Yapı ve Kredi Bankası A.Ş.

Publicly announced consolidated financial statements and related disclosures at March 31, 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 I. 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 31 March 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 three-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 31 March 2023 and its financial performance and its cash flows for the three-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 31 March 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, 28 April 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 KREDI BANKASI A.Ş. AS OF MARCH 31, 2023

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

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

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

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

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

The accompanying consolidated financial statements for the three-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 ÇİMENOĞLU **Chairman of the Audit Committee**	**Nevin İPEK** **Member of the Audit Committee**

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

Name-Surname / Title	: Tuğçe ÖZYAZGAN / Head of Financial Reporting
Telephone	: 0212 339 98 57
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

Section One

General Information

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

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

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

The Parent Bank's publicly traded shares are traded on the Borsa Istanbul ("BIST") since 1987. As of March 31, 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

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

As of March 31, 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 (1):

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

(1) With the decision taken at the General Assembly Meeting of the Bank dated March 16, 2023, the number of members of the Board of Directors including the independent members was determined as 10 and Mehmet Tırnaklı and Melih Poyraz resigned from the Board of Directors.

Audit Committee Members (1):

Name	Responsibility
Ahmet ÇİMENOĞLU	Chairman
Nevin İPEK	Member

(1) With the decision taken at the General Assembly Meeting of the Bank dated March 16, 2023, Mehmet Tırnaklı resigned from the Audit Committee.

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

(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 March 31, 2023, the Parent Bank has 802 branches operating in Turkey and 1 branch in overseas (December 31, 2022 - 800 branches operating in Turkey, 1 branch in overseas).

As of March 31, 2023, the Parent Bank has 15.777 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 March 31, 2023 the Group has 16.690 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.

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

Section two - Consolidated financial statements

1. Consolidated balance sheet (Statement of Financial Position)

					Current Period (31.03.2023)			Prior Period (31.12.2022)
	ASSETS	**Note (Section Five)**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**FINANCIAL ASSETS (Net)**		**118.191.998**	**173.461.353**	**291.653.351**	**117.836.504**	**176.266.279**	**294.102.783**
1.1	**Cash and Cash Equivalents**	**1.1**	**46.788.610**	**145.268.412**	**192.057.022**	**45.589.087**	**148.987.880**	**194.576.967**
1.1.1	Cash and Balances with Central Bank		35.251.508	111.971.017	147.222.525	35.736.573	117.094.330	152.830.903
1.1.2	Banks	1.4	6.464.588	33.722.151	40.186.739	7.534.842	32.310.175	39.845.017
1.1.3	Money Markets	1.4.2	5.208.728	-	5.208.728	2.461.599	53.158	2.514.757
1.1.4	Provisions for Expected Losses (-)		136.214	424.756	560.970	143.927	469.783	613.710
1.2	**Financial Assets Measured at Fair Value Through Profit Or Loss**	**1.2**	**427.973**	**859.255**	**1.287.228**	**1.517.569**	**753.326**	**2.270.895**
1.2.1	Government debt securities		-	422.816	422.816	-	365.229	365.229
1.2.2	Share certificates		146.368	-	146.368	1.485.674	-	1.485.674
1.2.3	Other financial assets		281.605	436.439	718.044	31.895	388.097	419.992
1.3	**Financial Assets Measured at Fair Value Through Other Comprehensive Income**	**1.5,1.6**	**61.342.289**	**20.101.633**	**81.443.922**	**60.478.890**	**17.992.601**	**78.471.491**
1.3.1	Government debt securities		59.339.720	20.054.995	79.394.715	58.487.789	17.909.169	76.396.958
1.3.2	Share certificates		181.503	9.664	191.167	166.527	9.295	175.822
1.3.3	Other financial assets		1.821.066	36.974	1.858.040	1.824.574	74.137	1.898.711
1.4	**Derivative Financial Assets**	**1.3**	**9.633.126**	**7.232.053**	**16.865.179**	**10.250.958**	**8.532.472**	**18.783.430**
1.4.1	Derivative financial assets measured at fair value through profit or loss		6.343.823	4.290.251	10.634.074	6.592.888	4.832.545	11.425.433
1.4.2	Derivative financial assets measured at fair value through other comprehensive income		3.289.303	2.941.802	6.231.105	3.658.070	3.699.927	7.357.997
II.	**FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)**		**576.888.965**	**278.418.236**	**855.307.201**	**521.425.110**	**271.189.316**	**792.614.426**
2.1	**Loans**	**1.7**	**468.799.039**	**199.243.580**	**668.042.619**	**432.058.729**	**196.129.681**	**628.188.410**
2.2	**Receivables From Leasing Transactions (Net)**	**1.12**	**8.868.925**	**14.677.898**	**23.546.823**	**7.370.420**	**13.177.733**	**20.548.153**
2.3	**Factoring Receivables**		**10.901.321**	**2.731.259**	**13.632.580**	**10.183.485**	**2.297.983**	**12.481.468**
2.4	**Financial Assets Measured at Amortised Cost**	**1.8**	**113.240.546**	**75.131.928**	**188.372.474**	**96.448.465**	**72.377.792**	**168.826.257**
2.4.1	Government debt securities		112.909.742	70.013.507	182.923.249	96.117.661	67.511.505	163.629.166
2.4.2	Other financial assets		330.804	5.118.421	5.449.225	330.804	4.866.287	5.197.091
2.5	**Provisions for Expected Losses (-)**		**24.920.866**	**13.366.429**	**38.287.295**	**24.635.989**	**12.793.873**	**37.429.862**
III.	**ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	**1.15**	**1.021.989**	**50.655**	**1.072.644**	**1.036.253**	**49.452**	**1.085.705**
3.1	Held for Sale Purposes		1.021.989	50.655	1.072.644	1.036.253	49.452	1.085.705
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES**		**686.763**	**3.190.839**	**3.877.602**	**725.731**	**2.871.962**	**3.597.693**
4.1	**Investments in Associates (net)**	**1.9**	**654.447**	**3.190.839**	**3.845.286**	**693.415**	**2.871.962**	**3.565.377**
4.1.1	Consolidated based on Equity Method		616.001	3.190.839	3.806.840	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)**		**10.151.467**	**207.131**	**10.358.598**	**9.908.108**	**201.662**	**10.109.770**
VI.	**INTANGIBLE ASSETS [Net]**		**1.286.610**	**85.633**	**1.372.243**	**1.270.101**	**89.886**	**1.359.987**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		1.286.610	85.633	1.372.243	1.270.101	89.886	1.359.987
VII.	**INVESTMENT PROPERTY (Net)**	**1.13**	-	-	-	-	-	-
VIII.	**CURRENT TAX ASSETS**		**69.604**	**-**	**69.604**	**42.522**	**-**	**42.522**
IX.	**DEFERRED TAX ASSETS**	**1.14**	**6.683.465**	**-**	**6.683.465**	**5.409.021**	**-**	**5.409.021**
X.	**OTHER ASSETS**	**1.16**	**50.340.289**	**29.897.291**	**80.237.580**	**44.254.844**	**31.690.263**	**75.945.107**
	TOTAL ASSETS		**765.321.150**	**485.311.138**	**1.250.632.288**	**701.908.194**	**482.358.820**	**1.184.267.014**

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

1. Consolidated balance sheet (Statement of Financial Position)

					Current Period (31/03/2023)			Prior Period (31/12/2022)
	LIABILITIES	**Note (Section Five)**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**DEPOSITS**	**2.1**	**483.813.637**	**308.626.098**	**792.439.735**	**385.622.097**	**319.873.342**	**705.495.439**
II.	**BORROWINGS**	**2.3.1**	**13.048.397**	**82.439.169**	**95.487.566**	**11.019.098**	**83.097.300**	**94.116.398**
III.	**MONEY MARKETS**		**14.211.085**	**10.783.591**	**24.994.676**	**32.894.807**	**7.400.223**	**40.295.030**
IV.	**MARKETABLE SECURITIES ISSUED (Net)**	**2.3.3**	**9.250.552**	**31.833.872**	**41.084.424**	**11.945.667**	**37.405.141**	**49.350.808**
4.1	Bills		8.847.623	3.678.688	12.526.311	11.280.086	2.031.595	13.311.681
4.2	Asset backed Securities		-	4.306.921	4.306.921	-	4.940.364	4.940.364
4.3	Bonds		402.929	23.848.263	24.251.192	665.581	30.433.182	31.098.763
V.	**FUNDS**		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS**	**2.3.4**	**670.153**	**35.400.017**	**36.070.170**	**687.777**	**35.771.646**	**36.459.423**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**2.2**	**7.386.564**	**6.210.815**	**13.597.379**	**8.037.193**	**5.931.870**	**13.969.063**
7.1	Derivative liabilities measured at fair value through profit or loss		7.383.189	6.210.815	13.594.004	8.004.843	5.931.870	13.936.713
7.2	Derivative liabilities measured at fair value through other comprehensive income		3.375	-	3.375	32.350	-	32.350
VIII.	**FACTORING PAYABLES**		-	-	-	-	-	-
IX.	**LEASE PAYABLES (Net)**	**2.5**	**2.125.364**	**139.648**	**2.265.012**	**1.848.072**	**127.841**	**1.975.913**
X.	**PROVISIONS**	**2.6**	**8.759.551**	**1.347.062**	**10.106.613**	**10.263.964**	**1.318.492**	**11.582.456**
10.1	Provisions for Restructuring		-	-	-	-	-	-
10.2	Provisions for Employee Benefits	2.6.1	3.161.165	9.295	3.170.460	3.282.906	7.457	3.290.363
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions	2.6.3	5.598.386	1.337.767	6.936.153	6.981.058	1.311.035	8.292.093
XI.	**CURRENT TAX LIABILITIES**	**2.7**	**8.827.473**	**158.929**	**8.986.402**	**5.820.028**	**121.994**	**5.942.022**
XII.	**DEFERRED TAX LIABILITIES**		-	**23.874**	**23.874**	-	**22.735**	**22.735**
XIII.	**LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	**2.8**	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT**	**2.9**	**712.029**	**27.711.288**	**28.423.317**	**725.201**	**38.663.031**	**39.388.232**
14.1	Loans		-	5.184.664	5.184.664	-	16.059.998	16.059.998
14.2	Other Facilities		712.029	22.526.624	23.238.653	725.201	22.603.033	23.328.234
XV.	**OTHER LIABILITIES**	**2.4**	**51.843.989**	**13.858.424**	**65.702.413**	**46.913.782**	**12.493.774**	**59.407.556**
XVI.	**SHAREHOLDERS' EQUITY**	**2.10**	**129.480.650**	**1.970.057**	**131.450.707**	**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		2.902.712	8.344	2.911.056	1.956.972	9.299	1.966.271
16.4	Other accumulated comprehensive income that will be reclassified in profit or loss		15.836.993	2.003.120	17.840.113	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		14.280.179	-	14.280.179	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		12.640.225	-	12.640.225	52.744.689	-	52.744.689
16.7	Minority interest		1.642	-	1.642	1.537	-	1.537
	TOTAL LIABILITIES		**730.129.444**	**520.502.844**	**1.250.632.288**	**639.587.336**	**544.679.678**	**1.184.267.014**

