

Yapı ve Kredi Bankası A.Ş.

**Publicly announced unconsolidated financial statements and
related disclosures at June 30, 2022 together with
auditor's review report**

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

AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

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

Introduction

We have reviewed the unconsolidated balance sheet of Yapı ve Kredi Bankası A.Ş. ("the Bank") at 30 June 2022 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 2022 and its financial performance and its cash flows for the six-month-period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 30 June 2022. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Didem Demer Kaya, SMMM
Partner

Istanbul, 26 July 2022

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 KREDİ BANKASI A.Ş. AS OF JUNE 30, 2022**

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

Y. Ali KOÇ
Chairman of the
Board of Directors

Gökhan ERÜN
Executive Director and
CEO

Demir KARAASLAN
Chief Financial Officer

B. Seda İKİZLER
Financial Reporting and
Accounting Executive Vice President

Dr. Ahmet ÇİMEN OĞLU
Chairman of the Audit
Committee

Mehmet TIRNAKLI
Member of the Audit
Committee

Nevin İPEK
Member of the Audit
Committee

Contact information of the personnel in charge of the addressing of questions about this financial report:
Name-Surname / Title : Cengiz TİMUR OĞLU / Balance Sheet Management and Financial Analysis Manager
Telephone number : 0212 339 77 67
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Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2022

(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 June 30, 2022, 32,03 % of the shares of the Bank are publicly traded (December 31, 2021 - 32,03%). 40,95% of the shares out of the remaining 67,97% is owned by Koç Finansal Hizmetler A.Ş. ("KFS") which is owned by Koç Group, 27,02% is owned by Koç Group.

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 holds 40,95%, UCG holds 31,93% directly and Koç Group holds a total of 49,99% directly and indirectly of the Bank shares and became controlling shareholder.

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2022

(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, 2022, the Bank's Board of Directors, Members of the Audit Committee, General Manager and Assistant General Managers are as follows.

Board of Directors Members⁽¹⁾:

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

(1) At the Bank's Ordinary General Assembly Meeting held on March 23, 2022, the number of members of the board of directors was determined as 12, including independent members, and Polat Şen and Kemal Uzun were elected to the board of directors for the first time and started their duties as of April.

Audit Committee Members:

Name	Responsibility
Ahmet ÇİMENÖĞLU	Chairman
Mehmet TIRNAKLI	Member
Nevin İPEK	Member

General Manager:

Name	Responsibility
Gökhan ERÜN	Executive Director and CEO

Assistant General Managers:

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2022

(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 Group	2.282.666.574,00	27,02	2.282.666.574,00	-

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

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

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

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

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

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

As of June 30, 2022, the Bank has 803 branches operating in Turkey and 1 branch in overseas (December 31, 2021 - 803 branches operating in Turkey, 1 branch in overseas).

As of June 30, 2022, the Bank has 15.403 employees (December 31, 2021 - 15.452 employees).

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

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

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

All other subsidiaries are fully consolidated.

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

None.

Yapı ve Kredi Bankası A.Ş.**Unconsolidated financial statements as of June 30, 2022 and December 31, 2021**

(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 (30/06/2022)			Prior Period (31/12/2021)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		76.725.950	153.748.043	230.473.993	77.466.406	123.661.044	201.127.450
1.1 Cash and Cash Equivalents	1.1	23.851.096	133.941.288	157.792.384	30.026.320	113.352.410	143.378.730
1.1.1 Cash and Balances with Central Bank		23.852.923	110.700.865	134.553.788	22.667.064	93.521.502	116.188.566
1.1.2 Banks	1.4.1	901	23.294.788	23.295.689	5.603.000	20.002.766	25.605.766
1.1.3 Money Markets	1.4.2	-	-	-	1.809.366	-	1.809.366
1.1.4 Provisions for Expected Losses (-)		2.728	54.365	57.093	53.110	171.858	224.968
Financial assets where fair value change is reflected to income statement	1.2	50.775	1.191.701	1.242.476	259.959	950.827	1.210.786
1.2.1 Government debt securities		19.601	252.996	272.597	27.044	179.601	206.645
1.2.2 Share certificates		-	-	-	228.446	-	228.446
1.2.3 Other financial assets		31.174	938.705	969.879	4.469	771.226	775.695
Financial assets where fair value change is reflected to other comprehensive income statement	1.5,1.6	39.124.845	14.023.693	53.148.538	27.646.234	6.863.466	34.509.700
1.3.1 Government debt securities		39.106.058	12.950.243	52.056.301	27.628.275	6.022.847	33.651.122
1.3.2 Share certificates		18.787	5.482	24.269	17.959	4.594	22.553
1.3.3 Other financial assets		-	1.067.968	1.067.968	-	836.025	836.025
1.4 Derivative Financial Assets	1.3	13.699.234	4.591.361	18.290.595	19.533.893	2.494.341	22.028.234
1.4.1 Derivative financial assets where fair value change is reflected to income statement		7.535.718	2.541.587	10.077.305	16.047.497	2.448.249	18.495.746
1.4.2 Derivative financial assets where fair value change is reflected to other comprehensive income statement		6.163.516	2.049.774	8.213.290	3.486.396	46.092	3.532.488
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		378.795.038	235.667.597	614.462.635	272.550.525	196.872.787	469.423.312
2.1 Loans	1.7	325.216.316	187.343.085	512.559.401	243.127.261	163.140.206	406.267.467
2.2 Receivables From Leasing Transactions (Net)	1.12	-	-	-	-	-	-
2.3 Factoring Receivables		682.365	26.947	709.312	734.021	-	734.021
2.4 Financial Assets Measured at Amortised Cost	1.8	71.849.163	60.032.104	131.881.267	48.091.754	43.783.746	91.875.500
2.4.1 Government debt securities		71.518.359	60.032.104	131.550.463	47.760.950	43.783.746	91.544.696
2.4.2 Other financial assets		330.804	-	330.804	330.804	-	330.804
2.5 Provisions for Expected Losses (-)		18.952.806	11.734.539	30.687.345	19.402.511	10.051.165	29.453.676
ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	1.15	1.152.465	-	1.152.465	1.327.210	-	1.327.210
3.1 Held for Sale Purposes		1.152.465	-	1.152.465	1.327.210	-	1.327.210
3.2 Related to Discontinued Operations		-	-	-	-	-	-
INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	1.9	6.101.417	11.274.248	17.375.665	5.199.224	10.007.885	15.207.109
4.1 Investments in Associates (net)		38.446	2.477.858	2.516.304	38.446	2.050.744	2.089.190
4.1.1 Consolidated based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated		38.446	2.477.858	2.516.304	38.446	2.050.744	2.089.190
4.2 Subsidiaries (Net)	1.10	6.062.971	8.796.390	14.859.361	5.160.778	7.957.141	13.117.919
4.2.1 Unconsolidated Financial Subsidiaries		6.030.655	8.796.390	14.827.045	5.153.478	7.957.141	13.110.619
4.2.2 Unconsolidated Non-Financial Subsidiaries		32.316	-	32.316	7.300	-	7.300
4.3 Joint Ventures (Net)	1.11	-	-	-	-	-	-
4.3.1 Consolidated based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)		9.073.227	-	9.073.227	4.851.380	-	4.851.380
VI. INTANGIBLE ASSETS [Net]		2.068.068	-	2.068.068	2.001.661	-	2.001.661
6.1 Goodwill		979.493	-	979.493	979.493	-	979.493
6.2 Other		1.088.575	-	1.088.575	1.022.168	-	1.022.168
VII. INVESTMENT PROPERTY (Net)	1.13	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		44.852	-	44.852	-	-	-
IX. DEFERRED TAX ASSETS	1.14	5.332.969	-	5.332.969	3.484.572	-	3.484.572
X. OTHER ASSETS	1.16	13.616.588	36.418.174	50.034.762	8.877.906	30.469.166	39.347.072
TOTAL ASSETS		492.910.574	437.108.062	930.018.636	375.758.884	361.010.882	736.769.766

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, 2022 and December 31, 2021**

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

1. Balance sheet (Statement of Financial Position)

LIABILITIES	Note (Section five)	Current Period (30/06/2022)			Prior Period (31/12/2021)		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	2.1	218.708.274	278.357.528	497.065.802	146.176.720	254.918.696	401.095.416
II. BORROWINGS	2.3.1	1.883.343	68.748.603	70.631.946	1.545.406	59.578.762	61.124.168
III. MONEY MARKETS		74.643.337	8.898.150	83.541.487	48.560.354	4.347.923	52.908.277
IV. MARKETABLE SECURITIES ISSUED (Net)	2.3.4	5.693.499	25.132.173	30.825.672	7.240.548	27.013.194	34.253.742
4.1 Bills		4.316.523	368.599	4.685.122	5.828.651	-	5.828.651
4.2 Asset backed Securities		-	-	-	-	-	-
4.3 Bonds		1.376.976	24.763.574	26.140.550	1.411.897	27.013.194	28.425.091
V. FUNDS		-	-	-	-	-	-
5.1 Bomower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	2.3.3.2	590.837	32.556.726	33.147.563	658.578	25.135.654	25.794.232
7.1 Derivative Liabilities at Fair Value Through Profit and Loss	2.2	9.171.915	5.327.140	14.499.055	13.711.094	4.320.954	18.032.048
7.2 Derivative Liabilities at Fair Value Through Other Comprehensive Profit		-	-	-	-	683.193	683.193
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	2.5	1.447.681	15.156	1.462.837	1.294.315	11.902	1.306.217
X. PROVISIONS	2.6	5.809.641	1.127.502	6.937.143	4.899.201	927.298	5.826.499
10.1 Provisions for Restructuring		-	-	-	-	-	-
10.2 Provisions for Employee Rights		-	-	-	-	-	-
10.3 Insurance Technical Provisions (Net)	2.6.1	1.686.504	-	1.686.504	1.078.134	-	1.078.134
10.4 Other Provisions	2.6.3	4.123.137	1.127.502	5.250.639	3.821.067	927.298	4.748.365
XI. CURRENT TAX LIABILITIES	2.7	900.811	-	900.811	2.877.865	-	2.877.865
XII. DEFERRED TAX LIABILITIES		-	-	-	-	-	-
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	808.943	49.620.943	50.429.886	808.921	38.633.078	39.441.999
14.1 Loans		-	14.315.680	14.315.680	-	11.144.441	11.144.441
14.2 Other Facilities		808.943	35.305.263	36.114.206	808.921	27.488.637	28.297.558
XV. OTHER LIABILITIES	2.4	36.631.301	9.514.681	46.145.982	24.859.536	5.765.589	30.625.125
XVI. SHAREHOLDERS' EQUITY	2.10	85.299.457	9.130.995	94.430.452	56.044.605	7.439.573	63.484.178
16.1 Paid in Capital		8.447.051	-	8.447.051	8.447.051	-	8.447.051
16.2 Capital Reserves		2.175.496	-	2.175.496	2.155.905	-	2.155.905
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		1.618.559	-	1.618.559	1.598.968	-	1.598.968
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		4.548.107	438.452	4.986.559	1.759.966	438.066	2.198.032
16.3 Other accumulated comprehensive income that will be reclassified in profit or loss		8.838.011	8.692.543	17.530.554	552.506	7.001.507	7.554.013
16.5 Profit Reserves		42.110.055	-	42.110.055	32.639.419	-	32.639.419
16.5.1 Legal Reserves		1.747.175	-	1.747.175	1.544.526	-	1.544.526
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		40.362.880	-	40.362.880	31.094.893	-	31.094.893
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit or loss		19.180.737	-	19.180.737	10.489.758	-	10.489.758
16.6.1 Prior years' profits or losses		-	-	-	-	-	-
16.6.2 Current period net profit or loss		19.180.737	-	19.180.737	10.489.758	-	10.489.758
TOTAL LIABILITIES		441.589.039	488.429.597	930.018.636	308.677.143	428.092.623	736.769.766

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, 2022 and 2021**

(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 (01/01/2022 - 30/06/2022)	Prior Period (01/01/2021 - 30/06/2021)
I.	INTEREST INCOME	4.1	45.922.484	21.574.046
1.1	Interest on Loans	4.1.1	27.922.933	16.160.340
1.2	Interest received from reserve deposits		255.955	320.741
1.3	Interest Received from Banks	4.1.2	233.271	156.760
1.4	Interest Received from Money Market Transactions		67.873	14.721
1.5	Interest Received from Marketable Securities Portfolio	4.1.3	17.360.974	4.893.634
1.5.1	Financial Assets at Fair Value Through Profit and Loss		16.319	10.908
1.5.2	Financial Assets at Fair Value Through Other Comprehensive income		5.824.797	1.617.014
1.5.3	Financial assets measured at amortised cost		11.519.858	3.265.712
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		81.478	27.850
II.	INTEREST EXPENSE (-)	4.2	20.215.396	13.099.823
2.1	Interest on Deposits	4.2.6	11.534.834	7.198.357
2.2	Interest on Funds Borrowed	4.2.1	1.982.976	960.895
2.3	Interest expense on money market transactions	4.2.4	2.908.873	2.722.151
2.4	Interest on Securities Issued	4.2.3	3.155.129	2.119.927
2.5	Interest on Lease Payables		103.381	78.649
2.6	Other Interest Expense	4.2.5	530.203	19.844
III.	NET INTEREST INCOME/EXPENSE (I - II)		25.707.088	8.474.223
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		5.782.148	3.285.188
4.1	Fees and Commissions Received		7.878.865	4.307.934
4.1.1	Non-cash Loans		901.377	562.987
4.1.2	Other	4.1.1	6.977.488	3.744.947
4.2	Fees and Commissions Paid		2.096.717	1.022.746
4.2.1	Non-cash Loans		350	317
4.2.2	Other		2.096.367	1.022.429
V.	DIVIDEND INCOME		47.241	2.141
VI.	TRADING PROFIT/LOSS (Net)	4.3	4.055.126	(1.370.435)
6.1	Trading Gains/Losses on Securities		977.791	93.939
6.2	Derivative Financial Transactions Gains/Losses	4.5	9.833.163	4.123.610
6.3	Foreign Exchange Gains/Losses		(6.755.828)	(5.587.984)
VII.	OTHER OPERATING INCOME	4.6	2.070.489	993.563
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		37.662.092	11.384.680
IX.	PROVISION FOR EXPECTED LOSSES (-)	4.4	6.980.556	2.944.546
X.	OTHER PROVISION EXPENSES (-)	4.4	257.544	118.885
XI.	PERSONNEL EXPENSES (-)		3.144.436	1.859.988
XII.	OTHER OPERATING EXPENSES (-)	4.7	4.418.210	2.587.660
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		22.861.346	3.873.601
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		1.298.325	617.008
XVI.	NET MONETARY POSITION GAIN/LOSS)		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+XIV+XV+XVI)	4.8	24.159.671	4.490.609
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	4.9	4.978.934	805.245
18.1	Current Tax Provision		10.557.494	176.558
18.2	Expense effect of deferred tax (+)		-	628.687
18.3	Income effect of deferred tax (-)		5.578.560	-
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)		19.180.737	3.685.364
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	19.180.737	3.685.364
	Earnings/(loss) per share (full TL)		0,0227	0,0044

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, 2022 and 2021**

(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 (01/04/2022 - 30/06/2022)	Prior Period (01/04/2021 - 30/06/2021)
I.	INTEREST INCOME	4.1	26.568.720	11.790.993
1.1	Interest on Loans	4.1.1	15.598.363	8.589.126
1.2	Interest received from reserve deposits		34.782	199.638
1.3	Interest Received from Banks	4.1.2	118.673	82.441
1.4	Interest Received from Money Market Transactions		26.168	4.320
1.5	Interest Received from Marketable Securities Portfolio	4.1.3	10.746.221	2.901.371
1.5.1	Financial Assets at Fair Value Through Profit and Loss		6.128	5.571
1.5.2	Financial Assets at Fair Value Through Other Comprehensive income		3.403.005	914.690
1.5.3	Financial assets measured at amortised cost		7.337.088	1.981.110
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		44.513	14.097
II.	INTEREST EXPENSE (-)	4.2	11.035.548	7.027.064
2.1	Interest on Deposits	4.2.6	6.178.312	3.838.927
2.2	Interest on Funds Borrowed	4.2.1	1.095.707	521.564
2.3	Interest expense on money market transactions	4.2.4	1.787.036	1.558.120
2.4	Interest on Securities Issued	4.2.3	1.648.452	1.066.882
2.5	Interest on Lease Payables		51.273	34.779
2.6	Other Interest Expense	4.2.5	274.768	6.792
III.	NET INTEREST INCOME/EXPENSE (I - II)		15.533.172	4.763.929
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		3.198.284	1.630.942
4.1	Fees and Commissions Received		4.398.768	2.213.850
4.1.1	Non-cash Loans		468.919	284.732
4.1.2	Other	4.1.1	3.929.849	1.929.118
4.2	Fees and Commissions Paid		1.200.484	582.908
4.2.1	Non-cash Loans		182	167
4.2.2	Other		1.200.302	582.741
V.	DIVIDEND INCOME		10	282
VI.	TRADING PROFIT/LOSS (Net)	4.3	2.738.016	(1.136.892)
6.1	Trading Gains/Losses on Securities		652.174	82.602
6.2	Derivative Financial Transactions Gains/Losses	4.5	4.077.083	933.015
6.3	Foreign Exchange Gains/Losses		(1.991.241)	(2.152.509)
VII.	OTHER OPERATING INCOME	4.6	1.118.606	436.189
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		22.588.088	5.694.450
IX.	PROVISION FOR EXPECTED LOSSES (-)	4.4	4.244.786	915.274
X.	OTHER PROVISION EXPENSES (-)	4.4	28.546	2.980
XI.	PERSONNEL EXPENSES (-)		1.777.623	946.543
XII.	OTHER OPERATING EXPENSES (-)	4.7	2.555.621	1.336.199
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		13.981.512	2.493.454
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		768.862	266.471
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+XIV+XV+XVI)	4.8	14.750.374	2.759.925
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	4.9	2.828.085	527.290
18.1	Current Tax Provision		(36.068)	176.558
18.2	Expense effect of deferred tax (+)		2.864.153	350.732
18.3	Income effect of deferred tax (-)		-	-
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)		11.922.289	2.232.635
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from assets held for sale		-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3	Other income from discontinued operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on assets held for sale		-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3	Other expenses from discontinued operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX - XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	4.10	11.922.289	2.232.635
	Earnings/(loss) per share (full TL)		0,0141	0,0026

