

Yapı ve Kredi Bankası A.Ş.

**Publicly announced unconsolidated financial statements and
related disclosures at June 30, 2020 together with
auditor's review report**

**(Convenience translation of publicly announced unconsolidated financial
statements and independent auditor's report originally issued in Turkish, See
Note 1. 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 unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. (“the Bank”) at 30 June 2020 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Legislation which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information does not present fairly in all material respects the financial position of Yapı ve Kredi Bankası A.Ş. at 30 June 2020 and the results of its operations and its cash flows for the six-month-period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation:

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Halûk Yalçın, SMMM
Partner

Istanbul, 29 July 2020

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

**THE UNCONSOLIDATED INTERIM FINANCIAL REPORT OF
YAPI VE KREDI BANKASI A.Ş. AS OF JUNE 30, 2020**

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

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

The accompanying unconsolidated financial statements for the six months and notes to these financial statements which are expressed, in **thousands of Turkish Lira** (unless otherwise stated), have been presented based on the accounting books of the Bank prepared in accordance with the Regulation on the Principles and Procedures Regarding Banks’ Accounting Applications and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations of these, and have been limitedly reviewed and are presented enclosed.

Y. Ali KOÇ
Chairman of the
Board of Directors

Gökhan ERÜN
Executive Director and
CEO

Demir KARAASLAN
Chief Financial Officer

B. Seda İKİZLER
Financial Reporting and
Accounting Executive
Vice President

Dr.Ahmet ÇİMENÖĞLU
Chairman of Audit
Committee

Nevin İPEK
Member of Audit
Committee

Contact information of the personnel in charge of the addressing of questions about this financial report:
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Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2020

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

Section One - General Information

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

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

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

Bank's publicly traded shares are traded on the Borsa Istanbul ("BIST") since 1987. As of March 30, 2019, 30,03 % of the shares of the Bank are publicly traded (December 31, 2019 - 18,10%). 40,95% of the shares out of the remaining 69,97% is owned by Koç Finansal Hizmetler A.Ş. ("KFS") which is owned by Koç Group, 9,02% is owned by Koç Group and 20,00% is owned by UniCredit ("UCG").

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 UCG over KFS.

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

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

Accordingly all the shares of KFS, which is currently a joint venture, are transferred to Koç Group. Besides, after the shares are transferred, KFS will hold 40.95%, UCG will hold 31,93% directly and Koç Group will hold a total of 49.99% directly and indirectly of the Bank shares and become controlling shareholder.

In addition, as of February 6, 2020, UniCredit also announced the placement of an 11.93% shares in Bank to institutional investors. The transaction has been completed on February 13, 2020. As a result UCG holds directly 20,00% of the Bank shares.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2020

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

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

As of June 30, 2020, the Bank's Board of Directors, Members of the Audit Committee, General Manager and Assistant General Managers are as follows.

Board of Directors Members:

Name	Responsibility
Y. Ali KOÇ	Chairman
Levent ÇAKIROĞLU	Vice Chairman
Gökhan ERÜN	Executive Director and CEO
A. Ümit TAFTALI	Member
Ahmet ÇİMENÖĞLU	Independent Member
Ahmet Fadıl ASHABOĞLU	Member
Nevin İPEK	Independent Member
Niccolò UBERTALLI	Member
Virma SÖKMEN	Independent Member
Wolfgang SCHILK	Member

Audit Committee Members:

Name	Responsibility
Ahmet ÇİMENÖĞLU	Present
Nevin İPEK	Member

General Manager:

Name	Responsibility
Gökhan ERÜN	Executive Director and CEO

Assistant General Managers:

Name	Responsibility
Abdullah GEÇER	Internal Audit
Akif Cahit ERDOĞAN	Information Technologies and Operation Management
Arif Özer İSFENDİYAROĞLU	Retail Banking Sales Management
Cemal Aybars SANAL	Legal Activities Management
Demir KARAASLAN	Financial Planning and Administration Management
Erhan ADALI	Corporate and Commercial Banking Management
Hakan ALP	Human Resources, Organization and Internal Services Management
Mehmet Erkan ÖZDEMİR	Compliance and Internal Control / Consumer Relations Coordination Officer
Nurgün EYÜBOĞLU	Credit Management
Saruhan YÜCEL	Treasury Management
Serkan ÜLGEN	Retail Banking Management
Yakup DOĞAN	Alternative Distribution Channels

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2020

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

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

Name/Commercial title	Share amounts (nominal)	Share percentage	Paid-in capital (nominal)	Unpaid portion
Koç Finansal Hizmetler A.Ş.	3.459.065.642,23	40,95	3.459.065.642,23	-
Koç Grubu	762.197.343,00	9,02	762.197.343,00	-
UniCredit	1.689.410.260,00	20,00	1.689.410.260,00	-

Koç Finansal Hizmetler A.Ş. is managed of Koç Group, and Temel Ticaret ve Yatırım A.Ş.

As of December 31,2019, 81,90% shares of the Bank was owned by Koç Finansal Hizmetler A.Ş. which was a joint venture of Koç Group and Temel Ticaret ve Yatırım A.Ş.

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

The Bank's activities summarized from the section 3 of the articles of association are as follows.

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

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

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

As of June 30, 2020, the Bank has 844 branches operating in Turkey and 1 branch in overseas (December 31, 2019 - 845 branches operating in Turkey, 1 branch in overseas).

As of June 30, 2020, the Bank has 16.507 employees (December 31, 2019 - 16.631 employees).

6. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the entities subject to full consolidation or proportional consolidation and entities which are deducted from equity or entities which are not included in these three methods:

According to Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards, Banque de Commerce et de Placements SA, one of the associates of the Bank, and Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı, an entity under common control, are consolidated through "Equity Method" in the consolidated financial statements of the Group. Allianz Yaşam ve Emeklilik A.Ş., on which the Bank has indirect participation, is also consolidated through "Equity Method" in the consolidated financial statements of the Group.

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

All other subsidiaries are fully consolidated.

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

None.

Yapı ve Kredi Bankası A.Ş.**Unconsolidated financial statements as of June 30, 2020 and December 31, 2019**

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

Section two - Unconsolidated financial statements**1. Balance sheet (Statement of Financial Position)**

ASSET	Note (Section five)	Current Period (30/06/2020)						Prior Period (31/12/2019)
		TL	FC	Total	TL	FC	Total	
I. FINANCIAL ASSETS (Net)		35.097.226	61.104.563	96.201.789	43.032.619	63.444.432	106.477.051	
1.1 Cash and Cash Equivalents	1.1	5.242.776	54.631.171	59.873.947	16.458.254	58.011.660	74.469.914	
1.1.1 Cash and Balances with Central Bank		5.248.107	44.585.066	49.833.173	2.488.489	38.861.487	41.349.976	
1.1.2 Banks	1.4	989	10.134.260	10.135.249	3.296.463	19.242.802	22.539.265	
1.1.3 Money Markets		-	-	-	10.703.351	-	10.703.351	
1.1.4 Provisions for Expected Losses (-)		6.320	88.155	94.475	30.049	92.629	122.678	
1.2 Financial assets where fair value change is reflected to income statement	1.2	272.912	111.450	384.362	224.804	342.600	567.404	
1.2.1 Government debt securities		51.775	111.450	163.225	20.754	73.116	93.870	
1.2.2 Share certificates		199.053	-	199.053	199.053	269.484	468.537	
1.2.3 Other financial assets		22.084	-	22.084	4.997	-	4.997	
1.3 Financial assets where fair value change is reflected to other comprehensive income statement	1.5,1.6	25.539.797	4.712.177	30.251.974	22.721.128	3.970.178	26.691.306	
1.3.1 Government debt securities		25.525.859	2.346.429	27.872.288	22.710.089	1.923.370	24.633.459	
1.3.2 Share certificates		13.938	314.748	328.686	11.039	2.580	13.619	
1.3.3 Other financial assets		-	2.051.000	2.051.000	-	2.044.228	2,044.228	
1.4 Derivative Financial Assets	1.3	4.041.741	1.649.765	5.691.506	3.628.433	1.119.994	4.748.427	
1.4.1 Derivative financial assets where fair value change is reflected to income statement		3.536.695	1.649.765	5.186.460	3.373.746	1.077.555	4.451.301	
1.4.2 Derivative financial assets where fair value change is reflected to other comprehensive income statement		505.046	-	505.046	254.687	42.439	297.126	
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		174.272.881	113.975.791	288.248.672	155.567.644	96.489.507	252.057.151	
2.1 Loans	1.7	164.051.399	102.409.331	266.460.730	150.539.562	89.924.281	240.463.843	
2.2 Receivables From Leasing Transactions (Net)	1.12	-	-	-	-	-	-	
2.3 Factoring Receivables		19.829	-	19.829	647.401	-	647.401	
2.4 Financial Assets Measured at Amortised Cost	1.8	25.683.335	16.217.983	41.901.318	17.970.624	10.335.035	28.305.659	
2.4.1 Government debt securities		25.352.531	16.217.983	41.570.514	17.639.820	10.335.035	27.974.855	
2.4.2 Other financial assets		330.804	-	330.804	330.804	-	330.804	
2.5 Provisions for Expected Losses (-)		15.481.682	4.651.523	20.133.205	13.589.943	3.769.809	17.359.752	
III. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	1.15	936.437	-	936.437	320.059	-	320.059	
3.1 Held for Sale Purposes		936.437	-	936.437	320.059	-	320.059	
3.2 Related to Discontinued Operations		-	-	-	-	-	-	
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		3.842.764	4.984.360	8.827.124	3.595.273	4.231.653	7.826.926	
4.1 Investments in Associates (net)		11.786	1.047.992	1.059.778	6.101	902.257	908.358	
4.1.1 Consolidated based on Equity Method		-	-	-	-	-	-	
4.1.2 Unconsolidated		11.786	1,047.992	1,059.778	6.101	902.257	908.358	
4.2 Subsidiaries (Net)	1.10	3.808.896	3.936.368	7.745.264	3.566.857	3.329.396	6.896.253	
4.2.1 Unconsolidated Financial Subsidiaries		3.801.596	3.936.368	7.737.964	3.559.557	3.329.396	6.888.953	
4.2.2 Unconsolidated Non-Financial Subsidiaries		7.300	-	7.300	7.300	-	7.300	
4.3 Joint Ventures (Net)	1.11	22.082	-	22.082	22.315	-	22.315	
4.3.1 Consolidated based on Equity Method		-	-	-	-	-	-	
4.3.2 Unconsolidated		22.082	-	22,082	22.315	-	22.315	
V. PROPERTY AND EQUIPMENT (Net)		4.391.175	-	4.391.175	4.281.326	-	4.281.326	
VI. INTANGIBLE ASSETS [Net]		1.840.073	-	1.840.073	1.845.101	-	1.845.101	
6.1 Goodwill		979.493	-	979.493	979.493	-	979.493	
6.2 Other		860.580	-	860.580	865.608	-	865.608	
VII. INVESTMENT PROPERTY (Net)	1.13	-	-	-	-	-	-	
VIII. CURRENT TAX ASSETS		-	-	-	-	-	-	
IX. DEFERRED TAX ASSETS	1.14	2.961.858	-	2.961.858	1.980.629	-	1.980.629	
X. OTHER ASSETS	1.16	3.727.411	13.031.253	16.758.664	2.723.577	9.984.007	12.707.584	
TOTAL ASSETS		227.069.825	193.095.967	420.165.792	213.346.228	174.149.599	387.495.827	

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

Yapı ve Kredi Bankası A.Ş.**Unconsolidated financial statements as of June 30, 2020 and December 31, 2019**

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

1. Balance sheet (Statement of Financial Position)

	Note (Section five)	Current Period (30/06/2020)			Prior Period (31/12/2019)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	2.1	118.441.042	121.906.638	240.347.680	103.168.839	119.621.279	222.790.118
II. BORROWINGS	2.3.1	514.382	35.772.399	36.286.781	475.135	37.635.407	38.110.542
III. MONEY MARKETS		8.613.882	1.737.958	10.351.840	2.936.526	759.218	3.695.744
IV. MARKETABLE SECURITIES ISSUED (Net)	2.3.4	7.020.015	14.234.748	21.254.763	5.912.191	14.791.500	20.703.691
4.1 Bills	2.3.4	5.440.717	-	5.440.717	4.270.096	-	4.270.096
4.2 Asset backed Securities		-	-	-	-	-	-
4.3 Bonds		1.579.298	14.234.748	15.814.046	1.642.095	14.791.500	16.433.595
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES FAIR VALUE THROUGH PROFIT AND LOSS	2.3.3.2	808.818	11.760.565	12.569.383	830.929	12.353.676	13.184.605
VII. DERIVATIVE FINANCIAL LIABILITIES	2.2	5.770.411	4.163.966	9.934.377	5.542.718	1.533.715	7.076.433
7.1 Derivative Liabilities at Fair Value Through Profit and Loss		3.491.824	3.009.442	6.501.266	2.963.527	1.221.739	4.185.266
7.2 Derivative Liabilities at Fair Value Through Other Comprehensive Profit		2.278.587	1.154.524	3.433.111	2.579.191	311.976	2.891.167
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	2.5	938.664	8.889	947.553	890.604	8.501	899.105
X. PROVISIONS	2.6	3.672.322	334.257	4.006.579	3.357.745	262.436	3.620.181
10.1 Provisions for Restructuring		-	-	-	-	-	-
10.2 Provisions for Employee Rights		816.658	-	816.658	753.110	-	753.110
10.3 Insurance Technical Provisions (Net)	2.6.1	-	-	-	-	-	-
10.4 Other Provisions	2.6.3	2.855.664	334.257	3.189.921	2.604.635	262.436	2.867.071
XI. CURRENT TAX LIABILITIES	2.7	1.642.349	-	1.642.349	838.765	-	838.765
XII. DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	2.8	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	2.9	791.235	20.333.399	21.124.634	821.340	17.758.699	18.580.039
14.1 Loans		-	5.877.410	5.877.410	-	5.102.941	5.102.941
14.2 Other Facilities		791.235	14.455.989	15.247.224	821.340	12.655.758	13.477.098
XV. OTHER LIABILITIES	2.4	15.959.436	1.617.994	17.577.430	15.269.130	1.539.820	16.808.950
XVI. SHAREHOLDERS' EQUITY	2.10	41.797.216	2.325.207	44.122.423	38.553.457	2.634.197	41.187.654
16.1 Paid in Capital		8.447.051	-	8.447.051	8.447.051	-	8.447.051
16.2 Capital Reserves		2.007.195	-	2.007.195	1.998.636	-	1.998.636
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		1.450.258	-	1.450.258	1.441.699	-	1.441.699
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		2.299.240	421.027	2.720.267	2.343.632	436.694	2.780.326
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		(1.650.978)	1.904.180	253.202	(2.472.669)	2.197.503	(275.166)
16.5 Profit Reserves		28.233.934	-	28.233.934	24.636.747	-	24.636.747
16.5.1 Legal Reserves		1.282.785	-	1.282.785	1.102.781	-	1.102.781
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		26.950.777	-	26.950.777	23.533.272	-	23.533.272
16.5.4 Other Profit Reserves		372	-	372	694	-	694
16.6 Profit or loss		2.460.774	-	2.460.774	3.600.060	-	3.600.060
16.6.1 Prior years' profits or losses		-	-	-	-	-	-
16.6.2 Current period net profit or loss		2.460.774	-	2.460.774	3.600.060	-	3.600.060
TOTAL LIABILITIES		205.969.772	214.196.020	420.165.792	178.597.379	208.898.448	387.495.827

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

Yapı ve Kredi Bankası A.Ş.**Unconsolidated financial statements as of June 30, 2020 and December 31, 2019**