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

2. Consolidated off-balance sheet commitments

		Note (Section Five)	Current Period (31/03/2023) TL	FC	Total	Prior Period (31/12/2022) TL	FC	Total
A.	**Off-balance sheet commitments (I+II+III)**		**593.885.631**	**796.014.159**	**1.389.899.790**	**598.898.078**	**842.894.388**	**1.441.792.466**
I.	**Guarantees and warranties**	**3.1.2.1**	**122.546.099**	**149.055.099**	**271.601.198**	**99.977.185**	**143.814.354**	**243.791.539**
1.1.	Letters of guarantee	3.1.2.2	107.781.784	90.677.072	198.458.856	88.883.239	92.489.465	181.372.704
1.1.1.	Guarantees subject to state tender law		1.325.235	1.371.292	2.696.527	1.399.840	1.363.690	2.763.530
1.1.2.	Guarantees given for foreign trade operations		35.169.847	88.362.594	123.532.441	27.620.393	90.217.924	117.838.317
1.1.3.	Other letters of guarantee		71.286.702	943.186	72.229.888	59.863.006	907.851	60.770.857
1.2.	Bank acceptances		-	912.264	912.264	-	864.879	864.879
1.2.1.	Import letter of acceptance		-	912.264	912.264	-	864.879	864.879
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		443.668	39.749.716	40.193.384	327.114	32.872.689	33.199.803
1.3.1.	Documentary letters of credit		443.668	39.743.891	40.187.559	327.114	32.867.948	33.195.062
1.3.2.	Other letters of credit		-	5.825	5.825	-	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		-	7.953	7.953	-	3.888	3.888
1.8.	Other guarantees		14.320.647	9.775.541	24.096.188	10.766.832	9.553.300	20.320.132
1.9.	Other warranties		-	7.932.553	7.932.553	-	8.030.133	8.030.133
II.	**Commitments**		**344.449.479**	**70.226.887**	**414.676.366**	**240.615.994**	**69.021.644**	**309.637.638**
2.1.	Irrevocable commitments	3.1.1	314.879.261	34.020.332	348.899.593	223.708.638	36.562.938	260.271.576
2.1.1.	Asset purchase and sale commitments		5.618.304	31.429.844	37.048.148	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		60.321.432	1.905.002	62.226.434	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		8.650.202	-	8.650.202	5.482.867	-	5.482.867
2.1.8.	Tax and fund liabilities from export commitments		540	-	540	449	-	449
2.1.9.	Commitments for credit card limits		200.782.470	-	200.782.470	136.756.258	-	136.756.258
2.1.10.	Commitments for credit cards and banking services promotions		54.131	-	54.131	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		39.452.182	685.486	40.137.668	28.653.918	724.048	29.377.966
2.2.	Revocable commitments		29.570.218	36.206.555	65.776.773	16.907.356	32.458.706	49.366.062
2.2.1.	Revocable loan granting commitments		29.570.218	35.885.209	65.455.427	16.907.356	32.139.482	49.046.838
2.2.2.	Other revocable commitments		-	321.346	321.346	-	319.224	319.224
III.	**Derivative financial instruments**		**126.890.053**	**576.732.173**	**703.622.226**	**258.304.899**	**630.058.390**	**888.363.289**
3.1	Derivative financial instruments for hedging purposes		25.350.000	66.928.796	92.278.796	28.910.141	93.889.994	122.800.135
3.1.1	Transactions for fair value hedge		-	3.199.770	3.199.770	270.141	4.747.536	5.017.677
3.1.2	Transactions for cash flow hedge		25.350.000	63.729.026	89.079.026	28.640.000	89.142.458	117.782.458
3.1.3	Transactions for foreign net investment hedge		-	-	-	-	-	-
3.2	Trading transactions		101.540.053	509.803.377	611.343.430	229.394.758	536.168.396	765.563.154
3.2.1	Forward foreign currency buy/sell transactions		6.878.452	21.873.924	28.752.376	13.518.027	17.221.478	30.739.505
3.2.1.1	Forward foreign currency transactions-buy		6.543.859	8.211.882	14.755.741	12.690.957	3.178.448	15.869.405
3.2.1.2	Forward foreign currency transactions-sell		334.593	13.662.042	13.996.635	827.070	14.043.030	14.870.100
3.2.2	Swap transactions related to foreign currency and interest rates		79.496.249	365.672.873	445.169.122	159.881.223	363.392.172	523.273.395
3.2.2.1	Foreign currency swap-buy		2.736.686	86.569.819	89.306.505	5.018.738	133.689.633	138.708.371
3.2.2.2	Foreign currency swap-sell		41.036.563	50.974.224	92.010.787	102.529.485	37.799.517	140.329.002
3.2.2.3	Interest rate swap-buy		17.861.500	114.064.415	131.925.915	26.166.500	95.951.511	122.118.011
3.2.2.4	Interest rate swap-sell		17.861.500	114.064.415	131.925.915	26.166.500	95.951.511	122.118.011
3.2.3	Foreign currency, interest rate and securities options		3.432.625	19.551.001	22.983.626	47.884.306	63.887.163	111.771.469
3.2.3.1	Foreign currency options-buy		3.375.949	5.609.883	8.985.832	47.748.901	5.573.894	53.322.795
3.2.3.2	Foreign currency options-sell		56.676	8.840.598	8.897.274	135.405	53.338.749	53.474.154
3.2.3.3	Interest rate options-buy		-	4.015.628	4.015.628	-	3.890.663	3.890.663
3.2.3.4	Interest rate options-sell		-	1.084.892	1.084.892	-	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		1.439.702	1.356.142	2.795.844	1.303.006	1.217.241	2.520.247
3.2.4.1	Foreign currency futures-buy		475.032	936.304	1.411.336	1.015.119	229.092	1.244.211
3.2.4.2	Foreign currency futures-sell		964.670	419.838	1.384.508	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		10.293.025	101.349.437	111.642.462	6.808.196	90.450.342	97.258.538
B.	**Custody and pledges received (IV+V+VI)**		**1.955.951.663**	**591.390.475**	**2.547.342.138**	**1.537.205.735**	**583.697.705**	**2.120.903.440**
IV.	**Items held in custody**		**572.603.045**	**56.273.177**	**628.876.222**	**253.387.513**	**57.908.696**	**311.296.209**
4.1.	Customer fund and portfolio balances		480.715.183	16.804.675	497.519.858	170.680.657	19.001.079	189.681.736
4.2.	Investment securities held in custody		12.347.679	38.352.216	50.699.895	13.557.096	37.775.004	51.332.100
4.3.	Checks received for collection		64.778.206	73.358	64.851.564	54.920.770	115.121	55.035.891
4.4.	Commercial notes received for collection		14.703.833	761.429	15.465.262	14.170.846	747.138	14.917.984
4.5.	Other assets received for collection		-	224.092	224.092	-	215.011	215.011
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		58.144	57.407	115.551	58.144	55.343	113.487
4.8.	Custodians		-	-	-	-	-	-
V.	**Pledges received**		**1.344.770.575**	**219.760.090**	**1.564.530.665**	**1.236.921.247**	**218.585.378**	**1.455.506.625**
5.1.	Marketable securities		134.029.656	541.063	134.570.719	134.030.581	527.277	134.557.858
5.2.	Guarantee notes		22.050.256	1.985.453	24.035.709	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		556.045.116	2.660.450	558.705.566	471.940.839	2.545.435	474.486.274
5.6.	Other pledged items		632.639.635	214.538.926	847.178.561	608.946.138	213.577.502	822.523.640
5.7.	Pledged items-depository		-	34.198	34.198	-	33.322	33.322
VI.	**Accepted independent guarantees and warranties**		**38.578.043**	**315.357.208**	**353.935.251**	**46.896.975**	**307.203.631**	**354.100.606**
	Total off-balance sheet commitments (A+B)		**2.549.837.294**	**1.387.404.634**	**3.937.241.928**	**2.136.103.813**	**1.426.592.093**	**3.562.695.906**

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

3. Consolidated statement of profit or loss

	Income and expense items	Note (Section Five)	Current Period (01/01/2023 - 31/03/2023)	Prior Period (01/01/2022 - 31/03/2022)
I.	**INTEREST INCOME**	**4.1**	**37.531.706**	**20.279.315**
1.1	Interest on Loans	4.1.1	21.618.120	12.490.309
1.2	Interest Received from Reserve Deposits		11.309	221.173
1.3	Interest Received from Banks	4.1.2	1.089.242	203.971
1.4	Interest Received from Money Market Transactions		157.373	42.487
1.5	Interest Received from Marketable Securities Portfolio	4.1.3	13.061.572	6.635.222
1.5.1	Financial Assets Measured at Fair Value Through Profit or Loss		25.195	10.191
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		3.872.967	2.428.499
1.5.3	Financial Assets Measured at Amortised Cost		9.163.410	4.196.532
1.6	Financial Lease Income		772.159	400.477
1.7	Other Interest Income		821.931	285.676
II.	**INTEREST EXPENSE (-)**	**4.2**	**22.535.134**	**9.645.936**
2.1	Interest on Deposits	4.2.6	17.386.632	5.347.734
2.2	Interest on Funds Borrowed	4.2.1	1.730.278	888.882
2.3	Interest expense on money market transactions	4.2.4	502.374	1.225.305
2.4	Interest on Securities Issued	4.2.3	2.650.190	1.872.250
2.5	Interest on Lease Payables		75.989	53.512
2.6	Other Interest Expense	4.2.5	189.671	258.253
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**14.996.572**	**10.633.379**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSE**		**5.788.262**	**2.846.552**
4.1	Fees and Commissions Received		7.881.959	3.834.792
4.1.1	Non-cash Loans		736.933	444.596
4.1.2	Other		7.145.026	3.390.196
4.2	Fees and Commissions Paid		2.093.697	988.240
4.2.1	Non-cash Loans		17.011	5.405
4.2.2	Other		2.076.686	982.835
V	**DIVIDEND INCOME**		**4.843**	**60.527**
VI.	**TRADING PROFIT/LOSS (Net)**	**4.3**	**4.077.175**	**1.536.841**
6.1	Trading Gains/Losses on Securities		1.185.353	352.042
6.2	Derivative Financial Transactions Gains/Losses	4.4	2.510.131	5.815.942
6.3	Foreign Exchange Gains/Losses		381.691	(4.631.143)
VII.	**OTHER OPERATING INCOME**	**4.6**	**6.520.352**	**5.071.547**
VIII.	**GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)**		**31.387.204**	**20.148.846**
IX.	**ALLOWANCE FOR EXPECTED CREDIT LOSSES (-)**	**4.5**	**6.864.326**	**6.927.193**
X.	**OTHER PROVISION EXPENSES (-)**	**4.5**	**23.041**	**237.121**
XI.	**PERSONNEL EXPENSES (-)**	**4.8**	**2.905.108**	**1.492.659**
XII.	**OTHER OPERATING EXPENSES (-)**	**4.7**	**6.350.733**	**1.965.215**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**15.243.996**	**9.526.658**
XIV.	**SURPLUS WRITTEN AS GAIN AFTER MERGER**		-	-
XV.	**PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES**		**396.462**	**36.584**
XVI.	**NET MONETARY POSITION GAIN/LOSS**		-	-
XVII.	**PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)**	**4.8**	**15.640.458**	**9.563.242**
XVIII.	**PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)**	**4.9**	**2.999.937**	**2.304.658**
18.1	Current Tax Provision		2.924.950	10.723.225
18.2	Expense effect of deferred tax (+)		74.987	-
18.3	Income effect of deferred tax (-)		-	8.418.567
XIX.	**NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)**		**12.640.521**	**7.258.584**
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**	**12.640.521**	**7.258.584**
25.1	Group`s profit/loss		12.640.225	7.258.448
25.2	Minority shares	4.11	296	136
	Earnings/(loss) per share (full TL)		0,0150	0,0086

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

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

		Current Period (31/03/2023)	Prior Period (31/03/2022)
I.	**PROFIT (LOSS)**	**12.640.521**	**7.258.584**
II.	**OTHER COMPREHENSIVE INCOME**	**444.462**	**8.367.809**
2.1	**Other comprehensive income that will not be reclassified to profit or loss**	**944.785**	**(13.878)**
2.1.1.	Gains (losses) on Revaluation of Property, Plant and Equipment	-	-
2.1.2.	Gains (losses) on Revaluation of Intangible Assets	-	-
2.1.3.	Gains (losses) on Remeasurements of Defined Benefit Plans	29	(21.924)
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	(956)	2.300
2.1.5.	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	945.712	5.746
2.2.	**Other Comprehensive Income That Will Be Reclassified to Profit or Loss**	**(500.323)**	**8.381.687**
2.2.1.	Exchange Differences on Translation	553.574	1.137.056
2.2.2.	Valuation and/or Reclassification Profit or Loss from Financial Assets Measured at Fair Value Through Other Comprehensive Income	(28.729)	7.699.338
2.2.3.	Income (loss) Related with Cash Flow Hedges	(935.600)	2.131.536
2.2.4.	Income (loss) Related with Hedges of Net Investments in Foreign Operations	(434.514)	(808.360)
2.2.5.	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	(4.764)	-
2.2.6.	Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	349.710	(1.777.883)
III.	**TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)**	**13.084.983**	**15.626.393**

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

5. Consolidated statement of changes in shareholders' equity

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

1. Tangible assets revaluation reserve,
2. Accumulated gains / losses on remeasurements of defined benefit plans,
3. Other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss,
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.

