) TL 43.385 of the credit deposit account belongs to the loans used by personnel.

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

Current Period			
	Short-term	Medium and long-term	Total
Commercial installments loans-TL	2.722.605	35.691.602	38.414.207
Business loans	1.325	1.577.098	1.578.423
Automotive loans	609.948	15.558.431	16.168.379
Consumer loans	2.111.332	18.556.073	20.667.405
Commercial installments loans-FC indexed	-	814	814
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	814	814
Corporate credit cards-TL	30.184.637	433.208	30.617.845
With installment	16.343.398	433.208	16.776.606
Without installment	13.841.239	-	13.841.239
Corporate credit cards-FC	11.943	-	11.943
With installment	16	-	16
Without installment	11.927	-	11.927
Credit deposit account-TL (legal person)	2.519.369	-	2.519.369
Total	35.438.554	36.125.624	71.564.178

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

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

	Current Period	Prior Period
Domestic loans	734.609.540	609.629.917
Foreign loans	39.686.521	29.321.816
Total	774.296.061	638.951.733

(1) Non-performing loans are not included.

1.7.6. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	27.999	46.501
Indirect loans granted to associates and subsidiaries	-	-
Total	27.999	46.501

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

	Current Period	Prior Period
Loans and other receivables with limited collectability	5.139.821	2.263.398
Loans and other receivables with doubtful collectability	2.974.173	3.235.026
Uncollectible loans and other receivables	11.239.424	11.094.381
Total	19.353.418	16.592.805

1.7.8. Information on non-performing loans (net):

1.7.8.1. Information on non-performing loans restructured or rescheduled, and other receivables:

	III. Group Loans with limited collectibility	IV. Group Loans with doubtful collectibility	V. Group Uncollectible loans
Current Period			
(Gross amounts before specific reserves)	97.460	1.113.165	4.714.072
Restructured loans	97.460	1.113.165	4.714.072
Prior Period			
(Gross amounts before specific reserves)	670.884	370.519	4.128.764
Restructured loans	670.884	370.519	4.128.764

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

	III. Group	IV. Group	V. Group
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Prior Period	3.461.335	3.899.754	14.905.209
Additions (+)	9.883.230	407.164	556.432
Transfers from other categories of non-performing loans (+)	-	3.751.161	3.243.759
Transfer to other categories of non-performing loans (-)	3.751.161	3.243.759	-
Collections (-)	591.265	403.231	2.235.179
FX valuation differences	4.995	205	375.207
Write-offs (-)	-	-	8.932
Sold (-)	-	-	1.755.826
Corporate and commercial loans	-	-	704.076
Consumer loans	-	-	829.856
Credit cards	-	-	221.894
Other	-	-	-
Current Period	9.007.134	4.411.294	15.080.670
Provision (-)	5.139.821	2.974.173	11.239.424
Net balance on balance sheet	3.867.313	1.437.121	3.841.246

In line with the decree of Parent Bank's Board of Directors dated April 27, 2023 and June 16, 2023; non-performing loans some of which were written off in previous periods, amounting to TL 905.792 have been liquidated for an amount of TL 233.100 and another group of non-performing loans amounting to TL 1.070.402 have been liquidated for an amount of TL 333.500 through sales to various asset management companies.

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

	III. Group	IV. Group	V. Group
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Current Period			
Period end balance	7.369.143	1.985.008	8.085.886
Provision amount(-)	4.150.013	1.316.250	5.142.394
Net balance on-balance sheet	3.219.130	668.758	2.943.492
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

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

	III. Group	IV. Group	V. Group
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Current Period (net)	3.867.313	1.437.121	3.841.246
Loans granted to real persons and corporate entities (gross)	9.007.134	4.411.294	14.995.996
Provision amount (-)	5.139.821	2.974.173	11.154.750
Loans granted to real persons and corporate entities (net)	3.867.313	1.437.121	3.841.246
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)	-	-	-

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

	III. Group Loans with limited collectibility	IV. Group Loans with doubtful collectibility	V. Group Uncollectible loans
Current Period (net)	166.358	173.729	180.565
Interest accruals and rediscounts and valuation differences	398.111	536.539	1.399.585
Provision amount (-)	231.753	362.810	1.219.020
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

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

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

1.7.10. Explanation on "Write-off" policies:

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

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

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

1.8. Information on financial assets at amortized cost:

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

As of June 30, 2023 financial assets measured at amortised cost given as repo transactions amounting to TL 34.190.911 (December 31, 2022: TL 29.017.189). The securities subject to collateral/blocked are TL 152.157.009 (December 31, 2022: TL 77.548.753) of which blocked securities at the CBRT is TL 42.856.884 (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	233.364.057	163.629.166
Treasury bill	-	-
Other debt securities	10.054.712	5.197.091
Total	243.418.769	168.826.257

1.8.3. Information on financial assets measured at amortized cost:

	Current Period	Prior Period
Debt securities	250.464.231	173.486.404
Quoted on stock exchange	250.464.231	173.486.404
Not quoted	-	-
Impairment provision (-) ⁽¹⁾	7.045.462	4.660.147
Total	243.418.769	168.826.257

