

Yapı ve Kredi Bankası A.Ş.

**Publicly announced unconsolidated financial statements and
related disclosures at June 30, 2023 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 2023 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 2023 and its financial performance and its cash flows for the six-month-period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section Seven, is not consistent with the reviewed 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 2023. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Didem Demer Kaya, SMMM
Partner

Istanbul, 24 July 2023

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, 2023**

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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

Barış SAVUR
Financial Reporting and
Accounting Executive Vice President

Dr. Ahmet ÇİMEN OĞLU
Chairman of the Audit
Committee

Nevin İPEK
Member of the Audit
Committee

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

Notes to unconsolidated financial statements as of June 30, 2023

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

Section one

General Information

1. History of the 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, 2023, 32,03 % of the shares of the Bank are publicly traded (December 31, 2022 - 32,03%). 40,95% of the shares out of the remaining 67,97% is owned by Koç Finansal Hizmetler A.Ş. ("KFS") which is owned by Koç Group, 27,02% is owned by Koç Holding A.Ş.

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

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

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

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2023

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

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

As of June 30, 2023, the Bank's Board of Directors, Members of the Audit Committee, General Manager and Assistant General Managers are as follows.

Board of Directors Members:

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

Audit Committee Members:

Name	Responsibility
Ahmet ÇİMENÖĞLU	Chairman
Nevin İPEK	Member

General Manager:

Name	Responsibility
Gökhan ERÜN	Executive Director and CEO

Assistant General Managers:

Name	Responsibility
Abdullah GEÇER	Internal Audit
Akif Cahit ERDOĞAN	Commercial and SME Banking Management
Cemal Aybars SANAL	Legal Management
Demir KARAASLAN	Financial Planning and Administration
Mehmet Erkan AKBULUT	Credits
Mehmet Erkan ÖZDEMİR	Compliance, Internal Control and Risk Management / Consumer Relations Coordination Officer
Muharrem Kaan ŞAKUL	Corporate Banking
Özden ÖNALDI	Human Resources, 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, 2023

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

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

Name/Commercial title	Share amounts (nominal)	Share percentage	Paid-in capital (nominal)	Unpaid portion
Koç Finansal Hizmetler A.Ş.	3.459.065.642,23	40,95	3.459.065.642,23	-
Koç Holding A.Ş.	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, 2023, the Bank has 799 branches operating in Turkey and 1 branch in overseas (December 31, 2022 - 800 branches operating in Turkey, 1 branch in overseas).

As of June 30, 2023, the Bank has 15.731 employees (December 31, 2022 - 15.431 employees).

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

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

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

All other subsidiaries are fully consolidated.

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

None.

Yapı ve Kredi Bankası A.Ş.**Unconsolidated financial statements as of June 30, 2023 and December 31, 2022**

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

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

ASSET	Note (Section five)	Current Period (30/06/2023)			Prior Period (31/12/2022)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		113.950,848	209.510,637	323.461,485	113.049,467	156.734,130	269.783,597
1.1 Cash and Cash Equivalents	1.1	35.632,823	171.898,301	207.531,124	42.404,472	129.912,724	172.317,196
1.1.1 Cash and Balances with Central Bank		22.396.759	145.189.647	167.586.406	35.736.034	108.160.096	143.896.130
1.1.2 Banks	1.4.1	4.409.673	27.165.287	31.574.960	4.303.372	22.102.594	26.405.966
1.1.3 Money Markets	1.4.2	8.869.037	-	8.869.037	2.461.599	-	2.461.599
1.1.4 Provisions for Expected Losses (-)		42.646	456.633	499.279	96.533	349.966	446.499
1.2 Financial Assets Measured at Fair Value Through Profit Or Loss	1.2	24,005	2,147,217	2,171,222	31,895	1,533,562	1,565,457
1.2.1 Government debt securities		-	474.657	474.657	-	365.229	365.229
1.2.2 Share certificates		-	-	-	-	-	-
1.2.3 Other financial assets		24.005	1.672.560	1.696.565	31.895	1.168.333	1.200.228
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	1.5,1.6	59,747,314	25,875,099	85,622,413	60,355,860	16,987,893	77,343,753
1.3.1 Government debt securities		57.744.879	25.866.290	83.611.169	58.487.789	16.981.656	75.469.445
1.3.2 Share certificates		115.114	8.809	123.923	100.138	6.237	106.375
1.3.3 Other financial assets		1.887.321	-	1.887.321	1.767.933	-	1.767.933
1.4 Derivative Financial Assets	1.3	18,546,706	9,590,020	28,136,726	10,257,240	8,299,951	18,557,191
1.4.1 Derivative financial assets measured at fair value through profit or loss		14.916.858	6.077.458	20.994.316	6.599.170	4.600.024	11.199.194
1.4.2 Derivative financial assets measured at fair value through other comprehensive income		3.629.848	3.512.562	7.142.410	3.658.070	3.699.927	7.357.997
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		630,422,794	293,106,294	923,529,088	506,887,704	226,466,024	733,352,728
2.1 Loans	1.7	514,643,026	213,107,414	727,750,440	432,703,419	171,737,805	604,441,224
2.2 Receivables From Leasing Transactions (Net)	1.12	-	-	-	-	-	-
2.3 Factoring Receivables		1,794,981	380	1,795,361	1,671,378	1,725	1,673,103
2.4 Financial Assets Measured at Amortised Cost	1.8	140,375,892	93,740,677	234,116,569	96,448,465	66,852,133	163,300,598
2.4.1 Government debt securities		138.335.547	93.740.677	232.076.224	96.117.661	66.852.133	162.969.794
2.4.2 Other financial assets		2.040.345	-	2.040.345	330.804	-	330.804
2.5 Provisions for Expected Losses (-)		26,391,105	13,742,177	40,133,282	23,935,558	12,126,639	36,062,197
III. ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	1.15	1,015,783	-	1,015,783	1,035,873	-	1,035,873
3.1 Held for Sale Purposes		1.015.783	-	1.015.783	1.035.873	-	1.035.873
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		9,644,645	19,809,778	29,454,423	7,559,181	13,289,276	20,848,457
4.1 Investments in Associates (net)	1.9	38,446	4,306,386	4,344,832	38,446	2,871,962	2,910,408
4.1.1 Consolidated based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated		38.446	4.306.386	4.344.832	38.446	2.871.962	2.910.408
4.2 Subsidiaries (Net)	1.10	9,606,199	15,503,392	25,109,591	7,520,735	10,417,314	17,938,049
4.2.1 Unconsolidated Financial Subsidiaries		9.573.883	15.503.392	25.077.275	7.488.419	10.417.314	17.905.733
4.2.2 Unconsolidated Non-Financial Subsidiaries		32.316	-	32.316	32.316	-	32.316
4.3 Joint Ventures (Net)	1.11	-	-	-	-	-	-
4.3.1 Consolidated based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)		10,751,763	-	10,751,763	9,846,677	-	9,846,677
VI. INTANGIBLE ASSETS [Net]		1,474,499	-	1,474,499	1,206,951	-	1,206,951
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		1.474.499	-	1.474.499	1.206.951	-	1.206.951
VII. INVESTMENT PROPERTY (Net)	1.13	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		2,120,525	-	2,120,525	-	-	-
IX. DEFERRED TAX ASSETS	1.14	3,521,962	-	3,521,962	5,146,976	-	5,146,976
X. OTHER ASSETS	1.16	50,551,020	32,288,424	82,839,444	37,935,135	28,937,199	66,872,334
TOTAL ASSETS		823,453,839	554,715,133	1,378,168,972	682,667,964	425,425,629	1,108,093,593

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, 2023 and December 31, 2022**

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

1. Balance sheet (Statement of Financial Position)

	Note (Section five)	Current Period (30/06/2023)			Prior Period (31/12/2022)		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	2.1	548.772.179	354.599.472	903.371.651	387.420.825	285.344.493	672.765.318
II. BORROWINGS	2.3.1	650.414	86.242.598	86.893.012	1.777.296	68.271.124	70.048.420
III. MONEY MARKETS		13.169.367	19.892.025	33.061.392	28.114.263	7.400.223	35.514.486
IV. MARKETABLE SECURITIES ISSUED (Net)	2.3.4	7.147.681	35.182.739	42.330.420	8.072.854	32.467.470	40.540.324
4.1 Bills		6.744.752	3.206.204	9.950.956	7.407.273	2.031.595	9.438.868
4.2 Asset backed Securities		-	-	-	-	-	-
4.3 Bonds		402.929	31.976.535	32.379.464	665.581	30.435.875	31.101.456
V. FUNDS		-	-	-	-	-	-
5.1 Bomower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	2.3.3.2	325.226	47.269.691	47.594.917	687.777	36.551.882	37.239.659
VII. DERIVATIVE FINANCIAL LIABILITIES	2.2	7.047.252	8.788.892	15.836.144	7.906.985	5.867.022	13.774.007
7.1 Derivative liabilities measured at fair value through profit or loss		7.047.252	8.788.892	15.836.144	7.874.635	5.867.022	13.741.657
7.2 Derivative liabilities measured at fair value through other comprehensive income		-	-	-	32.350	-	32.350
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	2.5	2.457.302	34.521	2.491.823	1.833.056	22.335	1.855.391
X. PROVISIONS	2.6	9.529.436	1.449.360	10.978.796	9.883.862	1.200.279	11.084.141
10.1 Provisions for Restructuring		-	-	-	-	-	-
10.2 Provisions for Employee Benefits	2.6.1	3.634.533	-	3.634.533	3.181.053	-	3.181.053
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions	2.6.3	5.894.903	1.449.360	7.344.263	6.702.809	1.200.279	7.903.088
XI. CURRENT TAX LIABILITIES	2.7	1.580.829	-	1.580.829	5.598.484	-	5.598.484
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	757.170	38.204.366	38.961.536	725.201	38.663.031	39.388.232
14.1 Loans		-	6.988.674	6.988.674	-	16.059.998	16.059.998
14.2 Other Facilities		757.170	31.215.692	31.972.862	725.201	22.603.033	23.328.234
XV. OTHER LIABILITIES	2.4	45.000.017	10.823.458	55.823.475	44.251.681	9.777.060	54.028.741
XVI. SHAREHOLDERS' EQUITY	2.10	120.538.937	18.706.040	139.244.977	112.577.247	13.679.143	126.256.390
16.1 Paid in Capital		8.447.051	-	8.447.051	8.447.051	-	8.447.051
16.2 Capital Reserves		2.227.302	-	2.227.302	2.176.031	-	2.176.031
16.2.1 Share Premium		556.937	-	556.937	556.937	-	556.937
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		1.670.365	-	1.670.365	1.619.094	-	1.619.094
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		3.269.646	444.512	3.714.158	2.735.650	438.666	3.174.316
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		(3.449.848)	18.261.528	14.811.680	5.342.905	13.240.477	18.583.382
16.5 Profit Reserves		85.928.315	-	85.928.315	41.130.921	-	41.130.921
16.5.1 Legal Reserves		2.496.040	-	2.496.040	1.747.175	-	1.747.175
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		83.431.233	-	83.431.233	39.383.386	-	39.383.386
16.5.4 Other Profit Reserves		1.042	-	1.042	360	-	360
16.6 Profit or loss		24.116.471	-	24.116.471	52.744.689	-	52.744.689
16.6.1 Prior years' profits or losses		-	-	-	-	-	-
16.6.2 Current period net profit or loss		24.116.471	-	24.116.471	52.744.689	-	52.744.689
TOTAL LIABILITIES		756.975.810	621.193.162	1.378.168.972	608.849.531	499.244.062	1.108.093.593

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, 2023 and December 31, 2022**