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, 2022 and 2021

(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
	(30/06/2022)	(30/06/2021)
I. PROFIT/(LOSS)	19.180.737	3.685.364
II. OTHER COMPREHENSIVE INCOME	12.765.068	1.662.025
2.1 Other comprehensive income that will not be reclassified to profit or loss	2.788.527	(52.832)
2.1.1 Gains (losses) on Revaluation of Property, Plant and Equipment	3.748.858	-
2.1.2 Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3 Gains (losses) on remeasurements of defined benefit plans	(384.040)	(49.873)
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	(8.064)	(13.990)
2.1.5 Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(568.227)	11.031
2.2 Other Comprehensive Income That Will Be Reclassified to Profit or Loss	9.976.541	1.714.857
2.2.1 Exchange Differences on Translation	1.205.803	890.519
2.2.2 Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	7.326.351	(251.184)
2.2.3 Income (loss) Related with Cash Flow Hedges	5.141.221	1.900.146
2.2.4 Income (loss) Related with Hedges of Net Investments in Foreign Operations	(534.898)	(648.213)
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	(3.161.936)	(176.411)
III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	31.945.805	5.347.389

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, 2022

(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 (31/03/2022)				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	-	1.598.968	1.856.179	(821.555)	1.163.408	7.897.524	1.458.706	(1.802.217)	32.639.419	-	10.489.758	63.484.178
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	8.447.051	556.937	-	1.598.968	1.856.179	(821.555)	1.163.408	7.897.524	1.458.706	(1.802.217)	32.639.419	-	10.489.758	63.484.178
IV. Total comprehensive income (loss)	-	-	-	-	3.033.273	(236.682)	(8.064)	1.205.803	5.403.595	3.367.143	-	-	19.180.737	31.945.805
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	-	-	828	-	-	-	-	-	-	(359)	-	-	469
XI. Profit distribution	-	-	-	18.763	-	-	-	-	-	-	9.470.995	-	(10.489.758)	(1.000.000)
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	(1.000.000)	(1.000.000)
11.2. Transfers to legal reserves	-	-	-	18.763	-	-	-	-	-	-	9.470.995	-	(9.489.758)	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+.....+X+XI)	8.447.051	556.937	-	1.618.559	4.889.452	(1.058.237)	1.155.344	9.103.327	6.862.301	1.564.926	42.110.055	-	19.180.737	94.430.452

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, 2021

(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 (31/03/2021)				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	-	1.450.552	1.853.991	(377.130)	1.190.617	3.973.774	213.352	(3.032.508)	28.208.317	-	5.079.518	47.564.471
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	-	1.450.552	1.853.991	(377.130)	1.190.617	3.973.774	213.352	(3.032.508)	28.208.317	-	5.079.518	47.564.471
IV. Total comprehensive income (loss)	-	-	-	-	1.056	(39.898)	(13.990)	890.519	(200.948)	1.025.286	-	-	3.685.364	5.347.389
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	-	-	-	78	-	-	-	-	-	-	(78)	-	-	-
XI. Profit distribution	-	-	-	148.338	-	-	-	-	-	-	4.431.180	-	(5.079.518)	(500.000)
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	(500.000)	(500.000)
11.2. Transfers to legal reserves	-	-	-	148.338	-	-	-	-	-	-	4.431.180	-	(4.579.518)	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+.....+X+XI)	8.447.051	556.937	-	1.598.968	1.855.047	(417.028)	1.176.627	4.864.293	12.404	(2.007.222)	32.639.419	-	3.685.364	52.411.860

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, 2022 and 2021**

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

6. Statement of cash flows

	Current Period (30/06/2022)	Prior Period (30/06/2021)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	16.463.137	198.428
1.1.1 Interest received	32.519.822	17.496.190
1.1.2 Interest paid	(16.684.319)	(12.436.499)
1.1.3 Dividend received	235.923	45.089
1.1.4 Fees and commissions received	7.878.865	4.307.934
1.1.5 Other income	10.709.481	(4.763.987)
1.1.6 Collections from previously written-off loans and other receivables	2.243.858	1.126.055
1.1.7 Cash Payments to personnel and service suppliers	(6.799.984)	(3.977.692)
1.1.8 Taxes paid	(12.653.435)	(1.591.329)
1.1.9 Other	(987.074)	(7.333)
1.2 Changes in operating assets and liabilities subject to banking operations	(3.637.679)	6.910.864
1.2.1 Net (increase) decrease in Financial Assets at Fair Value through Profit or Loss	(31.689)	(58.068)
1.2.2 Net (increase) decrease in due from banks	(34.142.328)	(9.177.456)
1.2.3 Net (increase) decrease in loans	(110.020.597)	(33.921.559)
1.2.4 Net (increase) decrease in other assets	(12.548.413)	(82.579)
1.2.5 Net increase (decrease) in bank deposits	1.275.409	(1.427.259)
1.2.6 Net increase (decrease) in other deposits	92.396.358	30.138.327
1.2.7 Net increase (decrease) in financial liabilities at fair value through profit or loss	8.424.837	2.255.875
1.2.8 Net increase (decrease) in funds borrowed	40.959.406	16.400.210
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	10.049.338	2.783.373
I. Net cash provided from banking operations	12.825.458	7.109.292
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	(25.970.410)	(5.920.555)
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures	(25.016)	-
2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures	1.040.675	18.270
2.3 Cash paid for the purchase of tangible and intangible asset	(442.441)	(301.960)
2.4 Cash obtained from the sale of tangible and intangible asset	439.072	196.657
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income	(12.821.575)	(2.922.280)
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income	5.528.686	4.502.105
2.7 Cash paid for the purchase of financial assets at amortised cost	(22.437.841)	(7.591.201)
2.8 Cash obtained from sale of financial assets at amortised cost	2.748.030	177.854
2.9 Other	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flows from financing activities	(6.751.597)	2.315.892
3.1 Cash obtained from funds borrowed and securities issued	7.727.184	15.505.083
3.2 Cash outflow from funds borrowed and securities issued	(13.313.226)	(12.463.463)
3.3 Equity instruments issued	-	-
3.4 Dividends paid	(1.000.000)	(500.000)
3.5 Payments for finance lease liabilities	(165.555)	(225.728)
3.6 Other	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	16.037.314	6.401.527
V. Net increase (decrease) in cash and cash equivalents	(3.859.235)	9.906.156
VI. Cash and cash equivalents at beginning of the period	95.207.698	45.189.882
VII. Cash and cash equivalents at end of the period	91.348.463	55.096.038

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

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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, 2021.

The social and economic measures have been taken to reduce negativity of COVID-19 epidemic, which was spread globally in the first half of 2020, in our country as in other countries where the epidemic is effective and measures with partial changes continue to be implemented.

The Bank has reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements as of December 31, 2021. The estimates and assumptions used in the calculation of expected credit losses are explained in the explanations on the impairment of financial assets.

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

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

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As of June 30, 2022, the Bank largely completed the necessary infrastructure development for USD Libor indexed derivatives, money market transactions, bonds, loan products and risk management systems in order to take the transition to alternative benchmark interest rates that are based on actual overnight transactions. Following the system developments, it is anticipated that for the new traded floating rate instruments alternative benchmark interest rates are going to be used. For the existing transactions, it is planned to take transition to alternative benchmark interest rates in case there is a request from counter banks or customers. In the light of analysis, related transition will have no material impact on financial statements.

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

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

The Phase 2 Amendments provide two key reliefs

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

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

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.

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.

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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.

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”.

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“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 “IFRS – 9 Financial Instruments” in case (i) the related embedded derivative’s economic features and risks are not closely related to the host contract, (ii) another instrument that has the same contract conditions with the embedded derivative satisfies the definition of a derivative instrument and (iii) the hybrid instrument is not carried at fair value through profit or loss.

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

As of June 30, 2022, 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 “IFRS – 9 Financial Instruments” and recorded and evaluated as credit default swaps. The bond itself (host contract) is valued in accordance with the valuation principles of the category it is classified.

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

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, “IFRS – 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 IFRS 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.

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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.

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.

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

Assessment of the business model

The 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.

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

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

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

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

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

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

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

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➤ 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.

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 measured reliably and fair values are calculated by alternative models. All gains and losses arising from these valuations are recognized in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

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

7.2. Financial assets measured at amortised cost:

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

7.3. Loans :

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

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

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

As of June 30, 2022, the Bank has made its classifications in accordance with the TFRS 9 standard and reflected them in its financial statements. In this context; the Bank has evaluated many reasonable and supportable qualitative and quantitative data by taking into account the impact of COVID-19 in assessing whether there is a significant increase in credit risk in the classification of loans according to stages and determining the moment when the default situation occurs. It has classified the loans according to their stages according to its best judgment under the current conditions.

The Bank has taken into account the possible difficulties in the cash flows or payments of customers due to uncertainties regarding the COVID 19 epidemic process within the scope of TFRS 9 while calculating the expected credit loss for the loans classified according to their stages in the scope above.

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

7.4. Financial assets 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 observed reliably, the financial assets at fair value through other comprehensive income are carried at fair values determined by using alternative models. "Unrealized gains and losses" arising from changes in the fair value of financial assets classified as financial assets at fair value through other comprehensive income are recognized in the shareholders' equity as "Other accumulated comprehensive income that will be reclassified in profit or loss", until the related assets are impaired or disposed. When these financial assets are disposed or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement. Interest and dividends received from Financial assets at fair value through other comprehensive income are recorded in interest income and dividend income as appropriate.

Interest income on financial assets at fair value through other comprehensive income are calculated by effective interest rate method and are accounted for in interest income account. At the time of sale of 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.

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

8. Explanations on impairment of financial assets:

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

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

The measurement of the expected credit loss allowance:

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

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

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

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

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

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

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

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The main adjustments aimed at:

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

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

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

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

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

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

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

Significant increase in credit risk

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

Quantitative Assessment:

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

As of reporting date:

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

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Low 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 three scenarios (base, pessimistic and optimistic) with various weights based. Each of these scenarios are in relation with different probability of default risk. Within the scope of the effects of COVID-19 on Expected Credit Loss calculations, the Bank has reviewed the macroeconomic model used in the process and increased 30 basis points the weight of the pessimistic scenario by reducing the weight of the basis scenario with the same amount and used the data considered to reflect the current situation in the best way. On the other hand, researches have been carried out on the sectors affected by COVID-19, the effects that belonged to the period which COVID-19 was the most effective, were segregated on a sectoral basis and analyzed whether in which direction the Borsa Istanbul Index data differed from the cumulative index data and this differentiation is reflected in the probability of default values on a sectoral basis. The Bank made no change in its current approach in current period.

In the light of macroeconomic expectations, the Bank reflected the calculations made to its financial statements considering the probability of default values and the possible changes in the exposure at default. In this context, the Bank has measured the effect of the change in macroeconomic data used in the calculation of expected credit loss such as gross domestic product, unemployment rate and foreign trade deficit, on the non performing loans under different scenarios and reflected the coefficient increase, which was considered to be the most accurate, to its provision calculations by projecting it on the loan parameters within the range of NPL ratio obtained throughout the calculations. The Bank reflected the possible effects of the COVID-19 and estimation of cash flows with reasonable and supportable information used in calculating the expected loan loss provision for the loans subject to individual assessment. This preferred approach will be revised in the coming reporting periods considering the impact of the outbreak, the credit portfolio and changes in future expectations.

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.

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

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

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

12. Explanations on goodwill and other intangible assets:

12.1. Goodwill:

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

As explained in Note 2, Section 1, in 2006, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. 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 once a year. If there are any indications that the unit is impaired, the impairment test is performed more frequently. 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.

Due to there is no evidence of impairment on the goodwill amount as a result of the impairment test, previous period fair value has been used.

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 “IFRS 16: Leases” approach in the accounting of leasing transactions.

In accordance with IFRS 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 assets and 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 and in accordance with TAS 19.

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 accordance with the 11 and 14th articles of the Law numbered 7316 on "Amendment of Law on Collection Procedure of Public Receivables and Certain Laws" published in the Official Gazette dated April 22, 2021 and numbered 31462, starting from the declarations that must be submitted starting from July 1, 2021 and to be valid for the taxation period starting from January 1, 2021, corporate tax rate will be applied as 25% for enterprises' corporate income belonging to the taxation periods of 2021 and 23% for enterprises' corporate income belonging to the taxation periods of 2022. Standard corporate tax rate for financial sector is increased to 25% starting from the declarations as of July 1, 2022 and to be valid for the taxation periods of 2022 according to the Law numbered 7394 published in the Official Gazette No. 31810 dated April 15, 2022.

Corporate tax rate business income tax in accordance with the laws of the institutions to be added as unacceptable the reduction of costs in the tax laws, exemptions and reductions to the tax base found as a result of the reduction that will be applied. Additional tax is not payable unless the profit is distributed.

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.

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

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

17.2. Deferred tax:

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

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

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

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

17.3. Transfer pricing:

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

“Arm’s length principle”, which is the basis for the transfer pricing rule, is the pricing system to be followed for purchase or sale activities between related parties for any product or service transactions as if the transaction is realized with any other third party. According to this communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm’s length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

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

18. Explanations on borrowings:

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

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.

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19. Explanations on issuance of share certificates:

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

20. Explanations on avalized drafts and letter of acceptances:

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

21. Explanations on government grants:

None (December 31, 2021 - None).

22. Profit reserves and profit distribution:

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

No dividend payments were announced after the balance sheet date.

23. Earnings per share:

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

	Current Period	Prior Period
Net Income/(loss) to be appropriated to ordinary shareholders	19.180.737	3.685.364
Weighted average number of issued ordinary shares(thousand)	844.705.128	844.705.128
Earnings per share (full TL)	0,0227	0,0044

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 2022 (2021 – 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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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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 19,53% (December 31, 2021 - 18,67%).

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	43.702.404	34.213.005
Accumulated other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	28.059.220	14.708.689
Profit	19.180.737	10.489.758
Net profit of the period	19.180.737	10.489.758
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	26.210	25.382
Common Equity Tier 1 capital before regulatory adjustments	99.972.559	68.440.822
Common Equity Tier 1 capital: regulatory adjustments		
Prudential valuation adjustments	90.588	89.872
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 recognise in equity in accordance with TAS	5.542.107	4.956.644
Improvement costs for operating leasing	132.204	131.078
Goodwill (net of related tax liability)	979.493	979.493
Other intangibles other than mortgage-servicing rights (net of related tax liability)	972.916	910.108
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Cash-flow hedge reserve	5.919.436	2.328.663
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)	677.146	-
Amount exceeding the 15% threshold (-) of the common equity Tier 1 in accordance with the second paragraph of the provisional article 2 in the regulation regarding the Banks’ Shareholders’ Equity	-	-
The amount above threshold for the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank owns more than 10% of the issued share capital	-	-
The amount above threshold for mortgage servicing rights	-	-
The amount above threshold for deferred tax assets arising from temporary differences	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-
Total regulatory adjustments to Common equity Tier 1	14.313.890	9.395.858
Common Equity Tier 1 capital (CET1)	85.658.669	59.044.964

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

ADDITIONAL TIER 1 CAPITAL	Current Period	Prior Period
Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-	-
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA	10.834.850	8.435.375
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	10.834.850	8.435.375
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	10.834.850	8.435.375
Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	96.493.519	67.480.339
TIER 2 CAPITAL	-	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	10.034.626	9.507.903
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	3.740.181	3.000.710
Tier 2 capital before regulatory adjustments	13.774.807	12.508.613
Tier 2 capital: regulatory adjustments	-	-
Direct and indirect investments of the Bank on its own Tier 2 Capital (-)	-	-
Investments of the Bank to banks that invest on the Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-	-
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) (-)	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Total regulatory adjustments to Tier 2 capital	-	-
Total Tier 2 capital	13.774.807	12.508.613
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	110.210.882	79.912.127
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	9.141	41.724
Portion of the sum of the banks' real estate net book values, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition ⁽¹⁾	-	-
National specific regulatory adjustments which shall be determined by the BRSA	48.303	35.101
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 (-)	-	-

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2022

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

OWN FUNDS	Current Period	Prior Period
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	109.870.756	79.407.743
Total Risk Weighted Assets ⁽²⁾	562.499.825	425.334.230
CAPITAL ADEQUACY RATIOS		
Common Equity Tier 1 Capital Adequacy Ratio (%)	15,23	13,88
Tier 1 Capital Adequacy Ratio (%)	17,15	15,87
Capital Adequacy Ratio (%)	19,53	18,67
BUFFERS		
Institution specific buffer requirement of the Bank(a+b+c)	2,520	2,523
a) Capital conservation buffer requirement (%)	2,500	2,500
b) Bank's specific countercyclical buffer requirement (%)	0,020	0,023
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 (%)	10,728	9,382
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financials	400.441	317.593
Significant investments in the common stock of financials	2.477.858	2.050.744
Mortgage servicing rights (net of related tax liability)	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	8.633.581	5.514.747
Applicable caps on the inclusion of provisions in Tier 2 capital		
General provisions for standard based receivables (before ten thousand twenty five limitation)	1.078.775	1.946.844
Up to 1.25% of total risk-weighted amount of general provisions for receivables where the standard approach used	809.081	789.760
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	12.851.531	11.706.259
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	2.931.100	2.210.950

(1) According to the "Regulation Regarding to changes on Regulation on Banks' Shareholders' Equity" published in Official Gazette No.30121 on July 11, 2017, related article has been abolished.

(2) In the calculation of credit risk amount, spot purchase rates announced as of December 31, 2021 by Central Bank are used in accordance with the in accordance with the legislation of BRSA numbered 10188 dated April 28, 2022.