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

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

	Current Period	Prior Period
Beginning balance	168.826.257	96.286.812
Foreign currency differences on monetary assets ⁽¹⁾	42.916.342	52.091.895
Purchases during year	37.028.990	31.057.183
Disposals through sales and redemptions	2.967.505	8.559.691
Impairment provision (-) ⁽²⁾	2.385.315	2.049.942
Period end balance	243.418.769	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/Turkey	38,05	38,05
2	Kredi Kayıt Bürosu ⁽¹⁾	Istanbul/Turkey	18,18	18,18
3	Bankalararası Kart Merkezi A.Ş. ⁽¹⁾	Istanbul/Turkey	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	146.081	(39.091)	60.279	1.905	-	(58.433)	1.583	-
2	852.693	149.531	411.433	7.895	-	33.517	16.136	-
3	2.068.572	1.640.651	137.037	61.552	-	955.578	53.059	-

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

1.9.3. Consolidated investments in associates:

1.9.4. Information on consolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Other Shareholders' shareholding percentage (%) ⁽¹⁾
1	Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	30,67	-
2	Allianz Yaşam ve Emeklilik A.Ş.	Istanbul/Turkey	-	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	95.368.458	18.017.547	58.530	1.679.585	283.913	755.111	505.856	-
2	9.310.894	2.596.983	216.422	1.025.407	-	905.383	619.794	-

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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	1.416.278	1.050.530
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	509.486	235.529
Sales	-	-
Foreign exchange gain/(loss) stems from the foreign subsidiaries ⁽¹⁾	1.111.417	940.691
Impairment provision (-) ⁽²⁾	204.625	125.690
Balance at the end of the period	4.943.209	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	4.306.386	2.871.962
Insurance companies	636.823	654.969
Total financial investments	4.943.209	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	17.642	112.442
Inflation adjustment to share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Other Capital Reserves	104.470	-	(217.104)	-	-
Other comprehensive income that will not be classified under profit or loss	34.251	(17.300)	(35.667)	(5.541)	-
Other comprehensive income that will be classified under profit or loss	787	-	(4.050)	-	11.282.870
Legal Reserves	98.890	26.000	79.305	76.812	-
Extraordinary Reserves	1.342.885	874.273	3.859.069	-	1.948.770
Other Profit Reserves	-	-	-	-	-
Income or Loss	1.207.364	360.229	924.058	269.523	573.453
Current Year Income/Loss	1.277.310	360.229	835.643	245.648	573.453
Prior Years' Income/Loss	(69.946)	-	88.415	23.875	-
Leasehold improvements (-)	-	880	83	270	49
Intangible assets (-)	52.408	11.620	31.434	1.379	6.025
Total core capital	2.835.157	1.360.702	4.964.022	356.787	13.911.461
Supplementary capital	25.160	88.104	247.868	-	93.787
Capital	2.860.317	1.448.806	5.211.890	356.787	14.005.248
Deductions from the capital	-	-	-	-	-
Total shareholders' equity	2.860.317	1.448.806	5.211.890	356.787	14.005.248

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The above information is based on the information extracted from the individual financial statements of subsidiaries, used for consolidated financial statements of the Bank as of June 30, 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/Turkey	100,00	100,00
2 Enternasyonal Turizm Yatırım A.Ş. ⁽¹⁾	Istanbul/Turkey	99,99	99,99
3 Yapı Kredi Teknoloji A.Ş.	Istanbul/Turkey	100,00	100,00
4 Yapı Kredi Finansal Teknolojiler A.Ş.	Istanbul/Turkey	100,00	100,00

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

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	163.887	74.181	1.904	87	-	8.951	4.318	-
2	102.251	88.032	35.599	1.901	-	2.799	1.434	-
3	68.615	27.146	37.731	2.012	-	2.988	(6.385)	-
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/Turkey	99,98	100,00
3 Yapı Kredi Faktoring	Istanbul/Turkey	99,95	100,00
4 Yapı Kredi Leasing	Istanbul/Turkey	99,99	99,99
5 Yapı Kredi Portföy	Istanbul/Turkey	12,65	99,99
6 Yapı Kredi Bank Nederland NV ⁽²⁾	Amsterdam/Nederlands	67,24	100,00
7 Yapı Kredi Azerbaijan	Bakü/Azerbaijan	99,80	100,00

(1) It has been decided to purchase all the shares of Bankhaus J. Faissst 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 Stichting Custody Services YKB.