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

2. Off-balance sheet commitments

Off-balance sheet commitments	Note (Section five)	Current Period (30/06/2023)			Prior Period (31/12/2022)		
		TL	FC	Total	TL	FC	Total
A. Off-balance sheet commitments (I-II-III)		672.984.476	876.938.295	1.549.922.771	597.166.718	818.151.810	1.415.318.528
I. Guarantees and warranties	3.1.2.1,2	136.783.442	183.353.727	320.137.169	99.977.185	143.571.286	243.548.471
1.1. Letters of guarantee	3.1.2.2	122.809.992	114.704.107	237.514.099	88.883.239	93.286.067	182.169.306
1.1.1. Guarantees subject to state tender law		1.311.913	1.817.029	3.128.942	1.399.840	1.363.690	2.763.530
1.1.2. Guarantees given for foreign trade operations		38.819.471	112.887.078	151.706.549	27.620.393	91.922.377	119.542.770
1.1.3. Other letters of guarantee		82.678.608	-	82.678.608	59.863.006	-	59.863.006
1.2. Bank acceptances		-	1.151.913	1.151.913	-	864.879	864.879
1.2.1. Import letter of acceptance		-	1.151.913	1,151,913	-	864,879	864,879
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		754.734	46.009.566	46.764.300	327.114	31.836.907	32.164.021
1.3.1. Documentary letters of credit		754.734	46,009,566	46,764,300	327,114	31,836,907	32,164,021
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Purchase guarantees for Securities issued		-	-	-	-	-	-
1.7. Factoring guarantees		-	-	-	-	-	-
1.8. Other guarantees		13.218.716	12.736.830	25.955.546	10.766.832	9.553.300	20.320.132
1.9. Other warranties		-	8.751.311	8.751.311	-	8.030.133	8.030.133
II. Commitments		403.670.044	48.043.712	451.713.756	240.615.994	67.851.130	308.467.124
2.1. Irrevocable commitments		377.957.719	5.459.592	383.417.311	223.708.638	36.562.938	260.271.576
2.1.1. Asset purchase and sale commitments		2.527.373	3.142.037	5.669.410	1.733.733	33.384.992	35.118.725
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		68.679.519	1.416.603	70.096.122	51.038.011	2.453.898	53.491.909
2.1.5. Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve requirements		-	-	-	-	-	-
2.1.7. Commitments for checks payments		8.601.299	-	8.601.299	5.482.867	-	5.482.867
2.1.8. Tax and fund liabilities from export commitments		536	-	536	449	-	449
2.1.9. Commitments for credit card expenditure limits		258.008.319	-	258.008.319	136.756.258	-	136.756.258
2.1.10. Commitments for credit cards and banking services promotions		52.430	-	52.430	43.402	-	43.402
2.1.11. Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12. Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		40.088.243	900.952	40.989.195	28.653.918	724.048	29.377.966
2.2. Revocable commitments		25.712.325	42.584.120	68.296.445	16.907.356	31.288.192	48.195.548
2.2.1. Revocable loan granting commitments		25.712.325	42.584.120	68.296.445	16.907.356	31.288.192	48.195.548
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		132.530.990	645.540.856	778.071.846	256.573.539	606.729.394	863.302.933
3.1. Derivative financial instruments held for hedging		25.350.000	57.360.782	82.710.782	28.910.141	90.807.022	119.717.163
3.1.1. Fair value hedges		-	-	-	270.141	1.664.564	1.934.705
3.1.2. Cash flow hedges		25.350.000	57,360,782	82,710,782	28,640,000	89,142,458	117,782,458
3.1.3. Hedges for investments made in foreign countries		-	-	-	-	-	-
3.2. Trading transactions		107.180.990	588.180.074	695.361.064	227.663.398	515.922.372	743.585.770
3.2.1. Forward foreign currency purchase and sale transactions		23.969.154	30.442.017	54.411.171	13.499.192	16.483.400	29.982.592
3.2.1.1. Forward foreign currency purchase transactions		12.080.282	15.413.352	27.493.634	12.680.315	2.810.609	15.490.924
3.2.1.2. Forward foreign currency sale transactions		11.888.872	15.028.665	26.917.537	818.877	13.672.791	14.491.668
3.2.2. Currency and interest rate swaps		74.095.328	410.936.823	485.032.151	158.168.698	343.884.226	502.052.924
3.2.2.1. Currency swap purchase transactions		917.922	80.452.667	81.370.589	4.261.560	123.896.732	128.158.292
3.2.2.2. Currency swap sale transactions		45.440.406	30.385.952	75.826.358	101.574.138	28.084.472	129.658.610
3.2.2.3. Interest rate swap purchase transactions		13.868.500	150.049.102	163.917.602	26.166.500	95.951.511	122.118.011
3.2.2.4. Interest rate swap sale transactions		13.868.500	150,049,102	163,917,602	26,166,500	95,951,511	122,118,011
3.2.3. Currency, interest rate and securities options		100.000	8.668.389	8.768.389	47.884.306	63.887.163	111.771.469
3.2.3.1. Currency purchase options		100.000	1.310.847	1,410,847	47,748,901	5,573,894	53,322,795
3.2.3.2. Currency sale options		-	1,454,919	1,454,919	135,405	53,338,749	53,474,154
3.2.3.3. Interest rate purchase options		-	4,783,929	4,783,929	-	3,890,663	3,890,663
3.2.3.4. Interest rate sale options		-	1,118,694	1,118,694	-	1,083,857	1,083,857
3.2.3.5. Securities purchase options		-	-	-	-	-	-
3.2.3.6. Securities sale options		-	-	-	-	-	-
3.2.4. Currency futures		2.287.225	2,402,969	4,690,194	1,303,006	1,217,241	2,520,247
3.2.4.1. Currency purchase futures		2,287,225	-	2,287,225	1,015,119	229,092	1,244,211
3.2.4.2. Currency sale futures		-	2,402,969	2,402,969	287,887	988,149	1,276,036
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate purchase futures		-	-	-	-	-	-
3.2.5.2. Interest rate sale futures		-	-	-	-	-	-
3.2.6. Other		6.729.283	135.729.876	142.459.159	6.808.196	90.450.342	97.258.538
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		2.035.312.164	789.850.500	2.825.162.664	1.527.568.753	574.076.786	2.101.645.539
IV. ITEMS HELD IN CUSTODY		703.728.667	71.490.012	775.218.679	243.750.531	51.442.664	295.193.195
4.1. Assets under management		610.310.204	26.213.112	636.523.316	170.680.657	19.001.079	189.681.736
4.2. Securities held in custody		5.681.942	43.493.519	49.175.461	3.939.170	31.490.427	35.429.597
4.3. Checks received for collection		67.717.842	52.348	67.770.190	54.907.660	85.875	54.993.535
4.4. Commercial notes received for collection		19.960.535	1,350,965	21,311,500	14,164,900	594,929	14,759,829
4.5. Other assets received for collection		-	302.585	302.585	-	215.011	215.011
4.6. Securities received for public offering		-	-	-	-	-	-
4.7. Other items under custody		58.144	77.483	135.627	58.144	55.343	113.487
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		1.292.432.607	292.786.996	1.585.219.603	1.236.921.247	215.430.491	1.452.351.738
5.1. Marketable securities		134.020.287	729.595	134,749,882	134,030,581	527,277	134,557,858
5.2. Guarantee notes		22.098.752	2,482.375	24,581.127	21,997.777	1,760.582	23,758.359
5.3. Commodity		5.912	-	5.912	5.912	-	5.912
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		609.154.335	314.645	609,468,980	471,940,839	306,501	472,247,340
5.6. Other pledged items		527.153.321	289,214,266	816,367,587	608,946,138	212,802,809	821,748,947
5.7. Depositories receiving pledged items		-	46.115	46.115	-	33.322	33.322
VI. ACCEPTED GUARANTEES AND WARRANTS		39.150.890	425.573.492	464.724.382	46.896.975	307.203.631	354.100.606
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		2.708.296.640	1.666.788.795	4.375.085.435	2.124.735.471	1.392.228.596	3.516.964.067

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

Yapı ve Kredi Bankası A.Ş.**Unconsolidated financial statements as of June 30, 2023 and 2022**

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

3. Statements of Profit or Loss

	Note	Current Period	Prior Period
Income and expense items	(Section five)	(01/01/2023 - 30/06/2023)	(01/01/2022 - 30/06/2022)
I. INTEREST INCOME	4.1	75.514.884	45.922.484
1.1 Interest on Loans	4.1.1	48.590.877	27.922.933
1.2 Interest Received from Reserve Deposits		19.016	255.955
1.3 Interest Received from Banks	4.1.2	1.315.059	233.271
1.4 Interest Received from Money Market Transactions		263.398	67.873
1.5 Interest Received from Marketable Securities Portfolio	4.1.3	25.107.477	17.360.974
1.5.1 Financial Assets Measured at Fair Value Through Profit or Loss		49.532	16.319
1.5.2 Financial Assets Measured at Fair Value Through Other Comprehensive income		7.661.016	5.824.797
1.5.3 Financial Assets Measured at Amortised Cost		17.396.929	11.519.858
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		219.057	81.478
II. INTEREST EXPENSE (-)	4.2	54.086.650	20.215.396
2.1 Interest on Deposits	4.2.6	44.392.438	11.534.834
2.2 Interest on Funds Borrowed	4.2.1	4.417.662	1.982.976
2.3 Interest expense on money market transactions	4.2.4	987.503	2.908.873
2.4 Interest on Securities Issued	4.2.3	3.858.560	3.155.129
2.5 Interest on Lease Payables		150.897	103.381
2.6 Other Interest Expense	4.2.5	279.590	530.203
III. NET INTEREST INCOME/EXPENSE (I - II)		21.428.234	25.707.088
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		11.727.057	5.782.148
4.1 Fees and Commissions Received		15.792.824	7.878.865
4.1.1 Non-cash Loans		1.402.174	901.377
4.1.2 Other	4.1.1	14.390.650	6.977.488
4.2 Fees and Commissions Paid		4.065.767	2.096.717
4.2.1 Non-cash Loans		412	350
4.2.2 Other		4.065.355	2.096.367
V. DIVIDEND INCOME		2.462	47.241
VI. TRADING PROFIT/LOSS (Net)	4.3	17.842.841	4.055.126
6.1 Trading Gains/Losses on Securities		1.356.355	977.791
6.2 Derivative Financial Transactions Gains/Losses	4.5	17.713.561	9.833.163
6.3 Foreign Exchange Gains/Losses		(1.227.075)	(6.755.828)
VII. OTHER OPERATING INCOME	4.6	9.965.391	6.427.288
VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		60.965.985	42.018.891
IX. ALLOWANCE FOR EXPECTED CREDIT LOSSES (-)	4.4	15.080.371	11.337.355
X. OTHER PROVISION EXPENSES (-)	4.4	45.630	257.544
XI. PERSONNEL EXPENSES (-)		6.321.106	3.144.436
XII. OTHER OPERATING EXPENSES (-)	4.7	12.926.836	4.418.210
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		26.592.042	22.861.346
XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		3.428.805	1.298.325
XVI. NET MONETARY POSITION GAIN/LOSS)		-	-
XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+XIV+XV+XVI)	4.8	30.020.847	24.159.671
XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	4.9	5.904.376	4.978.934
18.1 Current Tax Provision		40.268	10.557.494
18.2 Expense effect of deferred tax (+)		5.864.108	-
18.3 Income effect of deferred tax (-)		-	5.578.560
XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)		24.116.471	19.180.737
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from assets held for sale		-	-
20.2 Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3 Other income from discontinued operations		-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses on assets held for sale		-	-
21.2 Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3 Other expenses from discontinued operations		-	-
XXII. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX - XXI)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Current tax provision		-	-
23.2 Expense effect of deferred tax (+)		-	-
23.3 Income effect of deferred tax (-)		-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	4.10	24.116.471	19.180.737
Earnings/(loss) per share (full TL)		0,0286	0,0227