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

5. Consolidated statement of changes in shareholders' equity

Prior Period (31/03/2022)					Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit or Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit or Loss								
Changes in shareholder's equity	Paid in capital	Share premium	Share certificate cancellation profits	Other capital reserves	1	2	3	4	5	6	Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total equity except minority interest	Minority Interest	Total shareholders' equity
I. Balance at the beginning of the period	**8.447.051**	**556.937**	**-**	**1.588.628**	**1.877.188**	**(837.989)**	**20.546**	**7.867.243**	**1.433.581**	**(2.059.517)**	**32.464.808**	**1.639.954**	**10.489.758**	**63.488.188**	**1.018**	**63.489.206**
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	**8.447.051**	**556.937**	**-**	**1.588.628**	**1.877.188**	**(837.989)**	**20.546**	**7.867.243**	**1.433.581**	**(2.059.517)**	**32.464.808**	**1.639.954**	**10.489.758**	**63.488.188**	**1.018**	**63.489.206**
IV. Total comprehensive income (loss)	-	-	-	-	**1.361**	**(17.539)**	**2.300**	**1.137.056**	**6.159.482**	**1.085.149**	-	-	**7.258.448**	**15.626.257**	**136**	**15.626.393**
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution	-	-	-	**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**	**-**	**1.607.391**	**1.878.549**	**(855.528)**	**22.846**	**9.004.299**	**7.593.063**	**(974.368)**	**41.935.803**	**1.639.954**	**7.258.448**	**78.114.445**	**1.061**	**78.115.506**

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.

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

6. Consolidated statement of cash flows

		Notes (Section Five)	Current Period (31/03/2023)	Prior Period (31/03/2022)
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**		**18.138.758**	**12.792.963**
1.1.1	Interest received		27.343.517	17.423.326
1.1.2	Interest paid		(20.584.823)	(8.595.528)
1.1.3	Dividend received		4.843	60.527
1.1.4	Fees and commissions received		7.881.959	3.834.792
1.1.5	Other income		11.043.949	4.000.251
1.1.6	Collections from previously written-off loans and other receivables		1.674.378	1.637.769
1.1.7	Cash Payments to personnel and service suppliers		(8.133.279)	(3.482.083)
1.1.8	Taxes paid		(221.327)	(2.371.151)
1.1.9	Other		(870.459)	285.060
1.2	**Changes in operating assets and liabilities subject to banking operations**		**7.780.933**	**3.095.056**
1.2.1	Net (increase) decrease in financial assets measured at fair value through profit or loss		989.689	(74.736)
1.2.2	Net (increase) decrease in due from banks		661.130	(10.301.173)
1.2.3	Net (increase) decrease in loans		(50.270.435)	(59.325.198)
1.2.4	Net (increase) decrease in other assets		(4.719.912)	(3.671.863)
1.2.5	Net increase (decrease) in bank deposits		2.923.025	(750.447)
1.2.6	Net increase (decrease) in other deposits		81.888.712	55.964.978
1.2.7	Net increase (decrease) in financial liabilities measured at fair value through profit or loss		(1.153.081)	3.416.886
1.2.8	Net increase (decrease) in funds borrowed		(14.609.273)	9.140.585
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities		(7.928.922)	8.696.024
I.	**Net cash provided from banking operations**		**25.919.691**	**15.888.019**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash provided from investing activities**		**(12.534.973)**	**(11.481.513)**
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures		-	(25.015)
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures		-	-
2.3	Cash paid for the purchase of tangible and intangible asset		(171.203)	(243.019)
2.4	Cash obtained from the sale of tangible and intangible asset		61.198	143.774
2.5	Cash paid for the purchase of financial assets measured at fair value through other comprehensive income		(4.620.552)	(6.703.620)
2.6	Cash obtained from the sale of financial assets measured at fair value through other comprehensive income		2.962.482	2.916.426
2.7	Cash paid for the purchase of financial assets at amortised cost		(12.435.463)	(9.613.458)
2.8	Cash obtained from sale of financial assets at amortised cost		1.668.565	2.043.399
2.9	Other		-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash flows from financing activities**		**(15.296.273)**	**(4.338.727)**
3.1	Cash obtained from funds borrowed and securities issued		10.307.385	5.769.905
3.2	Cash outflow from funds borrowed and securities issued		(17.467.325)	(9.972.380)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(7.911.191)	(93)
3.5	Payments for lease liabilities		(225.142)	(136.159)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**		**2.803.886**	**9.196.786**
V.	**Net increase/decrease in cash and cash equivalents**		**892.331**	**9.264.565**
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**		**130.002.669**	**112.582.840**

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, communique, interpretations and circular published by BRSA and If no specific regulation has been made by BRSA, it has been determined and applied according to the principles of TFRS.

The accounting principles are in accordance with the principles used in preparing yearly financial statements as of December 31, 2022

Interest rate benchmark reform London Interbank Offered Rate (LIBOR) is the most widely referenced benchmark interest rate across the globe for derivatives, bonds, loans and other floating rate instruments; however, for the USD indexed products, the regulator's transition process of the market from LIBOR and certain other benchmark rates to alternative risk-free, or nearly risk-free, rates that are based on actual overnight transactions still continues. Derivatives, floating rate notes, loans and other financial contracts whose terms extend beyond the relevant discontinuation date, and that refer to certain benchmark rates (including LIBOR) as the reference rate, will be impacted.

In Turkey, Turkish Lira Overnight Reference Rate ("TLREF") is created in order to meet the need of Turkish Lira short-term reference rate that can be used as an underlying or a benchmark in financial products, debt instruments and different types of financial contracts. The Group completed the necessary infrastructure development and started to trade TLREF indexed products in 2021.

As of March 31, 2023, the Group largely completed the necessary infrastructure development for USD Libor indexed derivatives, money market transactions, bonds, loan products and risk management systems in order to take the transition to alternative benchmark interest rates that are based on actual overnight transactions. Following the system developments, it is anticipated that for the new traded floating rate instruments alternative benchmark interest rates are going to be used. For the existing transactions, it is planned to take transition to alternative benchmark interest rates in case there is a request from counter banks or customers. In the light of analysis, related transition will have no material impact on financial statements.

POA published the Phase 1, Amendments to TAS 39, TFRS 9 and TFRS 7 in December 2019 and Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7 and TFRS 16 in December 2020. The Phase 1, Amendments and The Phase 2, Amendments provide some specific reliefs on hedge accounting transactions and address issues that arise upon replacing the existing interest rate benchmark with the alternative interest rates and introduces additional disclosure requirements. There is no hedge relation discontinued due to this reform.

Interest rate contracts are used in hedge transactions to manage exposure to interest rate risk of assets and liabilities. The hedging instruments designated to manage these risks reference LIBOR in multiple jurisdictions and have been affected by the reform as the markets transition to alternative risk free or nearly risk-free rates by 2021 and beyond.

The Phase 2 Amendments provide two key reliefs:

- ➢ Modifications made as a direct result of the reform on an economically equivalent basis are reflected prospectively in the effective interest rate rather than as an immediate gain or loss.
- ➢ If qualifying criteria are met, hedging relationships that are directly impacted by the reform would be able to continue hedge accounting upon transition to alternative interest rates.

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 March 31, 2023 in accordance with TAS 29.

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 31 December 2022 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.

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

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

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

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

3. Information on consolidation principles:

3.1. Consolidation principles applied:

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

3.1.1. Consolidation principles of subsidiaries:

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

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

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

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

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

Title	Incorporation (City/ Country)	Main activities	Effective rates (%) March 31, 2023	Direct and indirect rates March 31, 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
Stiching Custody Services YKB	Amsterdam/Netherlands	Custody services	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company (1)	George Town/ Cayman Islands	Special Purpose Company	-	-

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

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

3.1.2. Consolidation principles of associates:

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

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

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

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

Title	(City/ Country)	Main activities	Effective rates % March 31, 2023	Direct and indirect rates % March 31, 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

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 re-measured 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 of the income or loss arising from derivative instruments depends on whether the derivative is being used for hedging purposes or not and depends on the type of item being hedged.

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

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

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

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

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

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

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

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

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

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

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

As of March 31, 2023, the Parent Bank's credit derivatives portfolio included total return swaps.

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

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

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

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

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

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

5. Explanations on interest income and expense:

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

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

6. Explanations on fee and commission income and expenses:

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

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

7. Explanations on financial assets:

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

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

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

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

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

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

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

Assessment of the business model

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

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

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

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

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

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

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

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

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

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

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

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

➢ Other business models

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

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

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

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

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

In making the assessment, the Group considers:

➢ Contingent events that would change the amount and timing of cash flows;
➢ Leverage features;
➢ Prepayment and extension terms;
➢ Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
➢ Features that modify consideration of the time value of money (e.g. periodical reset of interest rates).
➢ When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss.

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 March 31, 2023, the Bank has classified loans in accordance with the TFRS 9 standard and reflected them in its financial statements. In this context; the Group has evaluated many reasonable and supportable qualitative and quantitative data in assessing whether there is a significant increase in credit risk in the classification of loans according to stages and determining the moment when the default situation occurs. It has classified the loans according to their stages according to its best judgment under the current conditions.

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.

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.

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

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

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

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

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

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

The main adjustments aimed at:

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

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

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

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

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

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

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

Significant increase in credit risk

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

Quantitative Assessment:

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

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.

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 arised from the merger was subject to annual impairment test in accordance with the requirement of TAS 36 - Impairment of Assets. As of 31 December 2022, the goodwill was fully impaired and directly recognized in profit reserves under the statement of shareholders' equity.

12.2. Other intangible assets:

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

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

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

13. Explanations on property and equipment:

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

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

The depreciation rate for buildings is 2-4%; for movables and movables acquired under financial leasing depreciation is calculated over estimated useful life by using the straight-line method.

The depreciation charge for items remaining in property and equipment for less than a full accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

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

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

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

14. Explanations on leasing transactions:

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

14.1. Accounting of leasing operations according to 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.

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.

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, starting from the declarations that must be submitted starting from July 1, 2021 and to be valid for the taxation period starting from January 1, 2021, 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. 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.

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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.

Corporations are required to pay advance corporate tax quarterly on their corporate income. Advance tax is declared and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and 50% portion of the capital gains derived from immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years.

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

Tax returns are required to be filled and delivered to the related tax office until the last evening of the fourth month following the balance sheet date and the accrued tax is paid same day. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Non-monetary items on the financial statements must have been restated for inflation according to the repeated article 298/A of Tax Procedure Law. In law numbered 7352 published on January 29, 2022 in the Official Gazette numbered 31734, 2021 and 2022 accounting periods including advance tax periods are deemed as the periods in which the requirements for inflation adjustment are not met.

Tax rates that are used in tax calculations before the exemptions by foreign subsidiaries by taking current tax regulations in their countries into consideration as of March 31, 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, will also be 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.

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.

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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	12.640.225	7.258.448
Weighted average number of issued ordinary shares (thousand)	844.705.128	844.705.128
Earnings per share (full TL)	**0,0150**	**0,0086**

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).

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.

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

Section four - Information related to financial position of the Group

1. Explanations on consolidated equity:

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

The consolidated capital adequacy ratio of the Group is 16,76% (December 31, 2022 - 19,95%) and the Parent Bank is 17,87% (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	29.622.839	28.852.512
Profit	14.280.179	54.384.643
Net profit of the period	12.640.225	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	1.642	1.537
Common Equity Tier 1 capital before regulatory adjustments	**140.322.377**	**134.807.744**
Common Equity Tier 1 capital: regulatory adjustments		
Prudential valuation adjustments	64.848	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	8.871.670	8.545.805
Improvement costs for operating leasing	195.058	204.739
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.222.388	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	4.470.989	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	**14.824.953**	**15.182.398**
Common Equity Tier 1 capital (CET1)	**125.497.424**	**119.625.346**

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

ADDITIONAL TIER 1 CAPITAL	**Current Period**	**Prior Period**
Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-	-
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA	12.449.580	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	**12.449.580**	**12.153.895**
Additional Tier 1 capital: regulatory adjustments		
Investments in own Additional Tier 1 instruments	-	-
Reciprocal cross-holdings in Additional Tier 1 instruments	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
Total regulatory adjustments to Additional Tier 1 capital	-	-
Total Additional Tier 1 capital	**12.449.580**	**12.153.895**
Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	**137.947.004**	**131.779.241**
TIER 2 CAPITAL		
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	10.376.600	10.149.150
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Covered by Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	5.857.828	5.334.326
Tier 2 capital before regulatory adjustments	**16.234.428**	**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	**16.234.428**	**15.483.476**
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	**154.111.225**	**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	6.518	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	63.689	51.370
Regulatory Adjustments which will be deducted from Total Capital during the transition period		
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Significant investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold), mortgage servicing rights (amount above 10% threshold), deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-

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

OWN FUNDS	**Current Period**	**Prior Period**
Total Capital (The sum of Tier 1 capital and Tier 2 capital) (2)	153.981.911	146.592.166
Total Risk Weighted Assets(2)	918.759.854	734.986.438
CAPITAL ADEQUACY RATIOS		
Common Equity Tier 1 Capital Adequacy Ratio (%)	13,66	16,28
Tier 1 Capital Adequacy Ratio (%)	15,01	17,93
Capital Adequacy Ratio (%)	16,76	19,95
BUFFERS		
Institution specific buffer requirement of the Bank (a+b+c)	3,549	3,542
a)Capital conservation buffer requirement (%)	2,500	2,500
b)Bank's specific countercyclical buffer requirement (%)	0,049	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 (%)	8,760	11,776
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financials	471.572	422.947
Significant investments in the common stock of financials	3.806.840	3.526.931
Mortgage servicing rights (net of related tax liability)	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	10.177.042	9.782.385
Applicable caps on the inclusion of provisions in Tier 2 capital		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	3.638.655	3.411.544
Up to 1,25% of total risk-weighted amount of general provisions for receivables where the standard approach used	1.740.570	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	9.942.480	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	4.117.258	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.