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

Yapı ve Kredi Bankası A.Ş.
Notes to unconsolidated financial statements as of June 30, 2022
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

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	XS2286436451 / US984848AN12	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 ml, as of most recent reporting date)	-	900	-	8.335	10.834	500	300
Par value of instrument	9.751	4.501	15.099	8.335	10.834	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	January 22, 2021	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	-	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	Yes	No	Yes	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	-	-	-	After 5th year	After 5th year
Coupons / dividends							
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Floating	Floating
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 7,875% fixed, second 5 years U.S. five year treasury bond rate +741.50 basis points	First 5 years 13,875% fixed, second 5 years MS+11,245% fixed	3 month 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 and complete	Partial and complete	Partial and complete	Partial and complete
If write-down, permanent or temporary	-	-	-	Permanent	Temporary	Permanent	Permanent
If temporary write-down, description of write-up mechanism	-	-	-	-	In case of cancellation of default/ Common Equity Tier 1 capital adequacy ratio of the bank is higher than 5.125%	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, 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 incompliances with article number 7 and 8 of "Own fund regulation"	-	-	8-2-2	-	-	-	-

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- 1.3.** There are differences between the figures in the own funds and their corresponding amounts in the balance sheet. Within this context; in the calculation of own funds, the losses and gains that are related to cash flow hedge transactions are not considered in the own funds and the prudential valuation adjustments calculated in accordance with the (i) item of the first paragraph in the ninth article of the "Regulation Regarding Banks' Shareholders' Equity" are considered in the own funds. In addition, the subordinated liabilities are considered after the adjustments made in accordance with the ninth paragraph of the eighth article 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.

2.1. General Information on Risk Management and Risk Weighted Amount

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

2.1.1. Overview of risk-weighted amounts

	Risk Weighted Assets		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR) ⁽¹⁾	499.659.059	369.831.219	39.972.725
2 Of which standardised approach (SA)	51.488.343	38.983.014	4.119.067
3 Of which internal rating-based (IRB) approach	448.170.716	307.443.458	35.853.657
4 Counterparty credit risk	10.854.899	11.310.348	868.392
5 Of which standardised approach for counterparty credit risk (SA-CCR)	10.854.899	11.310.348	868.392
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	24.324	3.117	1.946
9 Equity investments in funds – mandate-based approach	-	-	-
10 Equity investments in funds – fall-back approach	-	-	-
11 Settlement risk	-	8	-
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	4.207.949	6.080.358	336.636
17 Of which standardised approach (SA)	4.207.949	6.080.358	336.636
18 Of which internal model approaches (IMM)	-	-	-
19 Operational risk	42.578.789	34.598.266	3.406.303
20 Of which Basic Indicator Approach	42.578.789	34.598.266	3.406.303
21 Of which Standardised Approach	-	-	-
22 Of which Advanced Measurement Approach	-	-	-
23 Amounts below the thresholds for deduction (subject to 250% risk weight)	5.174.805	3.510.914	413.984
24 Floor adjustment	-	-	-
TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)	562.499.825	425.334.230	44.999.986

(1) For the prior period, in the context of transition to IRB regulation, there is a value adjustment amounting to TL 23.404.747.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2022

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

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 or interest or both delays for more than ninety days from their terms or due dates or;
- Which have limited means for total recovery because debtors' equity or guarantees extended by them are found inadequate to cover payment of debts on respective terms and are likely to lead to losses in case any such problems observed are not solved or;
- For which debtors have suffered deterioration in their creditworthiness and credits have suffered weakness consequently or;
- For which it is believed that recovery by banks of principal or interest or both would delay for more than ninety days from their terms or due dates due to reasons such as problems encountered by debtors over operating capital financing or additional liquidity creation,

loans and receivables are classified as 'non performing loans' and are transferred to non performing loan accounts. Within the scope of the same regulation, these loans are set aside for the expected credit loss according to the internal models developed by the Bank.

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

Current Period	Gross carrying values of as per TAS		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
1 Loans	18.828.473	494.440.240	30.670.812	482.597.901
2 Debt Securities	-	186.270.596	39.117	186.231.479
3 Off-balance sheet exposures	1.322.971	398.327.236	2.000.312	397.649.895
Total	20.151.444	1.079.038.072	32.710.241	1.066.479.275

Prior Period	Gross carrying values of as per TAS		Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures		
1 Loans	18.885.802	388.115.686	29.233.396	377.768.092
2 Debt Securities	-	127.418.012	293.305	127.124.707
3 Off-balance sheet exposures	1.138.170	282.122.389	1.717.775	281.542.784
Total	20.023.972	797.656.087	31.244.476	786.435.583

2.1.3. Changes in stock of defaulted loans and debt securities

	Current Period	Prior Period
1 Defaulted loans and debt securities at the end of the previous reporting period	20.023.972	19.784.137
2 Loans and debt securities that have defaulted since the last reporting period	6.212.412	4.718.667
3 Returned to non-defaulted status	107.630	95.924
4 Amounts written off	3.831.432	1.035.078
5 Other changes	(2.145.878)	(3.347.830)
Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	20.151.444	20.023.972

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

2.1.4. Credit risk mitigation techniques – overview

Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
	Loans	420.066.772	62.531.129	41.382.332	5.309.886	4.470.086	-
Debt securities	186.231.479	-	-	-	-	-	-
Total	606.298.251	62.531.129	41.382.332	5.309.886	4.470.086	-	-
Of which defaulted	4.906.818	951.743	355.303	794.333	348.340	-	-

Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
	Loans	324.780.725	52.987.367	35.086.690	2.895.274	2.348.548	-
Debt securities	127.124.707	-	-	-	-	-	-
Total	451.905.432	52.987.367	35.086.690	2.895.274	2.348.548	-	-
Of which defaulted	4.058.968	1.108.988	435.279	913.700	422.671	-	-

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

Current Period	Asset classes	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	275.992.783	7.176	280.811.029	209.532	-	-
2	Exposures to regional governments or local authorities	250.613	-	250.613	-	50.123	20,00%
3	Exposures to public sector entities	1.481.251	538.264	1.481.201	228.234	1.709.435	100,00%
4	Exposures to multilateral development banks	962.833	126.889	962.833	80.250	-	-
5	Exposures to institutions	62.124.466	25.437.783	62.124.466	6.987.102	19.479.403	28,19%
6	Exposures to corporates	12.215.956	50.015.000	10.669.967	9.282.138	14.047.311	70,41%
7	Retail exposures	3.894.417	2.679.023	971.757	78.866	844.044	80,34%
8	Exposures secured by residential property	7.779	10.686	7.779	5.343	4.593	35,00%
9	Exposures secured by commercial real estate	734.022	859.957	726.274	429.976	779.422	67,41%
10	Past-due loans	193.314	4	3.794	-	3.257	85,85%
11	Higher-risk categories by the Agency Board	497.244	6.468.520	338.069	32.747	634.599	171,14%
12	Exposures in the form of collective investment undertaking	31.174	-	31.174	-	24.324	78,03%
13	Investments in equities	16.006.078	-	16.006.078	-	19.110.961	119,40%
14	Other receivables	-	-	-	-	-	-
	Total	374.391.930	86.143.302	374.385.034	17.334.188	56.687.472	14,47%

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2022

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

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	191.098.697	143	193.869.916	206.983	-	-
2	Exposures to regional governments or local authorities	466	-	466	-	93	19,96%
3	Exposures to public sector entities	20.625	126.271	20.111	53.965	74.076	100,00%
4	Exposures to multilateral development banks	655.854	53.225	655.854	27.704	-	-
5	Exposures to institutions	51.914.386	20.247.056	51.894.386	4.281.615	15.316.147	27,26%
6	Exposures to corporates	8.510.578	20.145.956	7.468.011	3.999.108	7.683.174	67,00%
7	Retail exposures	2.188.225	2.182.757	899.218	55.244	771.511	80,83%
8	Exposures secured by residential property	12.175	664	12.175	316	4.372	35,00%
9	Exposures secured by commercial real estate	4.199.024	336.667	4.179.730	168.328	3.478.505	80,00%
10	Past-due loans	148.631	1	1.036	-	667	64,38%
11	Higher-risk categories by the Agency Board	502.949	3.000.607	227.116	21.844	366.012	147,02%
12	Exposures in the form of collective investment undertaking	4.469	-	4.469	-	3.117	69,75%
13	Investments in equities	12.692.823	-	12.692.823	-	14.799.371	116,60%
14	Other receivables	-	-	-	-	-	-
	Total	271.948.902	46.093.347	271.925.311	8.815.107	42.497.045	15,14%

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2022

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

2.1.6. Standardised approach – exposures by asset classes and risk weights

Current Period												
Asset classes/Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Total credit risk exposure amount (after CCF and CRM)
1 Exposures to central governments or central banks	281.020.561	-	-	-	-	-	-	-	-	-	-	281.020.561
2 Exposures to regional governments or local authorities	-	-	250.613	-	-	-	-	-	-	-	-	250.613
3 Exposures to public sector entities	-	-	-	-	-	-	1.709.435	-	-	-	-	1.709.435
4 Exposures to multilateral development banks	1.043.083	-	-	-	-	-	-	-	-	-	-	1.043.083
5 Exposures to institutions	-	-	50.534.484	-	18.409.156	-	167.928	-	-	-	-	69.111.568
6 Exposures to corporates	330.806	-	1.247.586	-	9.151.840	-	9.221.873	-	-	-	-	19.952.105
7 Retail exposures	-	-	-	-	-	826.311	224.312	-	-	-	-	1.050.623
8 Exposures secured by residential property	-	-	-	13.122	-	-	-	-	-	-	-	13.122
9 Exposures secured by commercial real estate	-	-	-	-	748.783	9.746	397.721	-	-	-	-	1.156.250
10 Past-due loans	-	-	-	-	1.073	-	2.721	-	-	-	-	3.794
11 Higher-risk categories by the Agency Board	-	-	-	-	28	-	6.608	200.765	163.415	-	-	370.816
12 Investments made in collective investment companies	47	-	6.436	-	3.309	-	21.382	-	-	-	-	31.174
13 Investments in equities	-	-	-	-	-	-	13.936.156	-	-	2.069.922	-	16.006.078
14 Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total	282.394.497	-	52.039.119	13.122	28.314.189	836.057	25.688.136	200.765	163.415	2.069.922	-	391.719.222

Prior Period												
Asset classes/Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Total credit risk exposure amount (after CCF and CRM)
1 Exposures to central governments or central banks	194.076.899	-	-	-	-	-	-	-	-	-	-	194.076.899
2 Exposures to regional governments or local authorities	-	-	466	-	-	-	-	-	-	-	-	466
3 Exposures to public sector entities	-	-	-	-	-	-	74.076	-	-	-	-	74.076
4 Exposures to multilateral development banks	683.558	-	-	-	-	-	-	-	-	-	-	683.558
5 Exposures to institutions	-	-	42.846.150	-	13.165.867	-	163.984	-	-	-	-	56.176.001
6 Exposures to corporates	330.804	-	654.445	-	5.859.169	-	4.622.701	-	-	-	-	11.467.119
7 Retail exposures	-	-	-	-	-	731.806	222.656	-	-	-	-	954.462
8 Exposures secured by residential property	-	-	-	12.491	-	-	-	-	-	-	-	12.491
9 Exposures secured by commercial real estate	-	-	-	-	1.735.003	8.207	2.604.848	-	-	-	-	4.348.058
10 Past-due loans	-	-	-	-	738	-	298	-	-	-	-	1.036
11 Higher-risk categories by the Agency Board	-	-	-	-	1.503	-	11.851	235.606	-	-	-	248.960
12 Investments made in collective investment companies	327	-	664	-	990	-	2.488	-	-	-	-	4.469
13 Investments in equities	-	-	-	-	-	-	11.288.457	-	-	1.404.366	-	12.692.823
14 Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total	195.091.588	-	43.501.725	12.491	20.763.270	740.013	18.991.359	235.606	-	1.404.366	-	280.740.418

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2022

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

2.1.7. IRB Approach: Credit Risk Amounts by Portfolio and PD Ranges

Current Period														
Foundation IRB	PD Range	On-balance sheet amount	Off-balance sheet amount	Average CCF	Exposures post-CCF and CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density	Expected Loss	Provisions	
Exposures to corporates	0-0,15	7.001.025	17.459.259	45,58%	14.959.049	0,10%	27.532	44,23%	1,67	3.469.361	23,19%	6.402	11.782	
	0,15-0,25	3.029.903	2.448.920	63,14%	4.576.068	0,18%	46.821	40,14%	2,39	1.705.741	37,28%	3.344	5.567	
	0,25-0,5	22.552.362	25.060.440	47,20%	34.381.977	0,33%	16.223	44,02%	1,43	16.068.504	46,74%	49.849	47.367	
	0,5-0,75	59.779.722	59.314.073	46,21%	87.189.002	0,64%	26.938	42,66%	1,46	73.969.191	64,45%	237.700	822.350	
	0,75-2,5	50.106.555	39.812.612	40,26%	66.134.675	1,54%	30.200	42,64%	1,60	61.535.065	93,05%	435.654	1.737.914	
	2,5-10	30.972.722	24.172.236	36,33%	39.754.464	5,27%	19.021	42,66%	1,83	55.743.590	140,22%	892.177	1.892.371	
	10-100	2.128.770	1.662.787	21,70%	2.489.545	27,16%	2.828	41,89%	1,31	5.575.594	223,96%	286.411	157.492	
	100 (default)	9.996.232	565.057	20,17%	10.110.178	100,00%	10.892	45,00%	2,50	-	0,00%	4.549.580	6.307.619	
	Sub Total		185.567.291	170.495.384	43,42%	259.594.958	5,62%	174.135	42,96%	1,62	218.067.046	77,16%	6.461.117	10.982.462

Current Period														
Advanced IRB	PD Range	On-balance sheet amount	Off-balance sheet amount	Average CCF	Exposures post-CCF and CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density	Expected Loss	Provisions	
Q ualifying Revolving Retail Exposures	0-0,15	7.440.797	18.842.238	26,61%	12.454.701	0,10%	937.339	41,73%	-	322.780	2,59%	5.033	5.497	
	0,15-0,25	8.498.759	20.479.085	26,89%	14.005.209	0,19%	1.350.071	40,59%	-	623.334	4,45%	10.949	13.738	
	0,25-0,5	2.696.210	4.983.804	27,60%	4.071.780	0,34%	396.128	40,57%	-	284.490	6,99%	5.552	7.341	
	0,5-0,75	6.628.225	10.052.501	28,09%	9.452.060	0,64%	862.517	41,11%	-	1.115.617	11,80%	24.876	24.491	
	0,75-2,5	9.441.389	12.716.696	28,04%	13.007.136	1,49%	1.344.070	40,26%	-	2.833.596	21,78%	78.055	76.923	
	2,5-10	8.826.897	5.743.407	29,91%	10.544.635	5,20%	1.340.811	39,07%	-	5.211.164	49,42%	211.595	202.949	
	10-100	1.549.124	367.146	32,20%	1.667.343	27,49%	306.485	34,23%	-	1.720.881	103,21%	158.532	136.230	
	100 (default)	29.238	54	24,80%	29.251	100,00%	6.465	36,10%	-	137.994	471,76%	146	5.526	
	Sub Total		45.110.639	73.184.931	27,49%	65.232.115	2,06%	6.543.886	40,41%	-	12.249.856	18,78%	494.738	472.695
Retail SME Exposures	0-0,15	888.789	2.571.192	39,43%	1.902.709	0,11%	60.757	46,84%	-	244.858	12,87%	951	5.170	
	0,15-0,25	5.417.712	9.303.828	54,33%	10.472.049	0,17%	130.077	47,96%	-	1.952.428	18,64%	8.694	32.331	
	0,25-0,5	10.441.876	13.347.746	46,35%	16.628.740	0,36%	118.102	49,00%	-	5.078.988	30,54%	29.673	69.714	
	0,5-0,75	8.042.118	7.745.304	41,66%	11.268.874	0,61%	114.863	47,25%	-	4.519.606	40,11%	32.460	66.732	
	0,75-2,5	19.052.101	11.913.594	41,57%	24.004.567	1,47%	230.308	47,82%	-	14.143.135	58,22%	168.734	215.881	
	2,5-10	13.352.121	5.397.792	36,72%	15.334.273	5,06%	177.277	47,35%	-	11.354.575	74,05%	366.001	278.443	
	10-100	2.451.418	786.959	30,99%	2.695.320	20,15%	36.327	45,76%	-	2.743.822	101,80%	247.955	114.314	
	100 (default)	3.682.275	589.937	21,36%	3.808.310	100,00%	63.994	80,86%	-	483.280	12,69%	3.042.952	3.859.819	
	Sub Total		63.328.410	51.656.352	44,11%	86.114.842	6,54%	767.461	49,28%	-	40.520.692	46,86%	3.896.960	4.642.404
Other Retail Exposures	0-0,15	1.268.904	3.013.605	80,21%	3.686.254	0,10%	1.050.669	49,85%	-	470.450	12,76%	1.772	2.811	
	0,15-0,25	5.366.690	3.625.970	81,26%	8.313.271	0,19%	1.273.907	50,49%	-	1.756.217	21,13%	8.083	9.778	
	0,25-0,5	1.927.327	1.763.558	81,89%	3.371.445	0,34%	453.012	53,82%	-	1.108.761	32,89%	6.259	5.871	
	0,5-0,75	10.171.164	2.550.938	82,61%	12.278.578	0,64%	877.802	56,49%	-	6.058.598	49,34%	44.690	31.899	
	0,75-2,5	20.080.975	3.099.436	84,11%	22.687.853	1,54%	1.254.606	59,61%	-	16.728.767	73,73%	208.759	130.245	
	2,5-10	27.508.488	1.655.390	91,05%	29.015.719	5,47%	1.353.704	60,56%	-	27.813.550	95,86%	960.470	586.425	
	10-100	7.049.073	70.901	139,47%	7.147.960	29,63%	275.967	60,39%	-	11.501.628	160,91%	1.278.178	813.550	
	100 (default)	4.484.400	109	108,40%	4.484.517	100,00%	193.698	76,80%	-	1.457.316	32,50%	3.334.346	3.262.160	
	Sub Total		77.857.021	15.779.907	83,20%	90.985.597	9,50%	6.709.238	58,96%	-	66.895.287	73,52%	5.842.557	4.842.739
Retail Total		186.296.071	140.621.190	39,85%	242.332.553	6,45%	9.780.293	50,52%	-	119.665.835	49,31%	10.234.256	9.957.837	
Other Items	Sub Total	35.868.845	-	-	35.868.845	-	-	-	-	20.852.916	61,48%	-	-	