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

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1.10.3.2. Main financial figures of the consolidated subsidiaries in the order of the 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	108.468	106.385	-	-	-	1.932	1.815	-
2	14.006.529	2.887.565	96.965	1.466.812	4.014	1.277.310	427.518	-
3	11.315.710	1.373.202	18.033	1.089.630	-	360.229	164.800	-
4	34.244.239	4.995.539	38.510	1.905.135	-	835.643	412.295	-
5	458.728	358.436	3.829	47.112	-	245.648	137.277	-
6	68.888.728	13.917.536	60.334	1.234.552	51.792	573.453	269.126	-
7	6.921.548	1.536.732	320.055	156.939	25.107	47.644	9.842	-

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	7.171.542	4.795.114
Purchases	-	-
Free shares obtained profit from current years share	-	-
Share of current year income	3.085.320	3.102.944
Sales (-) ⁽¹⁾	-	163.842
Revaluation increase/decrease ^{(1), (2)}	4.356.270	1.995.716
Impairment provision (-) ⁽³⁾	270.048	139.704
Balance at the end of the period	25.077.275	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 20 May 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:

Financial Subsidiaries	Current Period	Prior Period
Banks	10.892.258	7.330.588
Insurance companies	-	-
Factoring companies	1.372.548	1.015.337
Leasing companies	4.995.233	4.237.311
Finance companies	-	-
Other financial subsidiaries	7.817.236	5.322.497
Total financial subsidiaries	25.077.275	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	14.882.175	11.384.824	9.908.435	7.743.367
Between 1- 4 years	19.584.523	16.441.760	13.306.000	11.328.153
More than 4 years	2.651.031	2.432.819	1.652.678	1.476.633
Total	37.117.729	30.259.403	24.867.113	20.548.153

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1.12.2. Information for net investments in finance leases:

	Current Period		Prior Period	
	TL	FC	TL	FC
Gross lease receivables	14.463.191	22.654.538	10.175.602	14.691.511
Unearned financial income from leases (-)	4.198.731	2.659.595	2.805.182	1.513.778
Amount of cancelled leases (-)	-	-	-	-
Total	10.264.460	19.994.943	7.370.420	13.177.733

1.13. Information on investment property:

None. (December 31, 2022 - None).

1.14. Information on deferred tax:

There is a deferred tax asset amounting to TL 3.851.722 and deferred tax liability amounting to TL 49.886 as of June 30, 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).

1.15. 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⁾	38.969	244.072
Disposals (-), net	60.861	523.843
Impairment provision reversal	-	16
Impairment provision (-)	-	292
Translation differences	20.575	10.815
Net book value at the end of the period	1.084.388	1.085.705
Cost at the end of the period	1.087.079	1.089.321
Accumulated depreciation at the end of the period (-)	2.691	3.616
Net book value at the end of the period	1.084.388	1.085.705

(1) In current period, there is no carrying value of asset held for resale with a right of repurchase (December 31, 2022 – TL 33.196). The total net carrying value of asset held for resale with a right of repurchase is TL 883.743 (December 31, 2022 – TL 913.642).

As of June 30, 2023, the Group booked impairment provision on assets held for resale with an amount of TL 2.120 (December 31, 2022 – TL 2.120).

1.16. Information on other assets:

As of June 30, 2023, other assets do not exceed 10% of the total assets.

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2. Explanations and notes related to consolidated liabilities:

2.1. Information on deposits:

2.1.1. Information on maturity structure of deposits/collected funds⁽¹⁾:

Current Period	Demand	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over	Cumulative savings account	Total
Saving deposits	59.790.045	11.975.852	269.007.712	3.819.255	317.343	3.834.427	346	348.744.980
Foreign currency deposits	235.030.435	37.722.916	54.060.390	5.506.846	7.455.067	10.443.597	-	350.219.251
Residents in Turkey	213.029.515	26.872.201	51.195.283	3.408.774	2.128.102	1.188.838	-	297.822.713
Residents abroad	22.000.920	10.850.715	2.865.107	2.098.072	5.326.965	9.254.759	-	52.396.538
Public sector deposits	1.452.835	1.849.623	268.483	11.925	-	-	-	3.582.866
Commercial deposits	42.936.694	29.867.287	90.887.112	8.202.637	168.572	5.807.112	-	177.869.414
Other institutions deposits	462.800	567.881	5.545.600	6.364	1.045	295	-	6.583.985
Precious metals vault	51.882.787	-	657.777	-	1.019.915	161.715	-	53.722.194
Bank deposits	1.336.481	1.132.136	4.828.245	3.646.500	3.848.869	393.907	-	15.186.138
The CBRT	54.410	-	-	-	-	-	-	54.410
Domestic banks	5.288	1.121.886	1.026.038	3.646.500	3.848.869	393.907	-	10.042.488
Foreign banks	901.280	10.250	3.802.207	-	-	-	-	4.713.737
Participation banks	375.503	-	-	-	-	-	-	375.503
Other	-	-	-	-	-	-	-	-
Total	392.892.077	83.115.695	425.255.319	21.193.527	12.810.811	20.641.053	346	955.908.828

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 Turkey	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 253.363.099 (December 31, 2022 – TL 121.858.904).