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, 2023 and 2022**

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

3. Statements of Profit or Loss

	Note (Section five)	Current Period (01/04/2023 - 30/06/2023)	Prior Period (01/04/2022 - 30/06/2022)
Income and expense items			
I. INTEREST INCOME	4.1	40.233.346	26.568.720
1.1 Interest on Loans	4.1.1	27.207.243	15.598.363
1.2 Interest received from reserve deposits		7.707	34.782
1.3 Interest Received from Banks	4.1.2	711.364	118.673
1.4 Interest Received from Money Market Transactions		106.403	26.168
1.5 Interest Received from Marketable Securities Portfolio	4.1.3	12.078.861	10.746.221
1.5.1 Financial Assets at Fair Value Through Profit and Loss		24.337	6.128
1.5.2 Financial Assets at Fair Value Through Other Comprehensive income		3.801.462	3.403.005
1.5.3 Financial assets measured at amortised cost		8.253.062	7.337.088
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		121.768	44.513
II. INTEREST EXPENSE (-)	4.2	32.632.531	11.035.548
2.1 Interest on Deposits	4.2.6	27.017.682	6.178.312
2.2 Interest on Funds Borrowed	4.2.1	2.525.995	1.095.707
2.3 Interest expense on money market transactions	4.2.4	706.137	1.787.036
2.4 Interest on Securities Issued	4.2.3	2.211.256	1.648.452
2.5 Interest on Lease Payables		77.243	51.273
2.6 Other Interest Expense	4.2.5	94.218	274.768
III. NET INTEREST INCOME/EXPENSE (I - II)		7.600.815	15.533.172
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		6.583.113	3.198.284
4.1 Fees and Commissions Received		8.770.754	4.398.768
4.1.1 Non-cash Loans		695.775	468.919
4.1.2 Other	4.1.1	8.074.979	3.929.849
4.2 Fees and Commissions Paid		2.187.641	1.200.484
4.2.1 Non-cash Loans		273	182
4.2.2 Other		2.187.368	1.200.302
V. DIVIDEND INCOME		1.369	10
VI. TRADING PROFIT/LOSS (Net)	4.3	13.894.688	2.738.016
6.1 Trading Gains/Losses on Securities		247.815	652.174
6.2 Derivative Financial Transactions Gains/Losses	4.5	15.132.318	4.077.083
6.3 Foreign Exchange Gains/Losses		(1.485.445)	(1.991.241)
VII. OTHER OPERATING INCOME	4.6	3.567.845	1.414.615
VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		31.647.830	22.884.097
IX. PROVISION FOR EXPECTED LOSSES (-)	4.4	8.299.733	4.540.795
X. OTHER PROVISION EXPENSES (-)	4.4	22.642	28.546
XI. PERSONNEL EXPENSES (-)		3.660.722	1.777.623
XII. OTHER OPERATING EXPENSES (-)	4.7	6.733.164	2.555.621
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		12.931.569	13.981.512
XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		1.823.508	768.862
XVI. NET MONETARY POSITION GAIN/LOSS)		-	-
XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+XIV+XV+XVI)	4.8	14.755.077	14.750.374
XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	4.9	3.278.831	2.828.085
18.1 Current Tax Provision		2.438.983	(36.068)
18.2 Expense effect of deferred tax (+)		5.717.814	2.864.153
18.3 Income effect of deferred tax (-)		-	-
XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)		11.476.246	11.922.289
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from assets held for sale		-	-
20.2 Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3 Other income from discontinued operations		-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses on assets held for sale		-	-
21.2 Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3 Other expenses from discontinued operations		-	-
XXII. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX - XXI)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Current tax provision		-	-
23.2 Expense effect of deferred tax (+)		-	-
23.3 Income effect of deferred tax (-)		-	-
XXIV. NET PROFIT/ LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	4.10	11.476.246	11.922.289
Earnings/(loss) per share (full TL)		0,0136	0,0141

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, 2023 and 2022

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

4. Statement of Profit or Loss and Other Comprehensive Income

	Current Period (30/06/2023)	Prior Period (30/06/2022)
I. PROFIT/(LOSS)	24.116.471	19.180.737
II. OTHER COMPREHENSIVE INCOME	(3.231.860)	12.765.068
2.1 Other comprehensive income that will not be reclassified to profit or loss	539.842	2.788.527
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	(406.464)	(384.040)
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	(101.029)	(8.064)
2.1.5 Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	1.047.335	(568.227)
2.2 Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(3.771.702)	9.976.541
2.2.1 Exchange Differences on Translation	5.643.268	1.205.803
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets Measured at Fair value through other comprehensive income	(7.311.745)	7.326.351
2.2.3 Income (loss) Related with Cash Flow Hedges	(1.202.458)	5.141.221
2.2.4 Income (loss) Related with Hedges of Net Investments in Foreign Operations	(4.039.105)	(534.898)
2.2.5 Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6 Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	3.138.338	(3.161.936)
III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	20.884.611	31.945.805

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, 2023

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

5. Statement of changes in shareholders’ equity

Current Period (30/06/2023)					Other Accumulated Comprehensive Income			Other Accumulated Comprehensive Income			Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total shareholders’ equity	
	CHANGES IN SHAREHOLDER’S EQUITY	Paid-in capital	Share premium	Share certificate cancellation profits	Other capital reserves	That Will Not Be Reclassified In Profit or Loss			That Will Be Reclassified In Profit or Loss						
						1	2	3	4	5					6
I. Balance at the beginning of the period	8.447.051	556.937	-	-	1.619.094	4.891.380	(2.915.774)	1.198.710	10.728.134	7.796.934	58.314	41.130.921	-	52.744.689	126.256.390
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	8.447.051	556.937	-	-	1.619.094	4.891.380	(2.915.774)	1.198.710	10.728.134	7.796.934	58.314	41.130.921	-	52.744.689	126.256.390
IV. Total comprehensive income (loss)	-	-	-	-	-	945.719	(304.848)	(101.029)	5.643.268	(5.483.796)	(3.931.174)	-	-	24.116.471	20.884.611
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	-	-	-	14.976	-	-	-	-	-	-	-	-	-	14.976
XI. Profit distribution	-	-	-	-	36.295	-	-	-	-	-	-	44.797.394	-	(52.744.689)	(7.911.000)
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	(7.911.000)	(7.911.000)
11.2. Transfers to legal reserves	-	-	-	-	36.295	-	-	-	-	-	-	44.797.394	-	(44.833.689)	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+IV+.....+X+XI)	8.447.051	556.937	-	-	1.670.365	5.837.099	(3.220.622)	1.097.681	16.371.402	2.313.138	(3.872.860)	85.928.315	-	24.116.471	139.244.977

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, 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	Paid-in capital	Share premium	Share certificate cancellation profits	Other capital reserves	Other Accumulated Comprehensive Income			Other Accumulated Comprehensive Income			Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total shareholders’ equity
					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.

Yapı ve Kredi Bankası A.Ş.**Unconsolidated financial statements as of June 30, 2023 and 2022**

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

6. Statement of cash flows

	Current Period (30/06/2023)	Prior Period (30/06/2022)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	25.395.416	16.463.137
1.1.1 Interest received	53.625.959	32.519.822
1.1.2 Interest paid	(45.256.609)	(16.684.319)
1.1.3 Dividend received	367.540	235.923
1.1.4 Fees and commissions received	15.792.824	7.878.865
1.1.5 Other income	19.941.349	10.709.481
1.1.6 Collections from previously written-off loans and other receivables	3.044.669	2.243.858
1.1.7 Cash Payments to personnel and service suppliers	(16.634.933)	(6.799.984)
1.1.8 Taxes paid	(4.483.343)	(12.653.435)
1.1.9 Other	(1.002.040)	(987.074)
1.2 Changes in operating assets and liabilities subject to banking operations	21.813.864	(3.637.679)
1.2.1 Net (increase) decrease in financial assets measured at fair value through profit or loss	(605.765)	(31.689)
1.2.2 Net (increase) decrease in due from banks	(43.441.021)	(34.142.328)
1.2.3 Net (increase) decrease in loans	(128.946.944)	(110.020.597)
1.2.4 Net (increase) decrease in other assets	(16.153.711)	(12.548.413)
1.2.5 Net increase (decrease) in bank deposits	5.039.607	1.275.409
1.2.6 Net increase (decrease) in other deposits	218.000.418	92.396.358
1.2.7 Net increase (decrease) in financial liabilities measured at fair value through profit or loss	13.845.347	8.424.837
1.2.8 Net increase (decrease) in funds borrowed	15.008.570	40.959.406
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	(40.932.637)	10.049.338
I. Net cash provided from banking operations	47.209.280	12.825.458
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	(44.342.939)	(25.970.410)
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures	-	(25.016)
2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures	-	1.040.675
2.3 Cash paid for the purchase of tangible and intangible asset	(881.669)	(442.441)
2.4 Cash obtained from the sale of tangible and intangible asset	81.061	439.072
2.5 Cash paid for the purchase of financial assets measured at fair value through other comprehensive income	(10.512.827)	(12.821.575)
2.6 Cash obtained from the sale of financial assets measured at fair value through other comprehensive income	1.075.036	5.528.686
2.7 Cash paid for the purchase of financial assets at amortised cost	(36.159.123)	(22.437.841)
2.8 Cash obtained from sale of financial assets at amortised cost	2.054.583	2.748.030
2.9 Other	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flows from financing activities	(11.040.653)	(6.751.597)
3.1 Cash obtained from funds borrowed and securities issued	29.676.164	7.727.184
3.2 Cash outflow from funds borrowed and securities issued	(32.534.465)	(13.313.226)
3.3 Equity instruments issued	-	-
3.4 Dividends paid	(7.911.000)	(1.000.000)
3.5 Payments for finance lease liabilities	(271.352)	(165.555)
3.6 Other	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	26.549.111	16.037.314
V. Net increase (decrease) in cash and cash equivalents	18.374.799	(3.859.235)
VI. Cash and cash equivalents at beginning of the period	113.290.783	95.207.698
VII. Cash and cash equivalents at end of the period	131.665.582	91.348.463

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2023

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

Section Three

Accounting policies

1. Explanations on basis of presentation:

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

The unconsolidated financial statements 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 measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, derivative financial assets/liabilities buildings and art objects and paintings in tangible assets. Besides, the carrying values of assets carried at amortized cost but subject to fair value hedge are adjusted to reflect the fair value changes related to the hedged risks.

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

The accounting policies and valuation principles employed for the preparation the financial statements are in compliance with “Accounting and Reporting Legislation” published in the regulation, 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 annual financial statements as of December 31, 2022.

As of June 30, 2023, the Bank completed the development of necessary infrastructure for transition to overnight interest rates in risk management systems and USD Libor indexed derivatives, money market transactions, bonds, loan products. As of 30 June 2023, alternative benchmark interest rates is started to be used in the new floating rate transactions.

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

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Notes to unconsolidated financial statements as of June 30, 2023

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

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 the financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. In 2023, as of the reporting date, there has not been any further announcement by POA regarding this issue; therefore, inflation adjustments have not been applied on the financial statements dated June 30, 2023 in accordance with TAS 29.

Additional paragraph for convenience translation into English:

BRSA Accounting and Financial Reporting Legislation, as described in the preceding paragraphs, differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of June 30, 2023 and the differences between accounting principles have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

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

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

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

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

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

Associates, subsidiaries and joint ventures are being carried at equity method as defined in “TAS 28 - Investments in Associates and Joint Ventures” in the unconsolidated financial statements of the Bank started from June 30, 2015. Any valuation differences arising from prior years, before January 1, 2015, are booked as “Other accumulated comprehensive income that will not be reclassified in profit or loss” under equity. In the following periods, any valuation differences arising from the current period income and other comprehensive income are recognised in profit or loss and “Other accumulated comprehensive income that will not be reclassified in profit or loss” under the equity, respectively. This accounting policy change is performed through an early adaptation 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.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2023

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

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 in profit or loss accounts. Fair value adjustments are recognized directly in the income statement in an event of repayment and/or unwinding and/or derecognition of the hedged item.

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

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

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

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

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

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

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

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Notes to unconsolidated financial statements as of June 30, 2023

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

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

As of June 30, 2023, the Bank's credit derivatives portfolio included total return swaps.

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

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

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

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

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

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

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Notes to unconsolidated financial statements as of June 30, 2023

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

5. Explanations on interest income and expense:

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

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

6. Explanations on fee and commission income and expenses:

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

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

7. Explanations on financial assets:

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

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

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

Classification of financial assets reflects the business model of how the Bank manages the assets in order to generate cash flows. Bank’s business model may be to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. 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.

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

➤ Other business models

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

A portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The 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 measured at fair value through profit or loss

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

Trading financial assets are initially recognized at fair value and are subsequently re-measured at their fair value. However, if fair values cannot be obtained from active market transactions, it is assumed that the fair value cannot be observed reliably and fair values are calculated by alternative models. 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, 2023, the Bank has made its classifications in accordance with the TFRS 9 standard and reflected them in its financial statements. In this context; the Bank has evaluated many reasonable and supportable qualitative and quantitative data in assessing whether there is a significant increase in credit risk in the classification of loans according to stages and determining the moment when the default situation occurs. It has classified the loans according to their stages according to its best judgment under the current conditions.