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2022

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

Prior Period													
Foundation IRB	PD Range	On-balance sheet amount	Off-balance sheet amount	Average CCF	Exposures post-CCF and CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density	Expected Loss	Provisions
Exposures to corporates	0-0,15	5.106.269	10.136.539	44,50%	9.616.677	0,10%	29.394	42,50%	1,82	2.283.174	23,74%	4.032	9.424
	0,15-0,25	3.825.165	1.471.457	51,85%	4.588.187	0,19%	65.111	38,34%	2,49	1.725.974	37,62%	3.292	4.852
	0,25-0,5	16.300.123	16.832.930	47,07%	24.223.775	0,33%	22.109	43,46%	1,85	12.453.675	51,41%	34.660	476.527
	0,5-0,75	39.254.397	32.691.451	43,99%	53.633.941	0,61%	39.404	42,82%	1,53	34.387.897	64,12%	140.682	437.120
	0,75-2,5	39.963.119	30.524.736	38,07%	51.584.853	1,45%	41.428	42,60%	1,90	49.163.046	95,31%	318.865	1.250.175
	2,5-10	15.959.873	15.739.642	36,09%	21.641.096	5,52%	25.907	41,73%	1,55	29.356.910	135,65%	496.872	998.151
	10-100	787.645	802.302	20,84%	954.845	25,56%	5.569	40,76%	1,77	2.059.318	215,67%	98.660	70.300
	100 (default)	9.918.477	376.217	21,62%	9.999.819	100,00%	13.867	45,00%	2,50	-	-	4.499.918	6.739.322
	Sub Total		131.115.068	108.575.274	41,56%	176.243.193	7,16%	234.027	42,69%	1,78	131.429.994	74,57%	5.596.981

Prior Period													
Advanced IRB	PD Range	On-balance sheet amount	Off-balance sheet amount	Average CCF	Exposures post-CCF and CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density	Expected Loss	Provisions
Qualifying Revolving Retail Exposures	0-0,15	5.375.727	13.290.210	26,79%	8.935.980	0,10%	872.966	39,65%	-	219.263	2,45%	3.416	4.733
	0,15-0,25	6.031.116	13.577.991	27,17%	9.719.610	0,19%	1.248.224	38,42%	-	409.485	4,21%	7.192	11.130
	0,25-0,5	1.723.417	2.665.726	28,30%	2.477.714	0,33%	299.760	39,14%	-	164.271	6,63%	3.191	5.279
	0,5-0,75	4.703.256	6.763.265	28,20%	6.610.245	0,64%	842.923	38,68%	-	732.449	11,08%	16.323	19.605
	0,75-2,5	6.379.855	7.597.886	28,38%	8.535.837	1,50%	1.202.146	38,08%	-	1.768.237	20,72%	48.771	58.088
	2,5-10	6.310.169	3.624.753	30,46%	7.414.268	5,33%	1.241.491	36,36%	-	3.454.643	46,59%	141.545	165.017
	10-100	1.305.949	271.781	33,36%	1.396.624	27,67%	311.478	32,32%	-	1.368.372	97,98%	126.168	125.345
	100 (default)	43.062	24	33,33%	43.070	100,00%	9.353	39,58%	-	151.444	351,62%	5.618	11.237
	Sub Total		31.872.551	47.791.636	27,75%	45.133.348	2,28%	6.028.341	38,15%	-	8.268.164	18,32%	352.224
Retail SME Exposures	0-0,15	796.415	2.349.391	38,91%	1.710.560	0,11%	51.674	46,56%	-	221.542	12,95%	865	3.824
	0,15-0,25	4.718.843	6.788.985	54,26%	8.402.336	0,17%	120.835	46,97%	-	1.532.987	18,24%	6.823	25.433
	0,25-0,5	8.504.653	10.368.987	46,05%	13.279.805	0,36%	106.606	48,32%	-	3.995.922	30,09%	23.296	54.745
	0,5-0,75	7.067.315	6.422.647	40,26%	9.653.143	0,61%	104.254	46,51%	-	3.800.792	39,37%	27.245	55.457
	0,75-2,5	15.579.067	8.837.005	41,00%	19.202.032	1,48%	208.726	46,89%	-	10.988.225	57,22%	133.279	192.386
	2,5-10	9.979.544	3.648.915	36,94%	11.327.271	5,04%	160.381	46,82%	-	8.290.445	73,19%	266.711	258.960
	10-100	1.915.829	479.317	29,95%	2.059.392	21,42%	33.109	45,69%	-	2.114.894	102,70%	200.128	129.306
	100 (default)	4.234.372	549.959	21,19%	4.350.896	100,00%	72.159	80,84%	-	612.696	14,08%	3.470.823	4.200.964
	Sub Total		52.796.038	39.445.206	43,58%	69.985.435	8,24%	716.108	49,17%	-	31.557.503	45,09%	4.129.170
Other Retail Exposures	0-0,15	771.434	1.998.625	81,07%	2.391.670	0,10%	966.641	50,81%	-	311.162	13,01%	1.172	1.921
	0,15-0,25	3.536.409	2.376.311	81,59%	5.475.178	0,19%	1.184.040	53,72%	-	1.230.764	22,48%	5.665	8.009
	0,25-0,5	1.232.351	591.532	82,26%	1.718.966	0,33%	331.005	54,19%	-	555.784	32,33%	3.087	3.498
	0,5-0,75	7.333.011	1.826.481	82,67%	8.842.925	0,64%	865.137	58,39%	-	4.513.379	51,04%	33.312	29.170
	0,75-2,5	14.603.008	1.864.790	84,49%	16.178.549	1,54%	1.113.981	60,02%	-	12.027.772	74,34%	150.645	111.333
	2,5-10	20.986.455	1.157.489	91,22%	22.042.351	5,62%	1.288.546	60,64%	-	21.247.667	96,39%	751.690	573.227
	10-100	6.965.048	89.382	123,84%	7.075.741	29,00%	339.008	60,82%	-	11.364.776	160,62%	1.246.786	867.980
	100 (default)	3.987.378	339	85,08%	3.987.666	100,00%	212.406	77,54%	-	1.791.426	44,92%	2.956.847	3.033.606
	Sub Total		59.415.094	9.904.949	83,78%	67.713.046	11,23%	6.286.672	60,14%	-	53.042.730	78,33%	5.149.204
Retail Total		144.083.683	97.141.791	39,89%	182.831.829	7,88%	9.177.035	50,51%	-	92.868.397	50,79%	9.630.598	9.950.253
Other Items	Sub Total	22.091.850	-	-	22.091.850	-	-	-	-	11.947.579	57,08%	-	-

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2022**

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

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

Current Period	RWA – PRE Credit Derivatives	Actual RWA
1 Exposures to central governments or central banks -Foundation IRB	-	-
2 Exposures to central governments or central banks -Advanced IRB	-	-
3 Exposures to banks and financial institutions - Foundation IRB	-	-
4 Exposures to banks and financial institutions - Advanced IRB	-	-
5 Exposures to corporates -Foundation IRB	220.285.263	220.285.263
6 Exposures to corporates - Advanced IRB	-	-
7 Specialised Lending - Foundation IRB	-	-
8 Specialised Lending - Advanced IRB	89.755.203	89.755.203
9 Retail exposures - Qualifying revolving	12.249.856	12.249.856
10 Retail exposures - secured by real estate	-	-
11 Retail exposures - SME	40.524.417	40.524.417
12 Retail Exposures - Other	66.895.287	66.895.287
13 Investments in equities - Foundation IRB	-	-
14 Investments in equities - Advanced IRB	-	-
15 Purchased Receivables - Foundation IRB	-	-
16 Purchased Receivables - Advanced IRB	-	-
17 Other Items - Advanced IRB	20.852.916	20.852.916
Total	450.562.942	450.562.942

Prior Period	RWA – PRE Credit Derivatives	Actual RWA
1 Exposures to central governments or central banks -Foundation IRB	-	-
2 Exposures to central governments or central banks -Advanced IRB	-	-
3 Exposures to banks and financial institutions - Foundation IRB	-	-
4 Exposures to banks and financial institutions - Advanced IRB	-	-
5 Exposures to corporates -Foundation IRB	134.096.153	134.096.153
6 Exposures to corporates - Advanced IRB	-	-
7 Specialised Lending - Foundation IRB	-	-
8 Specialised Lending - Advanced IRB	71.736.276	71.736.276
9 Retail exposures - Qualifying revolving	8.268.164	8.268.164
10 Retail exposures - secured by real estate	-	-
11 Retail exposures - SME	31.572.185	31.572.185
12 Retail Exposures - Other	53.042.730	53.042.730
13 Investments in equities - Foundation IRB	-	-
14 Investments in equities - Advanced IRB	-	-
15 Purchased Receivables - Foundation IRB	-	-
16 Purchased Receivables - Advanced IRB	-	-
17 Other Items - Advanced IRB	11.947.579	11.947.579
Total	310.663.087	310.663.087

2.1.9. RWA movement table under IRB approach

	Current Period	Prior Period
1 Previous Period Closing Amount ⁽¹⁾	307.443.458	-
2 Changes in Volume	63.033.240	-
3 Changes in Asset Quality	6.180.157	-
4 Model Updates	(198.188)	-
5 Policy and Regulatory Changes ⁽²⁾	71.712.049	-
6 Purchasing and Selling	-	-
7 FX Difference	-	-
8 Other	-	307.443.458
9 Current Period Closing Amount	448.170.716	307.443.458

(1) The Bank has started to use IRB approach as of June 30, 2021.

(2) It includes the effects of the regulations made in accordance with the legislation of BRSA numbered 10188 dated April 28, 2022.

2.1.10. RWA changes regarding CCR within the scope of internal model method

	Current Period	Prior Period
1 Previous Period Closing Amount ⁽¹⁾	3.219.629	-
2 Changes in Volume	(1.640.336)	-
3 Changes in Asset Quality	(133.339)	-
4 Model Updates	-	-
5 Policy and Regulatory Changes	-	-
6 Purchasing and Selling	-	-
7 FX Difference	946.272	-
8 Other	-	3.219.629
9 Current Period Closing Amount	2.392.226	3.219.629

(1) The Bank has started to use IRB approach as of June 30, 2021.

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2022

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

2.1.11. IRB: Specialized lending and equity investments subject to the simple risk weight approach

Current Period													
Specialised Lendings Besides High-volatility Commercial Real Estates													
Risk Amount											RWA Amount		Expected Losses
Category	Remaining Maturity	On-balance sheet amount	Off-balance sheet amount	Counterparty credit risk	Risk Weight	Project Finance	Object Finance	Commodities Finance	Income Producing Real Estate	Total	Credit Risk	Counter Party Credit Risk	
Strong	<2.5 years	-	-	47.889	50%	40.950	-	-	6.940	47.890	-	23.945	-
	≥2.5 years	8.902.411	1.717.709	12.806	70%	9.052.558	-	-	209.228	9.261.786	6.474.286	8.964	37.047
Good	<2.5 years	9.952.237	415.517	73.077	70%	9.005.552	577.755	-	525.842	10.109.149	7.025.251	51.154	40.513
	≥2.5 years	22.568.525	6.083.823	58.677	90%	26.284.563	132.922	-	-	26.417.485	23.838.536	52.809	211.340
Satisfactory		28.778.471	2.951.156	29.054	115%	23.735.924	155.754	-	5.740.722	29.632.400	34.043.848	33.412	830.097
Weak		7.258.075	114.609	-	250%	7.281.199	-	-	-	7.281.199	18.202.998	-	582.496
Default		-	10.157	-	0%	2.049	-	-	-	2.049	-	-	1.025
Total		77.459.719	11.292.971	221.503	-	75.402.795	866.431	-	6.482.732	82.751.958	89.584.919	170.284	1.702.518

Prior Period													
Specialised Lendings Besides High-volatility Commercial Real Estates													
Risk Amount											RWA Amount		Expected Losses
Category	Remaining Maturity	On-balance sheet amount	Off-balance sheet amount	Counterparty credit risk	Risk Weight	Project Finance	Object Finance	Commodities Finance	Income Producing Real Estate	Total	Credit Risk	Counter Party Credit Risk	
Strong	<2.5 years	-	-	67.332	50%	57.505	-	-	9.828	67.333	-	33.666	-
	≥2.5 years	5.856.274	1.201.537	292.873	70%	6.171.959	-	-	219.613	6.391.572	4.269.089	205.011	25.586
Good	<2.5 years	1.999.003	6.588	78.462	70%	1.545.182	-	-	533.613	2.078.795	1.400.233	54.923	8.315
	≥2.5 years	10.922.217	3.568.399	270.561	90%	14.108.109	94.909	-	-	14.203.018	12.539.212	243.506	114.649
Satisfactory		33.568.478	2.907.599	1.463	115%	32.926.008	448.825	-	955.497	34.330.330	39.478.197	1.682	961.249
Weak		5.380.841	116.282	-	250%	5.354.179	50.124	-	-	5.404.303	13.510.757	-	432.344
Default		-	4.243	-	-	856	-	-	-	856	-	-	428
Total		57.726.813	7.804.648	710.691	-	60.163.798	593.858	-	1.718.551	62.476.207	71.197.488	538.788	1.542.571

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

2.1.12. 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	9.908.829	2.371.868		1,4	11.255.210	5.416.636
2	Internal Model Approach			-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation					-	-
4	Comprehensive Method for Credit Risk Mitigation					5.230.879	1.709.458
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
Total							7.126.094

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	16.242.431	2.003.381		1,4	17.738.479	5.825.602
2	Internal Model Approach			-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation					-	-
4	Comprehensive Method for Credit Risk Mitigation					2.058.542	889.618
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions					-	-
Total							6.715.220

(1) Effective expected positive exposure

2.1.13. 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	11.255.210	3.614.185	17.738.479	4.583.228
Total amount of CVA capital adequacy	11.255.210	3.614.185	17.738.479	4.583.228

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2022**

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

2.1.14. Standardised approach – CCR exposures by regulatory portfolio and risk weights

Current Period												Total credit risk ⁽¹⁾
Risk Weights/Risk Classes	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%		
1 Central governments and central banks receivables	1.530.726	-	-	-	-	-	-	-	-	-	-	1.530.726
2 Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-	-	-
3 Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-	-	-	-
4 Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-	-	-
5 Banks and Intermediary Institutions receivables	-	691.286	2.519.849	-	5.181.942	-	5.873.175	-	219.035	-	-	14.485.287
6 Corporate receivables	-	-	-	-	17.866	-	-	-	532.533	-	-	550.399
7 Retail receivables	-	-	-	-	-	-	-	7.666	-	-	-	7.666
8 Mortgage receivables	-	-	-	-	-	-	-	-	-	-	-	-
9 Non performing receivables	-	-	-	-	-	-	-	-	-	-	-	-
10 High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity investments	-	-	-	-	-	-	-	-	-	-	-	-
12 Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total	1.530.726	691.286	2.519.849	-	5.199.808	-	5.873.175	7.666	751.568	-	-	16.574.078

Prior Period												Total credit risk ⁽¹⁾
Risk Weights/Risk Classes	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%		
1 Central governments and central banks receivables	7.701.691	-	-	-	-	-	-	-	-	-	-	7.701.691
2 Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-	-	-
3 Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-	-	-	-
4 Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-	-	-
5 Banks and Intermediary Institutions receivables	-	344.884	125.049	-	2.294.065	-	5.430.812	-	-	-	-	8.194.810
6 Corporate receivables	-	-	-	-	25.336	-	-	-	308.020	-	-	333.356
7 Retail receivables	-	-	-	-	-	-	-	11.047	-	-	-	11.047
8 Mortgage receivables	-	-	-	-	-	-	-	-	-	-	-	-
9 Non performing receivables	-	-	-	-	-	-	-	-	-	-	-	-
10 High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity investments	-	-	-	-	-	-	-	-	-	-	-	-
12 Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total	7.701.691	344.884	125.049	-	2.319.401	-	5.430.812	11.047	308.020	-	-	16.240.904

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

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

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

2.1.15. Counterparty Credit Risk Amounts by Portfolio and PD Ranges

Current Period								
Foundation IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density
Exposures to corporates	0-0,15	35.923	0,12%	18	45,00%	2,27	11.686	33,00%
	0,15-0,25	115	0,17%	1	45,00%	1,00	27	24,00%
	0,25-0,5	307.894	0,33%	39	42,00%	1,23	132.187	43,00%
	0,5-0,75	1.490.150	0,65%	54	41,00%	1,95	979.428	67,00%
	0,75-2,5	996.556	1,60%	46	42,00%	2,23	1.012.593	102,00%
	2,5-10	61.733	4,40%	10	45,00%	1,00	82.296	133,00%
	10-100	-	0,00%	-	0,00%	-	-	0,00%
	100 (default)	-	0,00%	-	0,00%	-	-	0,00%
Sub Total		2.892.371	0,99%	168	42,00%	1,95	2.218.217	77,00%
Advanced IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density
Q ualifying Revolving Retail Exposures	0-0,15	-	-	-	-	-	-	-
	0,15-0,25	-	-	-	-	-	-	-
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
	0,75-2,5	-	-	-	-	-	-	-
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
Sub Total		-	-	-	-	-	-	-
Retail SME Exposures	0-0,15	2.844	0,11%	9	49,00%	-	379	13,00%
	0,15-0,25	2.013	0,17%	10	53,00%	-	407	20,00%
	0,25-0,5	1.988	0,33%	16	50,00%	-	588	30,00%
	0,5-0,75	36	0,68%	9	48,00%	-	521	43,00%
	0,75-2,5	207	1,50%	8	50,00%	-	130	63,00%
	2,5-10	2.184	4,30%	2	50,00%	-	1.700	78,00%
	10-100	-	0,00%	-	0,00%	-	-	0,00%
	100 (default)	-	0,00%	-	0,00%	-	-	0,00%
Sub Total		9.272	1,10%	54	50,00%	-	3.725	36,00%
Other Retail Exposures	0-0,15	-	-	-	-	-	-	-
	0,15-0,25	-	-	-	-	-	-	-
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
	0,75-2,5	-	-	-	-	-	-	-
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
Sub Total		-	-	-	-	-	-	-
Total (All portfolios)		9.272	1,10%	54	50,00%	-	3.725	36,00%

(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.