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2.1.2. Information on deposits insurance:

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

Saving deposits	Under the guarantee of deposit insurance		Exceeding the limit of the insurance deposit	
	Current Period	Prior Period	Current Period	Prior Period
Deposits	146.463.536	81.939.051	202.334.632	131.547.356
Foreign currency deposits	80.671.707	43.253.864	130.231.007	111.893.910
Other deposits	27.473.802	13.580.277	21.293.452	16.621.798
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

Commercial deposits	Under the guarantee of deposit insurance		Exceeding the limit of the insurance deposit	
	Current Period	Prior Period	Current Period	Prior Period
Deposits	21.220.815	13.506.632	133.341.994	125.985.183
Foreign currency deposits	7.654.266	4.030.620	118.971.382	113.937.868
Other deposits	923.021	453.968	4.031.408	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	3.454.030	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	625.467	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 Turkey 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	2.075.156	25.893	212.753	8.790
Swap transactions	5.327.363	8.752.338	6.271.967	5.718.565
Futures transactions	-	-	13.354	-
Options	803	76.682	126.456	204.515
Other	-	-	-	-
Total	7.403.322	8.854.913	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⁾	-	-	32.350	-
Hedges for investments made in foreign countries	-	-	-	-
Total	-	-	1.412.663	-

(1) Explained in Note 8 of section 4.

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2.3. Information on banks and other financial institutions:

2.3.1. Information on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of the Republic of Turkey borrowings	-	-	-	-
From domestic banks and institutions	10.884.366	9.141.762	10.069.627	7.015.365
From foreign banks, institutions and funds	341.719	97.062.628	949.471	76.081.935
Total	11.226.085	106.204.390	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	9.390.130	27.453.637	9.608.706	21.306.245
Medium and long-term	1.835.955	78.750.753	1.410.392	61.791.055
Total	11.226.085	106.204.390	11.019.098	83.097.300

2.3.3. Information on marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	7.720.415	3.206.204	11.280.086	2.031.595
Asset backed securities ⁽¹⁾	-	5.382.171	-	4.940.364
Bonds ⁽²⁾	402.929	31.972.868	665.581	30.433.182
Total	8.123.344	40.561.243	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 804.651 as of June 30, 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 June 30, 2023, the total amount of financial liabilities classified as fair value through profit/loss is TL 46.510.781 (December 31, 2022 – TL 36.459.423) with an accrued interest income of TL 3.558.053 (December 31, 2022- TL 2.211.815 income) and with a fair value difference of TL 1.476.450 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 June 30, 2023 are TL 50.068.834 (December 31, 2022: TL 38.671.238) with a fair value differences amounting to TL 4.042.148 liability (December 31, 2022 – TL 2.554.954 liability). The mentioned total return swaps have 10 year maturity in average.

2.4. Information on other liabilities:

As of June 30, 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	890.819	631.871	637.964	451.894
Between 1-4 Years	1.675.878	1.188.158	1.266.656	890.701
More than 4 Years	1.166.793	834.473	893.273	633.318
Total	3.733.490	2.654.502	2.797.893	1.975.913

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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 (%)	0,55	0,55
Possibility of being eligible for retirement (%)	95,20	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 23.489,83 effective from July 1, 2023 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	174.012	196.835
Recognized in equity	421.716	1.824.127
Paid during the period	(435.798)	(104.794)
Balance at the end of the period	3.004.955	2.845.025

In addition, the Group has accounted for unused vacation rights provision amounting to TL 774.707 as of June 30, 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	2.945.243	2.945.243
Provisions on non-funded non cash loans	1.356.335	1.078.763
Generic provisions on non cash loans	1.184.052	1.145.563
Provision on lawsuits	289.318	236.223
Provisions on credit cards and promotion campaigns related to banking services	153.782	109.996
Other	1.855.012	2.776.305
Total	7.783.742	8.292.093

2.7. Explanations on tax liability:

2.7.1. Information on taxes payable:

	Current Period	Prior Period
Banking Insurance Transaction Tax ("BITT")	684.569	562.420
Corporate Tax Payable	500.520	4.428.529
Taxation of Marketable Securities	378.486	277.629
Value Added Tax Payable	72.234	144.180
Foreign Exchange Transaction Tax	30.739	37.258
Property Tax	9.013	6.923
Other	209.356	301.670
Total	1.884.917	5.758.609

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2.7.2. Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	2.883	3.385
Social security premiums - employer	8.277	3.765
Bank pension fund premiums - employee	94.864	67.648
Bank pension fund premiums - employer	131.511	94.097
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	6.771	4.829
Unemployment insurance - employer	13.557	9.689
Other	-	-
Total	257.863	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	-	17.856.078	-	12.929.445
Subordinated loans	-	-	-	-
Subordinated debt	-	17.856.078	-	12.929.445
Debt instruments to be included in contribution capital calculation	757.170	20.348.288	725.201	25.733.586
Subordinated loans	-	6.988.674	-	16.059.998
Subordinated debt	757.170	13.359.614	725.201	9.673.588
Total	757.170	38.204.366	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 tors:

None (December 31, 2022 - None).