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

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

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

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

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

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

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

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

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

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

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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 30 days past due status is passed. The Bank can abandon this estimation when it has reasonable and supportable information about customers contractual repayments.
- In case a loan has been restructured, it will be followed up under Stage 2 during the follow-up period mentioned in the related regulations. The loan can be transferred back to Stage 1 at end of the follow-up period if there is no significant deterioration.
- Provisions on non-funded non cash loans are evaluated as significant increase in credit risk.

Qualitative Assessment

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

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

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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) and unemployment rate.

When expected credit losses are estimated in accordance with the forward looking macroeconomic information, the Bank evaluates three scenarios (base, pessimistic and optimistic) with various weights based. Within the scope of the effects of COVID-19 on Expected Credit Loss calculations, the weight of base scenario has been reduced and pessimistic scenario has been increased at the same rate. The Bank has reviewed the macroeconomic model used in the process and has been the subject of provision calculations using the data considered to reflect the current situation in the best way. On the other hand, researches have been carried out on the sectors affected by COVID-19, the effects that belonged to the period which COVID-19 was the most effective, were segregated on a sectoral basis and analyzed whether in which direction the Borsa Istanbul Index data differed from the cumulative index data and this differentiation is reflected in the probability of default values on a sectoral basis. The Bank made no change in its current approach in current period.

In the light of macroeconomic expectations, the Bank reflected the calculations made to its financial statements considering the probability of default values and the possible changes in the exposure at default. In this context, the Bank has measured the effect of the change in macroeconomic data used in the calculation of expected credit loss such as gross domestic product and unemployment rate, on the non performing loans under different scenarios and reflected the coefficient increase, which was considered to be the most accurate, to its provision calculations by projecting it on the loan parameters within the range of NPL ratio obtained throughout the calculations.

9. Explanations on offsetting financial assets:

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

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

The Bank has no securities lending transactions.

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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 "IFRS – 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 arising from the merger has been tested for impairment in the framework of "TAS 36 - Impairment of Assets", calculated within the scope of "IFRS 3 - Business Combinations", and was recorded in the unconsolidated financial statements of the Bank. As of 31 December 2022, the provision for impairment for the entire amount of goodwill was recognized in profit reserves directly under equity.

12.2. Other intangible assets:

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

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

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

13. Explanations on property and equipment:

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

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

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

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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 expected credit loss recognized for financial instruments within the scope of IFRS 9 standards, are accounted in accordance with "TAS – 37 Provisions, Contingent Liabilities and Contingent Assets".

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

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

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16. Explanations on obligations related to employee benefits:

16.1. Employee termination benefits

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

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

16.2. Pension rights

The Bank's personnel are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı ("the Fund") which was established in accordance with the 20th temporary article of the Social Security Law No.506. 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.

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.

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In accordance with the New Law, after the transfer to SSI, any social rights and payments to Fund members and their beneficiaries which are not provided although they are included in the Fund Title Deed will continue to be provided by the Fund and the employers of the Fund members.

The Bank accounts for a provision for the technical deficit based on the report prepared by a registered actuary in accordance with the rates determined by the New Law and in accordance with TAS 19.

16.3. Short term benefits of employee:

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

17. Explanations on taxation:

17.1. Current tax:

The corporate tax rate is 20% in accordance with the article number 32 of the New Corporate Tax Law no.5520 which is published in the official Gazette dated June 21, 2006 and numbered 26205. In accordance with the 11 and 14th articles of the Law numbered 7316 on "Amendment of Law on Collection Procedure of Public Receivables and Certain Laws" published in the Official Gazette dated April 22, 2021 and numbered 31462, corporate tax rate will be applied as 25% for enterprises' corporate income belonging to the taxation periods of 2021 and 23% for enterprises' corporate income belonging to the taxation periods of 2022. Standard corporate tax rate for financial sector is increased to 25% starting from the declarations as of July 1, 2022 and to be valid for the taxation periods of 2022 according to the Law numbered 7394 published in the Official Gazette No. 31810 dated April 15, 2022. In accordance with the Law numbered 7456 which is published in Official Gazette dated July 15, 2023 and numbered 32249, corporate tax rate is increased to 30% for banks starting from the declarations of October 1, 2023 and to be valid for the taxation periods from January 1, 2023.

Corporate tax rate business income tax in accordance with the laws of the institutions to be added as unacceptable the reduction of costs in the tax laws, exemptions and reductions to the tax base found as a result of the reduction that will be applied. 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 10%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

In accordance with the Corporate Tax Law, three quarterly temporary corporate tax statements are submitted in total in the first nine months of reporting year. Advance tax is declared and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

75% portion of the capital gains derived from the sale of equity investments and 50% portion of the capital gains derived from immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for five years. In accordance with the Law numbered 7456 which is published in the Official Gazette dated July 15, 2023 and numbered 32249, the tax exemption on profits from the sales of immovables has been terminated as of July 15, 2023. For immovables that were a part of company's assets before the date of July 15, 2023, the exemption rate on profits arising from their sales has been set as 25%.

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

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

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

Amendments to Tax Procedure Law was published with the Law numbered 7338 published in the Official Gazette dated October 26, 2021. These amendments provide the opportunity to revalue the real estates and depreciable assets. With the change in the communiqué published in the Official Gazette on January 14, 2023, conditions have been clarified for the taxpayers, who are subject to different accounting and financial reporting standards rules than those determined by the General Communiqué on Accounting System Implementation, is able to benefit from the revaluation specified in paragraph (Ç) of the duplicate article 298 and temporary article 32 in Law Numbered 213.

Within the scope of the temporary article 32 of the Tax Procedure Law Numbered 213, depreciable assets were revalued and additional tax amount of 2% is levied over the revaluation difference. Assets that are included in the scope pursuant to duplicate article 298-ç are valued with the revaluation rate announced in the relevant year and no tax is levied over this revaluation increase.

17.2. Deferred tax:

The 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.

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18. Explanations on borrowings:

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

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

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

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

19. Explanations on issuance of share certificates:

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

20. Explanations on avalized drafts and letter of acceptances:

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

21. Explanations on government grants:

None (December 31, 2022 - None).

22. Profit reserves and profit distribution:

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

No dividend payments were announced after the balance sheet date.

23. Earnings per share:

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

	Current Period	Prior Period
Net income/(loss) to be appropriated to ordinary shareholders	24.116.471	19.180.737
Weighted average number of issued ordinary shares(thousand)	844.705.128	844.705.128
Earnings per share (full TL)	0,0286	0,0227

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings. These bonus shares are treated as issued shares in earnings per share computations. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year is adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

No bonus shares were issued during 2023 (2022 – None).

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24. Related parties:

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

25. Explanations on operating segments:

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

26. Explanations on other matters:

None.

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

The calculation of the own funds and the capital adequacy standard ratio are performed in accordance with the communiqués such as “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio”, “Regulation Credit Risk Mitigation Techniques”, “Regulation on calculation of Risk-Weighted Amounts of Securitizations” and “Regulation Regarding Banks’ Shareholders’ Equity”. The capital adequacy ratio of the Bank is 20,11% (December 31, 2022 - 21,34%).

1.1. Information on equity:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-up Capital	8.447.051	8.447.051
Share issue premiums	556.937	556.937
Retained earnings	87.556.959	42.723.270
Accumulated other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	30.097.023	29.994.706
Profit	24.116.471	52.744.689
Net profit of the period	24.116.471	52.744.689
Profit of the previous years	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	41.721	26.745
Common Equity Tier 1 capital before regulatory adjustments	150.816.162	134.493.398
Common Equity Tier 1 capital: regulatory adjustments		
Prudential valuation adjustments	130.993	105.861
The sum of the net loss for the current period and the previous years which could not be absorbed by the retained earnings and losses recognised in equity in accordance with TAS	11.571.185	8.237.008
Improvement costs for operating leasing	198.375	202.143
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.316.857	1.059.469
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Cash-flow hedge reserve	4.417.404	5.116.918
Shortfall of provisions to expected losses	-	-
Securitization gain on sale	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Investments in own shares	-	-
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank owns more than 10% of the issued share capital (amount above 10% threshold)	-	-
Mortgage servicing rights (amount above 10% threshold)	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amount exceeding the 15% threshold (-) of the common equity Tier 1 in accordance with the second paragraph of the provisional article 2 in the regulation regarding the Banks’ Shareholders’ Equity	-	-
The amount above threshold for the investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank owns more than 10% of the issued share capital	-	-
The amount above threshold for mortgage servicing rights	-	-
The amount above threshold for deferred tax assets arising from temporary differences	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-
Total regulatory adjustments to Common equity Tier 1	17.634.814	14.721.399
Common Equity Tier 1 capital (CET1)	133.181.348	119.771.999

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ADDITIONAL TIER 1 CAPITAL	Current Period	Prior Period
Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-	-
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA	16.785.015	12.153.895
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-	-
Additional Tier 1 capital before regulatory adjustments	16.785.015	12.153.895
Additional Tier 1 capital: regulatory adjustments		
Investments in own Additional Tier 1 instruments	-	-
Reciprocal cross-holdings in Additional Tier 1 instruments	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
Total regulatory adjustments to Additional Tier 1 capital	-	-
Total Additional Tier 1 capital	16.785.015	12.153.895
Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	149.966.363	131.925.894
TIER 2 CAPITAL		
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	13.711.550	10.149.150
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	5.535.433	4.706.545
Tier 2 capital before regulatory adjustments	19.246.983	14.855.695
Tier 2 capital: regulatory adjustments		
Direct and indirect investments of the Bank on its own Tier 2 Capital (-)	-	-
Investments of the Bank to banks that invest on the Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) (-)	-	-
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) (-)	-	-
National specific regulatory adjustments which shall be determined by the BRSA	-	-
Total regulatory adjustments to Tier 2 capital	-	-
Total Tier 2 capital	19.246.983	14.855.695
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	169.147.833	146.718.108
The Sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Credits extended contrary to the provisions of Articles 50 and 51 of the Banking Law	8.163	12.111
Portion of the sum of the banks' real estate net book values, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition ⁽¹⁾	-	-
National specific regulatory adjustments which shall be determined by the BRSA	57.350	51.370
Regulatory Adjustments which will be deducted from Total Capital during the transition period		
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Significant investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) which will not be deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold), mortgage servicing rights (amount above 10% threshold), deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-

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OWN FUNDS	Current Period	Prior Period
Total Capital (The sum of Tier 1 capital and Tier 2 capital) ⁽¹⁾	168.540.169	146.225.920
Total Risk Weighted Assets ⁽²⁾	838.161.946	685.344.296
CAPITAL ADEQUACY RATIOS		
Common Equity Tier 1 Capital Adequacy Ratio (%)	15,89	17,48
Tier 1 Capital Adequacy Ratio (%)	17,89	19,25
Capital Adequacy Ratio (%)	20,11	21,34
BUFFERS		
Institution specific buffer requirement of the Bank(a+b+c)	2,526	2,518
a) Capital conservation buffer requirement (%)	2,500	2,500
b) Bank's specific countercyclical buffer requirement (%)	0,026	0,018
c) Systemically important Bank buffer (%)	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	11,390	12,976
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financials	625.844	422.947
Significant investments in the common stock of financials	4.306.386	2.871.962
Mortgage servicing rights (net of related tax liability)	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	10.407.136	9.320.787
Applicable caps on the inclusion of provisions in Tier 2 capital		
General provisions for standard based receivables (before ten thousand twenty five limitation)	3.563.447	2.646.079
Up to 1.25% of total risk-weighted amount of general provisions for receivables where the standard approach used	1.220.063	1.007.136
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	8.653.080	11.511.242
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	4.315.370	3.699.409

- (1) According to the "Regulation Regarding to changes on Regulation on Banks' Shareholders' Equity" published in Official Gazette No.30121 on July 11, 2017, related article has been abolished.
- (2) In the calculation of credit risk amount, spot purchase rates announced as of December 30, 2022 by Central Bank are used in accordance with the in accordance with the legislation of BRSA numbered 10496 dated January 31, 2023.