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

Prior Period								
Foundation IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density
	0-0,15	265.369	0,12%	26	44,00%	2,91	97.171	36,62%
	0,15-0,25	9	0,17%	1	45,00%	1,00	3	28,59%
	0,25-0,5	488.827	0,33%	49	44,47%	1,50	235.543	48,19%
	0,5-0,75	1.200.613	0,62%	57	43,32%	2,58	937.565	76,05%
Exposures to corporates	0,75-2,5	962.230	1,24%	42	43,85%	1,95	908.856	94,45%
	2,5-10	366.124	4,28%	13	42,80%	1,70	487.021	133,02%
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Sub Total	3.283.172	1,09%	188	43,62%	2,20	2.666.159	80,10%
Advanced IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density
	0-0,15	-	-	-	-	-	-	-
	0,15-0,25	-	-	-	-	-	-	-
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
Q ualifying Revolving Retail Exposures	0,75-2,5	-	-	-	-	-	-	-
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Sub Total	-	-	-	-	-	-	-
	0-0,15	2.220	0,12%	8	50,54%	-	336	15,15%
	0,15-0,25	2.134	0,17%	13	47,67%	-	391	18,31%
	0,25-0,5	8.155	0,33%	21	47,37%	-	2.294	28,13%
	0,5-0,75	3.801	0,58%	11	43,66%	-	1.367	35,96%
Retail SME Exposures	0,75-2,5	12.047	1,23%	24	48,09%	-	7.220	56,04%
	2,5-10	3.830	7,70%	4	48,16%	-	3.074	80,28%
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Sub Total	32.187	1,52%	81	47,59%	-	14.682	45,34%
	0-0,15	-	-	-	-	-	-	-
	0,15-0,25	-	-	-	-	-	-	-
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
Other Retail Exposures	0,75-2,5	-	-	-	-	-	-	-
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Sub Total	-	-	-	-	-	-	-
	Total (All portfolios)	32.187	1,52%	81	47,59%	-	14.682	45,34%

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

2.1.16. Composition of collateral for CCR exposure

Current Period	Collaterals for Derivatives Transactions				Collaterals or Other Transactions		
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given	
	Segregated	Unsegregated	Segregated	Unsegregated			
1	Cash-domestic currency	-	3.336	-	-	52.750.562	-
2	Cash-foreign currency	-	5.422	-	-	7.408.492	-
3	Domestic sovereign debts	-	345	-	-	-	52.015.632
4	Other sovereign debt	-	-	-	-	-	11.907.737
5	Government agency debt	-	-	-	-	-	-
6	Corporate debts	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-
8	Other collateral	-	1.016.384	-	-	-	-
	Total	-	1.025.487	-	-	60.159.054	63.923.369

Prior Period	Collaterals for Derivatives Transactions				Collaterals or Other Transactions		
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given	
	Segregated	Unsegregated	Segregated	Unsegregated			
1	Cash-domestic currency	-	9.912	-	-	45.359.285	1.750.689
2	Cash-foreign currency	-	19.884	-	-	3.095.195	-
3	Domestic sovereign debts	-	-	-	-	1.782.917	44.822.415
4	Other sovereign debt	-	-	-	-	-	4.198.676
5	Government agency debt	-	-	-	-	-	-
6	Corporate debts	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-
8	Other collateral	-	477.537	-	-	-	-
	Total	-	507.333	-	-	50.237.397	50.771.780

2.1.17. 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	-	35.347.130	-	26.257.676
Credit Options	-	-	-	-
Other Credit Derivatives	-	-	-	-
Total Nominal	-	35.347.130	-	26.257.676
Rediscount Amount	-	(3.128.215)	-	(1.264.379)
Positive Rediscount Amount	-	707.116	-	844.603
Negative Rediscount Amount	-	(3.835.331)	-	(2.108.982)

2.1.18. Market risk under standardised approach

	Current Period	Prior Period
	Risk Weighted Asset	Risk Weighted Asset
Outright products	4.150.136	5.299.883
1 Interest rate risk (general and specific)	1.432.334	1.636.497
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	2.707.078	3.576.136
4 Commodity risk	10.724	87.250
Options	57.813	780.475
5 Simplified approach	-	-
6 Delta-plus method	57.813	780.475
7 Scenario approach	-	-
8 Securitisation	-	-
9 Total	4.207.949	6.080.358

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

2.1.19. 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)		114.620		11.900
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions) ; of which	-	-	-	-
3 (i) OTC Derivatives	3.211.135	114.620	469.904	11.899
4 (ii) Exchange-traded Derivatives	-	-	-	-
5 (iii) Securities financing transactions	-	-	29	1
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	-	-	-	-

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:	16,6690	17,5221
First day current bid rate	16,6189	17,5858
Second day current bid rate	16,6460	17,6057
Third day current bid rate	17,3478	18,2753
Fourth day current bid rate	17,3470	18,2455
Fifth day current bid rate	17,3301	18,2142
Arithmetic average of the last 30 days:	16,9857	17,9866
Balance sheet evaluation rate as of prior period:	12,9775	14,6823

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2022**

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

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	33.139.775	64.451.855	13.109.235	110.700.865
Banks	2.044.676	20.748.905	501.207	23.294.788
Financial assets where fair value change is reflected to income statement	26.166	1.165.535	-	1.191.701
Money markets	-	-	-	-
Financial assets where fair value change is reflected to other comprehensive income statement	1.586.535	12.437.158	-	14.023.693
Loans ⁽¹⁾	74.320.789	95.563.334	6.037.563	175.921.686
Investments in associates, subsidiaries and joint ventures	7.892.418	903.972	2.477.858	11.274.248
Financial Assets Measured at Amortised Cost	4.487.022	55.545.082	-	60.032.104
Hedging derivative financial assets	418.496	1.631.278	-	2.049.774
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets ⁽²⁾	8.916.349	27.329.696	1.969.066	38.215.111
Total assets	132.832.226	279.776.815	24.094.929	436.703.970
Liabilities				
Bank deposits	1.880.601	935.667	18.805	2.835.073
Foreign currency deposits	83.414.770	158.257.156	33.850.529	275.522.455
Funds from money market	4.777.990	4.120.160	-	8.898.150
Funds borrowed from other financial institutions	25.629.054	43.118.862	687	68.748.603
Marketable securities issued	176.379	24.412.946	542.848	25.132.173
Miscellaneous payables	5.165.226	614.493	211.578	5.991.297
Hedging derivative financial liabilities	-	-	-	-
Other liabilities ⁽³⁾	4.404.977	87.738.598	27.276	92.170.851
Total liabilities	125.448.997	319.197.882	34.651.723	479.298.602
Net on-balance sheet position	7.383.229	(39.421.067)	(10.556.794)	(42.594.632)
Net off-balance sheet position ⁽⁵⁾	(7.495.735)	39.232.970	13.007.120	44.744.355
Financial derivative assets	8.502.353	68.988.686	16.598.979	94.090.018
Financial derivative liabilities	15.998.088	29.755.716	3.591.859	49.345.663
Net Position	(112.506)	(188.097)	2.450.326	2.149.723
Non-cash loans	63.313.743	74.617.449	9.687.241	147.618.433
Prior Period				
Total assets	127.107.231	217.103.318	16.676.138	360.886.687
Total liabilities	114.883.876	279.151.713	26.617.461	420.653.050
Net on-balance sheet position	12.223.355	(62.048.395)	(9.941.323)	(59.766.363)
Net off-balance sheet position	(10.660.274)	61.558.734	11.969.789	62.868.249
Financial derivative assets	14.368.163	86.627.947	17.176.405	118.172.515
Financial derivative liabilities	25.028.437	25.069.213	5.206.616	55.304.266
Net Position	1.563.081	(489.661)	2.028.466	3.101.886
Non-cash loans	55.144.392	57.797.998	6.581.082	119.523.472

(1) Includes FX indexed loans amounting to TL 278.089 (December 31, 2021 - TL 320.109) which have been disclosed as TL in the financial statements.

(2) Does not include foreign currency prepaid expenses amounting to TL 682.181 (December 31, 2021 - TL 444.304).

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

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	-	-	-	-	-	134.553.788	134.553.788
Banks	4.834.229	1.341.646	-	-	-	17.119.814	23.295.689
Financial assets where fair value change is reflected to income statement	-	575.655	18.865	72.174	178.262	397.520	1.242.476
Money markets	-	-	-	-	-	-	-
Financial assets where fair value change is reflected to other comprehensive income statement	8.061.312	10.966.020	20.236.057	3.292.777	10.568.103	24.269	53.148.538
Loans ⁽¹⁾	71.916.642	71.809.628	202.379.460	124.357.510	23.977.000	(11.842.341)	482.597.899
Financial assets measured at amortised cost	32.376.105	15.435.296	13.339.845	20.008.657	50.721.364	-	131.881.267
Other assets	1.604.756	2.200.984	2.269.182	9.877.426	2.383.099	84.963.532	103.298.979
Total assets	118.793.044	102.329.229	238.243.409	157.608.544	87.827.828	225.216.582	930.018.636
Liabilities							
Bank deposits	2.374.976	1.302.632	2.469.032	21.922	-	3.223.801	9.392.363
Other deposits	182.428.172	88.207.262	7.610.366	325.754	-	209.101.885	487.673.439
Funds from money market	78.163.118	4.544.058	834.311	-	-	-	83.541.487
Miscellaneous payables	-	-	-	-	-	34.581.734	34.581.734
Marketable securities issued	1.725.053	11.281.415	17.819.204	-	-	-	30.825.672
Funds borrowed from other financial institutions	13.853.326	34.506.477	20.651.160	1.476.788	144.195	-	70.631.946
Other liabilities ⁽²⁾	3.030.958	35.142.153	28.600.811	29.445.540	3.319.879	113.832.654	213.371.995
Total liabilities	281.575.603	174.983.997	77.984.884	31.270.004	3.464.074	360.740.074	930.018.636
Balance sheet long position	-	-	160.258.525	126.338.540	84.363.754	-	370.733.670
Balance sheet short position	(162.782.559)	(72.654.768)	-	-	-	(135.523.492)	(370.733.670)
Off-balance sheet long position	22.124.653	43.617.723	-	-	-	-	65.742.376
Off-balance sheet short position	-	-	(20.473.540)	(34.087.260)	(11.331.108)	-	(65.891.908)
Total position	(140.657.906)	(29.037.045)	139.784.985	92.251.280	73.032.646	(135.523.492)	(149.532)
Prior Period							
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	68.178.110	-	-	-	-	48.010.456	116.188.566
Banks	5.602.134	732.023	-	-	-	19.271.609	25.605.766
Financial assets where fair value change is reflected to income statement	-	489.206	5.683	58.396	139.374	518.127	1.210.786
Money markets	1.809.366	-	-	-	-	-	1.809.366
Financial assets where fair value change is reflected to other comprehensive income statement	4.910.379	8.509.892	13.328.397	3.636.480	4.101.999	22.553	34.509.700
Loans ⁽¹⁾	58.261.264	52.653.416	150.581.894	106.139.104	20.480.008	(10.347.595)	377.768.091
Financial assets measured at amortised cost	20.256.530	10.834.713	12.873.962	8.883.497	39.026.798	-	91.875.500
Other assets	5.369.048	7.907.524	2.714.168	5.708.196	329.298	65.773.757	87.801.991
Total assets	164.386.831	81.126.774	179.504.104	124.425.673	64.077.477	123.248.907	736.769.766
Liabilities							
Bank deposits	2.782.718	823.611	1.736.802	11.573	-	2.764.181	8.118.885
Other deposits	187.039.765	32.753.294	4.662.820	54.620	-	168.466.032	392.976.531
Funds from money market	48.560.168	3.315.191	1.032.918	-	-	-	52.908.277
Miscellaneous payables	-	-	-	-	-	25.172.406	25.172.406
Marketable securities issued	2.832.011	16.258.438	15.163.293	-	-	-	34.253.742
Funds borrowed from other financial institutions	3.977.880	41.982.748	11.617.423	2.585.498	960.619	-	61.124.168
Other liabilities ⁽²⁾	4.883.941	30.506.219	13.935.249	31.847.398	3.401.689	77.641.261	162.215.757
Total liabilities	250.076.483	125.639.501	48.148.505	34.499.089	4.362.308	274.043.880	736.769.766
Balance sheet long position	-	-	131.355.599	89.926.584	59.715.169	-	280.997.352
Balance sheet short position	(85.689.652)	(44.512.727)	-	-	-	(150.794.973)	(280.997.352)
Off-balance sheet long position	18.785.986	43.077.879	-	-	-	-	61.863.865
Off-balance sheet short position	-	-	(6.512.770)	(44.264.388)	(8.012.207)	-	(58.789.365)
Total position	(66.903.666)	(1.434.848)	124.842.829	45.662.196	51.702.962	(150.794.973)	3.074.500

(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".

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2022

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

4.2. Average interest rates for monetary financial instruments:

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

Current Period	EUR	USD	Yen	TL
	%	%	%	%
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	-	1,63	-	-
Financial assets at fair value through profit or loss	4,61	4,31	-	15,69
Receivables from money markets	-	-	-	-
Financial assets at fair value through other comprehensive income	3,32	7,33	-	40,69
Loans	5,25	6,85	-	23,33
Financial assets measured at amortised cost	4,32	6,42	-	50,88
Liabilities				
Bank deposits ⁽¹⁾	-	-	-	14,15
Other deposits ⁽¹⁾	0,34	1,26	-	10,45
Funds from money market	1,11	3,04	-	11,92
Miscellaneous payables	-	-	-	-
Marketable securities issued	5,00	6,73	-	18,51
Funds borrowed from other financial institutions	2,00	3,64	-	10,00
Prior Period				
	EUR	USD	Yen	TL
	%	%	%	%
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	8,89
Banks	-	-	-	13,72
Financial assets at fair value through profit/loss	3,87	3,43	-	15,57
Money market placements	-	-	-	12,31
Available-for-sale financial assets	3,32	6,31	-	28,85
Loans	4,63	5,76	-	19,26
Held-to-maturity investments	4,33	6,28	-	30,36
Liabilities				
Bank deposits ⁽¹⁾	-	-	-	16,08
Other deposits ⁽¹⁾	0,08	0,34	-	10,30
Funds from money market	1,01	-	-	11,92
Miscellaneous payables	-	-	-	-
Marketable securities issued	5,00	6,46	-	17,39
Funds borrowed from other financial institutions	1,84	2,47	-	15,52

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

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

None.

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Notes to unconsolidated financial statements as of June 30, 2022

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

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

The Bank does not function as a central funding institution in its relations with its subsidiaries. Intra-group liquidity management and funding strategies are limited with related legal boundaries.

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 BRSA best practice documents on liquidity risk management. The abovementioned policies and the thresholds (limits etc.) covered within liquidity risk management framework are updated and approved at least annually.

Funding sources of the Bank mainly consist of deposits which constitute 53% (December 31, 2021 - 54%) 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 unencumbered debt instruments issued by Treasury of the Republic of Turkey treated as high quality liquid assets.

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

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.