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2.10.8. Information on value increase fund of marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Revaluation difference	-	-	-	-
Foreign currency difference	-	-	-	-
Financial assets at fair value through other comprehensive income ⁽¹⁾	3.588.763	(1.274.522)	8.764.973	(972.750)
Revaluation difference	3.588.763	(1.274.522)	8.764.973	(972.750)
Foreign currency differences	-	-	-	-
Total	3.588.763	(1.274.522)	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)	625	612
Dividends paid	(191)	(93)
Period ending balance	1.971	1.537

2.10.10. Information on profit distribution:

In accordance with the Parent Bank's General Assembly dated March 16, 2023, it was decided to distribute net profit of TL 52.744.689 as of December 31, 2022 as follows: TL 7.911.000 paid as cash dividend on March 20, 2023, TL 44.047.846 transferred to extraordinary reserves after the separation of TL 748.865 to general legal reserves and allocated a special reserve of TL 36.978 in total of which TL 36.295 related to real estate and participation sales income within the framework of Article 5 clause 1/e of Corporate Tax Law Numbered 5520 and TL 683 to be transferred to the venture capital investment fund pursuant to Article 3/14 of the Law on Supporting R&D and Design Activities Numbered 5746.

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

3.1. Information on off balance sheet commitments:

3.1.1. The amount and type of irrevocable commitments:

	Current Period	Prior Period
Commitments on credit card limits	258.008.319	136.756.258
Asset purchase and sale commitments	5.669.410	35.118.725
Loan granting commitments	70.096.122	53.491.909
Commitments for cheques	8.601.299	5.482.867
Other irrevocable commitments	41.042.161	29.421.817
Total	383.417.311	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 1.184.052 (December 31, 2022 - TL 1.145.563) and provision amounting to TL 1.779.248 (December 31, 2022 - TL 1.431.465) for non-cash loans which are not indemnified yet amounting to TL 1.356.335 (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	1.151.913	864.879
Letter of credits	48.830.788	33.199.803
Other guarantees and collaterals	34.706.857	28.354.153
Total	84.689.558	62.418.835

3.1.2.2. Guarantees, suretyships and other similar transactions:

	Current Period	Prior Period
Temporary letter of guarantees	3.533.041	4.124.146
Definite letter of guarantees	118.036.818	90.745.471
Advance letter of guarantees	40.033.113	29.283.824
Letter of guarantees given to customs	6.298.096	5.894.112
Other letter of guarantees	69.104.305	51.325.151
Total	237.005.373	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	67.986.711	50.905.414
With original maturity of 1 year or less than 1 year	8.120.953	8.240.689
With original maturity of more than 1 year	59.865.758	42.664.725
Other non-cash loans	253.708.220	192.886.125
Total	321.694.931	243.791.539

3.2. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 289.318 (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.

3.3. Information on services on behalf of others:

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

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4. Explanations and notes related to consolidated income statement:

4.1. Information on interest income:

4.1.1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	15.353.856	1.737.390	8.023.169	1.068.608
Medium/long-term loans ⁽¹⁾	23.033.925	7.769.592	13.239.887	4.958.900
Interest on loans under follow-up	1.168.097	-	946.059	-
Premiums received from resource utilisation support fund	-	-	-	-
Total	39.555.878	9.506.982	22.209.115	6.027.508

(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	3.646	56.164	2.293	-
From domestic banks	1.008.622	328.366	176.271	42.747
From foreign banks	232	1.248.396	-	164.530
Headquarters and branches abroad	-	-	-	-
Total	1.012.500	1.632.926	178.564	207.277

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	-	49.532	3.201	13.118
Financial assets measured at fair value through other comprehensive income	6.739.119	949.004	5.413.209	424.937
Financial assets measured at amortised cost	16.130.843	1.318.666	10.394.540	1.151.856
Total	22.869.962	2.317.202	15.810.950	1.589.911

As of June 30, 2023, the valuation of related CPI-indexed government bonds has been calculated according to the annual inflation forecast of 40%. In case the CPI forecast increases or decreases by 1%, profit before taxes as of June 30, 2023 will be impacted by approximately TL 409.802.

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

	Current Period	Prior Period
Interests received from associates and subsidiaries	48.649	1.392
Total	48.649	1.392

4.2. Information on interest expense:

4.2.1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	1.121.724	1.276.316	567.286	697.543
The CBRT	-	-	-	-
Domestic banks	1.074.286	287.329	505.921	124.803
Foreign banks	47.438	988.987	61.365	572.740
Headquarters and branches abroad	-	-	-	-
Other institutions	-	1.883.814	3.713	701.801
Total⁽¹⁾	1.121.724	3.160.130	570.999	1.399.344

(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	6.223	4.094
Total	6.223	4.094

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4.2.3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	1.175.762	4.840.871	886.814	3.142.315
Total	1.175.762	4.840.871	886.814	3.142.315

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	1.276.995	323.170	3.078.488	62.899
Total	1.276.995	323.170	3.078.488	62.899

4.2.5. Information on other interest expense:

Pursuant to the CBRT's letter dated August 31, 2022 and numbered 1579, banks that fail to meet conversion targets from foreign currency to Turkish Lira are charged a commission on the balances of required reserves for foreign currency deposits. In this regard, a commission expense of TL 177.038 (June 30, 2022 - 521.544 TL) has been accounted in other interest expenses as of June 30, 2023.