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

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1.2. Details on Subordinated Liabilities :

	1	2	3	4	5
Lender (1,2), Issuer (3,4,5)	UNICREDIT SPA	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	XS2286436451 / US984848AN12	XS1867595750 / US984848AL55	TRSYKKB62914	TRSYKKB92911
Governing law(s) of the instrument	BRSA / Austria Law	English Law /Turkish Law	English Law /Turkish Law	BRSA /CMB / Turkish Law	BRSA /CMB / Turkish Law
Regulatory treatment					
Transitional Basel III rules	No	No	No	No	No
Eligible at stand-alone / consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated	Stand-alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Bond	Bond	Bond	Bond
Amount recognised in regulatory capital (Currency in m€, as of most recent reporting date)	-	12.912	16.785	500	300
Par value of instrument	6.972	12.912	16.785	500	300
Accounting classification	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost
Original date of issuance	December 18, 2013	January 22, 2021	January 15, 2019	July 3, 2019	October 3, 2019
Perpetual or dated	Dated	Dated	Perpetual	Dated	Dated
Original maturity date	10 years	10 years	-	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	After 5th year	5 years	Every 5 years	After 5th year	After 5th year
Subsequent call dates, if applicable	After 5th year	-	-	After 5th year	After 5th year
Coupons / dividends					
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Floating	Floating
Coupon rate and any related index	First 5 years 6,55% fixed, second 5 years 7,7156% fixed	First 5 years 7,875% fixed, second 5 years U.S. five year treasury bond rate +741,50 basis points	First 5 years 13,875% fixed, second 5 years midswap+11,245% fixed	TLREF index change +1,93 %	TLREF index change + 1,30%
Existence of a dividend stopper	No interest accrue after the date of value decrease for the decreased amount	No interest accrue after the date of value decrease for the decreased amount	No interest accrue after the date of value decrease for the decreased amount	No interest accrue after the date of value decrease for the decreased amount	No interest accrue after the date of value decrease for the decreased amount
Fully discretionary, partially discretionary or mandatory	-	Mandatory	Optional	Mandatory	Mandatory
Existence of step up or other incentive to redeem	-	-	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible					
If convertible, conversion trigger (s)	-	-	-	-	-
If convertible, fully or partially	-	-	-	-	-
If convertible, conversion rate	-	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-	-
Write-down feature					
If write-down, write-down trigger(s)	-	In case of default	In case of default/ Common Equity Tier 1 capital adequacy ratio of the bank falls below 5,125%	In case there is a possibility that the official authorization of the Bank is cancelled or the Bank shares are transferred to SDIF	In case there is a possibility that the official authorization of the Bank is cancelled or the Bank shares are transferred to SDIF
If write-down, full or partial	-	Partial and complete	Partial and complete	Partial and complete	Partial and complete
If write-down, permanent or temporary	-	Permanent	Temporary	Permanent	Permanent
If temporary write-down, description of write-up mechanism	-	-	In case of cancellation of default/ Common Equity Tier 1 capital adequacy ratio of the bank is higher than 5,125%	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, and the TIER 1	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2
In compliance with article number 7 and 8 of "Own fund regulation"	No	No	No	No	No
Details of incomplecances with article number 7 and 8 of "Own fund regulation"	-	-	-	-	-

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

2. Explanations on 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)	712.237.340	610.626.631	56.978.988
2 Of which standardised approach (SA)	63.607.995	52.707.788	5.088.640
3 Of which internal rating-based (IRB) approach	648.629.345	557.918.843	51.890.348
4 Counterparty credit risk	13.377.974	13.234.018	1.070.238
5 Of which standardised approach for counterparty credit risk (SA-CCR)	13.377.974	13.234.018	1.070.238
6 Of which internal model method (IMM)	-	-	-
7 Equity positions in banking book under market-based approach	-	-	-
8 Equity investments in funds – look-through approach	11.047	14.748	884
9 Equity investments in funds – mandate-based approach	-	-	-
10 Equity investments in funds – fall-back approach	-	-	-
11 Settlement risk	-	-	-
12 Securitisation exposures in banking book	-	-	-
13 Of which IRB ratings-based approach (RBA)	-	-	-
14 Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15 Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	11.781.643	13.715.305	942.531
17 Of which standardised approach (SA)	11.781.643	13.715.305	942.531
18 Of which internal model approaches (IMM)	-	-	-
19 Operational risk	93.204.174	42.578.789	7.456.334
20 Of which Basic Indicator Approach	93.204.174	42.578.789	7.456.334
21 Of which Standardised Approach	-	-	-
22 Of which Advanced Measurement Approach	-	-	-
23 Amounts below the thresholds for deduction (subject to 250% risk weight)	7.549.768	5.174.805	603.981
24 Floor adjustment	-	-	-
25 TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)	838.161.946	685.344.296	67.052.956

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;

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- 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	26.657.513	702.888.288		39.433.178	690.112.623
2 Debt Securities	-	321.860.002		773.825	321.086.177
3 Off-balance sheet exposures	1.779.248	701.775.232		2.536.439	701.018.041
Total	28.436.761	1.726.523.522		42.743.442	1.712.216.841

Prior Period	Gross carrying values of as per TAS			Allowances/ impairments	Net values
	Defaulted exposures	Non-defaulted exposures			
1 Loans	20.733.112	585.381.215		35.667.156	570.447.171
2 Debt Securities	-	242.265.589		557.197	241.708.392
3 Off-balance sheet exposures	1.431.465	502.388.582		2.222.157	501.597.890
Total	22.164.577	1.330.035.386		38.446.510	1.313.753.453

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	22.164.577	20.023.972
2 Loans and debt securities that have defaulted since the last reporting period	11.072.679	11.517.943
3 Returned to non-defaulted status	80.716	106.767
4 Amounts written off	1.755.826	4.781.752
5 Other changes	(2.963.953)	(4.488.819)
Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	28.436.761	22.164.577

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	Collateralized amount of exposures secured by credit derivatives
					Exposures secured by financial guarantees	Exposures secured by credit derivatives
Loans	623.833.368	66.279.255	49.676.690	2.843.365	2.401.094	-
Debt securities	321.086.177	-	-	-	-	-
Total	944.919.545	66.279.255	49.676.690	2.843.365	2.401.094	-
Of which defaulted	3.644.828	4.500.948	3.233.428	415.184	293.101	-

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Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans	512.212.727	58.234.444	42.737.061	4.073.740	3.442.226	-	-
Debt securities	241.708.392	-	-	-	-	-	-
Total	753.921.119	58.234.444	42.737.061	4.073.740	3.442.226	-	-
Of which defaulted	3.450.990	1.499.806	663.375	435.944	305.249	-	-

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	397.659.613	438	400.353.808	91.422	-	-
2	Exposures to regional governments or local authorities	706.912	14.670	706.912	7.335	357.124	50,00%
3	Exposures to public sector entities	2.056.713	327.961	2.056.688	131.828	2.188.516	100,00%
4	Exposures to multilateral development banks	1.089.243	234.921	1.089.243	181.567	-	-
5	Exposures to institutions	72.576.719	18.843.656	72.576.719	7.957.918	23.174.483	28,78%
6	Exposures to corporates	13.707.550	67.700.557	12.696.109	11.163.364	15.035.369	63,02%
7	Retail exposures	2.492.894	1.449.361	1.102.552	77.646	965.795	81,83%
8	Exposures secured by residential property	306.088	27.064	306.088	13.369	113.190	35,43%
9	Exposures secured by commercial real estate	19.827	1.324.763	19.827	662.381	346.478	50,79%
10	Past-due loans	293.551	594	11.969	119	17.366	143,66%
11	Higher-risk categories by the Agency Board	129.711	1.046.110	117.886	25.000	214.554	150,16%
12	Exposures in the form of collective investment undertaking	24.005	-	24.005	-	11.047	46,02%
13	Investments in equities	24.215.027	-	24.215.027	-	28.744.888	118,71%
14	Other receivables	-	-	-	-	-	-
	Total	515.277.853	90.970.095	515.276.833	20.311.949	71.168.810	13,29%

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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	325.235.895	2.422	328.983.371	173.891	-	-
2	Exposures to regional governments or local authorities	208.510	20.512	208.510	10.256	109.383	50,00%
3	Exposures to public sector entities	1.497.583	716.706	1.497.526	253.137	1.750.663	100,00%
4	Exposures to multilateral development banks	878.649	168.348	878.649	128.199	-	-
5	Exposures to institutions	62.112.083	33.722.366	62.112.083	5.025.225	20.050.719	29,87%
6	Exposures to corporates	10.120.736	48.122.343	8.358.291	10.752.824	13.182.900	68,98%
7	Retail exposures	2.879.918	1.116.763	1.199.411	58.221	1.060.269	84,31%
8	Exposures secured by residential property	79.237	1.043	79.237	359	29.104	36,56%
9	Exposures secured by commercial real estate	15.297	1.383.382	15.297	691.681	363.028	51,35%
10	Past-due loans	103.168	-	1.665	-	926	55,62%
11	Higher-risk categories by the Agency Board	445.944	4.243.498	242.091	13.226	382.976	150,00%
12	Exposures in the form of collective investment undertaking	31.895	-	31.895	-	14.749	46,24%
13	Investments in equities	17.847.741	-	17.847.741	-	20.952.624	117,40%
14	Other receivables	-	-	-	-	-	-
	Total	421.456.656	89.497.383	421.455.767	17.107.019	57.897.341	13,20%

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

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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	400.445.230	-	-	-	-	-	-	-	-	-	-	400.445.230
2 Exposures to regional governments or local authorities	-	-	-	-	714.247	-	-	-	-	-	-	714.247
3 Exposures to public sector entities	-	-	-	-	-	-	2.188.516	-	-	-	-	2.188.516
4 Exposures to multilateral development banks	1.270.810	-	-	-	-	-	-	-	-	-	-	1.270.810
5 Exposures to institutions	-	-	57.302.072	-	23.036.993	-	195.572	-	-	-	-	80.534.637
6 Exposures to corporates	330.803	-	299.044	-	16.508.131	-	6.721.495	-	-	-	-	23.859.473
7 Retail exposures	-	-	-	-	-	857.611	322.587	-	-	-	-	1.180.198
8 Exposures secured by residential property	-	-	-	316.007	-	3.450	-	-	-	-	-	319.457
9 Exposures secured by commercial real estate	-	-	-	-	669.211	4.498	8.499	-	-	-	-	682.208
10 Past-due loans	-	-	-	-	671	-	190	11.227	-	-	-	12.088
11 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	142.436	450	-	-	142.886
12 Investments made in collective investment companies	333	-	12.689	-	4.948	-	6.035	-	-	-	-	24.005
13 Investments in equities	-	-	-	-	-	-	21.195.120	-	-	3.019.907	-	24.215.027
14 Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total	402.047.176	-	57.613.805	316.007	40.934.201	865.559	30.638.014	153.663	450	3.019.907	-	535.588.782

Prior Period												
Asset classes/Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	Total credit risk exposure amount (after CCF and CRM)
1 Exposures to central governments or central banks	329.157.262	-	-	-	-	-	-	-	-	-	-	329.157.262
2 Exposures to regional governments or local authorities	-	-	-	-	218.766	-	-	-	-	-	-	218.766
3 Exposures to public sector entities	-	-	-	-	-	-	1.750.663	-	-	-	-	1.750.663
4 Exposures to multilateral development banks	1.006.848	-	-	-	-	-	-	-	-	-	-	1.006.848
5 Exposures to institutions	-	-	45.441.435	-	21.466.882	-	228.991	-	-	-	-	67.137.308
6 Exposures to corporates	330.804	-	668.282	-	10.125.570	-	7.986.459	-	-	-	-	19.111.115
7 Retail exposures	-	-	-	-	-	789.452	468.180	-	-	-	-	1.257.632
8 Exposures secured by residential property	-	-	-	76.481	-	3.115	-	-	-	-	-	79.596
9 Exposures secured by commercial real estate	-	-	-	-	685.271	5.267	16.440	-	-	-	-	706.978
10 Past-due loans	-	-	-	-	1.473	-	192	-	-	-	-	1.665
11 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	255.317	-	-	-	255.317
12 Investments made in collective investment companies	1.678	-	14.924	-	7.059	-	8.234	-	-	-	-	31.895
13 Investments in equities	-	-	-	-	-	-	15.777.819	-	-	2.069.922	-	17.847.741
14 Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total	330.496.592	-	46.124.641	76.481	32.505.021	797.834	26.236.978	255.317	-	2.069.922	-	438.562.786