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

2. Off-balance sheet commitments

Off-balance sheet commitments		Note (Section five)	Current Period (30/06/2020)			Prior Period (31/12/2019)		
			TL	FC	Total	TL	FC	Total
A.	Off-balance sheet commitments (I-II+III)		229.377.039	467.382.015	696.759.054	242.425.428	389.469.757	631.895.185
I.	Guarantees and warranties	3.1.2.1.2	28.933.655	65.528.467	94.462.122	27.023.766	63.090.951	90.114.717
1.1.	Letters of guarantee	3.1.2.2	28.778.575	48.819.998	77.598.573	26.894.174	42.807.332	69.701.506
1.1.1.	Guarantees subject to state tender law		430.007	568.757	998.764	367.229	604.813	972.042
1.1.2.	Guarantees given for foreign trade operations		4.258.962	48.251.241	52.510.203	4.095.773	42.202.519	46.298.292
1.1.3.	Other letters of guarantee		24.089.606	-	24.089.606	22.431.172	-	22.431.172
1.2.	Bank acceptances		-	236.650	236.650	-	156.431	156.431
1.2.1.	Import letter of acceptance		-	236.650	236.650	-	156.431	156.431
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		26.248	8.020.622	8.046.870	77.354	12.266.506	12.343.860
1.3.1.	Documentary letters of credit		26.248	8.020.622	8.046.870	77.354	12.266.506	12.343.860
1.3.2.	Other letters of credit		-	-	-	-	-	-
1.4.	Prefinancing given as guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Purchase guarantees for Securities issued		-	-	-	-	-	-
1.7.	Factoring guarantees		-	-	-	-	-	-
1.8.	Other guarantees		128.832	3.886.900	4.015.732	52.238	3.781.228	3.833.466
1.9.	Other warranties		-	4.564.297	4.564.297	-	4.079.454	4.079.454
II.	Commitments		79.597.138	76.328.540	155.925.678	70.587.105	24.339.036	94.926.141
2.1.	Irrevocable commitments		75.061.999	56.261.119	131.323.118	65.878.662	7.437.359	73.316.021
2.1.1.	Asset purchase and sale commitments		1.827.999	52.597.451	54.425.450	1.494.732	6.254.891	7.749.623
2.1.2.	Deposit purchase and sales commitments		-	2.312.460	2.312.460	-	-	-
2.1.3.	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4.	Loan granting commitments		14.337.429	1.109.636	15.447.065	12.708.914	960.251	13.669.165
2.1.5.	Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve requirements		-	-	-	-	-	-
2.1.7.	Commitments for checks payments		3.356.926	-	3.356.926	3.389.714	-	3.389.714
2.1.8.	Tax and fund liabilities from export commitments		6.086	-	6.086	4.074	-	4.074
2.1.9.	Commitments for credit card expenditure limits		47.606.306	-	47.606.306	41.380.895	-	41.380.895
2.1.10.	Commitments for credit cards and banking services promotions		43.396	-	43.396	30.190	-	30.190
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		7.883.857	241.572	8.125.429	6.870.143	222.217	7.092.360
2.2.	Revocable commitments		4.535.139	20.067.421	24.602.560	4.708.443	16.901.677	21.610.120
2.2.1.	Revocable loan granting commitments		4.535.139	20.067.421	24.602.560	4.708.443	16.901.677	21.610.120
2.2.2.	Other revocable commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		120.846.246	325.525.008	446.371.254	144.814.557	302.039.770	446.854.327
3.1.	Derivative financial instruments held for hedging		44.754.441	57.173.309	101.927.750	49.887.738	53.105.895	102.993.633
3.1.1.	Fair value hedges		270.141	2.712.494	2.982.635	470.141	2.941.839	3.411.980
3.1.2.	Cash flow hedges		44.484.300	54.460.815	98.945.115	49.417.597	50.164.056	99.581.653
3.1.3.	Hedges for investments made in foreign countries		-	-	-	-	-	-
3.2.	Trading transactions		76.091.805	268.351.699	344.443.504	94.926.819	248.933.875	343.860.694
3.2.1.	Forward foreign currency purchase and sale transactions		6.635.391	10.495.070	17.130.461	8.036.269	17.700.404	25.736.673
3.2.1.1.	Forward foreign currency purchase transactions		4.166.778	4.471.992	8.638.770	3.307.157	9.627.478	12.934.635
3.2.1.2.	Forward foreign currency sale transactions		2.468.613	6.023.078	8.491.691	4.729.112	8.072.926	12.802.038
3.2.2.	Currency and interest rate swaps		65.262.481	220.275.168	285.537.649	81.329.613	196.767.306	278.096.919
3.2.2.1.	Currency swap purchase transactions		8.076.368	72.300.310	80.376.678	10.892.454	70.454.795	81.347.249
3.2.2.2.	Currency swap sale transactions		26.354.113	54.642.626	80.996.739	38.687.159	42.840.355	81.527.514
3.2.2.3.	Interest rate swap purchase transactions		15.416.000	46.666.116	62.082.116	15.875.000	41.736.078	57.611.078
3.2.2.4.	Interest rate swap sale transactions		15.416.000	46.666.116	62.082.116	15.875.000	41.736.078	57.611.078
3.2.3.	Currency, interest rate and securities options		2.232.117	10.060.018	12.292.135	3.741.319	8.349.687	12.091.006
3.2.3.1.	Currency purchase options		1.291.819	2.406.370	3.698.189	2.043.723	2.136.917	4.180.640
3.2.3.2.	Currency sale options		621.128	3.229.036	3.850.164	1.497.596	2.736.368	4.233.964
3.2.3.3.	Interest rate purchase options		100.000	3.342.773	3.442.773	100.000	2.584.853	2.684.853
3.2.3.4.	Interest rate sale options		219.170	1.081.839	1.301.009	100.000	891.549	991.549
3.2.3.5.	Securities purchase options		-	-	-	-	-	-
3.2.3.6.	Securities sale options		-	-	-	-	-	-
3.2.4.	Currency futures		12.264	12.131	24.395	199.618	198.789	398.407
3.2.4.1.	Currency purchase futures		12.264	-	12.264	199.618	-	199.618
3.2.4.2.	Currency sale futures		-	12.131	12.131	-	198.789	198.789
3.2.5.	Interest rate futures		-	-	-	-	-	-
3.2.5.1.	Interest rate purchase futures		-	-	-	-	-	-
3.2.5.2.	Interest rate sale futures		-	-	-	-	-	-
3.2.6.	Other		1.949.552	27.509.312	29.458.864	1.620.000	25.917.689	27.537.689
B.	CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		500.191.371	118.890.619	619.081.990	477.878.718	107.685.079	585.563.797
IV.	ITEMS HELD IN CUSTODY		51.928.239	10.029.855	61.958.094	55.915.064	6.979.408	62.894.472
4.1.	Assets under management		25.661.659	1.234.221	26.895.880	14.733.918	943.333	15.677.251
4.2.	Securities held in custody		5.457.926	8.187.640	13.645.566	17.188.108	5.369.712	22.557.820
4.3.	Checks received for collection		15.518.904	28.484	15.547.388	17.168.474	59.047	17.227.521
4.4.	Commercial notes received for collection		5.231.606	476.139	5.707.745	6.766.420	518.018	7.284.438
4.5.	Other assets received for collection		-	82.421	82.421	-	71.180	71.180
4.6.	Securities received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		58.144	20.950	79.094	58.144	18.118	76.262
4.8.	Custodians		-	-	-	-	-	-
V.	PLEDGED ITEMS		417.962.876	95.727.600	513.690.476	395.405.815	89.063.878	484.469.693
5.1.	Marketable securities		809.610	759	810.369	831.183	659	831.842
5.2.	Guarantee notes		646.493	336.196	982.689	720.000	278.319	998.319
5.3.	Commodity		6.735	-	6.735	6.946	-	6.946
5.4.	Warrant		-	-	-	-	-	-
5.5.	Immovables		141.048.044	34.746.169	175.794.213	140.794.432	36.287.424	177.081.856
5.6.	Other pledged items		275.451.994	60.632.219	336.084.213	253.053.254	52.486.841	305.540.095
5.7.	Depositories receiving pledged items		-	12.257	12.257	-	10.635	10.635
VI.	ACCEPTED GUARANTEES AND WARRANTS		30.300.256	13.133.164	43.433.420	26.557.839	11.641.793	38.199.632
TOTAL OFF BALANCE SHEET COMMITMENTS)			729.568.410	586.272.634	1.315.841.044	720.304.146	497.154.836	1.217.458.982

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

Yapı ve Kredi Bankası A.Ş.**Unconsolidated financial statements as of June 30, 2020 and 2019**

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

3. Statements of Profit or Loss

Income and expense items		Note (Section five)	Current Period (01/01/2020 - 30/06/2020)	Prior Period (01/01/2019 - 30/06/2019)
I.	INTEREST INCOME	4.1	15.300.317	18.573.349
1.1	Interest on Loans	4.1.1	12.222.526	14.527.510
1.2	Interest received from reserve deposits		13.244	262.381
1.3	Interest Received from Banks	4.1.2	270.962	470.361
1.4	Interest Received from Money Market Transactions		74.476	369.756
1.5	Interest Received from Marketable Securities Portfolio	4.1.3	2.692.664	2.930.650
1.5.1	Financial Assets at Fair Value Through Profit and Loss		5.494	3.076
1.5.2	Financial Assets at Fair Value Through Other Comprehensive income		1.345.290	1.775.029
1.5.3	Financial assets measured at amortised cost		1.341.880	1.152.545
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		26.445	12.691
II.	INTEREST EXPENSE (-)	4.2	7.452.676	11.347.842
2.1	Interest on Deposits	4.2.4	4.302.039	8.636.883
2.2	Interest on Funds Borrowed	4.2.1	1.102.569	1.093.002
2.3	Interest expense on money market transactions		144.766	107.860
2.4	Interest on Securities Issued	4.2.3	1.598.686	1.379.938
2.5	Interest on Lease Payables		82.471	82.806
2.6	Other Interest Expense		222.145	47.353
III.	NET INTEREST INCOME/EXPENSE (I - II)		7.847.641	7.225.507
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		2.558.648	2.489.386
4.1	Fees and Commissions Received		3.100.778	3.375.667
4.1.1	Non-cash Loans		483.046	523.861
4.1.2	Other		2.617.732	2.851.806
4.2	Fees and Commissions Paid		542.130	886.281
4.2.1	Non-cash Loans		303	159
4.2.2	Other		541.827	886.122
V	DIVIDEND INCOME		2.008	8.313
VI.	TRADING PROFIT/LOSS (Net)	4.3	363.216	(783.083)
6.1	Trading Gains/Losses on Securities		300.628	127.011
6.2	Derivative Financial Transactions Gains/Losses	4.5	2.217.984	444.626
6.3	Foreign Exchange Gains/Losses		(2.155.396)	(1.354.720)
VII.	OTHER OPERATING INCOME	4.6	639.109	722.807
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		11.410.622	9.662.930
IX.	PROVISION FOR EXPECTED LOSSES (-)	4.4	4.534.593	3.780.915
X.	OTHER PROVISION EXPENSES (-)	4.4	407.154	216.757
XI.	PERSONNEL EXPENSES (-)	4.8	1.705.636	1.522.799
XII.	OTHER OPERATING EXPENSES (-)	4.7	2.170.723	1.780.586
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		2.592.516	2.361.873
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		435.874	422.230
XVI.	NET MONETARY POSITION GAIN/LOSS)		-	-
	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS		3.028.390	2.784.103
XVII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	4.8	567.616	423.156
XVIII.	OPERATIONS (±)	4.9		
18.1	Current Tax Provision		1.486.148	704.505
18.2	Expense effect of deferred tax (+)		-	-
18.3	Income effect of deferred tax (-)		918.532	281.349
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)		2.460.774	2.360.947
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		-	-
	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS		-	-
XXII.	(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	2.460.774	2.360.947
	Earnings/(loss) per share (full TL)		0,0029	0,0028

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

Yapı ve Kredi Bankası A.Ş.**Unconsolidated financial statements as of June 30, 2020 and 2019**

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

3. Statements of Profit Or Loss

Income and expense items		Note (Section Five)	Current Period (01/04/2020 – 30/06/2020)	Prior Period (01/04/2019 – 30/06/2019)
I.	INTEREST INCOME	4.1	7.601.797	9.658.367
1.1	Interest on Loans	4.1.1	6.069.130	7.361.145
1.2	Interest received from reserve deposits		-	146.095
1.3	Interest Received from Banks	4.1.2	92.325	314.362
1.4	Interest Received from Money Market Transactions		34.085	327.492
1.5	Interest Received from Marketable Securities Portfolio	4.1.3	1.402.257	1.505.097
1.5.1	Financial Assets at Fair Value Through Profit and Loss		4.256	1.180
1.5.2	Financial Assets at Fair Value Through Other Comprehensive income		683.359	877.992
1.5.3	Financial assets measured at amortised cost		714.642	625.925
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		4.000	4.176
II.	INTEREST EXPENSE (-)	4.2	3.726.807	5.789.282
2.1	Interest on Deposits	4.2.4	2.103.241	4.303.114
2.2	Interest on Funds Borrowed	4.2.1	532.855	592.931
2.3	Interest expense on money market transactions		103.550	66.461
2.4	Interest on Securities Issued	4.2.3	827.244	777.030
2.5	Interest on Lease Payables		39.769	42.283
2.6	Other Interest Expense		120.148	7.463
III.	NET INTEREST INCOME/EXPENSE (I - II)		3.874.990	3.869.085
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		1.135.320	1.205.914
4.1	Fees and Commissions Received		1.386.518	1.690.459
4.1.1	Non-cash Loans		233.710	267.162
4.1.2	Other		1.152.808	1.423.297
4.2	Fees and Commissions Paid		251.198	484.545
4.2.1	Non-cash Loans		90	87
4.2.2	Other		251.108	484.458
V.	DIVIDEND INCOME		1.613	560
VI.	TRADING PROFIT/LOSS (Net)	4.3	153.047	(761.097)
6.1	Trading Gains/Losses on Securities		141.695	63.294
6.2	Derivative Financial Transactions Gains/Losses	4.5	1.593.919	(963.307)
6.3	Foreign Exchange Gains/Losses		(1.582.567)	138.916
VII.	OTHER OPERATING INCOME	4.6	209.298	319.353
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		5.374.268	4.633.815
IX.	PROVISION FOR EXPECTED LOSSES (-)	4.4	2.013.393	1.882.650
X.	OTHER PROVISION EXPENSES (-)	4.4	23.684	3.510
XI.	PERSONNEL EXPENSES (-)	4.8	847.739	776.488
XII.	OTHER OPERATING EXPENSES (-)	4.7	1.074.539	911.999
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		1.414.913	1.059.168
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		229.153	198.176
XVI.	NET MONETARY POSITION GAIN/LOSS)		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+XIV+XV+XVI)		1.644.066	1.257.344
	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	4.9	312.735	137.807
XVIII.	OPERATIONS (±)			
18.1	Current Tax Provision		1.212.472	704.505
18.2	Expense effect of deferred tax (+)		-	-
18.3	Income effect of deferred tax (-)		899.737	566.698
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)		1.331.331	1.119.537
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	1.331.331	1.119.537
	Earnings/(loss) per share (full TL)		0,0016	0,0013

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

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of June 30, 2020 and 2019

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

4. Statement of Profit or Loss and Other Comprehensive Income

	Current Period	Prior Period
	(30/06/2020)	(30/06/2019)
I. PROFIT / (LOSS)	2.460.774	2.360.947
II. OTHER COMPREHENSIVE INCOME	468.309	(861.918)
2.1 Other comprehensive income that will not be reclassified to profit or loss	(60.059)	3.333
2.1.1 Gains (losses) on Revaluation of Property, Plant and Equipment	389	14.494
2.1.2 Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3 Gains (losses) on remeasurements of defined benefit plans	(59.794)	(24.730)
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	(15.468)	9.730
2.1.5 Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	14.814	3.839
2.2 Other Comprehensive Income That Will Be Reclassified to Profit or Loss	528.368	(865.251)
2.2.1 Exchange Differences on Translation	698.130	338.315
2.2.2 Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	571.056	(46.291)
2.2.3 Income (loss) Related with Cash Flow Hedges	(304.942)	(1.269.264)
2.2.4 Income (loss) Related with Hedges of Net Investments in Foreign Operations	(483.759)	(227.478)
2.2.5 Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6 Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	47.883	339.467
III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	2.929.083	1.499.029

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of June 30, 2020

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

5. Statement of changes in shareholders' equity

CHANGES IN SHAREHOLDER'S EQUITY	Current Period (30/06/2020)				Other Accumulated Comprehensive Income			Other Accumulated Comprehensive Income			Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total shareholders' equity
	Paid-in capital	Share premium	Share certificate cancellation profits	Other capital reserves	That Will Not Be Reclassified In Profit and Loss			That Will Be Reclassified In Profit and Loss						
					1	2	3	4	5	6				
I. Balance at the beginning of the period	8.447.051	556.937	-	1.441.699	1.858.419	(269.552)	1.191.459	2.492.776	(146.942)	(2.621.000)	24.636.747	-	3.600.060	41.187.654
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	-	1.441.699	1.858.419	(269.552)	1.191.459	2.492.776	(146.942)	(2.621.000)	24.636.747	-	3.600.060	41.187.654
IV. Total comprehensive income (loss)	-	-	-	-	(1.397)	(46.640)	(12.022)	698.130	445.424	(615.186)	-	-	2.460.774	2.929.083
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	-	-	-	6.008	-	-	-	-	-	-	(322)	-	-	5.686
XI. Profit distribution	-	-	-	2.551	-	-	-	-	-	-	3.597.509	-	(3.600.060)	-
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2. Transfers to legal reserves	-	-	-	2.551	-	-	-	-	-	-	3.597.509	-	(3.600.060)	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+.....+X+XI)	8.447.051	556.937	-	1.450.258	1.857.022	(316.192)	1.179.437	3.190.906	298.482	(3.236.186)	28.233.934	-	2.460.774	44.122.423

1. Tangible assets revaluation reserve,
2. Accumulated gains / losses on remeasurements of defined benefit plans
3. Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss
4. Exchange differences on translation reserve for associates and joint ventures accounted for using equity method
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income
6. Accumulated gains or (losses) on cash flow hedges and net investment hedges.

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

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

Yapı ve Kredi Bankası A.Ş.

Unconsolidated financial statements as of June 30, 2019

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

5. Statement of changes in shareholders' equity

CHANGES IN SHAREHOLDER'S EQUITY	Prior Period (30/06/2019)				Other Accumulated Comprehensive Income			Other Accumulated Comprehensive Income			Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total shareholders' equity
	Paid-in capital	Share premium	Share certificate cancellation profits	Other capital reserves	That Will Not Be Reclassified In Profit and Loss			That Will Be Reclassified In Profit and Loss						
					1	2	3	4	5	6				
I. Balance at the beginning of the period	8.447.051	556.937	-	1.438.556	1.845.522	(218.070)	1.177.534	2.067.517	(1.748.010)	799.334	19.969.702	-	4.667.426	39.003.499
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	-	1.438.556	1.845.522	(218.070)	1.177.534	2.067.517	(1.748.010)	799.334	19.969.702	-	4.667.426	39.003.499
IV. Total comprehensive income (loss)	-	-	-	-	12.893	(19.290)	9.730	338.315	(36.107)	(1.167.459)	-	-	2.360.947	1.499.029
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	-	-	-	2.762	-	-	-	-	-	-	-	-	-	2.762
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	4.667.426	-	(4.667.426)	-
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2. Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	4.667.426	-	(4.667.426)	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+.....+X+XI)	8.447.051	556.937	-	1.441.318	1.858.415	(237.360)	1.187.264	2.405.832	(1.784.117)	(368.125)	24.637.128	-	2.360.947	40.505.290

1. Tangible assets revaluation reserve,
2. Accumulated gains / losses on remeasurements of defined benefit plans
3. Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss
4. Exchange differences on translation reserve for associates and joint ventures accounted for using equity method
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income
6. Accumulated gains or (losses) on cash flow hedges and net investment hedges.

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

Yapı ve Kredi Bankası A.Ş.**Unconsolidated financial statements as of June 30, 2020 and 2019**

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

6. Statement of cash flows

	(Notes section five)	Current Period (30/06/2020)	Prior Period (30/06/2019)
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities	10.018.578	6.792.590
1.1.1	Interest received	14.477.252	15.685.271
1.1.2	Interest paid	(7.452.676)	(10.875.420)
1.1.3	Dividend received	141.698	191.459
1.1.4	Fees and commissions received	3.100.778	3.375.667
1.1.5	Other income	3.108.563	1.125.736
1.1.6	Collections from previously written-off loans and other receivables	851.825	750.110
1.1.7	Cash Payments to personnel and service suppliers	(3.471.264)	(3.020.927)
1.1.8	Taxes paid	(759.041)	(800.496)
1.1.9	Other	21.443	361.190
1.2	Changes in operating assets and liabilities subject to banking operations	(19.614.132)	2.946.065
1.2.1	Net (increase) decrease in Financial Assets at Fair Value through Profit or Loss	(123.990)	(76.790)
1.2.2	Net (increase) decrease in due from banks	(12.353.027)	(4.555.175)
1.2.3	Net (increase) decrease in loans	(28.245.944)	(15.747.485)
1.2.4	Net (increase) decrease in other assets	(5.050.336)	(5.543.510)
1.2.5	Net increase (decrease) in bank deposits	91.331	(3.570.386)
1.2.6	Net increase (decrease) in other deposits	17.634.655	18.661.068
1.2.7	Net increase (decrease) in financial liabilities at fair value through profit or loss	(29.549)	4.377.709
1.2.8	Net increase (decrease) in funds borrowed	6.778.437	7.832.700
1.2.9	Net increase (decrease) in matured payables	-	-
1.2.10	Net increase (decrease) in other liabilities	1.684.291	1.567.934
I.	Net cash provided from banking operations	(9.595.554)	9.738.655
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash provided from investing activities	(15.178.910)	(3.529.479)
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures	-	-
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures	-	-
2.3	Cash paid for the purchase of tangible and intangible asset	(261.886)	(446.602)
2.4	Cash obtained from the sale of tangible and intangible asset	82.622	152.549
2.5	Cash paid for the purchase of financial assets at fair value through other comprehensive income	(12.645.512)	(3.955.961)
2.6	Cash obtained from the sale of financial assets at fair value through other comprehensive income	9.428.678	3.823.079
2.7	Cash paid for the purchase of financial assets at amortised cost	(13.909.217)	(3.173.734)
2.8	Cash obtained from sale of financial assets at amortised cost	2.126.405	71.190
2.9	Other	-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash flows from financing activities	(2.197.451)	3.840.736
3.1	Cash obtained from funds borrowed and securities issued	17.360.377	10.666.161
3.2	Cash outflow from funds borrowed and securities issued	(19.358.318)	(6.625.917)
3.3	Equity instruments issued	-	-
3.4	Dividends paid	-	-
3.5	Payments for finance lease liabilities	(199.510)	(199.508)
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	5.457.257	2.876.810
V.	Net increase (decrease) in cash and cash equivalents	(21.514.658)	12.926.722
VI.	Cash and cash equivalents at beginning of the period	60.275.596	42.821.748
VII.	Cash and cash equivalents at end of the period	38.760.938	55.748.470

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2020

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

Section Three

Accounting policies

1. Explanations on basis of presentation:

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

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

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

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

The accounting policies and valuation principles employed for the preparation the financial statements are in compliance with “Accounting and Reporting Legislation” published in the regulation, communiqué, interpretations and circular of BRSA. If there is no specific regulation of BRSA, it has been determined and applied in the context of TFRS.