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

	Unweighted Amounts		Weighted Amounts	
	TL+FC	FC	TL+FC	FC
Current Period				
High Quality Liquid Assets				
High Quality Liquid Assets			203.765.047	124.727.603
Cash Outflows				
Retail and Small Business Customers Deposits	299.213.342	178.148.798	27.614.368	17.814.644
Stable deposits	46.139.335	4.705	2.306.967	235
Less stable deposits	253.074.007	178.144.093	25.307.401	17.814.409
Unsecured Funding other than Retail and Small Business				
Customers Deposits	182.056.532	102.173.654	97.961.810	50.733.395
Operational deposits	-	-	-	-
Non-Operational deposits	143.055.585	91.209.197	65.658.482	39.768.938
Other Unsecured funding	39.000.947	10.964.457	32.303.328	10.964.457
Secured funding				
Other Cash Outflows	3.209.440	3.209.440	3.209.440	3.209.440
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.209.440	3.209.440	3.209.440	3.209.440
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	221.125.957	139.095.273	11.056.298	6.954.764
Other irrevocable or conditionally revocable commitments	174.196.300	37.557.347	16.870.420	5.974.490
Total Cash Outflows			156.712.336	84.686.733
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	55.668.266	34.070.069	43.188.617	30.337.453
Other contractual cash inflows	7.085	46.463.098	7.085	46.463.098
Total Cash Inflows	55.675.351	80.533.167	43.195.702	76.800.551
			Capped Amounts	
Total High Quality Liquid Assets			203.765.047	124.727.603
Total Net Cash Outflows			113.516.634	21.171.683
Liquidity Coverage Ratio (%)			179,50	589,12

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

Current Period	Minimum FC (%)	Minimum TL+FC (%)	Maximum FC (%)	Maximum TL+FC (%)
Week	May 20, 2022	June 30, 2022	June 17, 2022	April 29, 2022
Ratio(%)	511,97	155,76	663,90	205,54

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

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

Prior Period	Unweighted Amounts		Weighted Amounts	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			136.485.080	99.885.177
Cash Outflows			-	-
Retail and Small Business Customers Deposits	220.705.866	133.656.287	20.365.454	13.365.440
Stable deposits	34.102.642	3.765	1.705.132	188
Less stable deposits	186.603.224	133.652.522	18.660.322	13.365.252
Unsecured Funding other than Retail and Small Business Customers Deposits	153.105.835	88.096.833	79.489.818	41.963.108
Operational deposits	-	-	-	-
Non-Operational deposits	126.082.010	80.972.601	57.494.820	34.838.876
Other Unsecured funding	27.023.825	7.124.232	21.994.998	7.124.232
Secured funding	-	-	-	-
Other Cash Outflows	2.325.090	2.325.090	2,325.090	2,325.090
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.325.090	2.325.090	2.325.090	2.325.090
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	145.973.206	105.434.274	7.298.660	5.271.714
Other irrevocable or conditionally revocable commitments	124.959.351	25.778.514	10.966.152	3.779.047
Total Cash Outflows			120.445.174	66.704.399
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	44.041.465	26.253.757	34.926.930	23.707.262
Other Contractual Cash Inflows	1.531.161	30.960.674	1.531.161	30.960.674
Total Cash Inflows	45.572.626	57.214.431	36.458.091	54.667.936
			Capped Amounts	
Total High Quality Liquid Assets			136.485.080	99.885.177
Total Net Cash Outflows			83.987.084	16.676.100
Liquidity Coverage Ratio (%)			162,51	598,97

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

Prior Period	Minimum FC (%)	Minimum TL+FC (%)	Maximum FC (%)	Maximum TL+FC (%)
Week	November 5, 2021	October, 29 2021	November, 12 2021	December 17, 2021
Ratio(%)	446,46	137,62	662,13	189,47

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2022

(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	68.415.378	66.138.410	-	-	-	-	-	134.553.788
Banks	17.119.814	4.834.229	1.341.646	-	-	-	-	23.295.689
Financial assets where fair value change is reflected to income statement	31.174	-	3.297	18.865	72.174	750.620	366.346	1.242.476
Money markets	-	-	-	-	-	-	-	-
Financial assets where fair value change is reflected to other comprehensive income statement	-	-	1.765.401	9.256.706	22.064.600	20.037.562	24.269	53.148.538
Loans ⁽¹⁾	-	70.803.234	55.796.230	175.673.644	156.668.516	35.498.616	(11.842.341)	482.597.899
Financial assets measured at amortised cost	-	-	569.162	1.854.528	44.957.893	84.499.684	-	131.881.267
Other assets	20.163.075	831.360	1.028.941	3.390.765	10.454.545	2.629.836	64.800.457	103.298.979
Total assets	105.729.441	142.607.233	60.504.677	190.194.508	234.217.728	143.416.318	53.348.731	930.018.636
Liabilities								
Bank deposits	3.223.801	2.374.976	1.302.632	2.469.032	21.922	-	-	9.392.363
Other deposits	209.101.885	182.405.113	88.208.999	7.631.688	325.754	-	-	487.673.439
Funds borrowed from other financial institutions	-	3.830.813	6.431.008	48.572.632	11.033.536	763.957	-	70.631.946
Funds from money market	-	78.163.118	970.008	4.408.361	-	-	-	83.541.487
Marketable securities issued	-	1.542.460	3.243.344	8.783.323	17.256.545	-	-	30.825.672
Miscellaneous payables	160.991	33.768.633	215.532	-	-	-	436.578	34.581.734
Other liabilities ⁽²⁾	11.564.249	1.313.023	2.012.873	34.213.315	40.631.414	24.661.586	98.975.535	213.371.995
Total liabilities	224.050.926	303.398.136	102.384.396	106.078.351	69.269.171	25.425.543	99.412.113	930.018.636
Net liquidity gap	(118.321.485)	(160.790.903)	(41.879.719)	84.116.157	164.948.557	117.990.775	(46.063.382)	-
Net Off-Balance Sheet Position								
Derivative Financial Assets	-	(737.150)	107.000	(1.339.154)	(631.514)	2.451.286	-	(149.532)
Derivative Financial Liabilities	-	71.461.346	33.829.532	48.576.979	95.210.597	70.836.089	-	319.914.543
Derivative Financial Liabilities	-	72.198.496	33.722.532	49.916.133	95.842.111	68.384.803	-	320.064.075
Non-Cash Loans	-	9.514.331	25.147.470	97.498.056	27.938.366	11.400.675	46.715.684	218.214.582
Prior Period								
Total assets	92.243.728	121.576.905	51.493.462	136.487.443	186.167.987	102.689.977	46.110.264	736.769.766
Total liabilities	176.846.120	271.440.081	52.976.942	69.845.769	75.890.004	22.102.925	67.667.925	736.769.766
Net liquidity gap	(84.602.392)	(149.863.176)	(1.483.480)	66.641.674	110.277.983	80.587.052	(21.557.661)	-
Net Off-Balance Sheet Position								
Derivative Financial Assets	-	817.417	1.622.181	215.922	(1.779.131)	2.198.111	-	3.074.500
Derivative Financial Assets	-	71.498.710	76.638.255	33.775.655	86.096.221	61.842.290	-	329.851.131
Derivative Financial Liabilities	-	70.681.293	75.016.074	33.559.733	87.875.352	59.644.179	-	326.776.631
Non-Cash Loans	-	6.575.353	20.152.112	65.509.217	22.666.058	9.226.391	36.490.608	160.619.739

(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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7. Explanations on leverage ratio:

The main reason for increase in leverage ratio for the current period is the increase in Tier 1 capital.

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
On-Balance sheet exposures		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	878.035.183	671.365.097
(Asset amounts deducted in determining Tier 1 capital)	(7.775.498)	(6.219.615)
Total on-Balance sheet exposures	870.259.685	665.145.482
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	11.663.983	14.111.211
Potential credit risk of derivative financial instruments and credit derivatives	3.741.446	2.628.177
Total derivative financial instruments and credit derivatives exposure	15.405.429	16.739.388
Securities financing transaction exposure		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	-	681.361
Agent transaction exposures	-	-
Total securities financing transaction exposures	-	681.361
Off-balance sheet items		
Off-balance sheet exposure at gross notional amount	432.359.510	296.934.657
(Adjustments for conversion to credit equivalent amounts)	(45.998.952)	(21.077.112)
Total risk of off-balance sheet items	386.360.558	275.857.545
Capital and total exposure		
Tier 1 capital	90.547.017	64.427.583
Total exposures	1.272.025.672	958.423.776
Leverage ratio (%)	7,12	6,76

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

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.

Contractual amounts and the fair values of these hedging instruments as of June 30, 2022, 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)	60.589.005	8.213.290	-	55.477.585	3.532.488	683.193
Interest rate swap / Cross currency interest rate swap (FVH)	1.463.095	-	1.192.323	1.225.972	-	988.874
Total	62.052.100	8.213.290	1.192.323	56.703.557	3.532.488	1.672.067

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 60.859.146 (December 31, 2021 - TL 55.747.727) the total notional of derivative financial assets amounting to TL 122.911.246 (December 31, 2021 - TL 112.451.284) 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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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	(2.273)	-	1.192.323	(14.827)

Prior Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the hedging instrument ⁽²⁾		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
				Asset	Liability	
Cross currency interest rate swaps	Some of fixed interest loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	12.554	-	988.874	(1.869)

(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 12.658 loss (June 30, 2021 - TL 32.707 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.

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2022**

(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	8.213.290	-	6.048.799	3.715.924

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	3.532.488	683.193	2.332.875	3.309.704

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 189.531 gain (June 30, 2021 – TL 161.798 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, 2022 is EUR 450 million (December 31, 2021 - EUR 495 million).

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2022

(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 three main business units:

- Retail Banking
- Corporate Banking
- Commercial and SME Banking

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

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

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

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2022**

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

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

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

Current Period	Retail banking	Corporate, banking	Commercial and SME banking	Treasury, asset-liability management and other	Total operations of the Bank
Operating revenue	7.840.830	2.659.196	6.931.634	20.183.191	37.614.851
Operating expenses	(5.420.022)	(2.536.633)	(3.345.869)	(3.498.222)	(14.800.746)
Net operating income / (expense)	2.420.808	122.563	3.585.765	16.684.969	22.814.105
Dividend income ⁽¹⁾	-	-	-	47.241	47.241
Income/(loss) from investments accounted based on equity method ⁽¹⁾	-	-	-	1.298.325	1.298.325
Profit before tax	2.420.808	122.563	3.585.765	18.030.535	24.159.671
Tax provision expense ⁽¹⁾	-	-	-	(4.978.934)	(4.978.934)
Net period income	2.420.808	122.563	3.585.765	13.051.601	19.180.737
Net profit	2.420.808	122.563	3.585.765	13.051.601	19.180.737
Segment asset	157.305.081	139.370.099	179.440.562	436.527.229	912.642.971
Investments in associates, subsidiaries and joint ventures	-	-	-	17.375.665	17.375.665
Total assets	157.305.081	139.370.099	179.440.562	453.902.894	930.018.636
Segment liabilities	322.143.228	68.263.454	125.413.037	319.768.465	835.588.184
Shareholders' equity	-	-	-	94.430.452	94.430.452
Total liabilities	322.143.228	68.263.454	125.413.037	414.198.917	930.018.636

Prior Period⁽²⁾	Retail banking	Corporate, banking	Commercial and SME banking	Treasury, asset-liability management and other	Total operations of the Bank
Operating revenue	4.272.468	1.310.118	3.136.277	2.663.676	11.382.539
Operating expenses	(3.314.413)	(816.195)	(1.150.783)	(2.229.688)	(7.511.079)
Net operating income / (expense)	958.055	493.923	1.985.494	433.988	3.871.460
Dividend income ⁽¹⁾	-	-	-	2.141	2.141
Income/(loss) from investments accounted based on equity method ⁽¹⁾	-	-	-	617.008	617.008
Profit before tax	958.055	493.923	1.985.494	1.053.137	4.490.609
Tax provision expense ⁽¹⁾	-	-	-	(805.245)	(805.245)
Net period income	958.055	493.923	1.985.494	247.892	3.685.364
Net profit	958.055	493.923	1.985.494	247.892	3.685.364
Segment asset	124.175.913	117.006.139	141.408.200	338.972.405	721.562.657
Investments in associates, subsidiaries and joint ventures	-	-	-	15.207.109	15.207.109
Total assets	124.175.913	117.006.139	141.408.200	354.179.514	736.769.766
Segment liabilities	254.056.183	67.134.745	97.106.314	254.988.346	673.285.588
Shareholders' equity	-	-	-	63.484.178	63.484.178
Total liabilities	254.056.183	67.134.745	97.106.314	318.472.524	736.769.766

(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, 2021

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2022

(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	3.741.484	12.921.542	1.906.025	10.851.295
The CBRT ⁽¹⁾	20.111.439	97.778.930	20.761.039	82.670.116
Other	-	393	-	91
Total	23.852.923	110.700.865	22.667.064	93.521.502

(1) The balance of gold amounting to TL 12.299.753 is accounted for under the Central Bank foreign currency account (December 31, 2021 – TL 8.606.660).

1.1.2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount ⁽¹⁾	17.529.035	34.222.924	18.760.345	31.597.785
Time unrestricted amount	-	-	2.000.694	-
Time restricted amount	-	-	-	2.936.460
Reserve requirement ⁽²⁾	2.582.404	63.556.006	-	48.135.871
Total	20.111.439	97.778.930	20.761.039	82.670.116

(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 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 has financial assets at fair value through profit and loss subject to repo transactions and given as collateral/blocked amounts to TL 572.358 (December 31, 2020 - TL 486.010).

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	861.448	1.479	1.233.837	4.633
Swap transactions	6.553.920	2.063.870	14.696.950	2.374.437
Futures transactions	28.989	-	22.123	-
Options	91.361	476.238	94.587	69.179
Other	-	-	-	-
Total	7.535.718	2.541.587	16.047.497	2.448.249

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges ⁽¹⁾	-	-	-	-
Cash flow hedges ⁽¹⁾	6.163.516	2.049.774	3.486.396	46.092
Hedges for investments made in foreign countries	-	-	-	-
Total	6.163.516	2.049.774	3.486.396	46.092

(1) Explained in Note 8 of section 4.

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	901	12.226	5.603.000	6.590
Foreign	-	23.282.562	-	19.996.176
Head quarters and branches abroad	-	-	-	-
Total	901	23.294.788	5.603.000	20.002.766

1.4.2. Information on money markets receivables:

None (December 31, 2021 – TL 1.809.366).

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, 2022 financial assets at fair value through other comprehensive income given as collateral/blocked amounts to TL 13.884.847 (December 31, 2021 TL 3.864.510), subject to repo transactions amounts to TL 19.112.792 (December 31, 2021 – TL 11.993.150).

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

	Current Period	Prior Period
Debt securities	55.654.110	35.238.392
Quoted on stock exchange	55.654.110	35.238.392
Not quoted	-	-
Share certificates	69.588	67.871
Quoted on stock exchange	-	-
Not quoted	69.588	67.871
Impairment provision (-) ⁽¹⁾	2.575.160	796.563
Total	53.148.538	34.509.700

(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	331.261	707.417	296.623	1.070.846
Loans granted to employees	326.837	73	313.942	73
Total	658.098	707.490	610.565	1.070.919

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 ⁽²⁾		
		Not under the scope of restructuring	Loans under restructuring	
			Modifications on agreement conditions	Refinancing
Non-specialized loans	419.179.461	32.731.826	6.922.057	34.897.584
Loans given to enterprises	173.125.678	17.527.520	6.597.100	18.285.662
Export loans	34.788.718	1.065.233	159.379	13.092.432
Import loans	-	-	-	-
Loans given to financial sector	18.369.057	-	-	-
Consumer loans	78.893.671	4.868.251	-	2.121.493
Credit cards	67.348.162	3.564.042	-	658.168
Other ⁽¹⁾	46.654.175	5.706.780	165.578	739.829
Specialized loans	-	-	-	-
Other receivables	709.312	-	-	-
Total	419.888.773	32.731.826	6.922.057	34.897.584

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2022**

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

	Standard loans	Loans under close monitoring
12-month provisions for possible losses	3.621.773	-
Significant increase in credit risk	-	14.079.127
Total	3.621.773	14.079.127

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	2.913.404	76.523.031	79.436.435
Real estate loans	43.421	13.597.124	13.640.545
Automotive loans	138.975	3.087.929	3.226.904
Consumer loans	2.731.008	59.837.978	62.568.986
Consumer loans-FC indexed	-	22.176	22.176
Real estate loans	-	22.176	22.176
Automotive loans	-	-	-
Consumer loans	-	-	-
Individual credit cards-TL	49.322.763	289.435	49.612.198
With installments	24.329.756	20.095	24.349.851
Without installments	24.993.007	269.340	25.262.347
Individual credit cards-FC	77.060	-	77.060
With installments	-	-	-
Without installments	77.060	-	77.060
Personnel loans-TL	17.045	122.253	139.298
Real estate loans	-	2.217	2.217
Automotive loans	27	1.312	1.339
Consumer loans	17.018	118.724	135.742
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Personnel credit cards-TL	174.444	361	174.805
With installments	93.543	280	93.823
Without installments	80.901	81	80.982
Personnel credit cards-FC	690	-	690
With installments	-	-	-
Without installments	690	-	690
Credit deposit account-TL (real person)⁽¹⁾	6.285.506	-	6.285.506
Total	58.790.912	76.957.256	135.748.168

(1) TL 12.044 of the credit deposit account belongs to the loans used by personnel.

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

	Short-term	Medium and long-term	Total
Commercial installments loans-TL	2.786.281	27.310.528	30.096.809
Business loans	11.319	2.136.152	2.147.471
Automotive loans	564.432	9.231.447	9.795.879
Consumer loans	2.210.530	15.942.929	18.153.459
Commercial installments loans-FC indexed	-	717	717
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	717	717
Corporate credit cards-TL	21.448.349	253.154	21.701.503
With installment	15.907.794	245.632	16.153.426
Without installment	5.540.555	7.522	5.548.077
Corporate credit cards-FC	4.116	-	4.116
With installment	-	-	-
Without installment	4.116	-	4.116
Credit deposit account-TL (legal person)	1.582.329	-	1.582.329
Total	25.821.075	27.564.399	53.385.474

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

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

	Current Period	Prior Period
Domestic loans	486.761.072	381.609.663
Foreign loans	7.679.168	6.506.023
Total	494.440.240	388.115.686

(1) Non-performing loans are not included.

1.7.6. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	2.593.790	655.614
Indirect loans granted to associates and subsidiaries	-	-
Total	2.593.790	655.614

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

	Current Period	Prior Period
Loans with limited collectability	1.790.585	1.182.854
Loans with doubtful collectability	2.049.755	919.102
Uncollectable loans	9.129.572	11.615.890
Total	12.969.912	13.717.846

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 Uncollectable loans
Current Period			
Gross amounts before specific reserves	201.630	466.615	2.966.701
Restructured loans	201.630	466.615	2.966.701
Prior Period			
Gross amounts before specific reserves	224.398	264.332	2.593.383
Restructured loans	224.398	264.332	2.593.383

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

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectable loans
Prior Period	1.730.133	1.367.787	15.787.882
Additions (+)	3.673.235	191.447	2.162.929
Transfers from other categories of non-performing loans (+)	-	2.501.265	887.637
Transfer to other categories of non-performing loans (-)	2.501.265	887.637	-
Collections (-)	232.696	288.064	1.732.748
Write-offs (-)	-	-	2.685.175
Sold (-)	-	-	1.146.257
Corporate and commercial loans	-	-	159.886
Consumer loans	-	-	634.998
Credit cards	-	-	351.373
Other	-	-	-
Current Period	2.669.407	2.884.798	13.274.268
Specific provision (-)	1.790.585	2.049.755	9.129.572
Net balance on balance sheet	878.822	835.043	4.144.696

As of June 30, 2022, 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 corporate loans amounting to TL 2.577.557 that are classified under Group 5, after collaterals deducted approximately 100% of the remaining receivables 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 4,15% to 3,67%.

With the decision of the Bank's Board of Directors dated April 27, 2022; TL 1.324.434 of non-performing loans, some of which were written off in previous periods, were sold to various asset management companies for TL 205.039.