4.2.6. Maturity structure of the interest expense on deposits:

Account name	Demand deposit	Time Deposit					Cumulative deposit	Total	Prior Period
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 Year	More than 1 year			
TL									
Bank deposit	2.038	120.087	2.003	-	-	-	-	124.128	137.633
Saving deposit	-	658.388	27.145.144	246.029	50.091	25.839	48	28.125.539	5.421.052
Public sector deposit	-	41.603	23.400	978	-	-	-	65.981	8.224
Commercial deposit	58	2.242.369	7.644.073	454.010	377.332	484.822	-	11.202.664	4.262.461
Other deposit	-	345.354	2.526.652	772.310	101.430	282.290	-	4.028.036	1.193.803
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	2.096	3.407.801	37.341.272	1.473.327	528.853	792.951	48	43.546.348	11.023.173
FC									
Foreign currency deposit	5.286	226.359	342.170	37.748	76.491	98.035	-	786.089	516.376
Bank deposit	92.390	64.813	53.182	-	-	-	-	210.385	21.950
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	232	2.119	-	599	40	-	2.990	1.844
Total	97.676	291.404	397.471	37.748	77.090	98.075	-	999.464	540.170
Grand total	99.772	3.699.205	37.738.743	1.511.075	605.943	891.026	48	44.545.812	11.563.343

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

	Current Period	Prior Period
Profit	92.662.012	82.894.996
Gain from capital market transactions	1.692.119	1.143.375
Derivative financial transaction gains	45.648.744	42.443.888
Foreign exchange gains	45.321.149	39.307.733
Loss(-)	73.999.170	78.243.295
Loss from capital market transactions	50.142	75.346
Derivative financial transaction losses	28.285.980	32.730.103
Foreign exchange loss	45.663.048	45.437.846
Net trading profit/loss	18.662.842	4.651.701

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4.4. Allowance for expected credit losses and other provisions:

	Current Period	Prior Period
Allowance for expected credit losses⁽¹⁾	15.317.343	11.497.553
12-month expected credit losses (Stage 1)	3.912.926	2.122.696
Significant increase in credit risk (Stage 2)	4.234.910	3.597.304
Credit-Impaired (Stage 3)	7.169.507	5.777.553
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	80.495	48.323
Total	15.397.838	11.774.322

(1) Reversals of provisions for expected credit losses are started to be reported as gross basis. Therefore, the income amounting to TL 4.356.799 related to the reversal of provisions, which was previously reported under the allowance for expected credit loss, has been classified under other operating income.

4.5. Information on derivatives financial transaction gain/loss:

The net gain resulting from the foreign exchange differences related to derivative financial transactions is TL 12.987.346 (June 30, 2022 – TL 10.915.984 gain).

4.6. Information on other operating income:

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

Reversals of provisions for expected credit losses are started to be reported as gross basis. Therefore, the income amounting to TL 4.356.799 related to the reversal of provisions, which was previously reported under the allowance for expected credit loss, has been classified under other operating income.

4.7. Information related to other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	189.225	54.066
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	572.665	387.596
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortization expenses of intangible assets	161.464	144.047
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	-	131
Depreciation expenses of assets held for resale	-	-
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	9.911.711	3.031.711
TFRS 16 exempt lease expenses	75.153	56.748
Repair and maintenance expenses	304.040	150.956
Advertising expenses	343.732	141.538
Other expense	9.188.786	2.682.469
Loss on sales of assets	-	-
Other	2.425.142	1.016.541
Total	13.260.207	4.634.092

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

Income before tax includes net interest income amounting to TL 23.902.574 (June 30, 2022 – TL 26.558.157) net fee and commission income amounting to TL 13.188.958 (June 30, 2022 – TL 6.383.939), personnel expenses amounting to TL 6.863.502 (June 30, 2022 - TL 3.429.747) and total other operating expense amounting to TL 13.260.207 (June 30, 2022 – TL 4.634.092).

As of June 30, 2023, the Group has no profit before taxes from discontinued operations (June 30, 2022 – None).

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

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

As of June 30, 2023, the Group has current tax expense amounting to TL 1.035.395 (June 30, 2022 – TL 10.903.643 loss) and deferred tax expense amounting to TL 5.820.422 (June 30, 2022 – TL 5.564.652 gain).

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

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

4.10.2. Information on any change in the accounting estimates concerning the current period or future periods: None

4.11. Income/loss of minority interest:

	Current Period	Prior Period
Income/(loss) of minority interest	625	266

4.12. Other items in income statement:

"Other fees and commissions received" in income statement mainly includes commissions and fees from credit cards and banking transactions.