The accounting principles are in accordance with the used principles in preparation of yearly financial statements as of December 31, 2019.

The recent COVID-19 outbreak has led to disruptions in operations in countries which exposed to the outbreak, creating uncertainties both in regional and global economic conditions. As a result of the spread of COVID-19 throughout the world, various measures are taken to minimize the economic effects on individuals and businesses in our country as the World did.

As of June 30, 2020, the Bank has reflected at maximum level, in the light of available information and developments, the possible effects of the COVID-19 outbreak to the forecasts that used in the calculation of expected loan loss provisions. The estimations that were used in the calculation of expected loan loss provisions are disclosed in the explanations on impairment of financial assets.

Additional paragraph for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2020

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

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

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

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

The Bank hedges foreign currency exposure arising from carrying its foreign subsidiaries at equity method, with foreign currency financial liabilities and applies net investment hedge accounting. The effective portions of the change in fair value in financial liabilities in foreign currency are recorded under "Other accumulated comprehensive income that will be reclassified in other profit or loss" in equity.

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

3. Explanations on investments in associates, subsidiaries and joint ventures:

Associates, subsidiaries and joint ventures are being carried at equity method as defined in "TAS 28 - Investments in Associates and Joint Ventures" in the unconsolidated financial statements of the Bank started from June 30, 2015. Any valuation differences arising from prior years, before January 1, 2015, are booked as "Other accumulated comprehensive income that will not be reclassified in profit or loss" under equity. In the following periods, any valuation differences arising from the current period income and other comprehensive income are booked in profit and loss statement and "Other accumulated comprehensive income that will not be reclassified in profit or loss" under the equity, respectively. This accounting policy change is performed through an early adaption before the effective date of January 1, 2016 in accordance with the change of "TAS – 27 Turkish Accounting Standards for Individual Financial Statements" numbered 29321 on April 9, 2015 and confirmation by BRSA's letter numbered 10686 on July 14, 2015.

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

The Bank's derivative transactions mostly include money and interest rate swaps, forward foreign exchange purchase and sale transactions and options.

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

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

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

Changes in the fair value of derivative instruments subject to fair value hedges are recognized under profit or loss accounts together with the variation in the fair value of hedged items. The changes of fair value of derivative transactions for fair value hedge are classified in "Derivative Financial Transactions Gains/Losses" account. In the balance sheet, changes in the fair value of hedged assets and liabilities, during the period in which the hedge is effective, are shown with the related assets and liabilities. The ineffective portion of the mentioned hedging transaction is reflected to the income statement. If the underlying hedge does not conform to the hedge accounting requirements, according to the adjustments made to the carrying value (amortized cost) of the hedged item, for which the risk is hedged by a portfolio hedge, are amortized with the straight line method within the time to maturity and recognized under the profit and loss accounts. Fair value adjustments are recognized directly in the income statement in an event of repayment and/or unwinding and/or derecognition of the hedged item.

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

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

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

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

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

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

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

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

As of June 30, 2020, the Bank's credit derivatives portfolio included total return swaps.

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

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

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

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

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

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

5. Explanations on interest income and expense:

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

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

6. Explanations on fee and commission income and expenses:

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

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

7. Explanations on financial assets:

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

- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)
- Amortised cost

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

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Classification of financial assets reflects the business model of how the Bank manages the assets in order to generate cash flows. Bank's business model may be to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Bank in determining the business model for a bank of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

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

Assessment of the business model

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

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

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

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

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

The business models are divided into three categories. These categories are defined below:

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

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

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

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

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

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

- Other business models

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

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

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs. In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

When making such assessment, the Bank:

- contingent events that would change the amount and timing of cash flows
- leverage features
- prepayment and extension terms
- conditions restricting the Bank from asking the cash flows of the assets
- features that change the time value of the money

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

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7.1. Financial assets at fair value through profit or loss

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

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

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

7.2. Financial assets measured at amortised cost:

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

7.3. Loans :

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

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

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

Provision expenses are deducted from the net income of the year. If there is a subsequent collection from a receivable that was already provisioned in previous years, the recovery amount is classified under "Other operating income". The write off policy is described in the explanations and notes related to assets, fifth section.

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

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

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

At initial recognition, an irrevocable election can be made to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of TFRS 9. Such election is made on an instrument by instrument basis.

Fair value differences recognized in other comprehensive income are not transferred to profit or loss in the following periods and transferred to prior years' profit / loss. The equity instruments measured at fair value through other comprehensive income, are not subject to impairment calculation

8. Explanations on impairment of financial assets:

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

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

The measurement of the expected credit loss allowance:

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

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

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

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

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

- the PD (Probability of Default), represents the probability of occurrence of an event of default of the credit exposure, in a defined time lag;
- 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 required for IRB preparation phase;
- introducing "point-in-time" adjustments to replace "through-the-cycle" adjustments required for IRB preparation phase (YKB is at pre-application stage for A-IRB models. 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 Bank has adopted a statistical approach based on a quantiles regression whose objective is to define a threshold in terms of maximum variation acceptable between the PD at the time of origination and the PD assessed at the reporting date.

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

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

Significant increase in credit risk

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

Quantitative Assessment:

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

As of reporting date:

- Lifetime expected credit losses shall be recognized on a transaction base, when 30 days past due status is reached. The Bank can abandon this estimation when it has reasonable and supportable information available which demonstrates that even if contractual payments become more than 30 days past due, this does not represent a significant increase in the credit risk of a financial instrument.
- 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 unindemnified non cash loans are evaluated as significant increase in credit risk.

Qualitative Assessment

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

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

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 Bank's subsidiaries, associates are resident;
- Bank placements;
- Other money market transactions;
- Transactions of Bank's associates and subsidiaries

Forward Looking Information

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

For the calculation of expected credit loss, Bank uses macroeconomic estimation method which is developed during creation of various scenarios. Macroeconomic variables prevailing during these estimates are Gross Domestic Product (GDP), Unemployment Rate, Foreign Trade Balance and Housing Price Index.

When expected credit losses are estimated in accordance with the forward looking macroeconomic information, the Bank evaluates 3 scenarios (base, pessimistic and optimistic) with various weights based. Each of these scenarios are in relation with different probability of default risk.

Where macroeconomic scenarios do not include longer than 1 year maturity, a process called "convergence to the mean" is applied.

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The Bank has revised its macroeconomic expectations due to the possible effects of the COVID-19 epidemic. Also, in the light of these data the probabilities of default and loss given default were reflected by taking into account their values. In this context, the Bank has calculated expected credit loss provision by updating macroeconomic parameters such as in gross domestic product, unemployment rate, foreign trade balance and housing price index which is considered to reflect the current economic situation best and by increasing the weight of the pessimistic scenario. The Bank reflected the estimation of cash flows where used possible effects of the COVID-19 with reasonable and supportable information which was available in calculating the expected loan loss provision for the loans that subjected to individual assessment. This preferred approach will be reassessed in the upcoming reporting periods, considering the impact of the outbreak, the credit portfolio and changes in future expectations.

Due to the disruptions in economic and commercial activities resulting from the COVID-19 outbreak, the BRSA took the following decisions that was effective from March 17, 2020:

- Over the 90-day delay period that was envisaged for the classification of non-performing loans will be applied as over the 180 days until December 31, 2020 for Stage 1 and 2 loans.
- Over the 30-day delay period that was envisaged for the classification of loans in stage 2 will be applied as over the 90 days until December 31, 2020 for Stage 1 loans.
- The banks will continue to set aside calculating the expected credit loss provision within the scope of TFRS 9, for the loans that continue to be classified in Stage 2 despite over the 90-day delay and those that continue to be classified in Stage 1 despite over the 30-day delay.

As of June 30, 2020, the Bank has classified loans in accordance with the changes mentioned above and reflected them in its financial statements.

9. Explanations on offsetting financial assets:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and 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 at fair value through other comprehensive income" and "Financial assets measured at amortised cost" according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Money market funds" in liabilities and the difference between the sale and repurchase price is accrued over the life of the repurchase agreements using the "Effective interest method". Interest expense on repo transactions are recorded under "Interest expense on money market transactions" in the income statement.

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

The Bank has no securities lending transactions.

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

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

A discontinued operation is a part of the Bank's business classified as sold or held for sale. The operating results of the discontinued operations are disclosed separately in the income statement.

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12. Explanations on goodwill and other intangible assets:

12.1. Goodwill:

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

As explained in Note 2, Section 1, in 2006, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. The goodwill resulting from the merger and calculated in line with TFRS 3, was recorded in the unconsolidated financial statements of the Bank.

In line with "TFRS – 3 Business Combinations", the goodwill is not subject to amortization but is tested annually or more frequently for impairment losses, if any, in line with "TAS – 36 Impairment on Assets". For the purposes of impairment testing, goodwill is allocated to each of the Bank's cash-generating units that is expected to benefit from the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

There is no evidence of impairment on the goodwill amount as a result of the impairment test.

12.2. Other intangible assets:

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

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

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

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13. Explanations on property and equipment:

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

The Bank adopted a fair value accounting method for its buildings as of March 31, 2015 in tangible assets in accordance with "TAS – 16 Property, Plant and Equipment".

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

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

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

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

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

14. Explanations on leasing transactions:

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

Accounting of leasing operations according to lessee:

The Bank has adopted "TFRS 16: Leases" as of January 1, 2019. The Bank has applied the simplified transition approach and elected not to restate comparative figures.

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

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

Accounting of the leasing transactions in terms of the lessor:

The major risks and benefits of the property carried by the lessor are classified as operational leasing. The payments that are received as operational leasing are accounted as income via the linear method throughout the leasing term.

15. Explanations on provisions, contingent liabilities:

Provisions and contingent liabilities, except for the specific and general provisions recognized for loans and other receivables, are accounted in accordance with "TAS – 37 Provisions, Contingent Liabilities and Contingent Assets".

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions for contingent liabilities arisen from past events are recognized in the period of occurrence in accordance with the "Matching principle". A provision is recognized when it is probable that the contingent event will occur and a reliable estimate can be made. When a reliable estimate of the amount of obligation cannot be made or it is not probable that an outflow of resources will be required to settle the obligation, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

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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 rights:

16.1. Employee termination benefits

Obligations related to employee termination and vacation rights are accounted for in accordance with "TAS – 19 Employee Rights" and are classified under "Reserve for employee rights" account in the balance sheet.

Under the Turkish Labour Law, the Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total liability for the future probable obligation of the Bank determined by using certain actuarial assumptions. Actuarial gains and losses generated after January 1, 2013, are accounted for under equity in accordance with the revised "TAS – 19 Employee Rights" standard.

16.2. Pension rights

The Bank's personnel are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı ("the Fund") which was established in accordance with the 20th temporary article of the Social Security Law No.506. 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 23 paragraph 1 of the Banking Act published in the Official Gazette No. 25983 dated November 1, 2005 stated that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years beginning from the publication date of the article.

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

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, No 26731. With the publication of the reasoning of the decision, the Grand National Assembly of 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.

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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 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.

16.3. Short term benefits of employee:

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

17. Explanations on taxation:

17.1. Current tax:

The corporate tax rate is 20% in accordance with the article number 32 of the New Corporate Tax Law no.5520 which is published in the official Gazette dated June 21, 2006 and numbered 26205. "In addition, with the 91st article of The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts which came into effect, being published in the Official Gazette dated December 5, 2017 and numbered 30261, current 20% corporate tax rate, will be applied as 22% for enterprises' corporate income belonging to the taxation periods of 2018, 2019 and 2020. 22% rate will also be valid for aforementioned years' in the provisional tax declaration.

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.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and 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.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the last evening of the fourth month following the balance sheet date and the accrued tax is paid same day. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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17.2. Deferred tax:

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

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

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

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

Additionally, in accordance with the related legislation of BRSA, deferred tax effect, if income, is not eligible for dividend distribution and share capital increase.

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".

Bank, classified its part of the financial debts as fair value through profit / loss on financial liabilities. Difference between fair value of the debt and amortized cost of the debt together with the interest expense paid on financial instrument is presented as trading gain and losses in the accompanying financial statements.

The Bank utilises various hedging techniques to minimise the currency, interest rate and liquidity risks of its financial liabilities. No convertible bonds have been issued by the Bank.

Also, the Bank obtains funds by issuing bonds and bills.

19. Explanations on issuance of share certificates:

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

20. Explanations on avalized drafts and letter of acceptances:

Avalized drafts and acceptances are included in the "Off-balance sheet commitments".

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21. Explanations on government grants:

In accordance with the related articles of the "Law Regarding the Supporting of Research and Development Activities" numbered 5746, until balance sheet date, the Bank received government grant from TÜBİTAK amounting to TL 372 (December 31, 2019 - TL 694).

22. Profit reserves and profit distribution:

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

No dividend payments were announced after the balance sheet date.

23. Earnings per share:

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

	Current Period	Prior Period
Net Income/(loss) to be appropriated to ordinary shareholders	2.460.774	2.360.947
Weighted average number of issued ordinary shares(thousand)	844.705.128	844.705.128
Earnings per share (full TL)	0,0029	0,0028

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 2020 (2019 – None).

24. Related parties:

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

25. Explanations on operating segments:

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

26. Explanations on other matters:

None.

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

The calculation of the own funds and the capital adequacy standard ratio are performed in accordance with the communiqués such as “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio”, “Regulation Credit Risk Mitigation Techniques”, “Regulation on calculation of Risk-Weighted Amounts of Securitizations” and “Regulation Regarding Banks’ Shareholders’ Equity”. The capital adequacy ratio of the Bank is 19,10% (December 31, 2019 - 17,81%).

1.1. Information on equity:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-up Capital	8.447.051	8.447.051
Share issue premiums	556.937	556.937
Retained earnings	29.658.810	26.058.750
Accumulated other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	6.645.227	5.716.725
Profit	2.460.774	3.600.060
Net profit of the period	2.460.774	3.600.060
Profit of the previous years	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	25.382	19.696
Common Equity Tier 1 capital before regulatory adjustments	47.794.181	44.399.219
Common Equity Tier 1 capital: regulatory adjustments		
Prudential valuation adjustments	92.390	81.748
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	1.851.731	1.574.703
Improvement costs for operating leasing	110.188	123.898
Goodwill (net of related tax liability)	979.493	979.493
Other intangibles other than mortgage-servicing rights (net of related tax liability)	780.957	792.785
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Cash-flow hedge reserve	-	-
Shortfall of provisions to expected losses	-	-
Securitization gain on sale	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Investments in own shares	-	-
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank owns more than 10% of the issued share capital (amount above 10% threshold)	-	-
Mortgage servicing rights (amount above 10% threshold)	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amount exceeding the 15% threshold (-) of the common equity Tier 1 in accordance with the second paragraph of the provisional article 2 in the regulation regarding the Banks’ Shareholders’ Equity	-	-
The amount above threshold for the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank owns more than 10% of the issued share capital	-	-
The amount above threshold for mortgage servicing rights	-	-
The amount above threshold for deferred tax assets arising from temporary differences	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-
Total regulatory adjustments to Common equity Tier 1	3.814.759	3.552.627
Common Equity Tier 1 capital (CET1)	43.979.422	40.846.592

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ADDITIONAL TIER 1 CAPITAL	Current Period	Prior Period
Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-	-
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA	4.447.430	3.861.130
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-	-
Additional Tier 1 capital before regulatory adjustments	4.447.430	3.861.130
Additional Tier 1 capital: regulatory adjustments		
Investments in own Additional Tier 1 instruments	-	-
Reciprocal cross-holdings in Additional Tier 1 instruments	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
Total regulatory adjustments to Additional Tier 1 capital	-	-
Total Additional Tier 1 capital	4.447.430	3.861.130
Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	48.426.852	44.707.722
TIER 2 CAPITAL		
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	6.930.611	6.817.423
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)	322.028	492.467
Provisions (Article 8 of the Regulation on the Equity of Banks) ⁽¹⁾	2.866.016	2.723.888
Tier 2 capital before regulatory adjustments	10.118.655	10.033.778
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	129.052	112.694
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	129.052	112.694
Total Tier 2 capital	9.989.603	9.921.084
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	58.368.430	54.589.297
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	2.940	4.337
Portion of the sum of the banks' real estate net book values, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition ⁽²⁾	-	-
National specific regulatory adjustments which shall be determined by the BRSA	45.085	35.172
Regulatory Adjustments which will be deducted from Total Capital during the transition period		
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Significant investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold), mortgage servicing rights (amount above 10% threshold), deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-

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OWN FUNDS	Current Period	Prior Period
Total Capital (The sum of Tier 1 capital and Tier 2 capital) ⁽³⁾	58.165.896	54.589.297
Total Risk Weighted Assets ⁽⁴⁾	304.576.648	306.434.651
CAPITAL ADEQUACY RATIOS		
Common Equity Tier 1 Capital Adequacy Ratio (%)	14,44	13,33
Tier 1 Capital Adequacy Ratio (%)	15,90	14,59
Capital Adequacy Ratio (%)	19,10	17,81
BUFFERS		
Institution specific buffer requirement of the Bank(a+b+c)	2,528	2,530
a) Capital conservation buffer requirement (%)	2,500	2,500
b) Bank's specific countercyclical buffer requirement (%)	0,028	0,030
c) Systemically important Bank buffer (%)	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	9,900	8,590
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financials	-	-
Significant investments in the common stock of financials	1.047.992	902.257
Mortgage servicing rights (net of related tax liability)	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	4.096.374	2.848.751
Applicable caps on the inclusion of provisions in Tier 2 capital		
General provisions for standard based receivables (before ten thousand twenty five limitation)	8.785.604	6.384.341
Up to 1.25% of total risk-weighted amount of general provisions for receivables where the standard approach used	3.674.379	3.492.164
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
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	-	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-	-
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	322.028	492.467
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	5.875.596	4.993.118

- (1) Represents post-tax net amount of general provisions.
- (2) 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.
- (3) In the calculation of Capital Adequacy Ratios, the negative valuation differences on securities acquired before March 23, 2020 classified under "securities at fair value through other comprehensive income" are not taken into consideration in the calculation of own funds according to BRSA note no.24049440-045.01-E.3397 dated March 23, 2020.
- (4) In the calculation of credit risk, foreign exchange rate is the rate that used in the preparation of financial statements as of December 31, 2019, according to BRSA note no.24049440-045.01-E.3397 dated March 23, 2020.