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

Current Period													
Foundation IRB	PD Range	On-balance sheet amount	Off-balance sheet amount	Average CCF	Exposures post-CCF and CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density	Expected Loss	Provisions
Exposures to corporates	0-0,15	43.441.822	110.686.465	49,28%	97.987.514	0,07%	23.254	42,99%	1,78	19.303.394	19,70%	32.384	63.215
	0,15-0,25	6.639.529	16.698.206	49,43%	14.893.950	0,20%	34.051	42,42%	1,65	5.748.080	38,59%	13.731	17.430
	0,25-0,5	27.364.213	29.377.857	48,37%	41.573.064	0,36%	14.400	41,68%	1,90	21.227.119	51,06%	66.584	757.075
	0,5-0,75	18.411.114	16.108.956	52,85%	26.924.019	0,60%	18.428	42,74%	1,50	19.419.172	72,13%	72.521	32.754
	0,75-2,5	71.820.816	43.957.061	45,43%	91.789.158	1,45%	26.204	41,98%	1,68	87.556.262	95,39%	597.143	2.668.486
	2,5-10	35.609.836	40.935.117	38,17%	51.233.917	4,23%	14.974	41,31%	1,94	68.531.479	133,76%	975.595	783.737
	10-100	4.983.894	4.467.214	27,41%	6.208.319	18,75%	1.944	39,68%	1,87	12.113.052	195,11%	523.936	436.317
	100 (default)	17.390.940	834.742	20,37%	17.560.989	100,00%	5.901	39,31%	2,50	-	-	12.355.805	11.641.883
Sub Total		225.662.164	263.065.618	46,57%	348.170.930	6,50%	134.024	42,03%	1,85	233.898.558	67,18%	14.637.699	16.400.897
Current Period													
Advanced IRB	PD Range	On-balance sheet amount	Off-balance sheet amount	Average CCF	Exposures post-CCF and CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density	Expected Loss	Provisions
Qualifying Revolving Retail Exposures	0-0,15	16.741.392	52.855.661	51,93%	44.189.278	0,10%	1.041.229	46,85%	-	1.378.998	3,12%	20.029	7.123
	0,15-0,25	20.874.887	63.036.765	51,97%	53.633.195	0,19%	1.571.079	46,54%	-	2.962.067	5,52%	48.079	19.304
	0,25-0,5	6.720.255	14.416.595	52,17%	14.241.153	0,33%	423.323	46,44%	-	1.242.587	8,73%	22.029	8.679
	0,5-0,75	18.236.691	34.225.346	52,23%	36.113.366	0,64%	1.037.702	46,58%	-	5.360.706	14,84%	108.193	33.411
	0,75-2,5	24.787.047	41.437.785	52,32%	46.469.333	1,47%	1.700.604	45,97%	-	12.593.868	27,10%	313.754	118.062
	2,5-10	23.007.199	17.728.134	53,08%	32.417.347	5,07%	1.647.613	45,16%	-	20.221.889	62,38%	738.818	357.737
	10-100	3.658.650	915.629	54,28%	4.155.698	27,99%	364.658	42,83%	-	6.073.822	146,16%	501.999	235.328
	100 (default)	98.911	231	59,88%	99.050	100,00%	7.971	45,60%	-	631.724	637,79%	7.022	14.488
Sub Total		114.125.032	224.616.146	52,17%	231.318.420	1,74%	7.794.179	46,23%	-	50.465.661	21,82%	1.759.923	794.132
Retail SME Exposures	0-0,15	5.308.593	21.051.284	46,55%	15.108.504	0,09%	99.612	50,30%	-	1.822.396	12,10%	6.794	16.130
	0,15-0,25	4.548.890	8.148.485	47,07%	8.384.329	0,20%	137.887	49,46%	-	1.820.376	22,52%	8.026	16.675
	0,25-0,5	9.189.585	14.373.786	42,33%	15.273.602	0,35%	132.875	50,57%	-	4.796.976	31,69%	27.138	39.176
	0,5-0,75	7.025.754	6.128.236	45,15%	9.792.899	0,63%	117.068	50,20%	-	4.209.018	45,23%	29.249	39.254
	0,75-2,5	25.817.197	18.901.033	41,04%	33.573.957	1,47%	259.693	49,62%	-	20.392.785	61,59%	240.230	206.107
	2,5-10	18.546.918	7.953.249	40,04%	21.731.393	5,09%	189.516	49,54%	-	17.444.609	80,36%	540.404	350.209
	10-100	5.543.696	1.562.331	34,02%	6.075.205	20,20%	49.139	47,65%	-	6.536.763	107,40%	581.279	267.144
	100 (default)	2.275.312	586.928	22,51%	2.407.407	100,00%	45.767	80,25%	-	313.229	12,43%	1.907.652	2.642.034
Sub Total		78.255.945	78.705.332	43,32%	112.347.296	4,87%	853.531	50,43%	-	57.336.152	51,60%	3.340.772	3.576.729
Other Retail Exposures	0-0,15	2.566.536	5.734.240	83,93%	7.379.436	0,10%	1.233.664	56,53%	-	993.305	15,13%	3.597	6.227
	0,15-0,25	9.571.523	8.090.999	84,10%	16.375.717	0,19%	1.529.327	58,08%	-	3.700.735	27,08%	15.454	18.411
	0,25-0,5	3.404.616	2.862.028	84,36%	5.819.055	0,34%	476.430	58,54%	-	1.998.369	39,37%	10.136	9.738
	0,5-0,75	17.106.989	6.225.983	84,71%	22.381.192	0,65%	1.077.452	59,68%	-	12.915.776	63,36%	78.812	55.894
	0,75-2,5	32.705.745	7.493.677	85,43%	39.107.268	1,54%	1.534.539	60,17%	-	35.411.571	94,23%	347.787	221.429
	2,5-10	46.366.569	3.355.726	89,10%	49.356.589	5,50%	1.473.741	60,82%	-	62.872.098	128,54%	1.632.686	900.867
	10-100	10.957.707	127.177	113,59%	11.102.161	29,10%	268.302	61,42%	-	24.673.225	224,10%	1.969.150	921.685
	100 (default)	6.574.498	6.975	27,26%	6.576.399	100,00%	169.152	77,12%	-	3.333.004	50,38%	4.866.115	5.008.238
Sub Total		129.254.183	33.896.805	85,09%	158.097.817	9,03%	7.740.161	60,79%	-	145.898.083	98,41%	8.923.737	7.142.489
Retail Total		321.635.160	337.218.283	53,42%	501.763.533	4,53%	11.269.422	50,55%	-	253.699.896	50,56%	14.024.432	11.513.350
Other Items	Sub Total	75.021.643	-	-	75.021.643	-	2	-	-	56.612.049	75,41%	-	-

(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, 2023

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

Prior Period													
Foundation IRB	PD Range	On-balance sheet amount	Off-balance sheet amount	Average CCF	Exposures post-CCF and CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density	Expected Loss	Provisions
Exposures to corporates	0-0,15	4.151.643	18.285.835	48,54%	13.027.132	0,09%	19.049	43,76%	1,80	3.268.153	34,19%	5.473	9.830
	0,15-0,25	1.748.718	3.677.631	63,40%	4.080.427	0,17%	34.646	41,67%	1,77	1.508.440	36,97%	3.194	10.518
	0,25-0,5	28.419.474	30.929.880	46,24%	42.722.342	0,33%	15.178	42,20%	1,37	20.652.229	59,05%	64.235	72.594
	0,5-0,75	63.836.734	60.734.274	45,73%	91.848.786	0,62%	19.949	43,44%	1,46	66.441.988	82,03%	256.557	1.457.225
	0,75-2,5	55.846.780	44.964.614	42,22%	75.119.805	1,56%	23.492	41,71%	1,49	74.117.427	100,45%	528.659	1.188.716
	2,5-10	28.523.654	27.138.050	38,36%	38.992.401	5,05%	13.949	41,84%	1,73	54.951.415	137,77%	886.139	1.801.040
	10-100	2.489.407	4.122.871	21,53%	3.377.054	27,92%	1.830	42,34%	1,41	7.679.676	216,72%	424.266	169.620
	100 (default)	11.315.590	557.785	20,23%	11.428.425	100,00%	7.554	39,65%	2,50	894.949	-	8.524.860	8.109.345
Sub Total		196.332.000	190.410.940	43,95%	280.596.372	5,81%	135.647	42,39%	1,55	229.514.277	86,58%	10.693.383	12.818.888

Prior Period													
Advanced IRB	PD Range	On-balance sheet amount	Off-balance sheet amount	Average CCF	Exposures post-CCF and CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density	Expected Loss	Provisions
Qualifying Revolving Retail Exposures	0-0,15	11.481.540	26.700.133	26,86%	18.653.823	0,10%	977.686	44,21%	-	603.499	35,94%	7.980	3.836
	0,15-0,25	13.731.338	31.430.466	26,94%	22.197.979	0,19%	1.459.760	43,28%	-	1.238.256	38,39%	18.504	9.808
	0,25-0,5	4.614.859	7.757.258	27,83%	6.773.835	0,33%	432.008	43,33%	-	579.918	42,00%	9.810	5.564
	0,5-0,75	11.245.089	16.529.290	28,14%	15.895.869	0,64%	945.891	43,73%	-	2.320.766	46,25%	44.683	19.155
	0,75-2,5	15.647.502	21.631.895	27,89%	21.679.935	1,49%	1.605.773	42,45%	-	5.744.070	49,94%	136.978	67.879
	2,5-10	13.990.073	9.670.544	29,71%	16.863.465	5,14%	1.554.470	42,09%	-	8.559.913	68,55%	363.348	216.705
	10-100	2.185.421	572.404	32,69%	2.372.525	27,48%	342.761	38,93%	-	3.196.063	116,51%	257.092	138.084
	100 (default)	38.491	255	25,89%	38.557	100,00%	5.786	40,38%	-	260.116	392,34%	142	5.144
Sub Total		72.934.313	114.292.245	27,60%	104.475.988	1,98%	7.324.135	43,05%	-	22.502.601	48,55%	838.537	466.175
Retail SME Exposures	0-0,15	1.127.021	2.802.973	37,04%	2.165.217	0,10%	64.136	47,95%	-	299.854	32,22%	1.070	3.932
	0,15-0,25	6.541.891	10.972.378	53,23%	12.382.523	0,17%	141.691	49,24%	-	2.431.691	23,64%	10.583	37.907
	0,25-0,5	12.818.653	15.847.176	45,92%	20.096.339	0,37%	130.400	49,73%	-	6.297.904	32,16%	36.769	87.859
	0,5-0,75	9.487.490	8.771.337	41,98%	13.169.456	0,61%	123.153	49,52%	-	5.695.395	45,30%	39.912	78.495
	0,75-2,5	22.661.179	15.087.678	40,54%	28.777.984	1,47%	240.416	48,96%	-	17.417.618	61,01%	206.496	261.000
	2,5-10	15.219.038	6.287.484	37,37%	17.568.407	5,03%	175.733	48,42%	-	13.683.606	76,62%	427.018	304.485
	10-100	2.806.022	889.901	30,88%	3.080.867	18,75%	36.882	46,92%	-	3.236.009	101,44%	271.286	114.058
	100 (default)	3.010.771	591.341	21,44%	3.137.569	100,00%	55.013	80,62%	-	404.960	12,96%	2.498.888	3.421.306
Sub Total		73.672.065	61.250.268	43,60%	100.378.362	5,18%	967.424	50,03%	-	49.467.037	50,42%	3.492.022	4.309.042
Other Retail Exposures	0-0,15	976.024	4.203.450	81,40%	4.397.743	0,10%	1.092.070	56,40%	-	675.705	24,86%	2.391	4.166
	0,15-0,25	4.759.289	5.952.966	81,71%	9.623.703	0,19%	1.378.190	58,44%	-	2.697.916	46,99%	10.833	15.077
	0,25-0,5	2.053.921	2.630.257	82,12%	4.213.768	0,34%	482.587	58,67%	-	1.705.622	54,08%	8.475	8.901
	0,5-0,75	12.159.587	4.865.386	82,75%	16.185.667	0,65%	987.772	60,22%	-	10.741.070	80,20%	62.978	48.427
	0,75-2,5	26.958.674	6.154.708	83,88%	32.121.428	1,54%	1.470.401	60,54%	-	31.991.303	96,14%	300.057	190.067
	2,5-10	37.313.800	2.803.584	89,78%	39.830.822	5,36%	1.462.903	60,90%	-	54.816.083	109,76%	1.301.040	729.941
	10-100	8.040.243	101.145	133,11%	8.174.879	28,90%	255.511	61,49%	-	19.286.226	134,77%	1.456.962	769.316
	100 (default)	5.751.379	6.456	26,89%	5.753.115	100,00%	191.543	77,79%	-	1.864.682	17,75%	4.363.917	4.714.144
Sub Total		98.012.917	26.717.952	83,42%	120.301.125	9,05%	7.320.977	61,12%	-	123.778.607	89,37%	7.506.653	6.480.039
Retail Total		244.619.295	202.260.465	39,82%	325.155.475	5,58%	15.612.536	51,89%	-	195.748.245	64,23%	11.837.212	11.255.256
Other Items	Sub Total	57.251.381	-	-	57.251.381	-	2	-	-	44.684.396	77,99%	-	-