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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	TRSYKBK62914	TRSYKBK92911
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 mil, as of most recent reporting date)	-	9.576	12.450	500	300
Par value of instrument	5.171	9.576	12.450	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 incompliances with article number 7 and 8 of "Own fund regulation"	-	-	-		-

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

1.3. There are differences between the figures in the own funds and their corresponding amounts in the balance sheet. Within this context; in the calculation of own funds, the losses and gains that are related to cash flow hedge transactions are not considered in the own funds and the prudential valuation adjustments calculated in accordance with the (i) item of the first paragraph in the ninth article of the "Regulation Regarding Banks' Shareholders' Equity" are considered in the own funds. In addition, the subordinated liabilities are considered after the adjustments made in accordance with the ninth paragraph of the eighth article and in the provisional fourth 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)**	**789.548.111**	**649.272.333**	**63.163.849**
2	Of which standardised approach (SA)	114.225.009	92.580.266	9.138.001
3	Of which internal rating-based (IRB) approach	675.323.102	556.692.067	54.025.848
4	**Counterparty credit risk**	**12.272.249**	**13.345.144**	**981.780**
5	Of which standardised approach for counterparty credit risk (SA-CCR)	12.272.249	13.345.144	981.780
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**	**10.986**	**14.748**	**879**
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**	**8.260.225**	**19.194.892**	**660.818**
17	Of which standardised approach (SA)	8.260.225	19.194.892	660.818
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)**	**9.265.013**	**6.812.360**	**741.201**
24	**Floor adjustment**	-	-	-
25	**TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)**	**918.759.854**	**734.986.438**	**73.500.789**

2.1.2 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	48.958.159	150.427.302
3	Changes in Asset Quality	13.909.941	13.104.722
4	Model Updates	3.200.000	(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**	**675.323.102**	**556.692.067**

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

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

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	**19,1532**	**20,8450**
First day current bid rate	19,1460	20,8021
Second day current bid rate	19,1070	20,7201
Third day current bid rate	19,0839	20,6467
Fourth day current bid rate	19,0680	20,5252
Fifth day current bid rate	19,0371	20,5055
Arithmetic average of the last 31 days:	**18,9744**	**20,2920**
Evaluation rate as of prior period:	**18,6983**	**19,9349**

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

Information on currency risk of the Group:

Current Period	EUR	USD	Other FC (4)	Total
Assets				
Cash (Cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	40.124.450	50.420.242	21.426.325	111.971.017
Banks	10.415.145	21.693.174	1.613.832	33.722.151
Financial assets measured at fair value through profit or loss	53.082	806.173	-	859.255
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	1.968.483	17.479.027	654.123	20.101.633
Loans (1)	100.864.779	93.444.303	9.290.962	203.600.044
Investments in associates, subsidiaries and joint ventures	-	-	3.190.839	3.190.839
Financial assets measured at amortised cost	10.453.024	64.678.904	-	75.131.928
Hedging derivative financial assets	613.371	2.520.163	-	3.133.534
Tangible assets	42.357	-	164.774	207.131
Other assets (2)	8.443.916	23.015.604	792.427	32.251.947
Total assets	**172.978.607**	**274.057.590**	**37.133.282**	**484.169.479**
Liabilities				
Bank deposits	2.067.748	2.211.292	299.280	4.578.320
Foreign currency deposits	106.424.960	146.657.144	50.965.674	304.047.778
Funds from money market	3.134.029	7.649.562	-	10.783.591
Funds borrowed from other financial institutions	34.126.795	47.976.031	336.343	82.439.169
Marketable securities issued	5.273.239	19.887.283	6.673.350	31.833.872
Miscellaneous payables	3.876.076	1.617.621	92.653	5.586.350
Hedging derivative financial liabilities	-	-	-	-
Other liabilities (3)	8.640.755	70.380.944	232.713	79.254.412
Total liabilities	**163.543.602**	**296.379.877**	**58.600.013**	**518.523.492**
Net on balance sheet position	**9.435.005**	**(22.322.287)**	**(21.466.731)**	**(34.354.013)**
Net off balance sheet position (5)	**(9.575.016)**	**22.550.759**	**25.490.537**	**38.466.280**
Financial derivative assets	28.391.101	75.060.056	28.853.600	132.304.757
Financial derivative liabilities	37.966.117	52.509.297	3.363.063	93.838.477
Net position	**(140.011)**	**228.472**	**4.023.806**	**4.112.267**
Non-cash loans	**69.257.190**	**71.009.553**	**8.788.356**	**149.055.099**
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 136.613 (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 1.192.639 (December 31, 2022 - TL 1.061.744) and intangible assets amounting to TL 85.633 (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.

(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	6.141.167	-	-	-	-	141.081.358	147.222.525
Banks	6.351.436	4.959.901	4.795.574	-	-	24.079.828	40.186.739
Financial assets measured at fair value through profit or loss	281.235	-	16.195	171.867	224.131	593.800	1.287.228
Receivables from money markets	5.208.728	-	-	-	-	-	5.208.728
Financial assets measured at fair value through other comprehensive income	7.092.963	12.640.187	32.278.796	12.320.191	16.920.618	191.167	81.443.922
Loans (1)	142.703.511	136.373.508	226.261.140	140.257.138	37.437.501	(15.647.007)	667.385.791
Financial assets measured at amortised cost	2.329.044	14.245.706	72.831.979	36.554.447	62.411.298	-	188.372.474
Other assets	1.817.719	3.814.935	2.965.076	7.856.607	3.628.745	99.441.799	119.524.881
Total assets	**171.925.803**	**172.034.237**	**339.148.760**	**197.160.250**	**120.622.293**	**249.740.945**	**1.250.632.288**
Liabilities							
Bank deposits	3.352.650	4.138.601	4.534.318	59.191	-	1.329.648	13.414.408
Other deposits	260.445.875	156.428.568	37.005.683	6.864.631	371.242	317.909.328	779.025.327
Funds from money market	18.367.746	2.477.001	4.149.929	-	-	-	24.994.676
Miscellaneous payables	-	-	-	-	-	48.579.073	48.579.073
Marketable securities issued	1.480.406	11.851.908	8.034.082	19.718.028	-	-	41.084.424
Funds borrowed from other financial institutions	19.046.842	41.583.286	22.715.073	11.354.619	787.746	-	95.487.566
Other liabilities(2)	3.266.728	39.028.997	21.442.050	12.598.906	3.889.927	167.820.206	248.046.814
Total liabilities	**305.960.247**	**255.508.361**	**97.881.135**	**50.595.375**	**5.048.915**	**535.638.255**	**1.250.632.288**
Balance sheet long position	**-**	**-**	**241.267.625**	**146.564.875**	**115.573.378**	**-**	**503.405.878**
Balance sheet short position	**(134.034.444)**	**(83.474.124)**	**-**	**-**	**-**	**(285.897.310)**	**(503.405.878)**
Off-balance sheet long position	18.378.669	27.987.060	-	-	-	-	46.365.729
Off-balance sheet short position	-	-	(4.767.884)	(29.947.784)	(10.229.719)	-	(44.945.387)
Total position	**(115.655.775)**	**(55.487.064)**	**236.499.741**	**116.617.091**	**105.343.659**	**(285.897.310)**	**1.420.342**

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".

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

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	-	2,50	-	-
Banks	0,09	0,92	-	17,84
Financial assets measured at fair value through profit or loss	5,38	5,54	-	-
Receivables from money markets	-	-	-	20,93
Financial assets measured at fair value through other comprehensive income	3,32	7,73	-	36,77
Loans	6,63	8,43	-	22,74
Financial assets measured at amortised cost	2,67	6,45	-	38,78
Liabilities				
Bank deposits [(1)]	1,91	3,61	-	6,87
Other deposits [(1)]	0,33	0,68	-	13,44
Funds from money market	5,26	4,61	-	10,23
Miscellaneous payables	-	-	-	-
Marketable securities issued	5,05	7,42	-	20,28
Funds borrowed from other financial institutions	4,62	7,82	-	18,80

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.

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 63% 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 on a both solo and consolidated level 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 the Parent Bank LCR, the Net Stable Funding Rate (NSFR), which is considered another complementary element and provides another important medium/ long-term liquidity risk measurement, has also measures internally. 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.

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

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

	Unweighted Amounts		Weighted Amounts	
Current Period	**TL+FC**	**FC**	**TL+FC**	**FC**
High Quality Liquid Assets				
High Quality Liquid Assets			301.809.226	135.910.363
Cash Outflows				
Retail and Small Business Customers Deposits	**460.998.490**	**187.208.042**	**40.371.866**	**18.401.959**
Stable deposits	114.559.663	6.376.907	5.727.983	318.845
Less stable deposits	346.438.827	180.831.135	34.643.883	18.083.114
Unsecured Funding other than Retail and Small Business Customers Deposits	**282.587.059**	**110.958.471**	**162.563.129**	**56.203.919**
Operational deposits	-	-	-	-
Non-Operational deposits	209.492.956	96.059.297	98.524.884	41.304.745
Other Unsecured funding	73.094.103	14.899.174	64.038.245	14.899.174
Secured funding			**22.650**	**-**
Other Cash Outflows	**3.509.818**	**3.670.113**	**3.509.818**	**3.670.113**
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.509.818	3.670.113	3.509.818	3.670.113
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	**281.999.240**	**143.565.272**	**14.099.962**	**7.178.264**
Other irrevocable or conditionally revocable commitments	**311.999.384**	**42.906.647**	**25.977.928**	**5.306.468**
Total Cash Outflows			**246.545.353**	**90.760.723**
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	102.514.625	40.195.713	76.217.988	35.826.827
Other contractual cash inflows	155.833	61.056.948	155.833	61.056.949
Total Cash Inflows	**102.670.458**	**101.252.661**	**76.373.821**	**96.883.776**
			Capped Amounts	
Total High Quality Liquid Assets			**301.809.226**	**135.910.363**
Total Net Cash Outflows			**170.171.532**	**22.690.180**
Liquidity Coverage Ratio (%)			**177,36**	**598,98**

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

Current Period	**Minimum FC (%)**	**Minimum TL+FC (%)**	**Maximum FC (%)**	**Maximum TL+FC (%)**
Week	March 3, 2023	January 13, 2023	February 10, 2023	February 10, 2023
Ratio (%)	528,29	165,80	632,04	197,13