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

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1.2. Details on Subordinated Liabilities:

	1	2	3	4	5	6	7
Lender (1,2), Issuer (3,4,5)	UNICREDIT SPA	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.	Yapı ve Kredi Bankası A.Ş.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	XS0861979440/ US984848AB73	XS1376681067/ US984848AF87	XS1867595750/ US984848AL55	TRSYKKB62914	TRSYKKB92911
Governing law(s) of the instrument	BRSA / Austria Law	BRSA / Austria Law	BRSA / CMB / LONDON STOCK EXCHANGE / English 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	Yes	No	No	No	No
Eligible at stand-alone / consolidated	Stand-alone -Consolidated	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	Loan	Bond	Bond	Bond	Bond	Bond
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	1.601	1.109	322	3.421	4.447	500	300
Par value of instrument	4.003	1.847	6.198	3.421	4.447	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	Liability – Subordinated Loans- amortised cost	Liability – Subordinated Loans- amortised cost
Original date of issuance	January 9, 2013	December 18, 2013	December 6, 2012	March 8, 2016	January 15, 2019	July,3 2019	October,3 2019
Perpetual or dated	Dated	Dated	Dated	Dated	Perpetual	Dated	Dated
Original maturity date	10 years	10 years	10 years	10 years + 1 day	-	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	Yes	No	Yes	-	Yes	Yes
Optional call date, contingent call dates and redemption amount	After 5th year	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	-	-	Every 5 years	After 5th year	After 5th year
	Coupons / dividends						
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Variable Interest	Variable Interest
Coupon rate and any related index	5,7%	First 5 years 6,55% fixed, second 5 years 7,7156% fixed	5,5%	First 5 years 8,625% fixed, second 5 years MidSwap+7,40%	First 5 years 13,875% fixed, after 5 years MidSwap+11,245% fixed	3 monthly TRYLIBOR +1,00 %	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	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	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	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, 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	Yes	No	No	No	No
Details of incompliance with article number 7 and 8 of “Own fund regulation”	-	-	8-2-ğ	-	-	-	-

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- 1.3.** There are differences between the figures in the own funds and their corresponding amounts in the balance sheet. Within this context; in the calculation of own funds, the losses and gains that are related to cash flow hedge transactions are not considered in the own funds and the prudential valuation adjustments calculated in accordance with the (i) item of the first paragraph in the ninth article of the “Regulation Regarding Banks’ Shareholders’ Equity” are considered in the own funds. In the calculation of Capital Adequacy Ratios, the negative valuation differences on securities acquired before March 23, 2020 classified under “securities at fair value through other comprehensive income” are not taken into consideration in the calculation of own funds according to BRSA note no.24049440-045.01-E.3397 dated March 23, 2020. 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 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. Due to usage of standard approach for the calculation of capital adequacy ratio by the Bank, tables, which have to be prepared within the scope of Internal Rating-Based (IRB) approach, have not been presented.

2.1. General Information on Risk Management and Risk Weighted Amount**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)	265.033.243	272.047.948	21.202.659
2 Of which standardised approach (SA)	265.033.243	272.047.948	21.202.659
3 Of which internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	5.915.342	5.066.958	473.227
5 Of which standardised approach for counterparty credit risk (SA-CCR)	5.915.342	5.066.958	473.227
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	16.880	2.603	1.350
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	3.467.894	2.581.955	277.432
17 Of which standardised approach (SA)	3.467.894	2.581.955	277.432
18 Of which internal model approaches (IMM)	-	-	-
19 Operational risk	27.931.004	24.479.544	2.234.480
20 Of which Basic Indicator Approach	27.931.004	24.479.544	2.234.480
21 Of which Standardised Approach	-	-	-
22 Of which Advanced Measurement Approach	-	-	-
23 Amounts below the thresholds for deduction (subject to 250% risk weight)	2.212.285	2.255.643	176.983
24 Floor adjustment	-	-	-
TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)	304.576.648	306.434.651	24.366.131

2.1.2. Credit quality of assets

According to the BRSA Regulation “Regulation on the procedures and principles for the determination of qualification of loans and other receivables by Banks and provision to be set aside” in the cases:

- For which recovery of principal and interest or both delays for more than ninety days from their terms or due dates (According to BRSA decision no.8948 dated March 17, 2020, it will be applied as 180 days until December 31, 2020) or;
- Which have limited means for total recovery because debtors’ equity or guarantees extended by them are found inadequate to cover payment of debts on respective terms and are likely to lead to losses in case any such problems observed are not solved or;
- For which debtors have suffered deterioration in their creditworthiness and credits have suffered weakness consequently or;
- For which it is believed that recovery by banks of principal or interest or both would delay for more than ninety days from their terms or due dates due to reasons such as problems encountered by debtors over operating capital financing or additional liquidity creation,

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In accordance with the regulation; in the event that failure to meet payment obligations towards banks stems from temporary liquidity difficulties related to the loans and other receivables as part of the principles of classification, loans and other receivables including any overdue interest may be restructured or subject to a new redemption plan for the purpose of providing debtors with liquidity capability and ensuring recovery of receivables by Bank.

Current Period	Gross carrying values of (according to TAS)			
	Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Net values
1 Loans	17.743.533	248.737.026	20.040.872	246.439.687
2 Debt Securities	-	72.083.597	166.015	71.917.582
3 Off-balance sheet exposures	1.160.132	224.625.108	1.026.392	224.758.848
Total	18.903.665	545.445.731	21.233.279	543.116.117

Prior Period	Gross carrying values of (according to TAS)			
	Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Net values
1 Loans	18.274.502	222.836.742	17.322.615	223.788.629
2 Debt Securities	-	55.134.302	89.226	55.045.076
3 Off-balance sheet exposures	1.175.798	162.254.940	926.819	162.503.919
Total	19.450.300	440.225.984	18.338.660	441.337.624

2.1.3. Changes in stock of defaulted loans and debt securities

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	19.450.300	13.458.985
2 Loans and debt securities that have defaulted since the last reporting period	1.158.526	11.166.004
3 Returned to non-defaulted status	47.500	43.356
4 Amounts written off	837.670	3.412.145
5 Other changes	(819.991)	(1.719.188)
Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	18.903.665	19.450.300

2.1.4. Credit risk mitigation techniques – overview

Current Period	Exposures unsecured: carrying amount (According to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1 Loans	184.017.627	62.422.060	34.589.432	14.564.996	11.674.270	-	-
2 Debt securities	71.917.582	-	-	-	-	-	-
3 TOTAL	255.935.209	62.422.060	34.589.432	14.564.996	11.674.270	-	-
4 Of which defaulted	3.456.470	2.319.131	765.128	907.900	448.061	-	-

Prior Period	Exposures unsecured: carrying amount (According to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1 Loans	154.691.434	69.097.195	36.857.104	11.903.657	9.616.692	-	-
2 Debt securities	55.045.076	-	-	-	-	-	-
3 TOTAL	209.736.510	69.097.195	36.857.104	11.903.657	9.616.692	-	-
4 Of which defaulted	3.415.412	3.445.186	927.053	733.593	371.782	-	-

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2.1.5. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects

Current Period		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	108.116.409	1.995.291	120.181.769	2.332.384	-	0,00%
2	Exposures to regional governments or local authorities	727	25	727	13	148	20,00%
3	Administrative and non commercial receivables	73.362	137.355	68.333	52.241	120.574	100,00%
4	Exposures to multilateral development banks	-	22.510	-	11.255	-	0,00%
5	Exposures to banks and financial institutions	24.778.178	21.183.669	24.835.152	2.458.625	8.270.904	30,30%
6	Exposures to corporates	117.097.224	102.659.565	110.818.165	44.192.198	152.332.922	98,27%
7	Retail exposures	78.869.534	69.709.103	71.700.523	6.236.609	58.452.849	75,00%
8	Exposures secured by residential property	10.439.774	168.544	10.439.774	94.837	3.687.114	35,00%
9	Exposures secured by commercial real estate	23.831.952	3.167.791	23.683.874	2.182.841	19.811.272	76,59%
10	Non performing receivables	4.443.232	26.891	4.225.041	9.811	2.819.889	66,59%
11	Higher-risk categories by the Agency Board	1.332.231	2.084.014	1.099.707	185.126	1.666.544	129,71%
12	Exposures in the form of units or shares in collective investment undertakings (CIUs)	22.084	-	22.084	-	16.881	76,44%
13	Investments in equities	8.612.223	-	8.612.223	-	9.939.594	115,41%
14	Other assets	15.825.297	-	15.825.294	-	10.143.717	64,10%
TOTAL		393.442.227	201.154.758	391.512.666	57.755.940	267.262.408	59,49%

Prior Period		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	91.426.756	1.652	101.350.654	228.778	12.348.268	12,16%
2	Exposures to regional governments or local authorities	-	-	-	-	-	0,00%
3	Administrative and non commercial receivables	53.722	123.222	53.712	49.678	103.390	100,00%
4	Exposures to multilateral development banks	-	21.529	-	10.915	-	0,00%
5	Exposures to banks and financial institutions	35.396.204	12.265.124	35.460.779	2.486.616	11.977.104	31,56%
6	Exposures to corporates	121.685.788	105.184.606	117.443.002	44.006.942	159.635.668	98,88%
7	Retail exposures	75.284.542	62.019.916	68.154.449	5.984.507	55.604.218	75,00%
8	Exposures secured by residential property	10.587.317	166.939	10.587.317	99.218	3.740.288	35,00%
9	Exposures secured by commercial real estate	12.736.844	2.386.130	12.736.844	1.686.593	7.211.720	50,00%
10	Non performing receivables	6.841.923	52.945	6.465.262	31.762	4.986.574	76,75%
11	Higher-risk categories by the Agency Board	18.674	2.046.794	18.605	167.920	278.557	149,34%
12	Exposures in the form of units or shares in collective investment undertakings (CIUs)	4.997	-	4.997	-	2.602	52,07%
13	Investments in equities	8.309.081	-	8.309.081	-	9.662.467	116,29%
14	Other assets	13.753.425	-	13.753.425	-	8.755.338	63,66%
TOTAL		376.099.273	184.268.857	374.338.127	54.752.929	274.306.194	63,93%

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

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2.1.6 Standardised approach – exposures by asset classes and risk weights

Current Period													Total credit risk exposure amount (after CCF and CRM)
Asset classes/ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%		
1 Exposures to central governments or central banks	122.514.153	-	-	-	-	-	-	-	-	-	-	122.514.153	
2 Exposures to regional governments or local authorities	-	-	740	-	-	-	-	-	-	-	-	740	
3 Exposures to public sector entities	-	-	-	-	-	-	120.574	-	-	-	-	120.574	
4 Exposures to multilateral development banks	11.255	-	-	-	-	-	-	-	-	-	-	11.255	
5 Exposures to institutions	-	-	18.286.130	-	8.787.938	-	219.709	-	-	-	-	27.293.777	
6 Exposures to corporates	330.804	-	660.485	-	3.636.498	-	150.382.576	-	-	-	-	155.010.363	
7 Retail exposures	-	-	-	-	-	77.937.132	-	-	-	-	-	77.937.132	
8 Exposures secured by residential property	-	-	-	10.534.611	-	-	-	-	-	-	-	10.534.611	
9 Exposures secured by commercial real estate	-	-	-	-	11.848.551	524.670	13.493.494	-	-	-	-	25.866.715	
10 Past-due loans	-	-	-	-	2.829.926	-	1.404.926	-	-	-	-	4.234.852	
11 Higher-risk categories by the Agency Board	-	-	-	-	49.289	-	422.833	812.711	-	-	-	1.284.833	
12 Investments made in collective investment companies	65	-	3.478	-	4.711	-	13.830	-	-	-	-	22.084	
13 Investments in equities	-	-	-	-	-	-	7.727.309	-	-	884.914	-	8.612.223	
14 Other receivables	5.460.249	-	276.660	-	-	-	10.088.385	-	-	-	-	15.825.294	
Total	128.316.526	-	19.227.493	10.534.611	27.156.913	78.461.802	183.873.636	812.711	-	884.914	-	449.268.606	

Prior Period													Total credit risk exposure amount (after CCF and CRM)
Asset classes/ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%		
1 Exposures to central governments or central banks	89.231.165	-	-	-	-	-	12.348.267	-	-	-	-	101.579.432	
2 Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	
3 Exposures to public sector entities	-	-	-	-	-	-	103.390	-	-	-	-	103.390	
4 Exposures to multilateral development banks	10.915	-	-	-	-	-	-	-	-	-	-	10.915	
5 Exposures to institutions	-	-	29.418.770	-	4.910.718	-	3.577.742	40.165	-	-	-	37.947.395	
6 Exposures to corporates	330.804	-	714.368	-	1.823.955	-	158.580.817	-	-	-	-	161.449.944	
7 Retail exposures	-	-	-	-	-	74.138.956	-	-	-	-	-	74.138.956	
8 Exposures secured by residential property	-	-	-	10.686.535	-	-	-	-	-	-	-	10.686.535	
9 Exposures secured by commercial real estate	-	-	-	-	14.423.437	-	-	-	-	-	-	14.423.437	
10 Past-due loans	-	-	-	-	3.593.852	-	2.330.218	572.954	-	-	-	6.497.024	
11 Higher-risk categories by the Agency Board	-	-	-	-	-	-	2.460	184.065	-	-	-	186.525	
12 Investments made in collective investment companies	178	-	2.343	-	683	-	1.793	-	-	-	-	4.997	
13 Investments in equities	-	-	-	-	-	-	7.406.824	-	-	902.257	-	8.309.081	
14 Other receivables	4.914.021	-	105.082	-	-	-	8.734.322	-	-	-	-	13.753.425	
Total	94.487.083	-	30.240.563	10.686.535	24.752.645	74.138.956	193.085.833	797.184	-	902.257	-	429.091.056	

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2.1.7 Assessment of Counterparty Credit Risk according to the models of measurement

Current Period		Revaluation Cost	Potential credit risk exposure	EEPE⁽¹⁾	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard Approach-CCR	2.532.379	1.475.725	-	1,4	3.994.791	3.046.089
2	Internal Model Approach	-	-	-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation	-	-	-	-	-	-
4	Comprehensive Method for Credit Risk Mitigation	-	-	-	-	1.344.692	600.994
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	-	-
Total							3.647.083

Prior Period		Revaluation Cost	Potential credit risk exposure	EEPE⁽¹⁾	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard Approach-CCR	2.166.338	1.729.316	-	1,4	3.869.598	2.841.880
2	Internal Model Approach	-	-	-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation	-	-	-	-	-	-
4	Comprehensive Method for Credit Risk Mitigation	-	-	-	-	644.011	316.058
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	-	-
Total							3.157.938

(1) Effective expected positive exposure

2.1.8 Credit valuation adjustment (CVA) capital charge

	Current Period		Prior Period	
	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
Total portfolio value with comprehensive approach CVA capital adequacy	-	-	-	-
1 (i) Value at risk component (including 3*multiplier)	-	-	-	-
2 (ii) Stressed Value at Risk (including 3*multiplier)	-	-	-	-
3 All portfolios subject to Standardised CVA capital obligation	3.994.791	2.264.360	3.869.598	1.899.383
Total amount of CVA capital adequacy	3.994.791	2.264.360	3.869.598	1.899.383

2.1.9 Standardised approach – CCR exposures by risk weights and risk classes

Risk Weights/Risk Classes	Current Period											Total credit risk⁽¹⁾
	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%	Other	
Central governments and central banks receivables	477.625	-	-	-	-	-	-	-	-	-	-	477.625
Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-	-	-
Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-	-	-
Banks and Intermediary Institutions receivables	-	19.182	87.877	-	382.922	-	1.670.526	-	-	-	-	2.160.507
Corporate receivables	-	-	-	-	2.895	-	74.783	-	2.646.271	-	-	2.723.949
Retail receivables	-	-	-	-	-	-	-	2.700	-	-	-	2.700
Mortgage receivables	-	-	-	-	-	-	65.583	-	16.178	-	-	81.761
Non performing receivables	-	-	-	-	-	-	-	-	-	-	-	-
High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-	-
Equity investments	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total	477.625	19.182	87.877	-	385.817	-	1.810.892	2.700	2.662.449	-	-	5.446.542

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Risk Weights/Risk Classes	Prior Period											Total credit risk ⁽¹⁾
	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%	Other	
1 Central governments and central banks receivables	11.904	-	-	-	-	-	-	-	21.050	-	-	32.954
2 Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-	-	-
3 Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-	-	-	-
4 Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-	-	-
5 Banks and Intermediary Institutions receivables	-	308.898	86.471	-	607.980	-	1.446.935	-	181.167	-	-	2.631.451
6 Corporate receivables	-	-	-	-	235	-	5.566	-	1.974.314	-	-	1.980.115
7 Retail receivables	-	-	-	-	-	-	-	5.140	-	-	-	5.140
8 Mortgage receivables	-	-	-	-	-	-	259.318	-	-	-	-	259.318
9 Non performing receivables	-	-	-	-	-	-	-	-	-	-	-	-
10 High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity investments	-	-	-	-	-	-	-	-	-	-	-	-
12 Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total	11.904	308.898	86.471	-	608.215	-	1.711.819	5.140	2.176.531	-	-	4.908.978

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

2.1.10 Composition of collateral for CCR exposure

	Collaterals for Derivatives Transactions				Collaterals or Other Transactions		
	Current Period	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
		Segregated	Unsegregated	Segregated	Unsegregated		
1 Cash-domestic currency	-	22	-	-	8.590.259	-	
2 Cash-foreign currency	-	7.718	-	-	1.499.503	-	
3 Domestic sovereign debts	-	5.573	-	-	-	10.909.303	
4 Other sovereign debt	-	-	-	-	-	-	
5 Government agency debt	-	-	-	-	-	-	
6 Corporate debts	-	-	-	-	-	-	
7 Equity securities	-	-	-	-	-	-	
8 Other collateral	-	-	-	-	-	-	
Total	-	13.313	-	-	10.089.762	10.909.303	

	Collaterals for Derivatives Transactions				Collaterals or Other Transactions		
	Prior Period	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Taken
		Segregated	Unsegregated	Segregated	Unsegregated		
1 Cash-domestic currency	-	2.594	-	-	2.936.526	10.703.351	
2 Cash-foreign currency	-	17.961	-	-	759.218	-	
3 Domestic sovereign debts	-	5.501	-	-	10.709.991	4.197.383	
4 Other sovereign debt	-	-	-	-	-	-	
5 Government agency debt	-	-	-	-	-	-	
6 Corporate debts	-	-	-	-	-	-	
7 Equity securities	-	-	-	-	-	-	
8 Other collateral	-	-	-	-	-	-	
Total	-	26.056	-	-	14.405.735	14.900.734	

2.1.11 Credit derivatives exposures

	Current Period		Prior Period	
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Nominal				
Single-name credit default swaps	-	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	13.293.315	-	12.732.747
Credit Options	-	-	-	-
Other Credit Derivatives	-	-	-	-
Total Nominal	-	13.293.315	-	12.732.747
Rediscount Amount	-	(1.375.693)	-	(229.460)
Positive Rediscount Amount	-	47.240	-	274.073
Negative Rediscount Amount	-	(1.422.933)	-	(503.533)