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5. Explanations and notes related to Group's risk group:

5.1. The volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit or loss of the period:

5.1.1. Information on loans of the Group's risk group:

Current Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Group's risk group ^{(1) (2)}						
Loans						
Balance at the beginning of the period	46.501	1.784	176.501	903.139	12.012.206	5.772.850
Balance at the end of the period	40.127	2.636	107.555	1.156.370	17.008.500	7.043.599
Interest and commission income received	48.649	604	15.372	2.191	1.705.877	19.409

Prior Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Group's risk group ^{(1) (2)}						
Loans						
Balance at the beginning of the period	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 ⁽³⁾	1.392	12	30.378	1.014	597.535	11.979

(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.

(3) Prior period present profit / loss information of June 30, 2022.

5.1.2. 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	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the period	570.543	406.888	27.832.583	38.214.095	70.401.031	50.919.449
End of the period	71.957	570.543	26.174.813	27.832.583	76.148.070	70.401.031
Interest expense on deposits ⁽³⁾	6.223	4.094	1.212.554	934.584	1.826.484	621.226

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

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

(3) Prior period present profit / loss information of June 30, 2022.

5.1.3. 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⁾	-	-	6.708.040	1.886.536	6.465.297	1.273.964
Total profit / loss	-	-	(424.270)	(28.606)	(555.273)	(313.191)
Transactions for hedging purposes						
Beginning of the period ⁽²⁾	-	-	-	525.855	-	-
End of the period ⁽²⁾	-	-	-	-	-	-
Total profit / loss ⁽³⁾	-	-	-	-	-	-

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

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

(3) Prior period presents profit / loss information of June 30, 2022.

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

Salaries and benefits paid to the Group's top management amount to TL59.311 as of June 30, 2023 (June 30, 2022 – TL 32.170).

6. Explanations and notes related to subsequent events :

None.

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Notes to consolidated financial statements as of June 30, 2023

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

Section six- Explanations on independent audit review report

1. Explanations on independent auditor's review report

The consolidated financial statements for the period ended June 30, 2023 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent auditor's review report dated July 24, 2023 is presented preceding the consolidated financial statements.

2. Explanations and notes prepared by independent auditor

None.

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Notes to consolidated financial statements as of June 30, 2023

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

Section Seven⁽¹⁾

Interim activity report

1. Explanations on interim activity report

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

In the first half of 2023, the global markets focused on growth, inflation, central bank policies and developments in the banking sector. The economic outlook remains uncertain due to overall concerns about the global financial sector and inflation levels and the continuing effects of Russia-Ukraine war. According to the International Monetary Fund's Global Economic Outlook report dated April 2023, global growth is expected to slow down from 3,4% in 2022 to 2,8% this year and then settle around 3,0% in 2024. Although global inflation levels have been decreasing, it is still above historical levels. This fact drives central banks all over the world, especially developed economies, to take measures to tackle inflation.

Turkey has still been trying to heal wounds of the devastating earthquake that affected many provinces. As Koç Group, with our companies operating in various fields, we are striving to heal the wounds of the disaster and reach those in need.

Despite the challenging backdrop, Turkey has been able to grow its economy with a controlled manner. The country has recorded an annual growth of 4,0% supported by domestic demand in the first quarter of the year. Leading indicators point to an ongoing strength in economic activity backed by strong domestic demand. On the other hand, strong demand conditions together with deterioration in pricing behavior and cost pressures create upside risks to the inflation outlook.

The Turkish banking sector continued to support the economy, while strengthening its balance sheet structure. In the first six months of the year, total loans increased by 58% annually and reached TL 9.345 billion. In the same period, the deposit base grew by 69% to reach TL 10.469 billion. Thus, the loan/deposit ratio of the sector improved by 6 points compared to the same period of the previous year and decreased to 85%.

On the asset quality side, the positive trend continued, and the non-performing loans ratio decreased by 44 basis points to 1,7% since the end of 2022.

Yapı Kredi continued to contribute to the Turkish economy and the Turkish banking sector with its commitment to sustainability in all aspects of its operations. Going forward, preserving strong fundamentals, Yapı Kredi will continue to support the economy and its customers, while maintaining its focus on asset quality, liquidity healthy balance sheet structure and capital levels.

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

Ali Y. Koç
Chairman of the Board

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

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Notes to consolidated financial statements as of June 30, 2023

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

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

2022 was a year defined by inflation and the policy response to it, whereas as of first half of 2023, inflationary pressures on global markets have started to ease and the expectations for further rate hikes have decreased. However, policy-makers, businesses and households continue to face headwinds, including continuing inflationary pressures and tighter financial conditions.

Turkish economy, on the other hand, continued its growth in a controlled manner in this challenging operating environment. Despite the negative effects of the earthquake disaster that happened on 6 February on growth, the Turkish economy grew by 4,0% on an annual basis as of the first quarter of 2023, with the help of domestic demand. Turkish economy has entered a normalization process with the steps taken, following the elimination of uncertainties related to the election.

The Turkish banking sector, once again, demonstrated resilience during this period, as it did in previous periods. As Yapı Kredi, we continue to stand by and give our support to both our customers and our employees following the earthquake disaster.