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

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

	Unweighted Amounts		Weighted Amounts	
Prior Period	**TL+FC**	**FC**	**TL+FC**	**FC**
High Quality Liquid Assets				
High Quality Liquid Assets			272.983.478	131.335.615
Cash Outflows				
Retail and Small Business Customers Deposits	**397.165.767**	**188.483.727**	**36.092.366**	**18.795.427**
Stable deposits	72.484.220	1.058.912	3.624.211	52.946
Less stable deposits	324.681.547	187.424.815	32.468.155	18.742.481
Unsecured Funding other than Retail and Small Business Customers Deposits	**281.926.371**	**142.155.176**	**168.334.921**	**81.418.756**
Operational deposits	-	-	-	-
Non-Operational deposits	202.790.483	105.269.760	97.785.352	44.533.340
Other Unsecured funding	79.135.888	36.885.416	70.549.569	36.885.416
Secured funding			**116.510**	**86.724**
Other Cash Outflows	**3.475.231**	**3.475.231**	**3.475.231**	**3.475.231**
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.475.231	3.475.231	3.475.231	3.475.231
Debts related to the structured financial products	-	-	-	-
Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	**258.290.430**	**144.736.960**	**12.914.521**	**7.236.848**
Other irrevocable or conditionally revocable commitments	**251.677.440**	**38.594.558**	**22.214.640**	**5.678.798**
Total Cash Outflows			**243.148.189**	**116.691.784**
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	82.979.532	40.250.599	62.709.823	35.883.439
Other contractual cash inflows	302.562	76.848.953	302.561	76.848.954
Total Cash Inflows	**83.282.094**	**117.099.552**	**63.012.384**	**112.732.393**
			Capped Amounts	
Total High Quality Liquid Assets			**272.983.478**	**131.335.615**
Total Net Cash Outflows			**180.135.805**	**29.172.946**
Liquidity Coverage Ratio (%)			**151,54**	**450,20**

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

	Minimum FC (%)	Minimum TL+FC (%)	Maximum FC (%)	Maximum TL+FC (%)
Week	November 11, 2022	December 2, 2022	October 7, 2022	October 7, 2022
Ratio (%)	432,12	137,02	580,31	170,73

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

Breakdown of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified[1][2]	Total
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	82.928.966	64.293.559	-	-	-	-	-	147.222.525
Banks	22.525.485	6.351.436	6.514.244	4.795.574	-	-	-	40.186.739
Financial assets measured at fair value through profit or loss	281.606	10.623	-	16.195	171.867	224.131	582.806	1.287.228
Receivables from money markets	-	5.208.728	-	-	-	-	-	5.208.728
Financial assets measured at fair value through other comprehensive income	-	1.978.523	2.984.561	5.678.293	38.377.992	32.233.386	191.167	81.443.922
Loans[1]	-	134.720.255	120.835.765	210.370.244	168.999.196	48.107.338	(15.647.007)	667.385.791
Financial assets measured at amortised cost	-	-	1.618.537	10.499.677	98.858.313	77.395.947	-	188.372.474
Other assets	53.885.204	1.634.311	3.183.220	3.301.557	8.317.985	3.781.189	45.421.415	119.524.881
Total assets	**159.621.261**	**214.197.435**	**135.136.327**	**234.661.540**	**314.725.353**	**161.741.991**	**30.548.381**	**1.250.632.288**
Liabilities								
Bank deposits	1.329.648	3.352.650	4.138.601	4.534.318	59.191	-	-	13.414.408
Other deposits	317.909.328	260.445.875	156.428.568	37.005.683	6.864.631	371.242	-	779.025.327
Funds borrowed from other financial institutions	-	10.741.164	26.114.077	34.095.401	23.532.625	1.004.299	-	95.487.566
Funds from money market	-	18.367.746	2.477.001	4.149.929	-	-	-	24.994.676
Marketable securities issued	-	1.483.164	7.893.361	8.676.243	23.031.656	-	-	41.084.424
Miscellaneous payables	406.180	43.214.802	1.733.704	1.255.737	-	-	1.968.650	48.579.073
Other liabilities[2]	14.952.733	2.855.972	11.044.479	25.325.317	27.477.965	25.801.743	140.588.605	248.046.814
Total liabilities	**334.597.889**	**340.461.373**	**209.829.791**	**115.042.628**	**80.966.068**	**27.177.284**	**142.557.255**	**1.250.632.288**
Net liquidity gap	**(174.976.628)**	**(126.263.938)**	**(74.693.464)**	**119.618.912**	**233.759.285**	**134.564.707**	**(112.008.874)**	**-**
Net Off-Balance Sheet Position	**-**	**(1.163.865)**	**374.022**	**(969.057)**	**219.289**	**2.959.953**	**-**	**1.420.342**
Derivative Financial Assets	-	86.181.449	52.151.126	29.702.387	112.128.978	72.357.344	-	352.521.284
Derivative Financial Liabilities	-	87.345.314	51.777.104	30.671.444	111.909.689	69.397.391	-	351.100.942
Non-Cash Loans	**-**	**11.300.363**	**31.996.075**	**122.354.084**	**36.993.638**	**10.599.494**	**58.357.544**	**271.601.198**

Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified[1][2]	Total
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.

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

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)]	1.224.870.751	1.147.430.043
2	Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communique on Preparation of Consolidated Financial Statements of the Banks	4.920.216	5.130.104
3	Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	5.783.533	5.202.695
4	Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(17.485.815)	(31.916.083)
5	Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(57.045.205)	(47.918.699)
6	Other differences in the consolidated financial statements prepared in accordance with the Communique on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	24.602.769	38.286.704
7	Total Risks	1.839.633.583	1.662.188.119

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

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

		Current Period[(1)]	Prior Period[(1)]
	On-Balance sheet exposures		
1	On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	1.235.527.110	1.155.479.635
2	(Asset amounts deducted in determining Tier 1 capital)	(10.104.616)	(8.994.462)
3	Total on-Balance sheet exposures	1.225.422.494	1.146.485.173
	Derivative financial instruments and credit derivatives		
4	Replacement cost of derivative financial instruments and credit derivatives	10.967.238	12.074.956
5	Potential credit risk of derivative financial instruments and credit derivatives	5.783.533	5.202.695
6	Total derivative financial instruments and credit derivatives exposure	16.750.771	17.277.651
	Securities financing transaction exposure		
7	Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	1.689.826	1.425.925
8	Agent transaction exposures	-	-
9	Total securities financing transaction exposures	1.689.826	1.425.925
	Off-balance sheet items		
10	Off-balance sheet exposure at gross notional amount	652.815.696	544.918.069
11	(Adjustments for conversion to credit equivalent amounts)	(57.045.205)	(47.918.699)
12	Total risk of off-balance sheet items	595.770.491	496.999.370
	Capital and total exposure		
13	Tier 1 capital	137.345.484	129.117.257
14	Total exposures	1.839.633.583	1.662.188.119
15	**Leverage ratio (%)**	**7,47**	**7,77**

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

(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 March 31, 2023 of these hedging instruments are presented in the table below:

	Current Period			Prior Period		
Hedging instrument	**Notional(1)**	**Asset**	**Liability**	**Notional(1)**	**Asset**	**Liability**
Interest rate swap / Currency swap / Cross currency interest rate swap (CFH)	44.539.513	6.231.105	3.375	58.891.229	7.357.997	32.350
Interest rate swap / Cross currency interest rate swap (FVH)	1.606.232	191.732	-	3.213.127	197.754	1.380.313
Total	**46.145.745**	**6.422.837**	**3.375**	**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 46.133.051 (December 31, 2022 - TL 60.695.779) the total notional of derivative financial assets amounting to TL 92.278.796 (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.

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)

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

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	5.680

(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 (March 31 2022- TL 12.073 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.

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	6.231.105	3.375	4.677.850	(701.700)

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

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 176.343 gain (March 31, 2022 – TL 14.798 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 March 31, 2023 is EUR 481 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.

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.

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

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

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

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

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

Current Period	Retail banking	Corporate banking	Commercial and SME banking	Other foreign operations	Other domestic operations	Treasury, Asset-Liability Management and Other	Consolidation adjustments [1]	Total operations of the Group
Operating revenue continuing	7.913.455	2.478.646	7.376.906	511.416	1.583.135	11.548.055	(29.252)	31.382.361
Operating expenses continuing	(4.422.375)	(1.304.908)	(1.333.875)	(165.576)	(349.202)	(8.596.524)	29.252	(16.143.208)
Net operating income continuing	**3.491.080**	**1.173.738**	**6.043.031**	**345.840**	**1.233.933**	**2.951.531**	**-**	**15.239.153**
Dividend income [2]	-	-	-	-	-	4.843	-	4.843
Income/Loss from Investments accounted based on equity method[2]	-	-	-	-	-	396.462	-	396.462
Profit before tax	**3.491.080**	**1.173.738**	**6.043.031**	**345.840**	**1.233.933**	**3.352.836**	**-**	**15.640.458**
Tax expense [2]	-	-	-	-	-	(2.999.937)	-	(2.999.937)
Net period income from continuing operations	**3.491.080**	**1.173.738**	**6.043.031**	**345.840**	**1.233.933**	**352.899**	**-**	**12.640.521**
Minority interest (-)	-	-	-	-	-	(296)	-	(296)
Group income/loss	**3.491.080**	**1.173.738**	**6.043.031**	**345.840**	**1.233.933**	**352.603**	**-**	**12.640.225**
Segment assets	245.917.270	157.620.126	180.404.561	54.627.646	53.148.700	560.913.561	(5.877.178)	1.246.754.686
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	3.877.602	-	3.877.602
Total assets	**245.917.270**	**157.620.126**	**180.404.561**	**54.627.646**	**53.148.700**	**564.791.163**	**(5.877.178)**	**1.250.632.288**
Segment liabilities	443.487.261	87.864.846	189.799.749	43.485.109	45.527.293	314.894.501	(5.877.178)	1.119.181.581
Shareholders' equity	-	-	-	-	-	131.450.707	-	131.450.707
Total liabilities	**443.487.261**	**87.864.846**	**189.799.749**	**43.485.109**	**45.527.293**	**446.345.208**	**(5.877.178)**	**1.250.632.288**

Prior Period[3]	Retail banking	Corporate banking	Commercial and SME banking	Other foreign operations	Other domestic operations	Treasury, Asset-Liability Management and Other	Consolidation adjustments [1]	Total operations of the Group
Operating revenue continuing	3.358.427	1.268.835	3.084.058	256.390	747.009	11.376.243	(2.643)	20.088.319
Operating expenses continuing	(2.491.699)	(1.040.926)	(754.681)	(138.868)	(231.003)	(5.967.654)	2.643	(10.622.188)
Net operating income continuing	**866.728**	**227.909**	**2.329.377**	**117.522**	**516.006**	**5.408.589**	**-**	**9.466.131**
Dividend income [2]	-	-	-	-	-	60.527	-	60.527
Income/Loss from Investments accounted based on equity method[2]	-	-	-	-	-	36.584	-	36.584
Profit before tax	**866.728**	**227.909**	**2.329.377**	**117.522**	**516.006**	**5.505.700**	**-**	**9.563.242**
Tax expense [2]	-	-	-	-	-	(2.304.658)	-	(2.304.658)
Net period income from continuing operations	**866.728**	**227.909**	**2.329.377**	**117.522**	**516.006**	**3.201.042**	**-**	**7.258.584**
Minority interest (-)	-	-		-	-	(136)	-	(136)
Group income/loss	**866.728**	**227.909**	**2.329.377**	**117.522**	**516.006**	**3.200.906**	**-**	**7.258.448**
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 March 31, 2022.