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2023**

(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	236.657.503	236.657.503
6 Exposures to corporates - Advanced IRB	-	-
7 Specialised Lending - Foundation IRB	-	-
8 Specialised Lending - Advanced IRB	104.859.902	104.859.902
9 Retail exposures - Qualifying revolving	50.465.661	50.465.661
10 Retail exposures - secured by real estate	3.920.175	3.920.175
11 Retail exposures - SME	56.230.941	56.230.941
12 Retail Exposures - Other	143.083.135	143.083.135
13 Investments in equities - Foundation IRB	-	-
14 Investments in equities - Advanced IRB	-	-
15 Purchased Receivables - Foundation IRB	-	-
16 Purchased Receivables - Advanced IRB	-	-
17 Other Items - Advanced IRB	56.612.049	56.612.049
Total	651.829.366	651.829.366

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	232.301.612	232.301.612
6 Exposures to corporates - Advanced IRB	-	-
7 Specialised Lending - Foundation IRB	-	-
8 Specialised Lending - Advanced IRB	88.601.685	88.601.685
9 Retail exposures - Qualifying revolving	22.502.601	22.502.601
10 Retail exposures - secured by real estate	-	-
11 Retail exposures - SME	49.482.874	49.482.874
12 Retail Exposures - Other	123.778.607	123.778.607
13 Investments in equities - Foundation IRB	-	-
14 Investments in equities - Advanced IRB	-	-
15 Purchased Receivables - Foundation IRB	-	-
16 Purchased Receivables - Advanced IRB	-	-
17 Other Items - Advanced IRB	44.684.396	44.684.396
Total	561.351.775	561.351.775

2.1.9. RWA movement table under IRB approach⁽¹⁾

	Current Period	Prior Period
1 Previous Period Closing Amount	557.918.843	307.443.458
2 Changes in Volume	57.556.393	150.413.143
3 Changes in Asset Quality	16.481.663	13.044.144
4 Model Updates	(36.176.926)	(198.188)
5 Policy and Regulatory Changes	52.849.372	87.216.286
6 Purchasing and Selling	-	-
7 FX Difference	-	-
8 Other	-	-
9 Current Period Closing Amount	648.629.345	557.918.843

(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)

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2023

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

2.1.10.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	-	-	-	50%	-	-	-	-	-	-	-	-
	≥2.5 years	10.756.882	1.208.602	-	70%	10.756.885	-	-	246.961	11.003.846	7.702.692	-	44.015
Good	<2.5 years	5.191.698	1.866.050	304.634	70%	5.334.398	36.630	-	506.611	5.877.639	3.901.104	213.243	23.511
	≥2.5 years	31.208.548	9.509.852	247.020	90%	37.549.688	345.816	-	-	37.895.504	33.883.636	222.318	303.164
Satisfactory		32.891.169	2.104.814	4.782	115%	30.907.095	1.236.313	-	1.591.874	33.735.282	38.790.075	5.499	944.588
Weak		8.052.713	18.698	-	250%	8.056.534	-	-	-	8.056.534	20.141.335	-	644.523
Default		-	25.500	-	-	5.211	-	-	-	5.211	-	-	2.605
Total		88.101.010	14.733.516	556.436	-	92.609.811	1.618.759	-	2.345.446	96.574.016	104.418.842	441.060	1.962.406

Prior Period													
Specialised Lendings													
Besides High-volatility Commercial Real Estates													
Risk Amount											RWA Amount		Expected Losses
Category	Remaining Maturity	On-balance sheet amount	Off-balance sheet amount	Counterparty credit risk	Risk Weight	Project Finance	Object Finance	Commodities Finance	Income Producing Real Estate	Total	Credit Risk	Counter Party Credit Risk	
Strong	<2.5 years	-	-	163.673	50%	162.226	-	-	1.447	163.673	-	81.837	-
	≥2.5 years	8.516.500	1.641.022	154.458	70%	8.934.533	-	-	67.521	9.002.054	6.193.317	108.121	36.008
Good	<2.5 years	6.768.998	986.608	219.451	70%	5.944.431	725.674	-	517.403	7.187.508	4.877.640	153.616	28.750
	≥2.5 years	24.154.360	8.095.026	216.571	90%	29.027.733	120.788	-	-	29.148.521	26.038.755	194.914	233.188
Satisfactory		28.529.920	1.822.114	79.367	115%	23.654.872	100.667	-	5.434.894	29.190.433	33.477.728	91.273	817.332
Weak		6.605.757	832.649	-	250%	6.489.341	-	-	284.412	6.773.753	17.384.485	-	497.697
Default		-	34.798	-	-	7.021	-	-	-	7.021	-	-	3.510
Total		74.575.535	13.412.217	833.520	-	74.220.157	947.129	-	6.305.677	81.472.963	87.971.925	629.761	1.616.485

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2023**

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

2.1.11. 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	26.670.504	-	-	1,4	26.670.504	6.029.931
2 Internal Model Approach						
3 Simplified Standardised Approach for Credit Risk Mitigation						
4 Comprehensive Method for Credit Risk Mitigation					5.652.705	1.407.517
5 Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions						
Total						7.437.448

Prior Period	Revaluation Cost	Potential credit risk exposure	EEPE⁽¹⁾	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1 Standard Approach-CCR	14.730.636	-	-	1,4	14.730.636	7.541.896
2 Internal Model Approach						
3 Simplified Standardised Approach for Credit Risk Mitigation						
4 Comprehensive Method for Credit Risk Mitigation					3.776.098	1.562.017
5 Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions						
Total						9.103.913

(1) Effective expected positive exposure

2.1.12. Credit valuation adjustment (CVA) capital charge

	Current Period		Prior Period	
	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
Total portfolio value with comprehensive approach CVA capital adequacy	-	-	-	-
1 (i) Value at risk component (including 3*multiplier)	-	-	-	-
2 (ii) Stressed Value at Risk (including 3*multiplier)	-	-	-	-
3 All portfolios subject to Standardised CVA capital obligation	26.670.504	5.522.089	14.730.636	3.881.193
Total amount of CVA capital adequacy	26.670.504	5.522.089	14.730.636	3.881.193

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2023**

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

2.1.13. 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	15.489.946	-	-	-	-	-	-	-	-	-	-	15.489.946
2 Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-	-	-
3 Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-	-	-	-
4 Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-	-	-
5 Banks and Intermediary Institutions receivables	-	-	-	-	8.407.369	-	3.993.248	-	422.856	-	-	12.823.473
6 Corporate receivables	-	-	-	-	369	-	11.382	-	130.607	-	-	142.358
7 Retail receivables	-	-	-	-	-	-	-	135	-	-	-	135
8 Mortgage receivables	-	-	-	-	-	-	-	-	-	-	-	-
9 Non performing receivables	-	-	-	-	-	-	-	-	-	-	-	-
10 High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity investments	-	-	-	-	-	-	-	-	-	-	-	-
12 Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total	15.489.946	-	-	-	8.407.738	-	4.004.630	135	553.463	-	-	28.455.912

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	1.850.855	-	-	-	-	-	-	-	-	-	-	1.850.855
2 Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-	-	-
3 Administrative and non commercial receivables	-	-	-	-	-	-	-	-	4.993	-	-	4.993
4 Multilateral Development Bank receivables	-	-	-	-	-	-	-	-	-	-	-	-
5 Banks and Intermediary Institutions receivables	-	128.315	6.158.654	-	3.332.689	-	7.326.877	-	207.665	-	-	17.154.200
6 Corporate receivables	-	-	-	-	4.562	-	33.331	-	572.321	-	-	610.214
7 Retail receivables	-	-	-	-	-	-	-	717.930	-	-	-	717.930
8 Mortgage receivables	-	-	-	-	-	-	-	-	-	-	-	-
9 Non performing receivables	-	-	-	-	-	-	-	-	-	-	-	-
10 High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity investments	-	-	-	-	-	-	-	-	-	-	-	-
12 Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Total	1.850.855	128.315	6.158.654	-	3.337.251	-	7.360.208	717.930	784.979	-	-	20.338.192

(1) 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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Notes to unconsolidated financial statements as of June 30, 2023

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

2.1.14. Counterparty Credit Risk Amounts by Portfolio and PD Ranges

Current Period										
Foundation IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density		
Exposures to corporates	0-0,15	1.002.519	0,09%	35	44,54%	2,01	234.384	23,38%		
	0,15-0,25	11.793	0,21%	6	44,97%	1,01	3.819	32,38%		
	0,25-0,5	140.126	0,38%	16	44,99%	3,45	97.396	69,51%		
	0,5-0,75	293.216	0,62%	5	45,00%	1,46	190.533	64,98%		
	0,75-2,5	1.522.020	1,67%	33	45,00%	1,80	1.582.981	104,01%		
	2,5-10	341.012	7,91%	6	45,00%	3,27	649.832	190,56		
	10-100	-	-	-	-	-	-	-		
	100 (default)	10	100,00%	1	-	-	-	-		
	Sub Total		3.310.696	1,68%	102	44,86%	2,17	2.758.945	83,33%	

Advanced IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density		
Qualifying Revolving Retail Exposures	0-0,15	-	-	-	-	-	-	-		
	0,15-0,25	-	-	-	-	-	-	-		
	0,25-0,5	-	-	-	-	-	-	-		
	0,5-0,75	-	-	-	-	-	-	-		
	0,75-2,5	-	-	-	-	-	-	-		
	2,5-10	-	-	-	-	-	-	-		
	10-100	-	-	-	-	-	-	-		
	100 (default)	-	-	-	-	-	-	-		
Sub Total		-	-	-	-	-	-	-		
Retail SME Exposures	0-0,15	161	0,05%	1	55,01%	-	14	8,79%		
	0,15-0,25	-	0,21%	1	50,48%	-	-	22,09%		
	0,25-0,5	-	-	-	-	-	-	-		
	0,5-0,75	-	-	-	-	-	-	-		
	0,75-2,5	4	1,32%	1	50,48%	-	2	60,78%		
	2,5-10	-	-	-	-	-	-	-		
	10-100	-	-	-	-	-	-	-		
100 (default)	-	-	-	-	-	-	-			
Sub Total		165	0,08%	3	54,90%	-	16	9,99%		
Other Retail Exposures	0-0,15	-	-	-	-	-	-	-		
	0,15-0,25	-	-	-	-	-	-	-		
	0,25-0,5	-	-	-	-	-	-	-		
	0,5-0,75	-	-	-	-	-	-	-		
	0,75-2,5	-	-	-	-	-	-	-		
	2,5-10	-	-	-	-	-	-	-		
	10-100	-	-	-	-	-	-	-		
100 (default)	-	-	-	-	-	-	-			
Sub Total		-	-	-	-	-	-	-		
Total (All portfolios)		165	0,08%	3	54,90%	-	16	9,99%		