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Notes to unconsolidated financial statements as of June 30, 2020

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

2.1.12 Market risk under standardised approach

		Current Period	Prior Period
		Risk Weighted Asset	Risk Weighted Asset
Outright products		3.438.856	2.561.805
1	Interest rate risk (general and specific)	1.993.304	1.624.256
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	1.428.377	937.549
4	Commodity risk	17.175	-
Options		29.038	20.150
5	Simplified approach	-	-
6	Delta-plus method	29.038	20.150
7	Scenario approach	-	-
8	Securitisation	-	-
Total		3.467.894	2.581.955

2.1.13 Exposures to central counterparties

		Current Period		Prior Period	
		Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		3.899		9.637
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions) ; of which	-	-	-	-
3	(i) OTC Derivatives	107.059	3.899	112.336	3.976
4	(ii) Exchange-traded Derivatives	-	-	-	-
5	(iii) Securities financing transactions	-	-	283.033	5.661
6	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
7	Segregated initial margin	-	-	-	-
8	Non-segregated initial margin	-	-	-	-
9	Pre-funded default fund contributions	-	-	-	-
10	Unfunded default fund contributions	-	-	-	-
11	Exposures to non-QCCPs (total)				
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions) ; of which)	-	-	-	-
13	(i) OTC Derivatives	-	-	-	-
14	(ii) Exchange-traded Derivatives	-	-	-	-
15	(iii) Securities financing transactions	-	-	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
17	Segregated initial margin	-	-	-	-
18	Non-segregated initial margin	-	-	-	-
19	Pre-funded default fund contributions	-	-	-	-
20	Unfunded default fund contributions	-	-	-	-

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3. Explanations on currency risk

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

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

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

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

(Exchange rates presented as full TL)	USD	EUR
Balance sheet evaluation rate:	6,8422	7,7082
First day current bid rate	6,8417	7,6776
Second day current bid rate	6,8434	7,6796
Third day current bid rate	6,8452	7,7363
Fourth day current bid rate	6,8440	7,7278
Fifth day current bid rate	6,8422	7,6713
Arithmetic average of the last 30 days:	6,8103	7,6675
Balance sheet evaluation rate as of prior period:	5,9402	6,6506

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Information related to financial position of the Bank

Current Period	EUR	USD	OTHER FC⁽⁴⁾	Total
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	17.635.850	21.753.513	5.195.703	44.585.066
Banks	833.109	9.179.958	121.193	10.134.260
Financial assets at fair value through profit or loss	18.717	92.732	1	111.450
Money market placements	-	-	-	-
Available-for-sale financial assets	750.390	3.960.829	958	4.712.177
Loans ⁽¹⁾	48.115.848	48.415.152	2.211.125	98.742.125
Investments in associates, subsidiaries and joint ventures	3.557.927	378.441	1.047.992	4.984.360
Held-to-maturity investments	184.602	16.033.381	-	16.217.983
Hedging derivative financial assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets ⁽²⁾	5.490.868	7.924.814	863.122	14.278.804
Total assets	76.587.311	107.738.820	9.440.094	193.766.225
Liabilities				
Bank deposits	1.048.426	805.140	99.716	1.953.282
Foreign currency deposits	35.974.488	73.102.852	10.876.016	119.953.356
Funds from money market	1.737.958	-	-	1.737.958
Funds borrowed from other financial institutions	12.656.749	23.087.190	28.460	35.772.399
Marketable securities issued	77.592	14.157.156	-	14.234.748
Miscellaneous payables	328.934	586.383	11.344	926.661
Hedging derivative financial liabilities	129.756	1.024.768	-	1.154.524
Other liabilities ⁽³⁾	1.046.857	35.064.669	26.359	36.137.885
Total liabilities	53.000.760	147.828.158	11.041.895	211.870.813
Net on-balance sheet position	23.586.551	(40.089.338)	(1.601.801)	(18.104.588)
Net off-balance sheet position⁽⁵⁾	(23.228.658)	39.093.766	2.632.489	18.497.597
Financial derivative assets	28.551.547	76.125.241	3.532.311	108.209.099
Financial derivative liabilities	51.780.205	37.031.475	899.822	89.711.502
Net Position	357.893	(995.572)	1.030.688	393.009
Non-cash loans	33.146.231	27.657.277	4.724.959	65.528.467
Prior Period				
Total assets	67.068.937	102.603.428	5.307.192	174.979.557
Total liabilities	53.558.831	147.025.829	5.679.591	206.264.251
Net on-balance sheet position	13.510.106	(44.422.401)	(372.399)	(31.284.694)
Net off-balance sheet position⁽⁵⁾	(13.461.636)	44.487.861	1.281.130	32.307.355
Financial derivative assets	20.046.124	67.176.852	2.642.792	89.865.768
Financial derivative liabilities	33.507.760	22.688.991	1.361.662	57.558.413
Net Position	48.470	65.460	908.731	1.022.661
Non-cash loans	33.196.485	25.624.976	4.269.490	63.090.951

(1) Includes FX indexed loans amounting to TL 935.773 (December 31, 2019 - TL 1.147.274) which have been disclosed as TL in the financial statements.

(2) Does not include foreign currency prepaid expenses amounting to TL 265.515 (December 31, 2019 - TL 317.316).

(3) Does not include foreign currency other comprehensive income and expense under equity.

(4) Other FC column includes also gold balance.

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

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4. Explanations on interest rate risk

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

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

The Bank utilizes TL/foreign currency 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	26.456.688	-	-	-	-	23.376.485	49.833.173
Banks	-	612.372	-	-	-	9.522.877	10.135.249
Financial assets at fair value through profit/loss	-	-	363	58.814	104.049	221.136	384.362
Receivables from money markets	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	2.263.923	8.011.461	12.581.734	5.891.649	1.174.521	328.686	30.251.974
Loans ⁽¹⁾	30.708.615	27.430.237	96.688.433	81.701.978	12.207.763	(2.297.339)	246.439.687
Financial assets measured at amortised cost	8.686.448	6.437.110	7.292.264	5.174.103	14.311.393	-	41.901.318
Other assets	1.192.054	1.575.466	1.294.946	1.508.297	120.743	35.528.523	41.220.029
Total assets	69.307.728	44.066.646	117.857.740	94.334.841	27.918.469	66.680.368	420.165.792
Liabilities							
Bank deposits	3.921.477	13.023	-	-	-	1.309.635	5.244.135
Other deposits	130.200.981	20.135.027	4.832.446	80.971	59	79.854.061	235.103.545
Funds from money market	8.134.574	2.217.266	-	-	-	-	10.351.840
Miscellaneous payables	-	-	-	-	-	13.861.738	13.861.738
Marketable securities issued	2.680.467	7.426.257	11.148.039	-	-	-	21.254.763
Funds borrowed from other financial institutions	1.131.211	26.986.288	6.638.635	1.268.082	262.565	-	36.286.781
Other liabilities ⁽²⁾	6.283.793	22.065.589	8.147.014	4.906.430	3.173.121	53.487.043	98.062.990
Total liabilities	152.352.503	78.843.450	30.766.134	6.255.483	3.435.745	148.512.477	420.165.792
Balance sheet long position	-	-	87.091.606	88.079.358	24.482.724	-	199.653.688
Balance sheet short position	(83.044.775)	(34.776.804)	-	-	-	(81.832.109)	(199.653.688)
Off-balance sheet long position	20.022.107	30.966.236	-	-	-	-	50.988.343
Off-balance sheet short position	-	-	(8.461.321)	(38.220.597)	(3.299.111)	-	(49.981.029)
Total position	(63.022.668)	(3.810.568)	78.630.285	49.858.761	21.183.613	(81.832.109)	1.007.314
Prior Period							
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	19.154.114	-	-	-	-	22.195.862	41.349.976
Banks	9.576.848	641.829	-	-	-	12.320.588	22.539.265
Financial assets at fair value through profit/loss	-	162	4.536	13.874	75.296	473.536	567.404
Money market placements	10.703.351	-	-	-	-	-	10.703.351
Available-for-sale financial assets	2.677.987	5.877.816	9.044.577	6.875.211	2.202.096	13.619	26.691.306
Loans	31.787.228	29.853.370	71.526.932	77.677.597	11.991.615	951.887	223.788.629
Held-to-maturity investments	6.053.199	3.806.311	5.017.522	2.642.601	10.786.026	-	28.305.659
Other assets	987.590	1.258.330	1.013.870	1.212.276	276.361	28.801.810	33.550.237
Total assets	80.940.317	41.437.818	86.607.437	88.421.559	25.331.394	64.757.302	387.495.827
Liabilities							
Bank deposits	3.755.966	54.503	2.129	-	-	1.348.857	5.161.455
Other deposits	133.518.058	27.806.700	7.224.633	78.406	611	49.000.255	217.628.663
Funds from money market	2.936.525	2	759.217	-	-	-	3.695.744
Miscellaneous payables	-	-	-	-	-	14.228.037	14.228.037
Marketable securities issued	2.956.966	9.456.142	8.290.583	-	-	-	20.703.691
Funds borrowed from other financial institutions	4.798.052	22.673.504	9.487.488	621.382	530.116	-	38.110.542
Other liabilities ⁽²⁾	4.825.511	13.823.169	851.080	14.682.728	5.557.694	48.227.513	87.967.695
Total liabilities	152.791.078	73.814.020	26.615.130	15.382.516	6.088.421	112.804.662	387.495.827
Balance sheet long position	-	-	59.992.307	73.039.043	19.242.973	-	152.274.323
Balance sheet short position	(71.850.761)	(32.376.202)	-	-	-	(48.047.360)	(152.274.323)
Off-balance sheet long position	14.504.688	36.048.200	-	-	-	-	50.552.888
Off-balance sheet short position	-	-	(5.106.966)	(39.018.130)	(5.444.705)	-	(49.569.801)
Total position	(57.346.073)	3.671.998	54.885.341	34.020.913	13.798.268	(48.047.360)	983.087

(1) Non-performing loans are shown in net Non-Interest Bearing loss column after being offset by expected loss provisions.

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

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4.2. Average interest rates for monetary financial instruments:

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

Current Period	EUR	USD	Yen	TL
	%	%	%	%
Assets⁽¹⁾				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	-	-	-	-
Financial assets at fair value through profit or loss	3,78	6,24	-	15,36
Receivables from money markets	-	-	-	-
Financial assets at fair value through other comprehensive income	3,35	5,41	-	11,41
Loans	4,25	6,44	5,15	13,81
Financial assets measured at amortised cost	4,89	6,33	-	11,85
Liabilities⁽¹⁾				
Bank deposits	-	0,01	-	8,04
Other deposits	0,11	0,71	0,01	7,81
Funds from money market	1,59	-	-	6,74
Miscellaneous payables	-	-	-	-
Marketable securities issued	5,00	6,31	-	10,98
Funds borrowed from other financial institutions	1,85	2,84	2,64	9,73
Prior Period	EUR	USD	Yen	TL
	%	%	%	%
Assets⁽¹⁾				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	10,00
Banks	0,10	1,72	-	11,29
Financial assets at fair value through profit/loss	3,38	5,96	-	15,71
Money market placements	-	-	-	9,72
Available-for-sale financial assets	3,34	5,37	-	13,33
Loans	4,79	7,06	5,15	16,83
Held-to-maturity investments	5,25	5,58	-	13,46
Liabilities⁽¹⁾				
Bank deposits	-	1,80	-	11,31
Other deposits	0,57	2,18	0,30	10,96
Funds from money market	1,90	-	-	9,34
Miscellaneous payables	-	-	-	-
Marketable securities issued	5,00	6,01	-	11,74
Funds borrowed from other financial institutions	1,91	3,98	2,64	11,58

(1) Does not include demand/non-interest transactions.

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

None.

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6. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio:

Liquidity risk is defined as risk of unexpected loss to be occurred or bank to have difficulties in raising funds while meeting maturing liabilities. Liquidity management is daily monitored before the Bank under Treasury Management, Risk Management and Capital Management. The liquidity policy of the Bank is approved by the Bank's Board of Directors. Treasury Management is responsible for carrying out transactions which are appropriate to Bank's policy, monitoring of liquidity position and submitting necessary reports to executives. Capital management contributes to determine strategies and operating actions for the management of the liquidity position in addition to prepare funding plan and contingency 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 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.

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

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

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

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

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

Funding sources of the Bank mainly consist of deposits which constitute 57% (December 31, 2019 - 57%) of total liabilities of the Bank and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated debts.

The Bank calculates and reports the Liquidity Coverage Ratio (LCR) in full compliance with the regulations. LCR is a metric measuring the adequacy of unencumbered free liquid assets owned by banks (called high quality liquid assets) to meet expected net cash outflows over the next 30 days. The metric is an important Basel regulation that measures short-term liquidity and is closely monitored in the Bank. In addition to the 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 begun 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.

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

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

The Bank manages all the transactions made before its foreign branches and partnership in the framework of central bank, markets and related legislation of the country in which the institutions are located. Legal lending limits and high limit transactions are closely monitored in this framework. All cash inflow and outflow items related to liquidity profile of the Bank are included in liquidity coverage ratio tables below.

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

	Unweighted Amounts		Weighted Amounts	
	TL+FC	FC	TL+FC	FC
Current Period				
High Quality Liquid Assets				
High Quality Liquid Assets			96.428.355	49.554.105
Cash Outflows				
Retail and Small Business Customers Deposits	150.730.289	76.532.915	13.423.715	7.653.256
Stable deposits	32.986.266	700	1.649.313	35
Less stable deposits	117.744.023	76.532.215	11.774.402	7.653.221
Unsecured Funding other than Retail and Small Business				
Customers Deposits	95.828.650	49.358.106	51.458.883	25.036.181
Operational deposits	-	-	-	-
Non-Operational deposits	76.092.395	43.129.599	34.716.722	18.807.674
Other Unsecured funding	19.736.255	6.228.507	16.742.161	6.228.507
Secured funding			1.833	1.833
Other Cash Outflows	2.175.509	2.171.590	2.175.509	2.171.590
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.175.509	2.171.590	2.175.509	2.171.590
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	110.785.409	78.332.850	5.539.270	3.916.643
Other irrevocable or conditionally revocable commitments	85.449.450	12.097.421	8.333.708	2.905.006
Total Cash Outflows			80.932.918	41.684.509
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	25.230.598	15.235.598	20.105.069	13.814.887
Other contractual cash inflows	672.044	13.675.187	672.044	13.675.187
Total Cash Inflows	25.902.642	28.910.785	20.777.113	27.490.074
			Capped Amounts	
Total High Quality Liquid Assets			96.428.355	49.554.105
Total Net Cash Outflows			60.155.807	14.194.436
Liquidity Coverage Ratio (%)			160,30	349,11

The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months are explained in the table below dated 2020.

Current Period	Minimum FC (%)	Minimum TL+FC (%)	Maximum FC (%)	Maximum TL+FC (%)
Week	May 8, 2020	May 1, 2020	April 3, 2020	April 10, 2020
Ratio(%)	221,3	140,03	518,14	186,45

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The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months are explained in the table below dated 2019.

Prior Period	Unweighted Amounts		Weighted Amounts	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets			87.314.792	44.183.227
High Quality Liquid Assets				
Cash Outflows				
Retail and Small Business Customers Deposits	131.862.269	65.399.524	11.715.273	6.539.873
Stable deposits	29.419.077	1.580	1.470.954	79
Less stable deposits	102.443.192	65.397.944	10.244.319	6.539.794
Unsecured Funding other than Retail and Small Business Customers Deposits	84.797.664	45.707.458	46.175.698	22.610.669
Operational deposits	-	-	-	-
Non-Operational deposits	65.757.266	40.652.351	30.452.955	17.555.562
Other Unsecured funding	19.040.398	5.055.107	15.722.743	5.055.107
Secured funding			20.009	20.009
Other Cash Outflows	2.157.263	2.440.182	2.157.263	2.440.182
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.157.263	2.440.182	2.157.263	2.440.182
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	98.601.248	68.092.124	4.930.062	3.404.606
Other irrevocable or conditionally revocable commitments	78.737.558	15.373.161	7.964.396	3.411.410
Total Cash Outflows			72.962.701	38.426.749
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	31.994.080	17.426.365	25.383.450	16.332.196
Other Contractual Cash Inflows	662.477	28.938.576	662.477	28.938.576
Total Cash Inflows	32.656.557	46.364.941	26.045.927	45.270.772
			Capped Amounts	
Total High Quality Liquid Assets			87.314.792	44.183.227
Total Net Cash Outflows			46.916.774	9.606.688
Liquidity Coverage Ratio (%)			186,11	459,92

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

Prior Period	Minimum FC (%)	Minimum TL+FC (%)	Maximum FC (%)	Maximum TL+FC (%)
Week	October 11, 2019	November 1, 2019	November 29, 2019	December 20, 2019
Ratio (%)	385,94	165,84	539,87	212,23

(Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see in note 1. of section three)

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Notes to unconsolidated financial statements as of June 30, 2020

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

Breakdown of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified	Total
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	25.157.021	24.676.152	-	-	-	-	-	49.833.173
Banks	9.522.877	-	612.372	-	-	-	-	10.135.249
Financial assets at fair value through profit or loss	22.084	-	-	363	58.814	104.049	199.052	384.362
Receivables from money markets	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	620	1.917.687	7.688.672	17.305.937	3.010.372	328.686	30.251.974
Loans ⁽¹⁾	-	30.934.949	18.966.099	81.714.030	96.828.003	20.293.945	(2.297.339)	246.439.687
Financial assets measured at amortised cost	-	-	-	249.437	19.960.045	21.691.836	-	41.901.318
Other assets	5.745.446	461.139	536.947	1.072.682	2.171.142	1.449.596	29.783.077	41.220.029
Total assets	40.447.428	56.072.860	22.033.105	90.725.184	136.323.941	46.549.798	28.013.476	420.165.792
Liabilities								
Bank deposits	1.309.635	3.921.477	13.023	-	-	-	-	5.244.135
Other deposits	79.854.061	130.023.828	20.261.657	4.882.967	80.973	59	-	235.103.545
Funds borrowed from other financial institutions	-	292.297	3.474.485	25.237.326	6.512.851	769.822	-	36.286.781
Funds from money market	-	8.134.574	2.217.266	-	-	-	-	10.351.840
Marketable securities issued	-	1.345.618	3.452.997	599.235	15.779.322	77.591	-	21.254.763
Miscellaneous payables	968.232	12.614.098	122.964	-	-	-	156.444	13.861.738
Other liabilities ⁽²⁾	3.715.692	548.336	2.411.738	2.254.208	30.301.300	12.060.917	46.770.799	98.062.990
Total liabilities	85.847.620	156.880.228	31.954.130	32.973.736	52.674.446	12.908.389	46.927.243	420.165.792
Net liquidity gap	(45.400.192)	(100.807.368)	(9.921.025)	57.751.448	83.649.495	33.641.409	(18.913.767)	-
Net Off-Balance Sheet Position	-	(212.676)	(170.112)	1.220.344	(855.581)	1.025.339	-	1.007.314
Derivative Financial Assets	-	39.693.188	36.206.517	39.692.814	69.473.908	38.622.857	-	223.689.284
Derivative Financial Liabilities	-	39.905.864	36.376.629	38.472.470	70.329.489	37.597.518	-	222.681.970
Non-Cash Loans	-	3.683.218	9.939.298	30.767.130	17.984.429	5.323.891	26.764.156	94.462.122
Prior Period								
Total assets	43.276.782	67.785.308	25.103.241	62.384.845	120.325.561	42.273.294	26.346.796	387.495.827
Total liabilities	54.258.674	157.526.756	34.816.675	38.591.233	44.699.841	13.874.110	43.728.538	387.495.827
Net liquidity gap	(10.981.892)	(89.741.448)	(9.713.434)	23.793.612	75.625.720	28.399.184	(17.381.742)	-
Net Off-Balance Sheet Position	-	(167.979)	71.764	207.735	23.259	848.308	-	983.087
Derivative Financial Assets	-	45.149.409	38.039.998	31.522.469	69.498.938	39.707.893	-	223.918.707
Derivative Financial Liabilities	-	45.317.388	37.968.234	31.314.734	69.475.679	38.859.585	-	222.935.620
Non-Cash Loans	-	2.407.611	11.890.301	31.273.180	15.494.693	5.010.047	24.038.885	90.114.717

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

(2) Shareholders’ equity is presented under the “Other liabilities” item in the “Unclassified” column.