Our support to the economy through cash and non-cash loans has increased by 44% annually reaching TL 1.054 trillion. In TL cash loans, the Bank recorded a year-to-date growth of 18% and an annual growth of 59%. Moreover, year-to-date TL customer deposit growth was 42%, well above the loan growth. Thus, the Bank's TL loan deposit ratio further decreased by 16 points to 87% as of end of first half of 2023.

While maintaining its support to the economy, the Bank preserved its strength in capital and liquidity ratios. The FX liquidity coverage ratio was 522%, while the total liquidity coverage ratio realized at 161% level. On the capital side, with the internal capital generation contributions, the consolidated capital adequacy ratio and the Tier 1 ratio remained strong at 17,0% and 15,0%, respectively (without the impact of regulatory forbearances).

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

Gökhan Erün

CEO

Yapı ve Kredi Bankası A.Ş.

Notes to consolidated financial statements as of June 30, 2023

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

1.3. Overview of Financial Performance:

On 24 July 2023, Yapı Kredi announced its consolidated results for the first six months of 2023 based on Banking Regulation and Supervision Agency (BRSA) Accounting and Reporting Legislation. The Bank's cash and non-cash loans reached to TL 1.054 trillion while total deposits reached to TL 955,9 billion. The Bank's net income reached TL 24.117 million indicating a return on average tangible equity of 36,8%.

Local currency driven loan and deposit growth with a solid liquidity

In the first six months of 2023, the Bank achieved 21% year-to-date growth in performing loans to TL 732,3 billion, mainly driven by Turkish Lira. During the same period, the Bank's total customer deposit growth was at 35% year-to-date and reached TL 940,7 billion. Also, demand deposits in total remained at a high level with 42% within the scope of continued focus on small tickets in deposit gathering. Accordingly, loan-to-deposits plus Turkish Lira bonds ratio realized at 76%. The Bank's total and foreign currency liquidity coverage ratios realized at 161% and 522%, respectively.

Prudent and conservative asset quality approach

As of first half of 2023, Yapı Kredi's non-performing loan ratio realized as 3.5%. During the period, collection performance remained strong and supported cost of risk. Accordingly, cumulative net cost of risk (adjusted for hedged foreign currency impact) materialised at 33 basis points in the first six months of 2023. Provisions to gross loans ratio remained high at 5.1%.

Strong capital ratios and ongoing internal capital generation

In the first six months of 2023, the capital ratios of the Bank were supported by ongoing internal capital generation. Hence, consolidated Capital Adequacy Ratio and Tier-1 ratio increased to 17,0% and 15,0%, respectively, excluding regulatory forbearances.

Well managed revenue performance supporting the bottom line

In the first six months of the year, Yapı Kredi recorded TL 39.304 million of core banking revenues. Due to developments in operating environment, TL loan yields were under pressure and funding costs were in an increasing trend in the quarter. Despite challenging conditions, Yapı Kredi managed to preserve its TL loan to deposit spread in positive territory. However still, compared to previous quarter, swap adjusted net interest margin contracted by 154 basis points to 3,65% (normalized with CPI linker income) on a quarterly basis in the second quarter. Yapı Kredi recorded a substantial 107% improvement in year-over-year fee growth, reaching to TL 13.189 million in the first half. Operating costs increased due to HR and business growth related costs by 17% on a quarterly basis. In the first six months, annual growth realized as 150% and costs reached to TL 20.124 million also negatively impacted by earthquake related costs and inflation pass through impact. All in all, the Bank achieved a net income of TL 24.117 million and 36,8% return on average tangible equity

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Notes to consolidated financial statements as of June 30, 2023

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1.4. Summary of Consolidated Financials

TL million	Current Period	Prior Period
Total Assets	1.481.553	1.184.267
Performing Loans	732.255	606.523
Total Deposits	955.909	705.495
Shareholder's Equity	139.272	126.262
Loans/Assets	49%	51%
Deposits/Assets	65%	60%
NPL	3,5%	3,4%
CAR ⁽¹⁾	18,8%	19,9%
TL million	Current Period	Prior Period
Net Profit	24.117	19.181
Return on Average Tangible Equity	36,8%	49,9%

(1) Reported.

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

- By our Bank Board of Directors resolution dated 27.04.2023; it is resolved to sell non-performing loans amounting in aggregate to TL 905,8 million for a total amount of TL 233,1 million.
- By our Bank Board of Directors resolution dated 16.06.2023; it is resolved to sell non-performing loans amounting in aggregate to TL 1.0 billion for a total amount of TL 333,5 million.

1.6. Current Trends and Expectations for the Upcoming Period:

In the first half of 2023, Yapı Kredi revised its year-end guidance.

2023 Yapı Kredi Expectations:

- Loans: Turkish Lira loan growth at below ~40%, reduction in foreign currency loans
- Net Interest Margin (including swap costs): greater than or equal to 5%
- Fees: higher than 90%
- Costs: lower than 120%
- Net Cost of Risk: ~100 basis points
- 2023 Return on Tangible Equity: above 30%