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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	1.814.210	682.505	5.728.080
Specific provision (-)	1.256.220	544.838	2.915.095
Net balance on-balance sheet	557.990	137.667	2.812.985
Prior Period			
Period end balance	597.711	171.965	6.611.508
Specific provision (-)	483.031	137.296	3.900.372
Net balance on-balance sheet	114.680	34.669	2.711.136

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)	878.822	835.043	4.144.696
Loans granted to real persons and corporate entities (gross)	2.669.407	2.884.798	13.189.594
Provision amount (-)	1.790.585	2.049.755	9.044.898
Loans granted to real persons and corporate entities (net)	878.822	835.043	4.144.696
Banks (gross)	-	-	774
Provision amount (-)	-	-	774
Banks (net)	-	-	-
Other loans (gross)	-	-	83.900
Provision amount (-)	-	-	83.900
Other loans (Net)	-	-	-
Prior Period (net)	547.279	448.685	4.171.992
Loans granted to real persons and corporate entities (gross)	1.730.133	1.367.787	15.703.208
Specific provision amount (-)	1.182.854	919.102	11.531.216
Loans granted to real persons and corporate entities (Net)	547.279	448.685	4.171.992
Banks (gross)	-	-	774
Specific provision amount (-)	-	-	774
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.900
Specific provision amount (-)	-	-	83.900
Other loans and receivables (Net)	-	-	-

1.7.8.5. 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)	129.578	69.036	300.409
Interest accruals and rediscounts and valuation differences	372.350	234.021	1.173.531
Provision amount (-)	242.772	164.985	873.122
Prior Period (net)	44.797	48.357	473.687
Interest accruals and rediscounts and valuation differences	141.651	159.451	1.384.551
Provision amount (-)	96.854	111.094	910.864

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.

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

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, 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 the to default of debtor, in an appropriate timeline starting from the following reporting date that the loan is classified in group 5. Write off is only an accounting application in accordance with the related change in the regulation and it does not result in waive from the Bank's right to receive.

1.8. Information on other 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, 2022 Financial assets measured at amortised cost given as collateral/blocked amounts to TL 58.879.448 (December 31, 2021 - TL 37.175.723). Subject to repo transactions amounting to TL 47.827.162 (December 31, 2021 - TL 38.973.794).

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

	Current Period	Prior Period
Government bond	131.550.463	91.544.696
Treasury bill	-	-
Other public sector debt securities	330.804	330.804
Total	131.881.267	91.875.500

1.8.3. Information on financial assets measured at amortized cost:

	Current Period	Prior Period
Debt securities	135.515.677	94.485.705
Quoted on stock exchange	135.515.677	94.485.705
Not quoted	-	-
Impairment provision (-) ⁽¹⁾	3.634.410	2.610.205
Total	131.881.267	91.875.500

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

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

	Current Period	Prior Period
Beginning balance	91.875.500	50.741.912
Foreign currency differences on monetary assets ⁽¹⁾	21.340.161	21.284.748
Purchases during the year	22.437.841	22.521.429
Disposals through sales and redemptions(-)	2.748.030	1.376.662
Impairment provision (-) ⁽²⁾	1.024.205	1.295.927
Period end balance	131.881.267	91.875.500

(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.

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1.9. Information on investments in associates (net):

1.9.1. Information on unconsolidated investments in associates⁽¹⁾:

No	Description	Address (City/ Country)	Bank's share holding percentage if different voting percentage (%)	Bank's risk group share holding percentage(%)
1.	Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	Istanbul/Turkey	38,05	38,05
2.	Banque de Commerce et de Placements S.A.	Geneva/Switzerland	30,67	30,67
3.	Kredi Kayıt Bürosu	Istanbul/Turkey	18,18	18,18
4.	Bankalararası Kart Merkezi	Istanbul/Turkey	4,89	4,89

(1) Financial statement information disclosed above shows June 30, 2022 results.

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.	85.436	62.574	16.332	3.747	-	1.582	742	-
2.	65.269.179	9.992.517	43.500	595.817	90.503	454.737	177.155	-
3.	640.044	144.049	323.274	6.577	-	16.136	14.770	-
4.	523.295	425.002	96.776	12.822	-	53.059	27.999	-

1.9.3. Movement of unconsolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	2.089.190	1.214.883
Movements during the period	427.114	874.307
Purchases	-	26.660
Free shares obtained profit from current year's share	-	-
Profit from current year's income	-	-
Sales(-)	-	-
Revaluation (decrease) / increase ⁽¹⁾	476.092	847.647
Impairment provision (-) ⁽²⁾	48.978	-
Balance at the end of the period	2.516.304	2.089.190
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	2.477.858	2.050.744
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total	2.477.858	2.050.744

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

None (December 31, 2021 - None).

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

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	130.000	389.928	17.642	112.442
Inflation adjustment to share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Other capital reserves	104.470	-	(217.104)	-	-
Other accumulated comprehensive income that will not be classified in profit or loss	44.941	(6.129)	(22.128)	(2.517)	-
Other accumulated comprehensive income that will be classified in profit or loss	1.196	-	-	-	6.149.150
Legal reserves	76.081	26.000	79.305	62.454	-
Extraordinary reserves	600.750	483.838	659.399	-	1.332.429
Other profit Reserves	-	-	-	-	-
Income or Loss	357.572	164.800	2.863.244	137.277	269.126
Current Year Income/Loss	427.518	164.800	412.295	137.277	269.126
Prior Years' Income/Loss	(69.946)	-	2.450.949	-	-
Leasehold improvements (-)	180	214	-	227	253
Intangible assets (-)	30.141	5.787	15.216	1.356	9.322
Total core capital	1.253.607	792.508	3.737.428	213.273	7.853.572
Supplementary capital	46.285	1.114	3.544	-	41.516
Capital	1.299.892	793.622	3.740.972	213.273	7.895.088
Deductions from the capital	-	-	-	-	-
Total shareholders' equity	1.299.892	793.622	3.740.972	213.273	7.895.088

The above information is based on the consolidated financial statements of the Bank as of June 30, 2022.

Paid-in capital is a capital which have been disclosed as Turkish Lira in the articles of incorporation and registered in trade register. Inflation adjustment to share capital is the adjustment difference arising from inflation accounting.

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

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

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

1.10.2. Information on subsidiaries ⁽¹⁾:

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

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

(2) In order to manage and operate new digital business models, the Bank established Yapı Kredi Finansal Teknoloji A.Ş. and registered on February 7, 2022.

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

Financial statement information disclosed consolidated financial statements results.

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfol	Current period profit / loss	Prior period profit /loss	Market value	Required equity
1	84.773	83.458	-	-	-	1.815	275	-	-
2	7.556.281	1.283.928	70.648	221.086	7.165	427.518	232.536	-	-
3	8.392.637	798.509	12.969	478.407	-	164.800	72.410	-	-
4	21.573.337	3.752.644	21.115	892.302	-	412.295	223.743	-	-
5	268.318	214.856	3.073	18.650	-	137.277	62.150	-	-
6	38.403.572	7.863.147	13.474	414.652	25.956	269.126	101.739	-	-
7	3.968.546	905.783	208.137	73.922	7.120	9.842	902	-	-
8	72.265	59.317	12.576	2.186	-	2.598	2.267	-	-
9	97.771	64.121	2.000	19	-	4.405	9.601	-	-
10	32.828	16.877	7.604	1.410	-	(6.385)	3.200	-	-
11	25.015	25.015	-	-	-	-	-	-	-

1.10.4. Movement schedule of subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	13.110.619	8.811.658
Movements in period	1.716.426	4.298.961
Purchases	-	-
Free shares obtained profit from current years share	-	-
Dividends from current year income	1.298.325	1.293.019
Sales ⁽¹⁾	163.842	-
Revaluation increase/decrease ^{(1),(2)}	721.647	3.048.890
Impairment provision ⁽³⁾	139.704	42.948
Balance at the end of the period	14.827.045	13.110.619
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

(1) The paid in capital amounting to EUR 60 million of Yapı Kredi Bank Malta Ltd, of which 100% of its shares indirectly owned by the Bank through Yapı Kredi Holding B.V., was reduced within the framework of the liquidation process on 20 May 2022 and concurrently the paid in capital of Yapı Kredi Holding B.V. amounting to EUR 102 million, was reduced to EUR 42 million.

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

(3) 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	6.191.405	4.961.699
Insurance companies	-	-
Factoring companies	798.129	635.757
Leasing companies	3.752.415	3.340.483
Finance companies	-	-
Other financial subsidiaries	4.085.096	4.172.680
Total	14.827.045	13.110.619

1.10.6. Subsidiaries quoted on stock exchange:

None (December 31, 2021 - None).

1.11. Information on joint ventures (net):

None (December 31, 2021 – None).

1.12. Information on lease receivables (net):

None (December 31, 2021 - None).

1.13. Information on investment property:

None (December 31, 2021 - 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 5.332.969 is presented in the financial statements (December 31, 2021 – TL 3.484.572 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	1.327.210	709.869
Additions ⁽¹⁾	95.194	1.045.265
Disposals (-), net	269.955	429.324
Impairment provision reversal	16	1.400
Impairment (-)	-	-
Depreciation (-)	-	-
Net book value at the end of the period	1.152.465	1.327.210
Cost at the end of the period	1.153.961	1.328.824
Accumulated depreciation at the end of the period (-)	1.496	1.614
Net book value at the end of the period	1.152.465	1.327.210

(1) In current period, the carrying value of asset held for resale with a right of repurchase is TL 9.650 (December 31, 2021 – TL 900.827). The total net carrying value of asset held for resale with a right of repurchase is TL 1.070.038 (December 31, 2021 – TL 1.196.027).

As of June 30, 2022, the Bank booked impairment provision on assets held for resale with an amount of TL 1.223 (December 31, 2021 – TL 1.239).

1.16. Information on other assets:

As of June 30, 2022, 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	29.210.902	4.605.883	79.933.941	2.371.752	269.877	1.229.206	428	117.621.989
Foreign currency deposits	128.001.272	23.250.694	86.687.699	6.594.533	1.618.829	1.422.406	-	247.575.433
Residents in Turkey	125.580.105	22.847.955	84.493.847	6.365.431	1.455.087	990.890	-	241.733.315
Residents abroad	2.421.167	402.739	2.193.852	229.102	163.742	431.516	-	5.842.118
Public sector deposits	2.912.352	4.436	44.727	-	43	3	-	2.961.561
Commercial deposits	22.606.214	25.767.891	15.956.173	21.211.535	34.158	1.721.660	-	87.297.631
Other institutions deposits	260.153	387.043	3.480.689	95.989	2.781	43.148	-	4.269.803
Precious metals vault	26.110.992	-	544.952	-	1.225.511	65.567	-	27.947.022
Bank deposits	3.223.801	2.322.362	726.811	1.836.926	1.181.688	100.775	-	9.392.363
The CBRT	823.197	-	-	-	-	-	-	823.197
Domestic banks	10.548	2.261.042	704.774	1.836.926	1.181.688	100.775	-	6.095.753
Foreign banks	1.297.276	61.320	22.037	-	-	-	-	1.380.633
Participation banks	1.092.780	-	-	-	-	-	-	1.092.780
Other	-	-	-	-	-	-	-	-
Total	212.325.686	56.338.309	187.374.992	32.110.735	4.332.887	4.582.765	428	497.065.802

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	22.111.618	4.191.239	47.945.594	909.775	216.979	480.874	688	75.856.767
Foreign currency deposits	110.100.707	28.233.704	80.040.324	8.818.938	1.744.737	1.436.993	-	230.375.403
Residents in Turkey	108.499.354	27.828.517	77.421.578	8.685.909	1.602.143	912.347	-	224.949.848
Residents abroad	1.601.353	405.187	2.618.746	133.029	142.594	524.646	-	5.425.555
Public sector deposits	1.832.847	9.106	38.455	21.947	131	41	-	1.902.527
Commercial deposits	14.039.210	20.250.529	25.198.224	117.320	696.524	27.873	-	60.329.680
Other institutions deposits	201.166	237.363	1.728.377	24.270	67.643	255.287	-	2.514.106
Precious metals vault	20.180.484	-	416.447	-	1.332.472	68.645	-	21.998.048
Bank deposits	2.764.181	2.626.562	488.047	1.228.300	924.793	87.002	-	8.118.885
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	7.048	2.579.646	472.761	1.228.300	924.793	87.002	-	5.299.550
Foreign banks	1.765.738	46.916	15.286	-	-	-	-	1.827.940
Participation banks	991.395	-	-	-	-	-	-	991.395
Other	-	-	-	-	-	-	-	-
Total	171.230.213	55.548.503	155.855.468	11.120.550	4.983.279	2.356.715	688	401.095.416

(1) Within the scope of the "Decision on Supporting Deposit and Participation Accounts Against Exchange Rate Increases (Decision No: 5206)" published in the Official Gazette dated February 24, 2022 and numbered 31760, and the CBRT's communiqués numbered 2021/14, 2021/16, 2022/7 and 2022/11, the "Currency protected TL deposit" product which provide protection against foreign currency exchange rate changes for TL deposits was launched for customers. In this context as of the report date, the total amount of deposits opened with a maturity of 3 months, 6 months, 9 months and 1 year is TL 74.066.303 (31 December 2021 – TL 3.193.103).

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	57.380.372	38.474.256	60.241.605	37.382.499.00
Foreign currency saving deposits	33.683.518	26.996.762	112.606.745	99.859.979
Other deposits in the form of saving deposits	11.570.470	8.382.987	13.874.396	11.481.306
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Foreign branches' deposits and other accounts		28.214		22.114
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		556.002		353.230
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004		-		-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely		-		-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	619.047	964	1.609.823	3.431
Swap transactions	7.265.661	4.824.822	11.099.391	3.583.345
Futures transactions	48.853	-	3.346	-
Options	46.031	501.354	9.660	50.985
Other	-	-	-	-
Total	7.979.592	5.327.140	12.722.220	3.637.761

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges ⁽¹⁾	1.192.323	-	988.874	-
Cash flow hedges ⁽¹⁾	-	-	-	683.193
Hedges for investments made in foreign countries	-	-	-	-
Total	1.192.323	-	988.874	683.193

(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	927.259	1.019.982	797.351	780.731
From foreign banks, institutions and funds	956.084	67.728.621	748.055	58.798.031
Total	1.883.343	68.748.603	1.545.406	59.578.762

2.3.2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	832.270	6.578.378	623.569	7.394.532
Medium and long-term	1.051.073	62.170.225	921.837	52.184.230
Total	1.883.343	68.748.603	1.545.406	59.578.762

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	-	38.368.145	-	31.133.988
From foreign funds	-	-	-	-
Total	-	38.368.145	-	31.133.988

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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, 2022, the total amount of financial liabilities classified as fair value through profit/loss is TL 33.147.563 (December 31, 2021 – TL 25.794.232) with an accrued interest income of TL 3.433.017 (December 31, 2021 - TL 1.512.319 income) and with a fair value difference of TL 2.014.007 recognized in the income statement as an expense (December 31, 2021- TL 1.145.200 income). On the other hand, the nominal amounts of the total return swaps and bond forwards which are closely related with these financial liabilities as of June 30, 2022 are TL 35.747.130 (December 31, 2021- TL 26.657.676) for buy legs and sell legs with a fair value differences amounting to TL 3.291.610 liability (December 31, 2021 – TL 1.377.439 liability). The mentioned total return swaps have 8 year maturity in average.

2.3.4. Information on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	4.316.523	368.599	5.828.651	-
Bills ⁽¹⁾	1.376.976	24.763.574	1.411.897	27.013.194
Total	5.693.499	25.132.173	7.240.548	27.013.194

(1) Including mortgage backed securities amounting to TL 2.012.781 as of June 30, 2022 (December 31, 2021 – TL 2.037.105).

2.4. Information on other liabilities:

As of June 30, 2022, 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	641.583	438.517	435.020	291.639
Between 1 – 4 years	916.348	626.318	879.335	589.544
More than 4 years	582.307	398.002	633.999	425.034
Total	2.140.238	1.462.837	1.948.354	1.306.217

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 (%)	4,45	4,45
Possibility of being eligible for retirement (%)	95,39	95,39

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 15.371,40 effective from July 1, 2022 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	897.413	635.407
Changes during the period	83.442	90.323
Recognized in equity	384.040	244.984
Paid during the period	(41.203)	(73.301)
Balance at the end of the period	1.323.692	897.413

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 362.812 as of June 30, 2022 (December 31, 2021 - TL 180.721).

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

None. (December 31, 2021 – None).

2.6.3. Other provisions:

	Current Period	Prior Period
Pension fund provision	1.813.098	1.813.098
Provisions on unindemnified non cash loans	983.523	843.108
Generic provisions on non cash loans	1.016.789	874.667
Provision on lawsuits	113.730	112.488
Provisions on credit cards and promotion campaigns related to banking services	80.349	65.061
Other	1.243.150	1.039.943
Total	5.250.639	4.748.365

2.7. Information on taxes payable:

2.7.1. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	-	2.006.608
Banking Insurance Transaction Tax (“BITT”)	379.968	266.769
Taxation of Marketable Securities	246.467	221.126
Value Added Tax Payable	30.100	75.843
Foreign Exchange Transaction Tax	30.607	26.780
Property Tax	5.485	4.593
Other	90.989	160.196
Total	783.616	2.761.915

2.7.2. Information on premium payables:

	Current Period	Prior Period
Social security premiums – employee	-	-
Social security premiums – employer	-	-
Bank pension fund premiums – employee	45.077	44.576
Bank pension fund premiums – employer	62.455	61.826
Pension fund deposit and provisions – employee	-	-
Pension fund deposit and provisions – employer	-	-
Unemployment insurance – employee	3.219	3.182
Unemployment insurance – employer	6.444	6.366
Other	-	-
Total	117.195	115.950

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

None (December 31, 2021 - 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	-	11.526.230	-	8.973.642
Subordinated loans	-	-	-	-
Subordinated debt	-	11.526.230	-	8.973.642
Debt instruments to be included in contribution capital calculation	808.943	38.094.713	808.921	29.659.436
Subordinated loans	-	14.315.680	-	11.144.441
Subordinated debt	808.943	23.779.033	808.921	18.514.995
Total	808.943	49.620.943	808.921	38.633.078

(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 (December 31, 2021 – None).