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Notes to unconsolidated financial statements as of June 30, 2020

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

7. Explanations on leverage ratio:

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

	Current Period⁽¹⁾	Prior Period⁽¹⁾
On-Balance sheet exposures		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	419.409.393	377.398.089
(Asset amounts deducted in determining Tier 1 capital)	(3.682.258)	(3.641.674)
Total on-Balance sheet exposures	415.727.135	373.756.415
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	2.514.561	2.000.636
Potential credit risk of derivative financial instruments and credit derivatives	1.734.068	1.786.720
Total derivative financial instruments and credit derivatives exposure	4.248.629	3.787.356
Securities financing transaction exposure		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	1.048.057	448.597
Agent transaction exposures	-	-
Total securities financing transaction exposures	1.048.057	448.597
Off-balance sheet items		
Off-balance sheet exposure at gross notional amount	234.356.821	204.603.371
(Adjustments for conversion to credit equivalent amounts)	(22.237.425)	(19.705.782)
Total risk of off-balance sheet items	212.119.396	184.897.589
Capital and total exposure		
Tier 1 capital	47.782.573	44.447.710
Total exposures	633.143.217	562.889.957
Leverage ratio (%)	7,55	7,91

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

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

8. Explanations on hedge accounting:

The Bank applies the following hedge accounting models: Fair Value Hedge ("FVH") and Cash Flow Hedge ("CFH").

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

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

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

International Accounting Standards Board ("IASB") published in September 2019 the regulation titled "Changes in TMS 39, TFRS 9 and TFRS 7 Benchmark Interest Rate Reform" which is effective for annual periods beginning after January 1, 2020. Specific exceptions are made for the hedge accounting transactions with the related changes. As a result of evaluations made, by taking the reliefs provided by the amendments into the consideration, no major impact is expected on Financial statements due to related change and there is no hedge relation discontinued due to this reform.

Contractual amounts and the fair values as at June 30, 2020 of these hedging instruments are presented in the table below:

Hedging instrument	Current Period			Prior Period		
	Notional ⁽¹⁾	Asset	Liability	Notional ⁽¹⁾	Asset	Liability
Interest rate swap / Currency swap / Cross currency interest rate swap (CFH)	49.530.560	505.046	3.433.111	49.943.888	297.126	2.891.167
Interest rate swap / Cross currency interest rate swap (FVH)	1.686.164	378	401.391	1.853.799	1.690	316.376
Total	51.216.724	505.424	3.834.502	51.797.687	298.816	3.207.543

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 50.711.026 (December 31, 2019 – TL 51.195.946) the total notional of derivative financial assets amounting to TL 101.927.750 (December 31, 2019 – TL 102.993.633) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

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

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

8.1. Fair value hedge accounting:

Starting from March 1, 2009, the Bank has hedged the possible fair value effects of changes in market interest rates on some of its fixed interest loan portfolios and fair value effects of changes in foreign exchange rates on part of its foreign currency funds by using interest rate swap, cross-currency interest rate swap. Starting from July 28, 2015, the Bank has hedged the possible fair value effects of changes in market interest rates and foreign exchange rates on marketable securities by using cross-currency interest rate swaps. The Bank selected to apply macro FVH accounting for such relationship in accordance with “TAS – 39 Financial Instruments: Recognition and Measurement”.

The impact of application of FVH accounting is summarized below:

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the hedging instrument ⁽²⁾		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
				Asset	Liability	
Interest rate swap / Cross currency interest rate swaps	Some of fixed interest loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	681	378	401.391	(23.848)

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	24.529	1.690	316.376	(4.428)

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

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

(3) The ineffective portion of the mentioned hedging transaction is TL 13.004 loss (June 30, 2019 - TL 3.039 loss).

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

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

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

8.2. Cash flow hedge accounting:

The Bank started to apply macro cash flow hedge accounting from January 1, 2010 onwards in order to hedge its cash flow risk from floating interest rate liabilities. The hedging instruments are USD, EUR and TL interest rate swaps with floating receive, fixed pay legs, and the hedged item is the cash outflows due to financing of interests of repricing USD, EUR and TL deposits, borrowings and repos.

The impact of application of CFH accounting is summarized below:

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds⁽¹⁾	Net gain/(loss) reclassified to equity⁽²⁾⁽³⁾
			Asset	Liability		
Interest rate swap / Currency swap / Cross currency interest rate swap	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	505.046	3.433.111	(1.700.647)	(237.855)

Prior Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds⁽¹⁾	Net gain/(loss) reclassified to equity⁽²⁾⁽³⁾
			Asset	Liability		
Interest rate swaps/ Cross currency interest rate swap	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	297.126	2.891.167	(1.462.792)	(3.206.096)

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 107.273 gain (June 30, 2019 – TL 244.007 gain).

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

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

8.3. Net Investment Hedge:

The Bank hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Bank's EURO denominated borrowing is designated as a hedge of the net investment in the Bank's certain EURO denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at June 30, 2020 is EUR 462 million (December 31, 2019 - EUR 452 million).

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Notes to unconsolidated financial statements as of June 30, 2020

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

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

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

10. Explanations on operating segments:

The Bank carries out its banking operations through two main business units:

- Retail Banking
- Corporate and Commercial Banking

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

Corporate and Commercial Banking segment is organized into three subgroups: Corporate Banking for large-scale companies, Commercial Banking for medium-sized enterprises and Multinational Companies Banking for multinational 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.

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

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Notes to unconsolidated financial statements as of June 30, 2020

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

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

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

Current Period	Retail banking	Corporate and commercial banking	Treasury, asset-liability management and other	Total operations of the Bank
Operating revenue	4.447.485	4.041.619	2.919.510	11.408.614
Operating expenses	(4.067.421)	(2.602.825)	(2.147.860)	(8.818.106)
Net operating income / (expense)	380.064	1.438.794	771.650	2.590.508
Dividend income ⁽¹⁾	-	-	2.008	2.008
Income/(loss) from investments accounted based on equity method ⁽¹⁾	-	-	435.874	435.874
Profit before tax	380.064	1.438.794	1.209.532	3.028.390
Tax provision expense ⁽¹⁾	-	-	(567.616)	(567.616)
Net period income	380.064	1.438.794	641.916	2.460.774
Net profit	380.064	1.438.794	641.916	2.460.774
Segment asset	83.684.489	150.470.124	177.184.055	411.338.668
Investments in associates, subsidiaries and joint ventures	-	-	8.827.124	8.827.124
Total assets	83.684.489	150.470.124	186.011.179	420.165.792
Segment liabilities	171.247.241	70.829.293	133.966.835	376.043.369
Shareholders' equity	-	-	44.122.423	44.122.423
Total liabilities	171.247.241	70.829.293	178.089.258	420.165.792

Prior Period⁽²⁾	Retail banking	Corporate and commercial banking	Treasury, asset-liability management and other	Total operations of the Bank
Operating revenue	4.831.892	5.313.574	(490.849)	9.654.617
Operating expenses	(3.375.395)	(2.145.250)	(1.780.412)	(7.301.057)
Net operating income / (expense)	1.456.497	3.168.324	(2.271.261)	2.353.560
Dividend income ⁽¹⁾	-	-	8.313	8.313
Income/(loss) from investments accounted based on equity method ⁽¹⁾	-	-	422.230	422.230
Profit before tax	1.456.497	3.168.324	(1.840.718)	2.784.103
Tax provision expense ⁽¹⁾	-	-	(423.156)	(423.156)
Net period income	1.456.497	3.168.324	(2.263.874)	2.360.947
Net profit	1.456.497	3.168.324	(2.263.874)	2.360.947
Segment asset	82.232.054	130.014.639	167.422.208	379.668.901
Investments in associates, subsidiaries and joint ventures	-	-	7.826.926	7.826.926
Total assets	82.232.054	130.014.639	175.249.134	387.495.827
Segment liabilities	154.441.907	69.577.123	122.289.143	346.308.173
Shareholders' equity	-	-	41.187.654	41.187.654
Total liabilities	154.441.907	69.577.123	163.476.797	387.495.827

(1) Related items have not been distributed based on operating segments and presented under "Treasury, Asset-Liability Management and Other".

(2) Income statements items presents the balances as of June 30, 2019

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	1.541.591	4.100.197	1.488.887	3.019.487
The CBRT ⁽¹⁾	3.706.516	40.484.645	999.602	35.841.927
Other	-	224	-	73
Total	5.248.107	44.585.066	2.488.489	38.861.487

(1) The balance of gold amounting to TL 4.901.790 is accounted for under the Central Bank foreign currency account (December 31, 2019 – TL 2.092.586).

1.1.2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount ⁽¹⁾	3.706.516	15.808.494	999.602	21.554.089
Time unrestricted amount	-	-	-	-
Time restricted amount	-	3.468.690	-	-
Reserve requirement ⁽²⁾	-	21.207.461	-	14.287.838
Total	3.706.516	40.484.645	999.602	35.841.927

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

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

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

The Bank does not have financial assets at fair value through profit and loss subject to repo transactions and does not have financial assets at fair value through profit and loss given as collateral/blocked amount (December 31, 2019- 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	443.851	12.560	443.084	-
Swap transactions	3.042.074	1.604.959	2.891.149	1.060.008
Futures transactions	49	-	563	-
Options	50.343	32.246	37.260	17.547
Other	-	-	-	-
Total	3.536.317	1.649.765	3.372.056	1.077.555

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⁾	378	-	1.690	-
Cash flow hedges ⁽¹⁾	505.046	-	254.687	42.439
Hedges for investments made in foreign countries	-	-	-	-
Total	505.424	-	256.377	42.439

(1) Explained in Note 8 of section 4.

1.4. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	989	-	3.296.213	267.549
Foreign	-	10.134.260	250	18.975.253
Head quarters and branches abroad	-	-	-	-
Total	989	10.134.260	3.296.463	19.242.802

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Notes to unconsolidated financial statements as of June 30, 2020

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

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

As of June 30, 2020 financial assets at fair value through other comprehensive income given as collateral/blocked amounts to TL 931.605 (31 December 2019 - TL 1.540.466), subject to repo transactions amounts to TL 2.683.605 (31 December 2019 - TL 3.069.033).

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

	Current Period	Prior Period
Debt securities	30.255.094	26.819.853
Quoted on stock exchange	29.912.002	26.522.842
Not quoted	343.092	297.011
Share certificates	374.004	58.937
Quoted on stock exchange	311.758	-
Not quoted	62.246	58.937
Impairment provision (-) ⁽¹⁾	377.124	187.484
Total	30.251.974	26.691.306

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

1.7. Explanations on loans:

1.7.1. Information on all types of loans or advance balances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	31.283	1.153.668	35.013	1.199.169
Loans granted to employees	209.880	91	218.897	198
Total	241.163	1.153.759	253.910	1.199.367

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

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

Cash Loans	Standard Loans	Loans under close monitoring		
		Not under the scope of restructuring	Loans under restructuring	
			Modifications on agreement conditions	Refinancing
Non-specialized loans	209.450.254	16.830.061	1.499.608	20.937.274
Loans given to enterprises	94.943.195	13.049.664	1.282.135	11.939.739
Export loans	12.200.291	355.971	154.187	5.778.272
Import loans	-	-	-	-
Loans given to financial sector	9.115.078	16.372	-	-
Consumer loans	39.031.655	1.283.784	22	1.136.265
Credit cards	25.565.728	915.886	-	584.439
Other ⁽¹⁾	28.594.307	1.208.384	63.264	1.498.559
Specialized loans	-	-	-	-
Other receivables	19.829	-	-	-
Total	209.470.083	16.830.061	1.499.608	20.937.274

(1) Fair value differences of the hedged item amounting to TL 21.060 loss are classified in other loans as explained in Note 8, Section 4.

	Standard loans	Loans under close monitoring
12-month provisions for possible losses	1.622.526	-
Significant increase in credit risk	-	6.450.414
Total	1.622.526	6.450.414

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	515.043	39.051.453	39.566.496
Real estate loans	3.102	11.050.571	11.053.673
Automotive loans	21.097	642.444	663.541
Consumer loans	490.844	27.358.438	27.849.282
Consumer loans-FC indexed	-	15.929	15.929
Real estate loans	-	15.929	15.929
Automotive loans	-	-	-
Consumer loans	-	-	-
Individual credit cards-TL	18.900.055	530.430	19.430.485
With installments	9.137.549	151.041	9.288.590
Without installments	9.762.506	379.389	10.141.895
Individual credit cards-FC	8.360	-	8.360
With installments	-	-	-
Without installments	8.360	-	8.360
Personnel loans-TL	13.663	85.769	99.432
Real estate loans	-	1.788	1.788
Automotive loans	81	46	127
Consumer loans	13.582	83.935	97.517
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Personnel credit cards-TL	107.378	479	107.857
With installments	48.657	313	48.970
Without installments	58.721	166	58.887
Personnel credit cards-FC	140	-	140
With installments	-	-	-
Without installments	140	-	140
Credit deposit account-TL (real person)⁽¹⁾	1.769.869	-	1.769.869
Total	21.314.508	39.684.060	60.998.568

(1) TL 2.451 of the credit deposit account belongs to the loans used by personnel.

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

	Short-term	Medium and long-term	Total
Commercial installments loans-TL	7.396.868	13.826.548	21.223.416
Business loans	1.642	835.821	837.463
Automotive loans	45.292	802.844	848.136
Consumer loans	7.349.934	12.187.883	19.537.817
Commercial installments loans-FC indexed	-	20.694	20.694
Business loans	-	2.565	2.565
Automotive loans	-	8.584	8.584
Consumer loans	-	9.545	9.545
Corporate credit cards-TL	7.442.724	75.882	7.518.606
With installment	4.841.485	63.953	4.905.438
Without installment	2.601.239	11.929	2.613.168
Corporate credit cards-FC	605	-	605
With installment	-	-	-
Without installment	605	-	605
Credit deposit account-TL (legal person)	770.654	-	770.654
Total	15.610.851	13.923.124	29.533.975

1.7.5. Distribution of domestic and foreign loans:

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

	Current Period	Prior Period
Domestic loans	245.776.172	220.045.472
Foreign loans	2.960.854	2.791.270
Total	248.737.026	222.836.742

1.7.6. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	1.044.677	288.721
Indirect loans granted to associates and subsidiaries	-	-
Total	1.044.677	288.721

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

	Current Period	Prior Period
Loans with limited collectability	7.131	1.802.062
Loans with doubtful collectability	2.367.450	1.987.691
Uncollectable loans	9.593.351	7.624.151
Total	11.967.932	11.413.904

1.7.8. Information on non-performing loans (net):**1.7.8.1. Information on restructured loans from non-performing loans:**

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
Current Period			
Gross amounts before specific reserves	-	369.368	983.444
Restructured loans	-	369.368	983.444
Prior Period			
Gross amounts before specific reserves	187.399	238.221	925.306
Restructured loans	187.399	238.221	925.306

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Prior Period	3.469.288	3.755.551	11.049.663
Additions (+)	632.072	269.494	256.960
Transfers from other categories of non- performing loans (+)	-	3.998.442	3.376.452
Transfer to other categories of non- performing loans (-)	3.998.442	3.376.452	-
Collections (-)	91.571	374.282	385.972
Write-offs (-)	-	-	599.830
Sold (-)	-	-	237.840
Corporate and commercial loans	-	-	237.840
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current Period	11.347	4.272.753	13.459.433
Specific provision (-)	7.131	2.367.450	9.593.351
Net balance on balance sheet	4.216	1.905.303	3.866.082

As of June 30, 2020, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated November 27, 2019 by BRSA, the Bank has written off SME, credit cards and consumer loans amounting to TL 596.118 that are classified under Group 5, more than 540 days overdue and after collaterals deducted approximately 100% provisioned hence there is no reasonable expectation of recovery. After the loans had written off within the period in accordance with the changes on Provisioning Regulation, non performing loan ratio decreased from 6,87% to 6,66%.

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period			
Period end balance	6.659	2.157.741	5.888.651
Specific provision (-)	4.750	1.150.084	3.568.013
Net balance on-balance sheet	1.909	1.007.657	2.320.638
Prior Period			
Period end balance	1.957.788	1.877.846	4.060.849
Specific provision (-)	1.029.665	759.643	2.260.353
Net balance on-balance sheet	928.123	1.118.203	1.800.496

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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 collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (net)	4.216	1.905.303	3.866.082
Loans granted to real persons and corporate entities (gross)	11.347	4.272.753	13.346.350
Provision amount (-)	7.131	2.367.450	9.480.268
Loans granted to real persons and corporate entities (net)	4.216	1.905.303	3.866.082
Banks (gross)	-	-	29.183
Provision amount (-)	-	-	29.183
Banks (net)	-	-	-
Other loans (gross)	-	-	83.900
Provision amount (-)	-	-	83.900
Other loans (Net)	-	-	-
Prior Period (net)	1.667.226	1.767.860	3.425.512
Loans granted to real persons and corporate entities (gross)	3.469.288	3.755.551	10.936.580
Specific provision amount (-)	1.802.062	1.987.691	7.511.068
Loans granted to real persons and corporate entities (Net)	1.667.226	1.767.860	3.425.512
Banks (gross)	-	-	29.183
Specific provision amount (-)	-	-	29.183
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.900
Specific provision amount (-)	-	-	83.900
Other loans and receivables (Net)	-	-	-

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (net)	219	93.557	162.900
Interest accruals and rediscounts and valuation differences	728	352.457	902.293
Provision amount (-)	509	258.900	739.393
Prior Period (net)	77.251	72.178	133.953
Interest accruals and rediscounts and valuation differences	266.994	245.097	689.893
Provision amount (-)	189.743	172.919	555.940

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 the BRSA, the Bank, in line with TFRS 9, may write off part of the loans for which the Bank has no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to default of debtor, 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 Bank's right to receive.