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

Section five - Explanations and notes related to consolidated financial statements

1. Explanations and notes related to consolidated assets:

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	3.164.526	11.815.685	2.606.808	10.570.726
The CBRT(1)	32.086.982	89.258.060	33.129.765	97.841.163
Other	-	10.897.272	-	8.682.441
Total	**35.251.508**	**111.971.017**	**35.736.573**	**117.094.330**

(1) The balance of gold amounting to TL 18.177.608 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)	32.086.982	25.358.910	33.129.765	35.844.180
Time unrestricted amount	-	-	-	-
Time restricted amount	-	6.787.563	-	2.990.650
Reserve requirement(2)	-	57.111.587	-	59.006.333
Total	**32.086.982**	**89.258.060**	**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	830.839	44.324	1.033.868	6.421
Swap transactions	5.465.889	3.864.925	5.256.728	3.735.073
Futures transactions	42.463	-	23.185	-
Options	4.632	189.270	279.107	893.297
Other	-	-	-	-
Total	**6.343.823**	**4.098.519**	**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)	-	191.732	-	197.754
Cash flow hedges(1)	3.289.303	2.941.802	3.658.070	3.699.927
Hedges for investments made in foreign countries	-	-	-	-
Total	**3.289.303**	**3.133.534**	**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	6.464.587	10.139.751	7.534.841	8.087.731
Foreign	1	23.582.400	1	24.222.444
Headquarters and branches abroad	-	-	-	-
Total	**6.464.588**	**33.722.151**	**7.534.842**	**32.310.175**

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

1.4.2. Information on money markets receivables:

As of March 31, 2023 the total amount of TL 5.208.728 money markets transactions with domestic banks included in money market receivables (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 March 31, 2023 financial assets measured at fair value through other comprehensive income given as repo transactions amounting to TL 4.920.264 (December 31, 2022 – TL 827.520). The securities subject to collateral/blocked are TL 13.670.616 (December 31, 2022 - TL 28.421.698) of which blocked at the CBRT is TL 6.685.317 (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	82.542.201	79.553.354
Quoted on stock exchange	80.758.200	77.776.653
Not quoted	1.784.001	1.776.701
Share certificates	236.605	139.910
Quoted on stock exchange	2.731	2.667
Not quoted	233.874	137.243
Impairment provision (-)[1]	1.334.884	1.221.773
Total	**81.443.922**	**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	**118.379**	**1.195.773**	**107.694**	**903.139**
Loans granted to employees	**523.910**	**1.404**	**502.075**	**1.338**
Total	**642.289**	**1.197.177**	**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		
			Loans under restructuring	
Cash Loans	Standard Loans	Not under the scope of restructuring	Modifications on agreement conditions	Refinancing
Non-specialized loans	**563.955.227**	**29.735.215**	**8.026.917**	**44.755.093**
Loans given to enterprises	195.338.716	8.772.060	7.442.845	24.552.139
Export loans	56.208.768	2.105.528	528.456	13.205.036
Import loans	-	-	-	-
Loans given to financial sector	23.319.521	-	-	-
Consumer loans	118.041.125	7.314.894	4.766	2.260.657
Credit cards	118.401.179	6.415.442	-	1.172.806
Other[1]	52.645.918	5.127.291	50.850	3.564.455
Specialized loans	-	-	-	-
Other receivables	**35.266.870**	**1.293.476**	-	-
Total	**599.222.097**	**31.028.691**	**8.026.917**	**44.755.093**

	Standard loans	Loans under close monitoring
12-month provisions for possible losses	5.195.533	-
Significant increase in credit risk	-	16.160.413
Total	**5.195.533**	**16.160.413**

(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	**17.790.471**	**96.563.575**	**114.354.046**
Real estate loans	34.336	14.657.185	14.691.521
Automotive loans	345.244	9.818.599	10.163.843
Consumer loans	17.410.891	72.087.791	89.498.682
Other	-	-	-
Consumer loans-FC indexed	**-**	**23.658**	**23.658**
Real estate loans	-	22.732	22.732
Automotive loans	-	-	-
Consumer loans	-	926	926
Other	-	-	-
Consumer loans-FC	**50.689**	**560.422**	**611.111**
Real estate loans	1.375	247.549	248.924
Automotive loans	-	1.003	1.003
Consumer loans	23.480	295.556	319.036
Other	25.834	16.314	42.148
Individual credit cards-TL	**92.565.323**	**486.704**	**93.052.027**
With installments	54.673.457	48.058	54.721.515
Without installments	37.891.866	438.646	38.330.512
Individual credit cards-FC	**241.032**	**83.914**	**324.946**
With installments	38.397	83.914	122.311
Without installments	202.635	-	202.635
Personnel loans-TL	**42.030**	**127.089**	**169.119**
Real estate loans	-	2.362	2.362
Automotive loans	274	2.951	3.225
Consumer loans	41.756	121.776	163.532
Other	-	-	-
Personnel loans-FC indexed	**-**	**-**	**-**
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	**507**	**34.036**	**34.543**
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	507	34.036	34.543
Other	-	-	-
Personnel credit cards-TL	**291.754**	**545**	**292.299**
With installments	183.589	493	184.082
Without installments	108.165	52	108.217
Personnel credit cards-FC	**1.535**	**1.183**	**2.718**
With installments	23	1.183	1.206
Without installments	1.512	-	1.512
Credit deposit account-TL (Real Person)(1)	**12.428.954**	**-**	**12.428.954**
Credit deposit account-FC (Real Person)	**11**	**-**	**11**
Total	**123.412.306**	**97.881.126**	**221.293.432**

(1) TL 25.231 of the credit deposit account belongs to the loans used by personnel.

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

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	**4.746.857**	**29.991.130**	**34.737.987**
Business loans	2.231	1.712.596	1.714.827
Automotive loans	898.173	14.796.577	15.694.750
Consumer loans	3.846.453	13.481.957	17.328.410
Commercial installments loans-FC indexed	**-**	**764**	**764**
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	764	764
Corporate credit cards-TL	**31.886.800**	**421.852**	**32.308.652**
With installment	23.682.615	418.302	24.100.917
Without installment	8.204.185	3.550	8.207.735
Corporate credit cards-FC	**8.785**	**-**	**8.785**
With installment	168	-	168
Without installment	8.617	-	8.617
Credit deposit account-TL (legal person)	**2.243.694**	**-**	**2.243.694**
Total	**38.886.136**	**30.413.746**	**69.299.882**

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	654.180.795	609.629.917
Foreign loans	28.852.003	29.321.816
Total	**683.032.798**	**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	23.221	46.501
Indirect loans granted to associates and subsidiaries	-	-
Total	**23.221**	**46.501**

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

	Current Period	**Prior Period**
Loans and other receivables with limited collectability	826.050	2.263.398
Loans and other receivables with doubtful collectability	2.859.469	3.235.026
Uncollectible loans and other receivables	12.794.766	11.094.381
Total	**16.480.285**	**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	**IV. Group**	**V. Group**
	Loans with limited collectibility	**Loans with doubtful collectibility**	**Uncollectible loans**
Current Period			
(Gross amounts before specific reserves)	**230.996**	**835.164**	**3.791.509**
Restructured loans	230.996	835.164	3.791.509
Prior Period			
(Gross amounts before specific reserves)	**670.884**	**370.519**	**4.128.764**
Restructured loans	670.884	370.519	4.128.764

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

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 (+)	60.605	126.200	1.384.807
Transfers from other categories of non-performing loans (+)	-	1.974.229	971.589
Transfer to other categories of non- performing loans (-)	1.974.229	971.589	-
Collections (-)	190.621	862.475	621.282
FX valuation differences	320	13	30.947
Write-offs (-)	-	-	5.588
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current Period	**1.357.410**	**4.166.132**	**16.665.682**
Provision (-)	826.050	2.859.469	12.794.766
Net balance on balance sheet	**531.360**	**1.306.663**	**3.870.916**

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	88.238	1.688.041	8.163.664
Provision amount(-)	78.244	1.163.158	5.138.588
Net balance on-balance sheet	**9.994**	**524.883**	**3.025.076**
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)	**531.360**	**1.306.663**	**3.870.916**
Loans granted to real persons and corporate entities (gross)	1.357.410	4.166.132	16.581.008
Provision amount (-)	826.050	2.859.469	12.710.092
Loans granted to real persons and corporate entities (net)	531.360	1.306.663	3.870.916
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)	-	-	-

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

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)	**41.393**	**169.920**	**194.137**
Interest accruals and rediscounts and valuation differences	100.203	522.746	1.553.540
Provision amount (-)	58.810	352.826	1.359.403
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 March 31, 2023 financial assets measured at amortised cost given as repo transactions amounting to TL 13.850.345 (December 31, 2022: TL 29.017.189). The securities subject to collateral/blocked are TL 79.908.078 (December 31, 2022: TL 77.548.753) of which blocked securities at the CBRT is TL 24.972.196 (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	182.923.249	163.629.166
Treasury bill	-	-
Other debt securities	5.449.225	5.197.091
Total	**188.372.474**	**168.826.257**

1.8.3. Information on financial assets measured at amortized cost:

	Current Period	Prior Period
Debt securities	193.568.292	173.486.404
Quoted on stock exchange	193.568.292	173.486.404
Not quoted	-	-
Impairment provision (-)(1)	5.195.818	4.660.147
Total	**188.372.474**	**168.826.257**

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

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

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

	Current Period	Prior Period
Beginning balance	**168.826.257**	**96.286.812**
Foreign currency differences on monetary assets(1)	9.314.990	52.091.895
Purchases during year	12.435.463	31.057.183
Disposals through sales and redemptions	1.668.565	8.559.691
Impairment provision (-)(2)	535.671	2.049.942
Period end balance	**188.372.474**	**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	157.168	(6.920)	53.325	1.104	-	(26.263)	4.724	-
2	875.482	117.467	412.039	42.414	-	(1.799)	75.307	-
3	805.905	685.073	126.928	82.757	-	314.832	137.294	-

(1) Financial statement information is December 31, 2022.

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	70.207.895	12.707.560	41.104	773.116	123.560	374.483	209.515	-
2	8.207.210	2.300.795	161.233	339.450	-	428.218	294.368	-

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

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	**279.909**	**1.050.530**
Purchases	-	-
Bonus shares obtained	-	-
Share of current year income	396.462	235.529
Sales	-	-
Foreign exchange gain/(loss) stems from the foreign subsidiaries(1)	88.072	940.691
Impairment provision (-)(2)	204.625	125.690
Balance at the end of the period	**3.806.840**	**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	3.190.839	2.871.962
Insurance companies	616.001	654.969
Total financial investments	**3.806.840**	**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	38.625	(14.452)	(32.544)	(4.425)	-
Other comprehensive income that will be classified under profit or loss	169	-	65.737	-	7.693.572
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	652.026	115.524	418.026	140.774	229.720
Current Year Income/Loss	721.972	115.524	329.611	116.899	229.720
Prior Years' Income/Loss	(69.946)	-	88.415	23.875	-
Leasehold improvements (-)	-	574	90	283	26
Intangible assets (-)	29.312	10.179	25.874	1.398	5.899
Total core capital	**2.306.671**	**1.120.592**	**4.536.453**	**229.122**	**9.978.579**
Supplementary capital	**25.160**	**88.104**	**247.868**	**-**	**93.787**
Capital	**2.331.831**	**1.208.696**	**4.784.321**	**229.122**	**10.072.366**
Deductions from the capital	-	-	-	-	-
Total shareholders' equity	**2.331.831**	**1.208.696**	**4.784.321**	**229.122**	**10.072.366**

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

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

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 December 31, 2022.

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	136.282	69.390	1.873	48		5.118	3.452	-
2	76.005	63.108	12.276	5.222	-	6.390	5.613	-
3	58.728	32.989	32.170	1.466	-	8.788	(380)	-
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 Azerbaycan	Bakü/Azerbaijan	99,80	100,00

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

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

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

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	Required equity
1	89.828	88.430	-	-	-	(729)	328	-	-
2	13.463.184	2.335.983	73.835	626.970	3.811	721.972	252.895	-	-
3	11.787.730	1.131.345	17.231	548.976	-	115.524	77.517	-	-
4	28.179.862	4.562.417	32.763	773.977	-	329.611	170.509	-	-
5	348.532	230.803	3.747	21.969	-	116.899	67.113	-	-
6	48.826.202	9.984.505	48.256	480.894	19.942	229.720	86.300	-	-
7	5.758.961	1.116.947	244.507	72.891	10.703	27.428	(2.171)	-	-

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	**1.447.711**	**4.795.114**
Purchases	-	-
Free shares obtained profit from current years share	-	-
Share of current year income	1.284.229	3.102.944
Sales (-)[1]	-	163.842
Revaluation increase/decrease [1], [2]	433.530	1.995.716
Impairment provision (-)[3]	270.048	139.704
Balance at the end of the period	**19.353.444**	**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	7.828.617	7.330.588
Insurance companies	-	-
Factoring companies	1.130.806	1.015.337
Leasing companies	4.562.138	4.237.311
Finance companies	-	-
Other financial subsidiaries	5.831.883	5.322.497
Total financial subsidiaries	**19.353.444**	**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	11.553.518	8.865.853	9.908.435	7.743.367
Between 1- 4 years	15.446.313	12.908.105	13.306.000	11.328.153
More than 4 years	1.968.664	1.772.865	1.652.678	1.476.633
Total	**28.968.495**	**23.546.823**	**24.867.113**	**20.548.153**

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

1.12.2. Information for net investments in finance leases:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Gross lease receivables	12.438.256	16.530.239	10.175.602	14.691.511
Unearned financial income from leases (-)	3.569.331	1.852.341	2.805.182	1.513.778
Amount of cancelled leases (-)	-	-	-	-
Total	**8.868.925**	**14.677.898**	**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 6.683.465 and deferred tax liability amounting to TL 23.874 as of March 31, 2023 reflected in the consolidated financial statements after the deferred tax assets and liabilities of each entity in consolidation has been netted off in their standalone financial statements as per TAS 12 (December 31, 2022 - TL 5.409.021 deferred tax asset and TL 22.735 deferred tax liability).