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

None (December 31, 2021 – None).

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

None (December 31, 2021 - 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, 2021 - 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	716.892	9.541.779	725.343	8.335.589
Revaluation difference ⁽¹⁾	716.892	438.452	725.343	438.065
Foreign currency difference ⁽¹⁾	-	9.103.327	-	7.897.524
Financial assets at fair value through other comprehensive income	9.226.767	(2.364.466)	1.716.630	(257.924)
Revaluation difference ⁽²⁾	9.226.767	(2.364.466)	1.716.630	(257.924)
Foreign currency differences	-	-	-	-
Total	9.943.659	7.177.313	2.441.973	8.077.665

(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 10.489.758 as of December 31, 2021, in accordance with the General Assembly dated March 23, 2022 as follows: TL 202.649 to be transferred to legal reserves, TL 18.763 to be transferred to special funds account in accordance with the article No 5 1/e section of the Corporate Tax Law numbered 5520, TL 1.000.000 to be distributed as cash dividend and the remaining TL 9.268.346 to be transferred to extraordinary reserves. As of April 13, 2022, cash dividend has been paid.

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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	88.624.050	58.777.036
Asset purchase and sale commitments	24.312.661	19.796.270
Loan granting commitments	42.536.104	26.827.510
Commitments for cheques	5.493.833	4.306.427
Other irrevocable commitments	20.468.977	12.933.577
Total	181.435.625	122.640.820

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

Obligations arising from off-balance sheet are disclosed in “Off-balance sheet commitments”. The Bank set aside general provision for its non-cash loans amounting to TL 1.016.789 (December 31, 2021 - TL 874.667) and specific provision amounting to TL 1.322.971 (December 31, 2021 - TL 1.138.170) for non-cash loans which are not indemnified yet amounting to TL 983.523 (December 31, 2021 - TL 843.108).

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	857.977	545.822
Letter of credits	33.816.941	25.507.486
Other guarantees and collaterals	19.489.047	15.072.056
Total	54.163.965	41.125.364

3.1.2.2. Guarantees, suretyships and other similar transactions:

	Current Period	Prior Period
Temporary letter of guarantees	3.347.580	2.091.040
Definite letter of guarantees	81.869.670	62.846.729
Advance letter of guarantees	27.534.113	19.182.209
Letter of guarantees given to customs	5.024.530	3.690.473
Other letter of guarantees	46.274.724	31.683.924
Total	164.050.617	119.494.375

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	44.884.824	30.422.800
With original maturity of 1 year or less than 1 year	14.936.044	8.963.485
With original maturity of more than 1 year	29.948.780	21.459.315
Other non-cash loans	173.329.758	130.196.939
Total	218.214.582	160.619.739

3.2. Information on contingent liabilities and assets:

The Bank has recorded a provision of TL 113.730 (December 31, 2021 – TL 112.488) 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.

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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⁾	8.096.944	1.006.712	4.202.872	399.732
Medium/long-term loans ⁽¹⁾	13.236.971	4.636.247	8.220.273	2.934.379
Interest on loans under follow-up	946.059	-	403.084	-
Premiums received from resource utilization support fund	-	-	-	-
Total	22.279.974	5.642.959	12.826.229	3.334.111

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

4.1.2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
From the CBRT	2.293	-	969	-
From domestic banks	89.583	32	94.958	34
From foreign banks	-	141.363	1.364	59.435
Headquarters and branches abroad	-	-	-	-
Total	91.876	141.395	97.291	59.469

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	3.201	13.118	3.875	7.033
From financial assets at fair value through other comprehensive income	5.406.980	417.817	1.532.414	84.600
From financial assets measured at amortised cost	10.393.898	1.125.960	2.751.993	513.719
Total	15.804.079	1.556.895	4.288.282	605.352

As of June, 30 2022, the valuation of related CPI-indexed government bonds has been calculated according to the annual inflation forecast of 50%. In case the CPI forecast increases or decreases by 1%, profit before taxes as of June 30, 2022 will be impacted by approximately TL 232.412.

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	97.571	60.754
Total	97.571	60.754

4.2. Information on interest expense:

4.2.1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	126.296	1.157.322	65.794	647.972
The CBRT	-	-	-	-
Domestic banks	64.992	13.208	39.591	5.365
Foreign banks	61.304	1.144.114	26.203	642.607
Headquarters and branches abroad	-	-	-	-
Other institutions	-	699.358	-	247.129
Total ⁽¹⁾	126.296	1.856.680	65.794	895.101

(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	65.641	24.484
Total	65.641	24.484

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4.2.3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	702.917	2.452.212	689.165	1.430.762
Total	702.917	2.452.212	689.165	1.430.762

4.2.4. Information on interest expense on money market transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on money market transactions	2.845.974	62.899	2.697.787	24.364
Total	2.845.974	62.899	2.697.787	24.364

4.2.5. Information on other interest expenses:

Pursuant to the CBRT's letter dated 27 December 2021 and numbered 2374, banks that fail to meet conversion targets from foreign currency to Turkish Lira are charged a commission on the balances of required reserves for foreign currency deposits (excluding gold). In this regard, a commission expense of TL 521.544 has been accounted in other interest expenses as of June 30, 2022.

4.2.6. Maturity structure of the interest expense on deposits:

Account name	Time 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	Accumulating deposit		
TL									
Bank deposits	2.342	133.002	2.289	-	-	-	-	137.633	125.965
Saving deposits	-	299.850	5.026.869	59.225	10.703	24.328	12	5.420.987	3.959.084
Public sector deposits	-	4.028	3.659	532	4	1	-	8.224	3.963
Commercial deposits	32	1.431.560	1.521.364	739.339	530.848	82.389	-	4.305.532	2.421.966
Other deposits	-	106.643	512.501	474.682	51.779	48.198	-	1.193.803	213.665
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Total	2.374	1.975.083	7.066.682	1.273.778	593.334	154.916	12	11.066.179	6.724.643
FC									
Foreign currency deposits	572	52.018	362.107	20.634	5.452	4.078	-	444.861	457.528
Bank deposits	7.451	14.494	5	-	-	-	-	21.950	14.344
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	123	922	-	680	119	-	1.844	1.842
Total	8.023	66.635	363.034	20.634	6.132	4.197	-	468.655	473.714
Grand total	10.397	2.041.718	7.429.716	1.294.412	599.466	159.113	12	11.534.834	7.198.357

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

	Current Period	Prior Period
Gain	81.150.663	51.175.958
Gain from capital market transactions	1.053.137	148.258
Derivative financial transaction gains	42.166.109	18.676.110
Foreign exchange gains	37.931.417	32.351.590
Loss (-)	77.095.537	52.546.393
Loss from capital market transactions	75.346	54.319
Derivative financial transaction losses	32.332.946	14.552.500
Foreign exchange loss	44.687.245	37.939.574
Net gain/loss	4.055.126	(1.370.435)

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

	Current Period	Prior Period
Allowance for expected credit losses	6.980.556	2.944.546
12-month expected credit losses (Stage 1)	958.056	578.997
Significant increase in credit risk (Stage 2)	1.180.711	1.216.894
Credit-Impaired (Stage 3)	4.841.789	1.148.655
Impairment provisions for financial assets	228.446	-
Financial assets at fair value through profit or loss	228.446	-
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	29.098	118.885
Total	7.238.100	3.063.431

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 11.429.319 (June 30, 2021 – TL 7.123.137 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. The legal process initiated by the Bank against the Competition Authority's decision to impose an administrative fine on the Bank in 2013, for the cancellation of the decision and the refund of the relevant fine, was concluded in favor of the Bank and the fine of TL 112.340 paid on 14 August 2013 was returned to the Bank.

4.7. Information related to other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	42.239	21.567
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	337.231	251.878
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	113.993	96.852
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	2.912.846	1.604.365
IFRS 16 exempt lease expenses	56.359	39.015
Repair and maintenance expenses	132.310	71.664
Advertising expenses	138.719	80.131
Other expense	2.585.458	1.413.555
Loss on sales of assets	-	-
Other	1.011.901	612.998
Total	4.418.210	2.587.660

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

The profit before tax includes TL 25.707.088 (June 30, 2021 – TL 8.474.223) of net interest income, TL 5.782.148 (June 30, 2021 – TL 3.285.188) of net fees and commissions expenses, TL 3.144.436 personnel expenses (June 30, 2021 – TL 1.859.988) and other operating expenses amounting to TL 4.418.210 (June 30, 2021 - TL 2.587.660).

As of June 30, 2022, the Bank has no profit before tax from discontinued operations (June 30, 2021 – None).

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2022**

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

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

As of June 30, 2022, the Bank tax expense from continued operations, from discontinued operations amounting to TL 10.557.494 (June 30, 2021 – TL 176.558) and deferred tax expense from continued operations amounting to TL 5.578.560 (June 30, 2021 - TL 628.687 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.

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	655.614	892.378	3.012.999	1.070.846	7.098.747	3.310.640
Balance at the end of the period	2.593.790	650.401	3.474.656	707.417	8.049.299	5.294.172
Interest and commission income received	97.571	1.685	30.113	1.014	595.679	11.979
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	1.245.321	301.506	883.127	898.824	5.231.297	2.078.697
Balance at the end of the period	655.614	892.378	3.012.999	1.070.846	7.098.747	3.310.640
Interest and commission income received ⁽³⁾	60.754	1.202	15.592	4.251	308.780	6.366

(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, 2021.

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
Deposit						
Beginning of the period	2.837.798	1.949.302	38.192.490	24.402.131	50.910.186	30.828.068
End of the period	2.086.428	2.837.798	25.375.701	38.192.490	57.281.570	50.910.186
Interest expense on deposits ⁽³⁾	65.641	24.484	931.186	786.193	621.209	865.307

(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, 2021.

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Notes to unconsolidated financial statements as of June 30, 2022

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

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

Bank's risk group ⁽¹⁾	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through profit or loss						
Beginning of the period ⁽²⁾	4.298.899	1.181.891	2.828.070	1.573.859	379.300	1.585.212
End of the period ⁽²⁾	3.105.728	4.298.899	-	2.828.070	2.843.793	379.300
Total profit / (loss)⁽³⁾	589.508	284.335	(28.606)	(17.785)	(313.191)	46.214
Transactions for hedging purposes						
Beginning of the period ⁽²⁾	-	-	525.855	516.747	-	-
End of the period ⁽²⁾	-	-	-	525.855	-	-
Total profit / (loss)⁽³⁾	-	-	-	24.197	-	-

(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, 2021.

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 23.251 as of June 30, 2022 (June 30, 2021 - TL 26.385).

6. Explanations and notes related to subsequent events

None.

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Notes to unconsolidated financial statements as of June 30, 2022

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

Section six - Explanations on independent audit review report

1. Explanations on independent auditor’s review report

The unconsolidated financial statements for the period ended June 30, 2022 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent auditor’s review report dated, July 26, 2022 is presented preceding the unconsolidated financial statements.

2. Explanations and notes prepared by independent auditor

None.

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Notes to unconsolidated financial statements as of June 30, 2022

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

Section seven - Information on interim activity report⁽¹⁾

1. Interim activity report which also contains the evaluation of the Chairman and the CEO of the Bank about the interim period activities

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

In the first half of 2022, high inflation and growth concerns in global markets continued to be the main topics. In addition to the inflationary effects stemming from post-pandemic supply constraints, the energy price increases due to Russia-Ukraine crisis, negatively affected inflation all over the world and caused record levels to be seen.

Despite these challenging conditions, Turkey continued its fight against inflation and recorded a growth of 7.3% in the first quarter of 2022 with the support of both domestic and foreign demand.

The Turkish banking sector continued to support the economy, while strengthening its balance sheet structure. In the first half of the year, total loans increased by 59% annually and reached TL 5.898 billion. In the same period, the deposit base grew by 78% to reach TL 6.551 billion. Thus, the loan/deposit ratio of the sector improved by 13 points compared to the same period of the previous year and decreased to 91%.

On the asset quality side, the positive trend continued, and the non-performing loans ratio decreased by 62 basis points to 2.5% since the end of 2021.

Going forward, preserving strong fundamentals, Yapı Kredi will continue to support the economy and its customers, while maintaining its focus on asset quality and healthy balance sheet structure.

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

Ali Y. Koç
Chairman of the Board

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

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Notes to unconsolidated financial statements as of June 30, 2022

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

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

In the second quarter of 2022, the effects of the Covid-19 pandemic on the economy continued. In addition to the effects caused by the supply constraint, the increase in energy prices due to the Russia-Ukraine crisis put pressure on inflation. Worldwide, growth concerns arose as inflation continued its upward trend.

While Turkey continued its fight against inflation in this process, it continued its growth trend in a controlled manner. In the first quarter of 2022, our country achieved a growth of 7.3% with the support domestic demand and as well as foreign demand on the back of significant increase in export volume.

The Turkish banking sector once again demonstrated its resilience in difficult conditions in this period, as it did in previous years. Despite all the uncertainties in the operating environment arising from the pandemic and geopolitical developments, Turkish banking sector continued to support the economy, while improving its key performance indicators further.

As Yapı Kredi, our support to the economy through cash and non-cash loans has increased by 30% year-to-date and 65% annually exceeding TL 712 billion. In TL cash loans, the Bank recorded a year-to-date growth of 37% and an annual growth of 61%. On the other hand, TL customer deposit growth was 51%, well above the loan growth. Thus, the Bank's TL loan deposit ratio decreased by 10 points to 137% during the first half of the year.

While maintaining its support to the economy, the Bank further improved its capital and liquidity ratios. The FX liquidity coverage ratio rose to 589%, while the total liquidity coverage ratio realized at 180% level. On the capital side, with the support of internal capital generation and the contributions of being the first Turkish Bank adopting the internal ratings-based (IRB) approach, the consolidated capital adequacy ratio and the Tier 1 ratio rose to 18.1% and 15.9%, respectively (without the impact of regulatory forbearances).

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

Gökhan Erün
CEO

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2022

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

1.3. Overview of Financial Performance:

On 26 July 2022, Yapı Kredi announced its unconsolidated results for the first six months of 2022 based on Turkish accounting standards (Banking Regulation and Supervision Agency). The Bank's cash and non-cash loans reached TL 711.9 billion while total deposits reached to TL 497.1 billion. The Bank's net income reached TL 19,181 million indicating a return on average tangible equity of 49.9%.

Local currency driven loan and deposit growth with a solid liquidity

In the first six months of 2022, The Bank achieved 27% year-to-date growth in performing loans to TL 493.7 billion, mainly driven by Turkish Lira. During the same period, the Bank's total customer deposit growth was at 24% year-to-date and reached TL 487.7 billion. Also, demand deposits in total remained at a high level with 43%, within the scope of continued focus on small tickets in deposit gathering. Accordingly, loan-to-deposits plus Turkish Lira bonds ratio realized at 98%. The Bank's total and foreign currency liquidity coverage ratios realized at 180% and 589%, respectively.

Prudent and conservative asset quality approach

In the first six months of 2022, Yapı Kredi's non-performing loan ratio improved to 3.7%. High level of provisions set aside, despite the limited net NPL inflows in the period. Accordingly, cumulative cost of risk (adjusted for hedged foreign currency impact) materialised at 100 basis points in the first half of 2022. Provisions to gross loans realized at 6.0%.

Strong capital ratios and ongoing internal capital generation

In the first six months of 2022, the capital ratios of the Bank were supported by ongoing internal capital generation and by the contributions of being the first Turkish Bank adopting the IRB method. Hence, unconsolidated Capital Adequacy Ratio and Tier-1 ratio increased to 18.1% and 15.9% respectively, excluding regulatory forbearances.

Solid top-line, improving asset quality and strong liquidity

In the first six months of 2022, Yapı Kredi recorded TL 29,413 million of core banking revenues. Thanks to the ongoing loan repricing efforts coupling with decreasing deposit costs and the support from CPI linker securities, swap adjusted net interest margin improved 61 basis points to 6.71% in the second quarter of the year. Yapı Kredi recorded a substantial 76% improvement in year-over-year fee growth, reaching to TL 5,782 million. Operating costs increased by 70% year over year -below average inflation- to TL 7,563 million. All in all, the Bank achieved a net income of TL 19,181 million and 49.9% return on average tangible equity.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2022

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

1.4. Summary of Unconsolidated Financials

TL million	Current Period	Prior Period
Total Assets	930,019	736,770
Performing Loans	493,731	387,382
Total Deposits	497,066	401,095
Shareholder's Equity	94,430	63,484
Loans/Assets	53%	53%
Deposits/Assets	53%	54%
NPL	3.7%	4.6%
CAR ⁽¹⁾	19.5%	18.7%
TL million	Current Period	Prior Period
Net Profit	19,181	3,685
Return on Average Tangible Equity	49.9%	15.3%

(1) Reported

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

- In June, Yapı Kredi signed two loan agreements amounted to US\$ 90 million. Provided through the Development and Investment Bank of Turkey, the Bank secured US\$ 30 million with a maturity of 2 years from the Asian Infrastructure and Investment Bank and US\$ 60 million with a maturity of 5 years from the World Bank.
- On 25 May 2022, Yapı Kredi successfully signed a sustainability-linked syndicated loan agreement totalling US\$ 810 million at 367 days maturity. The Bank's sustainability-linked syndicated loan facility is secured through two different tranches; US\$ 349.5 million and Euro 431.5 million.

1.6. Current Trends and Expectations for the Upcoming Period:

In the first six months of 2022, Yapı Kredi maintained its year-end guidance.

2022 Yapı Kredi Expectations:

- Loans: Turkish Lira loan growth at high twenties
- Net Interest Margin (including swap costs): around +100 basis points expansion
- Fees: high twenties increase
- Costs: below average inflation
- Net Cost of Risk: below 150 basis points
- Return on Tangible Equity: improvement