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1.8. Information on financial assets at amortized cost:

1.8.1. Characteristics and carrying values of financial assets measured at amortised cost which are subject to repurchase agreements and given as collateral / blocked:

As of June 30, 2020 Financial assets measured at amortised cost given as collateral/blocked amounts to TL 21.829.428 (31 December 2019 - TL 13.856.497). Subject to repo transactions amounting to TL 8.580.513 (31 December 2019 - TL 1.128.350).

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

	Current Period	Prior Period
Government bond	41.570.514	27.974.855
Treasury bill	-	-
Other public sector debt securities	330.804	330.804
Total	41.901.318	28.305.659

1.8.3. Information on financial assets measured at amortized cost:

	Current Period	Prior Period
Debt securities	43.053.703	29.180.120
Quoted on stock exchange	43.053.703	29.180.120
Not quoted	-	-
Impairment provision (-) ⁽¹⁾	1.152.385	874.461
Total	41.901.318	28.305.659

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

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

	Current Period	Prior Period
Beginning balance	28.305.659	21.675.166
Foreign currency differences on monetary assets ⁽¹⁾	2.090.771	2.204.788
Purchases during the year	13.909.217	4.807.224
Disposals through sales and redemptions(-)	2.126.405	148.099
Impairment provision (-) ⁽²⁾	277.924	233.420
Period end balance	41.901.318	28.305.659

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

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

1.9. Information on investments in associates (net):

1.9.1. Information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	Bank's share holding percentage if different voting group share holding percentage (%)	Bank's risk share holding percentage(%)
1.	Banque de Commerce et de Placements S.A.	Geneva/Switzerland	30,67	30,67
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	Fair value
1.	23.424.157	3.852.465	25.367	226.606	34.865	52.935	79.437	-
2.	364.812	229.265	247.047	1.824	-	11.740	12.147	-
3.	147.898	100.459	69.456	863	-	8.961	8.943	-

(1) Financial statement information disclosed above shows March 31, 2020 results.

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1.9.3. Movement of unconsolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	908.358	790.241
Movements during the period	151.420	118.117
Purchases	-	-
Free shares obtained profit from current year's share	5.686	-
Profit from current year's income	-	19.070
Sales(-)	-	-
Revaluation (decrease) / increase ⁽¹⁾	165.167	114.699
Impairment provision (-) ⁽²⁾	19.433	15.652
Balance at the end of the period	1.059.778	908.358
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.

1.9.4. Information on sectors and the carrying amounts of unconsolidated financial investments in associates:

	Current Period	Prior Period
Banks	1.047.992	902.257
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total	1.047.992	902.257

1.9.5. Information on investments in associates quoted on a stock exchange:

None (December 31, 2019 - None).

1.10. Information on shareholders' equity of the significant subsidiaries (net):

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

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

	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Yapı Kredi Faktoring A.Ş.	Yapı Kredi Finansal Kiralama A.O.	Yapı Kredi Portföy Yönetimi A.Ş.	Yapı Kredi Nederland N.V.
Core capital					
Paid in capital	98.918	60.714	389.928	7.642	112.442
Inflation adjustment to share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Other capital reserves	95.737	-	(217.104)	-	-
Other accumulated comprehensive income that will not be classified in profit or loss	52.493	(2.059)	1.963	(1.119)	-
Other accumulated comprehensive income that will be classified in profit or loss	867	-	-	-	1.963.674
Legal reserves	62.493	8.034	79.305	34.441	-
Extraordinary reserves	163.710	248.461	659.399	-	923.789
Other profit Reserves	-	-	-	-	-
Income or Loss	50.253	155.955	1.821.514	38.939	69.685
Current Year Income/Loss	120.199	54.197	183.812	38.939	69.685
Prior Years' Income/Loss	(69.946)	101.758	1.637.702	-	-
Leasehold improvements (-)	180	214	-	227	253
Intangible assets (-)	31.146	3.414	12.760	437	4.679
Total core capital	493.145	467.477	2.722.245	79.239	3.064.658
Supplementary capital	22.799	739	13.802	-	25.639
Capital	515.944	468.216	2.736.047	79.239	3.090.297
Deductions from the capital	-	-	-	-	-
Total shareholders' equity	515.944	468.216	2.736.047	79.239	3.090.297

The above information is based on the consolidated financial statements of the Bank as of June 30, 2020.

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

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

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

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

1.10.2. Information on subsidiaries:

No	Description	Address (City/ Country)	Bank's share holding percentage if different voting percentage (%)	Bank's risk group share holding percentage (%)
1	Yapı Kredi Holding B.V.	Amsterdam/Holland	100,00	100,00
2	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	99,98	100,00
3	Yapı Kredi Faktoring A.Ş.	Istanbul/Turkey	99,95	100,00
4	Yapı Kredi Finansal Kiralama A.O.	Istanbul/Turkey	99,99	99,99
5	Yapı Kredi Portföy Yönetimi A.Ş.	Istanbul/Turkey	12,65	99,99
6	Yapı Kredi Nederland N.V.	Amsterdam/Holland	67,24	100,00
7	Yapı Kredi Azerbaycan	Baku/Azerbaijan	99,80	100,00
8	Enternasyonal Turizm Yatırım A.Ş.	Istanbul/Turkey	99,96	99,99
9	Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.	Istanbul/Turkey	99,99	100,00
10	Yapı Kredi Teknoloji A.Ş.	Istanbul/Turkey	100,00	100,00

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

Financial statement information disclosed consolidated financial statements results.

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income on marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value	Required equity
1	236.577	236.199	-	-	-	(42)	(13)	-	-
2	3.894.231	524.471	55.828	89.532	6.060	120.199	91.308	-	-
3	3.877.292	471.105	8.311	152.763	-	54.197	60.049	-	-
4	12.286.889	2.735.005	16.039	418.282	-	183.812	178.662	-	-
5	96.080	79.903	1.446	3.941	-	38.939	16.604	-	-
6	12.459.928	3.069.591	12.826	237.482	10.310	69.685	72.555	-	-
7	1.504.949	379.198	71.324	37.022	1.477	7.471	10.291	-	-
8	55.332	42.486	4.770	1.166	-	1.541	9.747	-	-
9	55.815	41.827	1.540	76	-	8.465	4.552	-	-
10	17.532	13.611	3.897	531	-	1.510	3.055	-	-

1.10.4. Movement schedule of subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	6.888.953	5.971.254
Movements in period	849.011	917.699
Purchases	-	-
Free shares obtained profit from current years share	-	335
Dividends from current year income	436.107	760.710
Sales(-) ⁽¹⁾	-	-
Revaluation increase/decrease ⁽¹⁾	533.161	324.148
Impairment provision (-) ⁽²⁾	120.257	167.494
Balance at the end of the period	7.737.964	6.888.953
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

(1) Includes the shares taken from the other comprehensive income according to the equity method.

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

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

Financial subsidiaries	Current Period	Prior Period
Banks	2.442.530	2.058.889
Insurance companies	-	-
Factoring companies	470.881	417.051
Leasing companies	2.734.839	2.551.230
Finance companies	-	-
Other financial subsidiaries	2.089.714	1.861.783
Total	7.737.964	6.888.953

1.10.6. Subsidiaries quoted on stock exchange:

None (December 31, 2019 - None).

1.11. Information on joint ventures (net):

Joint ventures in unconsolidated financial statements are accounted and monitored at equity method according to "TAS – 27 Individual Financial Statements".

	Bank's share	Group's share	Total Shareholders' asset	Shareholders' equity	Current assets	Non-current assets	Long term debt	Income	Expense
Yapı Kredi – Koray Gayrimenkul Yatırım Ortaklığı A.Ş.	30,45	30,45	97.533	81.142	39.533	58.000	7.809	26.892	(27.066)

1.12. Information on lease receivables (net):

None (December 31, 2019 - None).

1.13. Information on investment property:

None (December 31, 2019 - None).

1.14. Information on deferred tax :

In accordance with TAS 12, deferred tax assets and deferred tax liabilities in the financial statements are clarified and deferred tax asset amounting to TL 2.961.858 is presented in the financial statements (December 31,2019 – TL 1.980.629 deferred tax assets).

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	320.059	288.349
Additions	693.419	214.920
Disposals (-), net	77.041	184.199
Impairment provision reversal	-	989
Depreciation (-)	-	-
Net book value at the end of the period	936.437	320.059
Cost at the end of the period	942.849	326.814
Accumulated depreciation at the end of the period (-)	6.412	6.755
Net book value at the end of the period	936.437	320.059

(1) As of June 30, 2020 the carrying value of asset held for resale with a right of repurchase is TL 644.550 (December 31, 2019 – None).

As of June 30, 2020, the Bank booked impairment provision on assets held for resale with an amount of TL 3.700 (December 31, 2019 – TL 3.700).

1.16. Information on other assets:

As of June 30, 2020, other assets do not exceed 10% of the total assets.

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

Current Period	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Cumulative savings account	Total
Saving deposits	17.401.033	11.958.986	37.368.680	884.252	407.285	608.554	1.224	68.630.014
Foreign currency deposits	41.623.942	13.256.268	49.047.161	3.196.608	2.476.048	1.795.541	-	111.395.568
Residents in Turkey	40.935.186	13.039.601	47.435.978	3.147.632	2.193.079	994.396	-	107.745.872
Residents abroad	688.756	216.667	1.611.183	48.976	282.969	801.145	-	3.649.696
Public sector deposits	715.648	92	5.895	405	169	635	-	722.844
Commercial deposits	13.105.128	11.237.726	18.052.936	176.699	437.161	138.985	-	43.148.635
Other institutions deposits	175.015	293.684	1.376.305	80.872	721.837	983	-	2.648.696
Precious metals vault	6.833.295	165.783	525.717	346.503	585.637	100.853	-	8.557.788
Bank deposits	1.309.635	2.774.095	776.355	309.997	74.053	-	-	5.244.135
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	10.731	2.735.919	634.212	309.997	74.053	-	-	3.764.912
Foreign banks	715.959	38.176	142.143	-	-	-	-	896.278
Participation banks	582.945	-	-	-	-	-	-	582.945
Other	-	-	-	-	-	-	-	-
Total	81.163.696	39.686.634	107.153.049	4.995.336	4.702.190	2.645.551	1.224	240.347.680

Prior Period	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Cumulative savings account	Total
Saving deposits	10.543.930	18.796.392	31.451.383	1.073.202	808.902	689.985	1.110	63.364.904
Foreign currency deposits	25.958.802	12.031.755	64.746.566	2.958.957	3.227.974	5.479.798	-	114.403.852
Residents in Turkey	25.549.840	11.809.616	63.369.729	2.909.309	1.648.453	848.199	-	106.135.146
Residents abroad	408.962	222.139	1.376.837	49.648	1.579.521	4.631.599	-	8.268.706
Public sector deposits	1.293.752	3.080	8.286	878	98	45	-	1.306.139
Commercial deposits	8.684.777	11.184.504	12.238.066	329.005	584.804	92.787	-	33.113.943
Other institutions deposits	156.583	198.278	651.990	402.394	428.821	49.131	-	1.887.197
Precious metals vault	2.362.411	206.882	571.548	95.928	250.328	65.531	-	3.552.628
Bank deposits	1.348.857	2.614.483	854.082	286.875	57.158	-	-	5.161.455
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	7.262	2.536.377	596.437	286.875	57.158	-	-	3.484.109
Foreign banks	418.089	78.106	257.645	-	-	-	-	753.840
Participation banks	923.506	-	-	-	-	-	-	923.506
Other	-	-	-	-	-	-	-	-
Total	50.349.112	45.035.374	110.521.921	5.147.239	5.358.085	6.377.277	1.110	222.790.118

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

Saving deposits	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	39.072.642	34.874.683	29.545.409	28.484.119
Foreign currency saving deposits	15.792.766	15.109.791	47.255.018	44.024.178
Other deposits in the form of saving deposits	3.688.648	1.642.752	3.696.012	1.544.417
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

2.1.2.2. Saving deposits which are not under the guarantee of saving deposit insurance fund of real persons:

	Current Period	Prior Period
Foreign branches' deposits and other accounts	11.656	10.094
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	278.566	485.958
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	-	-

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

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	204.381	12.243	102.780	-
Swap transactions	2.865.486	2.986.738	2.514.699	1.204.516
Futures transactions	-	-	-	-
Options	20.566	10.461	29.672	17.223
Other	-	-	-	-
Total	3.090.433	3.009.442	2.647.151	1.221.739

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⁾	401.391	-	316.376	-
Cash flow hedges ⁽¹⁾	2.278.587	1.154.524	2.579.191	311.976
Hedges for investments made in foreign countries	-	-	-	-
Total	2.679.978	1.154.524	2.895.567	311.976

(1) Explained in Note 8 of section 4.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	484.627	273.221	463.632	284.559
From foreign banks, institutions and funds	29.755	35.499.178	11.503	37.350.848
Total	514.382	35.772.399	475.135	37.635.407

2.3.2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	514.382	6.929.771	475.135	7.743.474
Medium and long-term	-	28.842.628	-	29.891.933
Total	514.382	35.772.399	475.135	37.635.407

2.3.3. Information on securitization borrowings:

2.3.3.1. The Bank obtains borrowings via its structured entity, Diversified Payment Rights Finance Company, with securitization transactions which is founded on its future money transfers within its funding programme.

	Current Period		Prior Period	
	TL	FC	TL	FC
From foreign banks	-	-	-	-
From foreign institutions	-	15.527.699	-	16.099.987
From foreign funds	-	-	-	-
Total	-	15.527.699	-	16.099.987

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

The Bank classified some of its financial liabilities as the financial liabilities classified at fair value through profit/loss in order to eliminate the accounting mismatch at the initial recognition in accordance with TFRS 9. As of June 30, 2020, the total amount of financial liabilities classified as fair value through profit/loss is TL 12.569.383 (December 31, 2019 –TL 13.184.605) with an accrued interest income of TL 1.466.042 (December 31, 2019 - TL 245.152 income) and with a fair value difference of TL 1.201.457 recognized in the expense statement as an income (December 31, 2019 - TL 146.197 expense). On the other hand, the nominal amounts of the total return swaps and bond forwards which are closely related with these financial liabilities as of June 30, 2020 are TL 13.693.315 (December 31, 2019 - TL 13.132.747) for buy legs and sell legs with a fair value differences amounting to TL 1.406.590 liability (December 31, 2019 - TL 236.129 liability). The mentioned total return swaps have 8 year maturity in average.

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2.3.4. Information on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	5.440.717	-	4.270.096	-
Bills ⁽¹⁾	1.579.298	14.234.748	1.642.095	14.791.500
Total	7.020.015	14.234.748	5.912.191	14.791.500

(1) Including mortgage backed securities amounting to TL 2.015.129 as of June 30, 2020 (December 31, 2019 – TL 2.023.673).

2.4. Information on other liabilities:

As of June 30, 2020, 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	323.175	199.036	322.459	192.089
Between 1 – 4 years	672.421	414.116	667.427	397.632
More than 4 years	542.984	334.401	519.361	309.384
Total	1.538.580	947.553	1.509.247	899.105

2.6. Information on provisions:

2.6.1. Information on reserve for employee rights:

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 Rights" necessitates actuarial valuation methods to calculate the liabilities of enterprises.

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

	Current Period	Prior Period
Discount rate (%)	4,67	4,67
Possibility of being eligible for retirement (%)	94,85	94,85

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 7.117,17 effective from July 1, 2020 (January 1, 2020 - full TL 6.730,15) 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	520.383	450.207
Changes during the period	38.484	78.663
Recognized in equity	59.794	66.003
Paid during the period	(31.089)	(74.490)
Balance at the end of the period	587.572	520.383

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 229.086 as of June 30, 2020 (December 31, 2019 - TL 232.727).

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

As of June 30, 2020, there is no provision related to the foreign currency difference of foreign currency indexed loans amounts. (December 31, 2019 – None). Provisions related to the foreign currency difference of foreign currency indexed loans are netted from the loan amount in the financial statements.

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2.6.3. Other provisions:

	Current Period	Prior Period
Pension fund provision	1.178.063	1.178.063
Provisions on unindemnified non cash loans	709.844	772.000
Generic provisions on non cash loans	316.548	154.819
Provision on lawsuits	98.017	84.826
Provisions on credit cards and promotion campaigns related to banking services	66.566	59.768
Other	820.883	617.595
Total	3.189.921	2.867.071

2.7. Information on taxes payable:

2.7.1. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	1.213.638	273.354
Taxation of Marketable Securities	131.737	189.641
Property Tax	3.845	3.832
Banking Insurance Transaction Tax ("BITT")	146.490	217.744
Foreign Exchange Transaction Tax	31.400	6.999
Value Added Tax Payable	5.660	15.991
Other	43.362	71.345
Total	1.576.132	778.906

2.7.2. Information on premium payables:

	Current Period	Prior Period
Social security premiums – employee	-	-
Social security premiums – employer	-	-
Bank pension fund premiums – employee	25.471	23.031
Bank pension fund premiums – employer	35.283	31.892
Pension fund deposit and provisions – employee	-	-
Pension fund deposit and provisions – employer	-	-
Unemployment insurance – employee	1.819	1.645
Unemployment insurance – employer	3.644	3.291
Other	-	-
Total	66.217	59.859

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

None (December 31, 2019 - 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	-	4.721.509	-	4.098.336
Subordinated loans	-	-	-	-
Subordinated debt	-	4.721.509	-	4.098.336
Debt instruments to be included in contribution capital calculation	791.235	15.611.890	821.340	13.660.363
Subordinated loans	-	5.877.410	-	5.102.941
Subordinated debt	791.235	9.734.480	821.340	8.557.422
Total	791.235	20.333.399	821.340	17.758.699

(1) Subordinated loans are explained in detail in Note "Details on Subordinated Liabilities" of section four.

2.10. Information on shareholders' equity:

2.10.1. Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	8.447.051	8.447.051
Preferred stock	-	-

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2.10.2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:

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

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

None (31 December 2019 – None).

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

None (December 31, 2019 - None).

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

None (December 31, 2019 - None).

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

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

2.10.7. Privileges on the corporate stock:

None (December 31, 2019 - None).

2.10.8. Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	754.964	3.627.599	754.765	2.929.470
Revaluation difference ⁽¹⁾	754.964	436.693	754.765	436.694
Foreign currency difference ⁽¹⁾	-	3.190.906	-	2.492.776
Financial assets at fair value through other comprehensive income	453.364	(167.102)	(119.249)	(27.693)
Revaluation difference ⁽²⁾	453.364	(167.102)	(119.249)	(27.693)
Foreign currency differences	-	-	-	-
Total	1.208.328	3.460.497	635.516	2.901.777

(1) Includes differences between historical cost basis and equity method of associates, subsidiaries and joint ventures.

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

2.10.9. Information on profit distribution:

It was decided to distribute unconsolidated net profit of TL 3.600.060 as of December 31, 2019, in accordance with the General Assembly dated March 13, 2020 as follows: TL 180.004 to be transferred to legal reserves, TL 2.551 to be transferred to special funds account due to the profit from the sale of real estate in accordance with the article No 5 1/e section of the Corporate Tax Law numbered 5520 and the remaining TL 3.417.505 to be transferred to extraordinary reserves.