1.15. 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)	31.983	244.072
Disposals (-), net	46.247	523.843
Impairment provision reversal	-	16
Impairment provision (-)	-	292
Translation differences	1.203	10.815
Net book value at the end of the period	**1.072.644**	**1.085.705**
Cost at the end of the period	1.076.297	1.089.321
Accumulated depreciation at the end of the period (-)	3.653	3.616
Net book value at the end of the period	**1.072.644**	**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 883.933 (December 31, 2022 – TL 913.642).

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

1.16. Information on other assets:

As of March 31, 2023, other assets do not exceed 10% of the total assets.

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

2. Explanations and notes related to consolidated liabilities:

2.1. Information on deposits:

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

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	60.257.673	8.566.773	218.367.440	7.550.053	660.354	3.939.325	325	299.341.943
Foreign currency deposits	175.485.074	27.847.552	41.825.824	4.233.878	5.058.849	7.889.615	-	262.340.792
Residents in Turkey	158.835.117	19.714.572	36.402.932	3.214.736	1.679.285	985.184	-	220.831.826
Residents abroad	16.649.957	8.132.980	5.422.892	1.019.142	3.379.564	6.904.431	-	41.508.966
Public sector deposits	3.875.667	1.002.510	157.939	11.142	-	-	-	5.047.258
Commercial deposits	38.173.473	25.622.110	83.181.919	10.797.171	164.860	6.000.590	-	163.940.123
Other institutions deposits	525.471	759.873	5.354.491	7.074	1.012	304	-	6.648.225
Precious metals vault	39.591.970	-	928.996	-	1.066.334	119.686	-	41.706.986
Bank deposits	1.329.648	1.217.408	4.958.575	3.089.168	2.564.692	254.917	-	13.414.408
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	2.838	1.205.312	1.259.321	3.089.168	2.564.692	254.917	-	8.376.248
Foreign banks	668.620	12.096	3.699.254	-	-	-	-	4.379.970
Participation banks	658.190	-	-	-	-	-	-	658.190
Other	-	-	-	-	-	-	-	-
Total	**319.238.976**	**65.016.226**	**354.775.184**	**25.688.486**	**9.516.101**	**18.204.437**	**325**	**792.439.735**

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 167.001.501 (31 December 2022 – TL 121.858.904).

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

2.1.2. Information on deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding the limit of the insurance deposit	
Saving deposits	**Current Period(1)**	**Prior Period**	**Current Period**	**Prior Period**
Deposits	128.044.750	81.939.051	171.326.063	131.547.356
Foreign currency deposits	63.225.856	43.253.864	87.263.256	111.893.910
Other deposits	22.891.359	13.580.277	14.951.610	16.621.798
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

	Under the guarantee of deposit insurance		Exceeding the limit of the insurance deposit	
Commercial deposits	**Current Period(1)**	**Prior Period**	**Current Period**	**Prior Period**
Deposits	18.119.081	13.506.632	129.957.581	125.985.183
Foreign currency deposits	6.514.963	4.030.620	92.773.527	113.937.868
Other deposits	871.741	453.968	2.991.728	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	3.476.210	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	1.159.714	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	172.121	56.331	212.753	8.790
Swap transactions	7.171.226	6.043.966	6.271.967	5.718.565
Futures transactions	25.385	-	13.354	-
Options	14.457	110.518	126.456	204.515
Other	-	-	-	-
Total	**7.383.189**	**6.210.815**	**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)	3.375	-	32.350	-
Hedges for investments made in foreign countries	-	-	-	-
Total	**3.375**	**-**	**1.412.663**	**-**

(1) Explained in Note 8 of section 4.

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

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	11.797.914	6.668.821	10.069.627	7.015.365
From foreign banks, institutions and funds	1.250.483	75.770.348	949.471	76.081.935
Total	**13.048.397**	**82.439.169**	**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	11.935.371	19.042.254	9.608.706	21.306.245
Medium and long-term	1.113.026	63.396.915	1.410.392	61.791.055
Total	**13.048.397**	**82.439.169**	**11.019.098**	**83.097.300**

2.3.3. Information on marketable securities issued

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Bills	8.847.623	3.678.688	11.280.086	2.031.595
Asset backed securities (1)	-	4.306.921	-	4.940.364
Bonds (2)	402.929	23.848.263	665.581	30.433.182
Total	**9.250.552**	**31.833.872**	**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 1.234.014 as of December 31, 2022 (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 March 31, 2022, the total amount of financial liabilities classified as fair value through profit/loss is TL 36.070.170 (December 31, 2022 –TL 36.459.423) with an accrued interest income of TL 2.810.098 (December 31, 2022- TL 2.211.815 income) and with a fair value difference of TL 609.495 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 March 31, 2023 are TL 38.880.268 (December 31, 2022: TL 38.671.238) with a fair value differences amounting to TL 3.136.126 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 March 31, 2023, other liabilities do not exceed 10% of the total balance sheet commitments.

2.5. Information on lease payables:

	Current Period		Prior Period	
	Gross	**Net**	**Gross**	**Net**
Less than 1 year	745.569	528.370	637.964	451.894
Between 1-4 Years	1.454.257	1.026.448	1.266.656	890.701
More than 4 Years	998.021	710.194	893.273	633.318
Total	**3.197.847**	**2.265.012**	**2.797.893**	**1.975.913**

2.6. Information on provisions:

2.6.1. Information on reserve for employee benefit:

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

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

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 19.982,83 effective from January 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	87.170	196.835
Recognized in equity	(29)	1.824.127
Paid during the period	(267.132)	(104.794)
Balance at the end of the period	**2.665.034**	**2.845.025**

In addition, the Group has accounted for unused vacation rights provision amounting to TL 505.426 as of March 31, 2023 (December 31, 2022- TL 445.338).

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

None (December 31, 2022 – None).

2.6.3. Information on other provisions:

	Current Period	Prior Period
Pension fund provision	2.945.243	2.945.243
Provisions on non-funded non cash loans	1.166.889	1.078.763
Generic provisions on non cash loans	1.229.397	1.145.563
Provision on lawsuits	239.013	236.223
Provisions on credit cards and promotion campaigns related to banking services	137.320	109.996
Other	1.218.291	2.776.305
Total	**6.936.153**	**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")	7.292.083	4.428.529
Taxation of Marketable Securities	591.159	562.420
Corporate Tax Payable	590.271	277.629
Value Added Tax Payable	90.710	144.180
Foreign Exchange Transaction Tax	54.876	37.258
Property Tax	9.810	6.923
Other	126.052	301.670
Total	**8.754.961**	**5.758.609**

2.7.2. Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	2.842	3.385
Social security premiums - employer	8.230	3.765
Bank pension fund premiums - employee	84.579	67.648
Bank pension fund premiums - employer	117.626	94.097
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	6.037	4.829
Unemployment insurance - employer	12.127	9.689
Other	-	-
Total	**231.441**	**183.413**

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

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	**-**	**12.807.196**	**-**	**12.929.445**
Subordinated loans	-	-	-	-
Subordinated debt	-	12.807.196	-	12.929.445
Debt instruments to be included in contribution capital calculation	**712.029**	**14.904.092**	**725.201**	**25.733.586**
Subordinated loans	-	5.184.664	-	16.059.998
Subordinated debt	712.029	9.719.428	725.201	9.673.588
Total	**712.029**	**27.711.288**	**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).

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)]	**8.499.245**	**(729.525)**	**8.764.973**	**(972.750)**
Revaluation difference	8.499.245	(729.525)	8.764.973	(972.750)
Foreign currency differences	-	-	-	-
Total	**8.499.245**	**(729.525)**	**8.764.973**	**(972.750)**

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

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

2.10.9. Information on minority interest:

	Current Period	Prior Period
Period opening balance	**1.537**	**1.018**
Current period income/(loss)	296	612
Dividends paid	(191)	(93)
Period ending balance	**1.642**	**1.537**

2.10.10. Information on profit distribution:

In accordance with the 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.

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

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	200.782.470	136.756.258
Asset purchase and sale commitments	37.048.148	35.118.725
Loan granting commitments	62.226.434	53.491.909
Commitments for cheques	8.650.202	5.482.867
Other irrevocable commitments	40.192.339	29.421.817
Total	**348.899.593**	**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 1.229.397 (December 31, 2022 - TL 1.145.563) and provision amounting to TL 1.492.299 (December 31, 2022 - TL 1.431.465) for non-cash loans which are not indemnified yet amounting to TL 1.166.889 (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	912.264	864.879
Letter of credits	40.193.384	33.199.803
Other guarantees and collaterals	32.036.694	28.354.153
Total	**73.142.342**	**62.418.835**

3.1.2.2. Guarantees, suretyships and other similar transactions:

	Current Period	Prior Period
Temporary letter of guarantees	4.997.016	4.124.146
Definite letter of guarantees	97.275.093	90.745.471
Advance letter of guarantees	30.169.895	29.283.824
Letter of guarantees given to customs	6.236.185	5.894.112
Other letter of guarantees	59.780.667	51.325.151
Total	**198.458.856**	**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	59.027.768	50.905.414
With original maturity of 1 year or less than 1 year	8.523.191	8.240.689
With original maturity of more than 1 year	50.504.577	42.664.725
Other non-cash loans	212.573.430	192.886.125
Total	**271.601.198**	**243.791.539**

3.2. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 239.013 (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.

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

4. Explanations and notes related to consolidated income statement:

4.1. Information on interest income:

4.1.1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans[1]	7.256.025	714.070	3.417.692	473.960
Medium/long-term loans[1]	10.249.215	2.983.669	5.786.844	2.337.873
Interest on loans under follow-up	415.141	-	473.940	-
Premiums received from resource utilisation support fund	-	-	-	-
Total	**17.920.381**	**3.697.739**	**9.678.476**	**2.811.833**

(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	2.917	44.962	1.389	-
From domestic banks	404.658	105.450	113.744	17.026
From foreign banks	232	531.023	-	71.812
Headquarters and branches abroad	-	-	-	-
Total	**407.807**	**681.435**	**115.133**	**88.838**

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	-	25.195	2.258	7.933
Financial assets measured at fair value through other comprehensive income	3.530.533	342.434	2.271.012	157.487
Financial assets measured at amortised cost	8.150.114	1.013.296	3.657.581	538.951
Total	**11.680.647**	**1.380.925**	**5.930.851**	**704.371**

As of March 31, 2023, the valuation of related CPI-indexed government bonds has been calculated according to the annual inflation forecast of 45%. In case the CPI forecast increases or decreases by 1%, profit before taxes as of March 31, 2023 will be impacted by approximately TL 194.277.

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

	Current Period	Prior Period
Interests received from associates and subsidiaries	22.001	327
Total	**22.001**	**327**

4.2. Information on interest expense:

4.2.1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	452.499	433.965	240.084	347.676
The CBRT	-	-	-	-
Domestic banks	422.260	117.841	211.140	61.786
Foreign banks	30.239	316.124	28.944	285.890
Headquarters and branches abroad	-	-	-	-
Other institutions	-	843.814	-	301.122
Total[1]	**452.499**	**1.277.779**	**240.084**	**648.798**

(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	179.700	2.290
Total	**179.700**	**2.290**

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

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	598.739	2.051.451	415.845	1.456.405
Total	**598.739**	**2.051.451**	**415.845**	**1.456.405**

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	406.351	96.023	1.205.298	20.007
Total	**406.351**	**96.023**	**1.205.298**	**20.007**

4.2.5. Information on other interest expense:

Pursuant to the CBRT's regulation dated December 27, 2021 and numbered 2374 and regulation dated August 31, 2022 and numbered 1579, banks that fail to meet targets from foreign currency to Turkish Lira and the ratio of Turkish Lira deposits to total deposits are charged a commission over the required reserves for foreign currency deposits. In this regard, a commission expense of TL 177.038 (March 31, 2022 – TL 247.783) has been accounted in other interest expenses as of March 31, 2023.