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

3.1. Information on off balance sheet commitments:

3.1.1. The amount and type of irrevocable commitments:

	Current Period	Prior Period
Commitments on credit card limits	47.606.306	41.380.895
Loan granting commitments	15.447.065	13.669.165
Commitments for cheques	3.356.926	3.389.714
Other irrevocable commitments	64.912.821	14.876.247
Total	131.323.118	73.316.021

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

Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Bank set aside general provision for its non-cash loans amounting to TL 316.548 (December 31, 2019 - TL 154.819) and specific provision amounting to TL 1.160.132 (December 31, 2019 - TL 1.175.798) for non-cash loans which are not indemnified yet amounting to TL 709.844 (December 31, 2019 - TL 772.000).

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	236.650	156.431
Letter of credits	8.046.870	12.343.860
Other guarantees and collaterals	8.580.029	7.912.920
Total	16.863.549	20.413.211

3.1.2.2. Guarantees, suretyships and other similar transactions:

	Current Period	Prior Period
Temporary letter of guarantees	2.204.160	1.311.813
Definite letter of guarantees	44.499.573	41.605.115
Advance letter of guarantees	11.710.991	10.342.946
Letter of guarantees given to customs	3.130.465	2.945.128
Other letter of guarantees	16.053.384	13.496.504
Total	77.598.573	69.701.506

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	15.337.417	12.890.158
With original maturity of 1 year or less than 1 year	2.262.486	2.883.023
With original maturity of more than 1 year	13.074.931	10.007.135
Other non-cash loans	79.124.705	77.224.559
Total	94.462.122	90.114.717

3.2. Information on contingent liabilities and assets:

The Bank has recorded a provision of TL 98.017 (December 31, 2019 – TL 84.826) for litigation and has accounted for it in the accompanying financial statements under the "Other Provisions" account. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee cash outflow for such claims.

3.3. Information on services in the name and account of others:

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

4. Explanations and notes related to income statement:

4.1. Information on interest income:

4.1.1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	2.355.135	262.205	4.531.392	193.584
Medium/long-term loans ⁽¹⁾	6.353.539	2.771.240	6.132.909	3.052.572
Interest on loans under follow-up	480.407	-	617.053	-
Premiums received from resource utilization support fund	-	-	-	-
Total	9.189.081	3.033.445	11.281.354	3.246.156

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

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4.1.2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
From the CBRT	1.059	-	33.428	-
From domestic banks	108.374	660	271.926	1.593
From foreign banks	56	160.813	1.556	161.858
Headquarters and branches abroad	-	-	-	-
Total	109.489	161.473	306.910	163.451

4.1.3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From financial assets at fair value through profit or loss	2.935	2.559	778	2.298
From financial assets at fair value through other comprehensive income	1.244.976	100.314	1.651.330	123.699
From financial assets measured at amortised cost	1.171.864	170.016	956.138	196.407
Total	2.419.775	272.889	2.608.246	322.404

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	20.928	20.545
Total	20.928	20.545

4.2. Information on interest expense:

4.2.1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	26.742	713.503	19.949	698.026
The CBRT	-	-	-	-
Domestic banks	25.988	4.137	18.281	3.324
Foreign banks	754	709.366	1.668	694.702
Headquarters and branches abroad	-	-	-	-
Other institutions	-	362.324	-	375.027
Total ⁽¹⁾	26.742	1.075.827	19.949	1.073.053

(1) Includes fees and commissions related to borrowings.

4.2.2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest paid to associates and subsidiaries	9.647	40.610
Total	9.647	40.610

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	500.849	1.097.837	377.535	1.002.403
Total	500.849	1.097.837	377.535	1.002.403

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4.2.4. Maturity structure of the interest expense on deposits:

Account name	Time Deposit						Accumulating deposit	Total	Prior Period
	Demand Deposit	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 Year	More than 1 year			
TL									
Bank deposits	610	22.954	13.121	-	165	-	-	36.850	114.053
Saving deposits	-	662.904	1.567.264	42.265	34.923	31.163	57	2.338.576	4.696.975
Public sector deposits	-	38	414	27	5	15	-	499	1.154
Commercial deposits	-	480.159	710.104	16.686	36.116	5.083	-	1.248.148	1.981.973
Other deposits	-	11.946	89.944	18.085	58.121	22.103	-	200.199	519.383
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Total	610	1.178.001	2.380.847	77.063	129.330	58.364	57	3.824.272	7.313.538
FC									
Foreign currency deposits	77	90.667	299.709	21.186	35.985	11.309	-	458.933	1.309.850
Bank deposits	2.998	11.454	188	-	-	-	-	14.640	10.635
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	1.214	1.147	532	720	581	-	4.194	2.860
Total	3.075	103.335	301.044	21.718	36.705	11.890	-	477.767	1.323.345
Grand total	3.685	1.281.336	2.681.891	98.781	166.035	70.254	57	4.302.039	8.636.883

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

	Current Period	Prior Period
Gain	33.610.489	41.700.893
Gain from capital market transactions	338.710	147.803
Derivative financial transaction gains	14.180.712	14.498.569
Foreign exchange gains	19.091.067	27.054.521
Loss (-)	33.247.273	42.483.976
Loss from capital market transactions	38.082	20.792
Derivative financial transaction losses	11.962.728	14.053.943
Foreign exchange loss	21.246.463	28.409.241
Net gain/loss	363.216	(783.083)

4.4. Allowance for expected credit losses and other provision expenses:

	Current Period	Prior Period
Allowance for expected credit losses	4.534.593	3.780.915
12-month expected credit losses (Stage 1)	690.567	270.439
Significant increase in credit risk (Stage 2)	1.710.696	277.823
Credit-Impaired (Stage 3)	2.133.330	3.232.653
Impairment provisions for financial assets	-	-
Financial assets at fair value through profit or loss	-	-
Financial assets 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	407.154	216.757
Total	4.941.747	3.997.672

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4.5. Information on derivatives financial transaction gain/loss:

The net gain resulting from the foreign exchange differences related to derivative financial transactions is TL 2.990.628 (June 30, 2019 – TL 1.847.548 gain).

4.6. Information on other operating income:

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

4.7. Information related to other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	7.395	4.194
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	74	-
Depreciation expenses of property and equipment	245.941	214.646
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	86.557	66.967
Impairment expenses of equity participations for which equity method applied	-	-
Impairment expenses of assets held for resale	-	-
Depreciation expenses of assets held for resale	-	-
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	1.310.758	1.084.750
IFRS 16 exempt lease expenses	31.533	29.866
Repair and maintenance expenses	58.242	59.890
Advertising expenses	74.076	79.756
Other expense	1.146.907	915.238
Loss on sales of assets	-	180
Other	519.998	409.849
Total	2.170.723	1.780.586

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

The profit before tax includes TL 7.847.641 (June 30, 2019 – TL 7.225.507) of net interest income, TL 2.558.648 (June 30, 2019 – TL 2.489.386) of net fees and commissions expenses, TL 1.705.636 personnel expenses (June 30, 2020 – TL 1.522.799) and other operating expenses amounting to TL 2.170.723 (June 30, 2019 - TL 1.780.586).

As of June 30, 2020, the Bank has no (June 30, 2019– None) profit before tax from discontinued operations.

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

As of June 30, 2020, the Bank has TL 1.486.148 (June 30, 2019 – TL 704.505) tax expense from continued operations, from discontinued operations none and deferred tax income from continued operations amounting to TL 918.532 (June 30, 2019 - TL 281.349 deferred tax expense).

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 Bank’s current period performance.

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

4.11. Other items in income statement:

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

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2020**

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

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

Current Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Bank's risk group ⁽¹⁾⁽²⁾						
Loans and other receivables						
Balance at the beginning of the period	288.721	94.447	801.666	1.199.169	2.559.620	3.147.488
Balance at the end of the period	1.044.677	261.584	864.099	1.153.668	4.794.024	3.163.389
Interest and commission income received	20.928	571	12.963	4.502	222.305	7.330
Prior Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Bank's risk group ⁽¹⁾⁽²⁾						
Loans and other receivables						
Balance at the beginning of the period	501.490	386.993	555.560	1.351.956	3.764.564	4.092.153
Balance at the end of the period	288.721	94.447	801.666	1.199.169	2.559.620	3.147.488
Interest and commission income received ⁽³⁾	20.545	1.796	19.282	4.143	239.488	15.259

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

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

(3) Prior period present profit / loss information of June 30, 2019.

5.1.2. Information on deposits of the Bank's risk group:

Bank's risk group	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Bank's risk group ⁽¹⁾⁽²⁾						
Deposit						
Beginning of the period	756.246	2.798.132	29.776.134	32.464.212	22.505.574	21.548.350
End of the period	1.738.695	756.246	24.349.519	29.776.134	26.217.828	22.505.574
Interest expense on deposits ⁽³⁾	9.647	40.610	577.005	1.300.723	525.017	716.462

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

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

(3) Prior period present profit / loss information of June 30, 2019.

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

Bank's risk group	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Bank's risk group ⁽¹⁾						
Transactions at fair value through profit or loss						
Beginning of the period ⁽²⁾	7.110.079	4.977.495	563.016	3.330.535	10.730.513	983.564
End of the period ⁽²⁾	1.137.714	7.110.079	154.602	563.016	8.448.645	10.730.513
Total profit / (loss) ⁽³⁾	97.630	(60.460)	(6.977)	80.409	(165.463)	52.496
Transactions for hedging purposes						
Beginning of the period ⁽²⁾	-	-	1.059.016	1.456.586	-	-
End of the period ⁽²⁾	-	-	1.074.243	1.059.016	-	-
Total profit / (loss) ⁽³⁾	-	-	24.243	35.199	-	-

(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 present profit / loss information of June 30, 2019.

5.1.4. Information regarding benefits provided to the Bank's top management:

Salaries and benefits paid to the Bank's top management amount to TL 16.978 as of June 30, 2020 (June 30, 2019 - TL 45.512).

6. Other explanations on the Bank's operations

None.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2020

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

Section Six - Explanations on independent audit report

1. Explanations on independent auditor's report

The unconsolidated financial statements for the period ended June 30, 2020 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent auditor's report dated, July 29, 2020 is presented preceding the unconsolidated financial statements.

2. Explanations and notes prepared by independent auditor

None.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2020

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

Section seven - Information on interim activity report ⁽¹⁾

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

The COVID-19 outbreak that emerged in the beginning of 2020, continued to take its toll on all global markets in the second quarter of the year. Having impacted the whole world severely, changing everyday life to its foundations and causing significant decline in economic activity, the COVID-19 outbreak continues to be the centre of attention by the global authorities such as Central Banks, Banking Regulators, State Treasuries as well as the governments to closely monitor the course of the pandemic.

With the gradual and pre-cautious normalization period started in early June, the governments began to ease the restrictions that put a halt on the global economy. Turkish authorities initiated the normalization period in line with the global course. Besides the relief on banking requirements and additional liquidity provided to the system, the government continued to implement the new Credit Guarantee Funding scheme in order to support the banking sector and to revive the Turkish economy. Having taken the necessary actions to contribute to this support, Turkish banks, started to fully resume their operations and continued to aid their customers in times of need.

Going through these challenging times, health and safety continues to be the first and foremost for Yapı Kredi and the Bank takes a considerable part in the normalization period with the awareness of a public mission.

In the second quarter of the year, total loans in the banking sector reached TL 3,094 billion indicating 21.2% year-to-date growth. During the same period, total deposits reached TL 2,913 billion, indicating 17.9% year-to-date growth. Accordingly, sector's loan to deposit ratio increased by 3 percentage points year-to-date reaching to 103% in the second quarter of 2020. With the revisions in classification rules, the banking sector's non-performing loan ratio improved by 88 basis points year-to-date to 4.4%.

Yapı Kredi continued with its successful external borrowing plan during the second quarter of 2020 with further diversification. Having continued to broaden its sustainable and innovative product portfolio, Yapı Kredi successfully rolled over its syndication of USD 870 million in May 2020, together with a USD 100 million bilateral loan financing from EBRD.

Despite the challenges and uncertainties that we are going through, Yapı Kredi will continue to support the economy and its customers, while preserving its solid fundamentals with special focus on asset quality and a healthy balance sheet.

I would hereby like to extend my thanks to all our customers and shareholders for their continuous support and trust, and our employees for their devoted efforts especially during these hard times.

Y. Ali Koç

Chairman of the Board

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2020

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

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

Turkish economy carries on with its recovery which initially started in early 2020, but was halted due to the Covid-19 pandemic. While proceeding with the recovery in the new normalization period, the government continues to implement the precautionary measures such as social distancing, mandatory protective masks and new rules for safe travel in public transportation.

Even in the uncertain times that erupted due to the Covid-19 pandemic, thanks to the strong and agile balance sheet structure of the sector with the support from the regulator, as well as the fiscal and monetary authorities, Turkish banking sector continues to maintain its strong fundamentals, to contribute to the normalization period and to provide support to its customers.

As Yapı Kredi, we put utmost effort for the health and safety of our employees with ongoing support to our customers. While continuing the remote working rotationally within the headquarters of the bank, we have implemented a series of social distancing, protective hygiene measures as well as providing protective equipment and gear for all employees of the bank. In line with the gradual normalisation trend in Turkey, we are back to regular working hours at our branches providing full service both through our branches putting utmost effort on digitalisation.

Moreover; in order to support our customers in these difficult times we have postponed the repayments of 470 thousand customers for three months. Equally important, we have taken a leading position in the Credit Guarantee Funding scheme to support our customers.

Looking at the second quarter of the year, with a slight pick in the volume growth that mainly became visible in June, a sustainable revenue generation, focus on asset liability management and cautious asset quality approach, the Bank's total assets increased to TL 420.2 billion and net income recorded at TL 2,461 million.

Yapı Kredi's strong liquidity, mainly in the foreign currency with total liquidity coverage ratio at 160% level (foreign currency at 349%), continued to support the Bank's balance sheet in case of further possible volatilities.

Despite the negative impact arising from the macro conditions and volatility, capital adequacy ratio realized at 16.6% and Tier-1 ratio at 13.7% (excluding forbearances) supported by ongoing internal capital generation.

In terms of performing cash loans, Yapı Kredi recorded TL 248.7 billion indicating 16.0% market share among private banks. Growth was driven by Turkish Lira loans and the Bank continued to support companies and exporters. At the same time, the Bank maintained its leadership position in credit cards with 17.8% outstanding volume market share.

In the second quarter of 2020, in terms of funding, the Bank recorded 8.0% customer deposit growth year-to-date, reaching to TL 235.1 billion indicating 15.3% market share among private banks. In line with its strategic targets, the Bank increased its Turkish Lira demand deposit market share by 123 basis points to 16.7% and foreign currency demand deposit market share by 94 basis points to 14.4% on a year-to-date basis, supporting its cost of funding. Loans to deposits ratio including Turkish Lira bonds reached to 101%.

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

Gökhan Erün

CEO

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2020

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

3. Overview of Financial Performance:

On 29 July 2020, Yapı Kredi announced its unconsolidated results for the first six months of 2020 based on Turkish accounting standards (Banking Regulation and Supervision Agency). The Bank's cash and non-cash loans reached TL 343.2 billion while total deposits reached to TL 240.3 billion. The Bank's net income reached TL 2,461 million indicating a return on average tangible equity of 12.1%.

Local currency driven loan and deposit growth with a solid liquidity

In the second quarter, The Bank achieved 11.9% year-to-date growth in loans to TL 248.7 billion, mainly driven by Turkish Lira loans. During the same period, the Bank's customer deposit growth was at 8.0% year-to-date and reached TL 235.1 billion. Also, the Bank increased its Turkish Lira demand deposit market share by 123 basis points to 16.7% and foreign currency demand deposit market share by 94 basis points to 14.4% on a year-to-date basis within the scope of focusing on small tickets in deposit gathering. Accordingly, loan-to-deposits plus Turkish Lira bonds ratio reached to 101%. The Bank's total and foreign currency liquidity coverage ratios realized at 160% and 349%, respectively. The Bank had ample level of liquidity as of the end of the second quarter of 2020 corresponding to 3.5 times above the short-term foreign currency debt.

Prudent and conservative asset quality approach

In the second quarter of 2020, Yapı Kredi maintained its precautionary approach in terms of asset quality. The Bank's non-performing loan ratio materialized at 6.7%. Non-performing loan inflows declined in all segments with strength in collections resulting in improvement in cost of risk despite increasing coverages. Accordingly, cost of risk (adjusted for hedged foreign currency impact) improved by 53 basis points to 260 basis points year-to-date. With the ongoing conservative provisioning approach of Yapı Kredi, provisions to gross loans further increased to 7.5%.

Strong capital ratios and ongoing internal capital generation

In the second quarter of 2020, despite the negative impact coming from the market volatility the capital ratios of the Bank were supported by ongoing internal capital generation. Hence, unconsolidated Capital Adequacy Ratio, Tier-1 ratio and Common Equity Tier-1 ratio realised at 16.6%, 13.7% and 12.5%, respectively, excluding regulatory forbearances.

Solid top-line within conservative asset quality approach and liquidity

In the second quarter of 2020, Yapı Kredi increased its core banking revenues by 14.4% year-over-year. Thanks to execution of sound asset liability management strategy within the quarter, a successful loan-deposit spread was achieved, resulting in improvement in swap adjusted net interest margin compared to 2019 by 26 basis points to 3.7%. Cost-to-income ratio (income adjusted for trading income to hedge foreign currency expected credit loss and collections, costs adjusted for pension fund provisions) realized at 36.6%. All in all, the Bank achieved a net income of TL 2,461 million and 12.1% return on average tangible equity.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2020

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

4. Summary of Unconsolidated Financials

TL million	Current Period	Prior Period
Total Assets	420.166	387.496
Performing Loans	248.717	222.189
Total Deposits	240.348	222.790
Shareholder's Equity	44.122	41.188
Loans/Assets	59%	57%
Deposits/Assets	57%	57%
Non-performing Loan	6,7%	7,6%
Capital Adequacy Ratio ⁽¹⁾	19,1%	17,8%
TL million	Current Period	Prior Period
Net Profit	2.461	2.364
Return on Average Tangible Equity	12,1%	12,4%

⁽¹⁾with forebearances

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

- On 14 May 2020, Yapı Kredi successfully signed a syndicated loan agreement of c. US\$ 870 million. On top the syndication, the Bank signed a bilateral loan agreement with European Bank of Reconstruction and Development (EBRD) worth of US\$ 100 million with 367 days maturity. The funding supplied from EBRD is going to be used for the financing of small and medium-sized enterprises for their short-term liquidity requirements. The participants in the syndication, are from 18 countries and 38 financial institutions.

6. Current Trends and Expectations for the Upcoming Period:

In the second quarter of 2020, Yapı Kredi revised its year-end guidance.

2020 Yapı Kredi Expectations:

- Loan-to-deposit ratio below or equal to 105% level
- Capital Adequacy Ratio: around 16%
- Loans: Turkish Lira loan growth at high teens
- Net Interest Margin: around +30 basis points
- Fees: single digit contraction
- Costs: Mid-teens
- Non-Performing Loan Ratio: around 7%
- Total Cost of Risk: below 300 basis points
- Return on Tangible Equity: low-teens