4.2.6. Maturity structure of the interest expense on deposits:

		Time Deposit							
Account name	**Demand deposit**	**Up to 1 month**	**Up to 3 months**	**Up to 6 months**	**Up to 1 Year**	**More than 1 year**	**Cumulative deposit**	**Total**	**Prior Period**
TL									
Bank deposit	841	65.122	956	-	-	-	-	66.919	40.815
Saving deposit	-	243.833	9.511.951	130.360	30.770	12.208	40	9.929.162	2.411.809
Public sector deposit	-	21.003	10.341	213	-	-	-	31.557	4.308
Commercial deposit	33	1.036.373	3.487.711	226.941	213.264	262.592	-	5.226.914	2.066.656
Other deposit	-	109.504	997.675	289.643	56.703	148.537	-	1.602.062	650.162
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Total	**874**	**1.475.835**	**14.008.634**	**647.157**	**300.737**	**423.337**	**40**	**16.856.614**	**5.173.750**
FC									
Foreign currency deposit	2.231	79.907	277.774	14.072	26.761	39.431	-	440.176	163.513
Bank deposit	42.791	26.086	19.081	-	-	-	-	87.958	9.698
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	90	1.418	-	348	28	-	1.884	773
Total	**45.022**	**106.083**	**298.273**	**14.072**	**27.109**	**39.459**	**-**	**530.018**	**173.984**
Grand total	**45.896**	**1.581.918**	**14.306.907**	**661.229**	**327.846**	**462.796**	**40**	**17.386.632**	**5.347.734**

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

	Current Period	**Prior Period**
Profit	**27.710.725**	**45.499.035**
Gain from capital market transactions	1.193.734	374.236
Derivative financial transaction gains	12.444.263	23.266.798
Foreign exchange gains	14.072.728	21.858.001
Loss(-)	**23.633.550**	**43.962.194**
Loss from capital market transactions	8.381	22.194
Derivative financial transaction losses	9.934.132	17.450.856
Foreign exchange loss	13.691.037	26.489.144
Net trading profit/loss	**4.077.175**	**1.536.841**

4.4. Information on gain/loss from derivative financial transactions:

The net gain resulting from the foreign exchange differences related to derivative financial transactions is TL 1.754.648 (March 31, 2022 – TL 6.791.731 gain).

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

4.5. Allowance for expected credit losses and other provisions:

	Current Period	Prior Period
Allowance for expected credit losses[1]	**6.864.326**	**6.927.193**
12-month expected credit losses (Stage 1)	2.167.502	1.129.808
Significant increase in credit risk (Stage 2)	3.243.701	3.939.085
Credit-Impaired (Stage 3)	1.453.123	1.858.300
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	**23.041**	**8.675**
Total	**6.887.367**	**7.164.314**

(1) Reversals of provisions for expected credit losses are started to be reported as gross basis. Therefore, the income amounting to TL 4.060.790 related to the reversal of provisions, which was previously reported under the allowance for expected credit loss, has been classified under other operating income.

4.6. Information on 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 4.060.790 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	95.944	15.649
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	268.759	197.190
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortization expenses of intangible assets	75.831	75.794
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	-	-
Depreciation expenses of assets held for resale	-	-
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	4.823.279	1.267.267
TFRS 16 exempt lease expenses	35.233	27.897
Repair and maintenance expenses	106.587	54.055
Advertising expenses	170.613	49.280
Other expense	4.510.846	1.136.035
Loss on sales of assets	-	-
Other	1.086.920	409.315
Total	**6.350.733**	**1.965.215**

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

Income before tax includes net interest income amounting to TL 14.996.572 (March 31, 2022 – TL 10.633.379) net fee and commission income amounting to TL 5.788.262 (March 31, 2022 – TL 2.846.552), personnel expenses amounting to TL 2.905.108 (March 31, 2022 - TL 1.492.659) and total other operating expense amounting to TL 6.350.733 (March 31, 2022 – TL 1.965.215).

As of March 31, 2023, the Group has no profit before taxes from discontinued operations (March 31, 2022 – None).

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

As of March 31, 2023, the Group has current tax expense amounting to TL 2.924.950 (March 31, 2022 – TL 10.723.225 loss) and deferred tax expense amounting to TL 74.987 (March 31, 2022 – TL 8.418.567 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	296	136

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.

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

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	
Group's risk group (1) (2)	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Loans						
Balance at the beginning of the period	46.501	1.784	176.501	903.139	12.012.206	5.772.850
Balance at the end of the period	34.576	2.637	118.379	1.195.773	13.392.963	6.020.381
Interest and commission income received	**22.001**	**441**	**6.897**	**1.404**	**662.210**	**8.728**

Prior Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
Group's risk group (1) (2)	**Cash**	**Non-cash**	**Cash**	**Non-cash**	**Cash**	**Non-cash**
Loans						
Balance at the beginning of the period	22.481	2.838	416.619	1.070.846	8.119.787	3.310.640
Balance at the end of the period	46.501	1.784	176.501	903.139	12.012.206	5.772.850
Interest and commission income received	**327**	**498**	**15.467**	**2.570**	**267.057**	**5.747**

(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.

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	
Deposit	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Beginning of the period	570.543	406.888	27.832.583	38.214.095	70.401.031	50.919.449
End of the period	45.609	570.543	25.824.858	27.832.583	61.528.602	70.401.031
Interest expense on deposits(3)	**179.700**	**2.290**	**681.726**	**503.402**	**947.646**	**361.438**

(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 presents profit / loss information of March 31, 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)	-	-	5.261.949	1.886.536	172.582	1.273.964
Total profit / loss	-	-	**59.329**	**(13.138)**	**19.553**	**4.344**
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 March 31, 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 TL 29.353 as of March 31, 2023 (March 31, 2022 – TL 12.970).

6. Explanations and notes related to subsequent events :

With the decision taken at the Board of Directors of the Bank dated April 27, 2023, it has decided to sell the non-performing loans amounting to TL 905.792 to various asset management companies for TL 233.100.

Section six- Explanations on independent audit review report

1. Explanations on independent auditor's review report

The consolidated financial statements for the period ended March 31, 2023 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent auditor's review report dated April 28, 2023 is presented preceding the consolidated financial statements.

2. Explanations and notes prepared by independent auditor

None.

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:

We are deeply saddened by the devastating earthquake that affected many provinces. My deepest condolences to those who lost their lives in the earthquake and to their families, and a quick recovery to the injured. 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.

In the first quarter 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 following the bankruptcy of Silicon Valley Bank in the US, high 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 to 2,8% this year and then settle around 3,0% in 2024.

Turkey has been able to grow its economy with a controlled manner despite the challenging backdrop. The country has recorded an annual growth of 5,6% supported by foreign demand in the first half of the year and by domestic demand in the second half of the year.

The Turkish banking sector continued to support the economy, while strengthening its balance sheet structure. In the first three months of the year, total loans increased by 53% annually and reached TL 7.940 billion. In the same period, the deposit base grew by 68% to reach TL 9.354 billion. Thus, the loan/deposit ratio of the sector improved by 8 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 26 basis points to 1,8% 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 and healthy balance sheet structure.

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.

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

As Yapı Kredi, we are all deeply saddened by the earthquake disaster in Turkey. Bearing in mind the importance of sustainability and our responsibility towards our country and our people, we will continue to stand by our citizens in solidarity.

Growth, inflation and central bank monetary policies as well as developments in the banking sector continued to be the main topics to be followed by the global markets in the first quarter of 2023. Following the bankruptcy of Silicon Valley Bank in the US, liquidity concerns have arisen. In light of these developments, we have started to observe central banks, especially the FED, insinuating the end of rate hike cycles. Ongoing fight with inflation and the decreasing economic activity on the back of Russia-Ukraine war continue to put pressure on growth. According to the International Monetary Fund's Global Economic Outlook report dated April 2023, global growth is expected to slow down this year to 2,8% before stabilizing around 3,0% in 2024.

Our country's economy, on the other hand, continued its growth in a controlled manner despite the challenging conditions in the global markets. The Turkish economy grew by 5,6% in 2022 compared to the previous year. It is observed that the growth has been supported by foreign demand in the first half and domestic demand in the second half of the year. Growth in 2023 is expected to be negatively affected by the earthquake disaster that happened on February 6. However, the extent and duration of the negative impact coming from the affected area, which accounts for 9,3% of Turkey's GDP, will be a key component.

The Turkish banking sector, once again proved its resilience during this challenging period. Following the earthquake disaster, it not only did its best to heal the wounds of the earthquake survivors, but also continued its uninterrupted support to the economy by standing by its customers.

As Yapı Kredi, our support to the economy through cash and non-cash loans has increased by 42% annually exceeding TL 918 billion. In TL cash loans, the Bank recorded a year-to-date growth of 9% and an annual growth of 75%. On the other hand, year-to-date TL customer deposit growth was 26%, well above the loan growth. Thus, the Bank's TL loan deposit ratio decreased by 13 points to 91% during the first three months of the year.

While maintaining its support to the economy, the Bank preserved its strength in capital and liquidity ratios. The FX liquidity coverage ratio was 599%, while the total liquidity coverage ratio realized at 177% level. On the capital side, with the internal capital generation contributions, the consolidated capital adequacy ratio and the Tier 1 ratio remained strong at 16,5% and 14,8%, 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

1.3. Overview of Financial Performance:

On 28 April 2023, Yapı Kredi announced its consolidated results for the first three months of 2023 based on Banking Regulation and Supervision Agency (BRSA) Accounting and Reporting Legislation. The Bank's cash and non-cash loans reached TL 918,1 billion while total deposits reached to TL 792,4 billion. The Bank's net income reached TL 12.641 million indicating a return on average tangible equity of 39,7%.

Local currency driven loan and deposit growth with a solid liquidity

In the first three months of 2023, the Bank achieved 7% year-to-date growth in performing loans to TL 646.5 billion, mainly driven by Turkish Lira. During the same period, the Bank's total customer deposit growth was at 12% year-to-date and reached TL 779.0 billion. Also, demand deposits in total remained at a high level with 40% within the scope of continued focus on small tickets in deposit gathering. Accordingly, loan-to-deposits plus Turkish Lira bonds ratio realized at 81%. The Bank's total and foreign currency liquidity coverage ratios realized at 177% and 599%, respectively.

Prudent and conservative asset quality approach

In the first three months of 2023, Yapı Kredi's non-performing loan ratio improved to 3,1%. During the period, net NPL inflows remained negative thanks to strong collections as well as limited NPL inflows. Accordingly, cumulative net cost of risk (adjusted for hedged foreign currency impact) materialised at 38 basis points in the first three months of 2023. Provisions to gross loans realized at 5,4%.

Strong capital ratios and ongoing internal capital generation

In the first three 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 realized at 16,5% and 14,8%, respectively, excluding regulatory forbearances.

Healthy, improving asset quality and strong liquidity

In the first three months of the year, Yapı Kredi recorded TL 21.315 million of core banking revenues. Due to the regulations, loan yields were under pressure and funding costs were in an increasing trend. Despite challenging conditions, Yapı Kredi managed to preserve its loan to deposit spread in positive territory. With the limited support from CPI linker securities, swap adjusted net interest margin contracted by 402 basis points to 5,63%, in the three months of the year. Yapı Kredi recorded a substantial 103% improvement in year-over-year fee growth, reaching to TL 5.788 million. Operating costs increased due to the inflation pass-through impact and earthquake related costs by 168% year over year to TL 9.256 million. All in all, the Bank achieved a net income of TL 12.641 million and 39,7% return on average tangible equity.

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

1.4. Summary of Consolidated Financials

TL million	**Current Period**	**Prior Period**
Total Assets	1.250.632	1.184.267
Performing Loans	646.472	606.523
Total Deposits	792.440	705.495
Shareholder's Equity	131.451	126.262
Loans/Assets	52%	51%
Deposits/Assets	63%	60%
NPL	3,1%	3,4%
CAR(1)	16,8%	19,9%
TL million	**Current Period**	**Prior Period**
Net Profit	12.641	7.259
Return on Average Tangible Equity	39,7%	42,3%

(1) *Reported.*

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

- Yapı Kredi donated TL 580 million in cash related to the earthquake on February 6, 2023.
- On March 9, 2023, Yapı Kredi announced its decision to pay a gross cash dividend of TL 0.94 per share to be distributed on March 20, 2023.

1.6. Current Trends and Expectations for the Upcoming Period:

In the first three months of 2023, Yapı Kredi maintained its year-end guidance.

<u>2023 Yapı Kredi Expectations:</u>

- Loans: Turkish Lira loan growth at below ~40%, reduction in foreign currency loans
- Net Interest Margin (including swap costs): greater than 5%
- Fees: higher than 60%
- Costs: lower than 100%
- Net Cost of Risk: ~100 basis points
- 2023 Return on Tangible Equity: high twenties