(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, 2023

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

Prior Period								
Foundation IRB	PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density
	0-0,15	125.759	0,12%	24	45,00%	1,00	27.684	22,01%
	0,15-0,25	17.104	0,17%	4	45,00%	1,00	3.903	22,82%
	0,25-0,5	556.721	0,33%	83	45,00%	1,54	274.284	49,27%
	0,5-0,75	1.508.874	0,64%	75	45,00%	1,66	1.076.068	71,32%
Exposures to corporates	0,75-2,5	1.290.668	1,51%	55	45,00%	1,65	1.276.796	98,93%
	2,5-10	76.443	7,94%	7	44,95%	1,00	128.033	167,49%
	10-100	262	14,86%	1	45,00%	1,00	567	216,70%
	100 (default)	-	-	-	-	-	-	-
	Sub Total	3.575.831	1,04%	249	45,00%	1,60	2.787.335	77,95%
Advanced IRB								
PD Range	Exposures post CRM	Average PD	Number of Customers	Average LGD	Average Maturity	Risk Weighted Assets	RWA Density	
	0-0,15	-	-	-	-	-	-	-
	0,15-0,25	-	-	-	-	-	-	-
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
Qualifying Revolving Retail Exposures	0,75-2,5	-	-	-	-	-	-	-
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Sub Total	-	-	-	-	-	-	-
	0-0,15	7.584	0,12%	7	50,70%	-	1.153	15,20%
	0,15-0,25	10.882	0,17%	24	52,65%	-	2.201	20,23%
	0,25-0,5	11.340	0,34%	20	48,16%	-	3.304	29,14%
	0,5-0,75	6.853	0,60%	12	48,21%	-	2.782	40,60%
Retail SME Exposures	0,75-2,5	7.963	1,63%	12	51,20%	-	5.216	65,50%
	2,5-10	1.538	3,88%	3	50,48%	-	1.180	76,74%
	10-100	-	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-	-
	Sub Total	46.160	0,64%	78	50,24%	-	15.836	34,31%
	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)	46.160	0,64%	78	50,24%	-	15.836	34,31%

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2023**

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

2.1.15. Composition of collateral for CCR exposure

	Collaterals for Derivatives Transactions				Collaterals or Other Transactions		
	Current Period		Collaterals Taken		Collaterals Given		
	Segregated	Unsegregated	Segregated	Unsegregated	Collaterals Taken	Collaterals Given	
1	Cash-domestic currency	-	-	-	-	14.160.369	-
2	Cash-foreign currency	-	-	-	-	14.317.700	-
3	Domestic sovereign debts	-	-	-	-	-	17.807.509
4	Other sovereign debt	-	-	-	-	-	19.490.411
5	Government agency debt	-	-	-	-	-	-
6	Corporate debts	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-
	Total	-	-	-	-	28.478.069	37.297.920

	Collaterals for Derivatives Transactions				Collaterals or Other Transactions		
	Prior Period		Collaterals Taken		Collaterals Given		
	Segregated	Unsegregated	Segregated	Unsegregated	Collaterals Taken	Collaterals Given	
1	Cash-domestic currency	-	-	-	-	18.496.136	-
2	Cash-foreign currency	-	-	-	-	5.473.263	-
3	Domestic sovereign debts	-	-	-	-	-	18.844.825
4	Other sovereign debt	-	-	-	-	-	8.714.900
5	Government agency debt	-	-	-	-	-	-
6	Corporate debts	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-
	Total	-	-	-	-	23.969.399	27.559.725

2.1.16. Credit derivatives exposures

	Current Period		Prior Period	
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
	Nominal			
Single-name credit default swaps	-	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	49.668.834	-	38.271.238
Credit Options	-	-	-	-
Other Credit Derivatives	-	-	-	-
Total Nominal	-	49.668.834	-	38.271.238
Rediscount Amount	-	(3.965.650)	-	(2.448.578)
Positive Rediscount Amount	-	618.371	-	788.608
Negative Rediscount Amount	-	(4.584.021)	-	(3.237.186)

2.1.17. Market risk under standardised approach

	Current Period	Prior Period
	Risk Weighted Asset	Risk Weighted Asset
Outright products	10.390.231	13.080.255
1 Interest rate risk (general and specific)	1.583.703	2.852.682
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	8.626.703	10.170.048
4 Commodity risk	179.825	57.525
Options	1.391.412	635.050
5 Simplified approach	-	-
6 Delta-plus method	1.391.412	635.050
7 Scenario approach	-	-
8 Securitisation	-	-
9 Total	11.781.643	13.715.305

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2023**

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

2.1.18. Exposures to central counterparties

	Current Period		Prior Period	
	Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
1 Exposure to Qualified Central Counterparties (QCCPs) (total)		418.437		248.912
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
3 (i) OTC Derivatives	8.809.609	347.897	6.286.969	248.912
4 (ii) Exchange-traded Derivatives	-	-	-	-
5 (iii) Securities financing transactions	3.362.050	67.241	-	-
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	164.950	3.299	-	-
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:	25,8231	28,1540
First day current bid rate	25,8231	28,1540
Second day current bid rate	25,2505	27,4579
Third day current bid rate	23,6239	25,9732
Fourth day current bid rate	23,5493	25,7113
Fifth day current bid rate	23,5770	25,7720
Arithmetic average of the last 30 days:	23,5728	25,5509
Balance sheet evaluation rate as of prior period:	18,6983	19,9349

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2023**

(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	50.089.263	69.494.243	25.606.141	145.189.647
Banks	1.171.554	25.143.416	850.317	27.165.287
Financial assets measured at fair value through profit or loss	33.733	2.113.484	-	2.147.217
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	175.350	25.699.749	-	25.875.099
Loans ⁽¹⁾	84.165.597	107.213.452	8.818.041	200.197.090
Investments in associates, subsidiaries and joint ventures	13.969.733	1.533.659	4.306.386	19.809.778
Financial assets measured at amortised cost	7.212.036	86.528.641	-	93.740.677
Hedging derivative financial assets	581.727	2.930.835	-	3.512.562
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets ⁽²⁾	6.254.383	27.556.080	1.895.007	35.705.470
Total assets	163.653.376	348.213.559	41.475.892	553.342.827
Liabilities				
Bank deposits	858.285	1.985.406	1.637.258	4.480.949
Foreign currency deposits	113.960.751	172.503.308	63.654.464	350.118.523
Funds from money market	4.299.043	15.592.982	-	19.892.025
Funds borrowed from other financial institutions	32.938.405	53.304.193	-	86.242.598
Marketable securities issued	283.400	26.237.809	8.661.530	35.182.739
Miscellaneous payables	4.203.987	721.924	14.272	4.940.183
Hedging derivative financial liabilities	-	-	-	-
Other liabilities ⁽³⁾	8.028.894	93.553.108	48.103	101.630.105
Total liabilities	164.572.765	363.898.730	74.015.627	602.487.122
Net on-balance sheet position	(919.389)	(15.685.171)	(32.539.735)	(49.144.295)
Net off-balance sheet position⁽⁵⁾	1.590.490	18.409.158	36.949.873	56.949.521
Financial derivative assets	14.608.785	65.796.508	38.849.326	119.254.619
Financial derivative liabilities	13.018.295	47.387.350	1.899.453	62.305.098
Net Position	671.101	2.723.987	4.410.138	7.805.226
Non-cash loans	88.232.090	84.391.388	10.730.249	183.353.727
Prior Period				
Total assets	134.837.408	259.394.816	30.323.387	424.555.611
Total liabilities	135.175.623	306.341.918	44.047.378	485.564.919
Net on-balance sheet position	(338.215)	(46.947.102)	(13.723.991)	(61.009.308)
Net off-balance sheet position	979.612	37.290.465	16.652.092	54.922.169
Financial derivative assets	21.532.349	115.122.440	18.587.009	155.241.798
Financial derivative liabilities	20.552.737	77.831.975	1.934.917	100.319.629
Net Position	641.397	(9.656.637)	2.928.101	(6.087.139)
Non-cash loans	68.264.361	65.819.518	9.487.407	143.571.286

(1) Includes FX indexed loans amounting to TL 154.704 (December 31, 2022 - TL 166.285) which have been disclosed as TL in the financial statements.

(2) Does not include foreign currency prepaid expenses amounting to TL 1.527.010 (December 31, 2022 - TL 1.036.303).

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

(4) Other FC column includes also gold balance.

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

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

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2023**

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

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	-	-	-	-	-	167.586.406	167.586.406
Banks	4.744.550	-	-	-	-	26.830.410	31.574.960
Financial assets measured at fair value through profit or loss	6.175	1.084.136	5.894	159.353	303.236	612.428	2.171.222
Receivables from money markets	8.869.037	-	-	-	-	-	8.869.037
Financial assets measured at fair value through other comprehensive income	11.144.225	18.688.639	15.122.066	14.842.929	25.699.589	124.965	85.622.413
Loans ⁽¹⁾	174.904.678	125.044.310	238.864.795	126.775.036	37.299.469	(12.775.665)	690.112.623
Financial assets measured at amortised cost	55.526.955	23.646.877	14.662.682	51.311.006	88.969.049	-	234.116.569
Other assets	3.866.805	8.102.544	4.246.358	8.762.977	5.278.567	127.858.491	158.115.742
Total assets	259.062.425	176.566.506	272.901.795	201.851.301	157.549.910	310.237.035	1.378.168.972
Liabilities							
Bank deposits	3.900.679	3.806.983	6.121.128	20.867	-	1.612.195	15.461.852
Other deposits	309.743.184	195.421.059	6.804.988	15.162	-	375.925.406	887.909.799
Funds from money market	27.360.845	4.301.669	1.398.878	-	-	-	33.061.392
Miscellaneous payables	-	-	-	-	-	43.077.518	43.077.518
Marketable securities issued	4.251.026	6.118.472	17.509.698	14.451.224	-	-	42.330.420
Funds borrowed from other financial institutions	5.349.099	53.045.673	26.556.438	1.674.721	267.081	-	86.893.012
Other liabilities ⁽²⁾	3.172.299	50.075.458	30.046.333	16.256.914	5.333.416	164.550.559	269.434.979
Total liabilities	353.777.132	312.769.314	88.437.463	32.418.888	5.600.497	585.165.678	1.378.168.972
Balance sheet long position	-	-	184.464.332	169.432.413	151.949.413	-	505.846.158
Balance sheet short position	(94.714.707)	(136.202.808)	-	-	-	(274.928.643)	(505.846.158)
Off-balance sheet long position	13.767.500	33.229.123	-	-	-	-	46.996.623
Off-balance sheet short position	-	-	(4.005.614)	(19.182.211)	(13.617.818)	-	(36.805.643)
Total position	(80.947.207)	(102.973.685)	180.458.718	150.250.202	138.331.595	(274.928.643)	10.190.980
Prior Period							
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	2.990.650	-	-	-	-	140.905.480	143.896.130
Banks	4.302.402	1.515.978	-	-	-	20.587.586	26.405.966
Financial assets measured at fair value through profit or loss	-	785.794	20.156	127.463	212.054	419.990	1.565.457
Receivables from money markets	2.461.599	-	-	-	-	-	2.461.599
Financial assets measured at fair value through other comprehensive income	10.342.408	18.374.292	19.981.834	13.061.194	15.477.650	106.375	77.343.753
Loans ⁽¹⁾	121.266.566	115.950.167	203.086.731	119.187.906	25.889.845	(14.934.044)	570.447.171
Financial assets measured at amortised cost	47.403.578	21.317.824	12.593.488	25.816.383	56.169.325	-	163.300.598
Other assets	1.523.180	2.725.701	2.052.369	8.371.026	3.884.915	104.115.728	122.672.919
Total assets	190.290.383	160.669.756	237.734.578	166.563.972	101.633.789	251.201.115	1.108.093.593
Liabilities							
Bank deposits	2.616.798	2.582.968	3.914.800	47.571	-	1.236.609	10.398.746
Other deposits	253.255.745	115.690.393	20.076.279	22.215	-	273.321.940	662.366.572
Funds from money market	30.029.851	5.484.635	-	-	-	-	35.514.486
Miscellaneous payables	-	-	-	-	-	42.477.010	42.477.010
Marketable securities issued	1.854.351	14.010.582	24.675.391	-	-	-	40.540.324
Funds borrowed from other financial institutions	17.101.017	26.823.141	24.397.752	1.578.836	147.674	-	70.048.420
Other liabilities ⁽²⁾	13.383.237	39.873.508	10.105.754	25.280.384	3.614.406	154.490.746	246.748.035
Total liabilities	318.240.999	204.465.227	83.169.976	26.929.006	3.762.080	471.526.305	1.108.093.593
Balance sheet long position	-	-	154.564.602	139.634.966	97.871.709	-	392.071.277
Balance sheet short position	(127.950.616)	(43.795.471)	-	-	-	(220.325.190)	(392.071.277)
Off-balance sheet long position	21.899.104	41.553.407	-	-	-	-	63.452.511
Off-balance sheet short position	-	-	(18.802.958)	(33.692.067)	(10.384.551)	-	(62.879.576)
Total position	(106.051.512)	(2.242.064)	135.761.644	105.942.899	87.487.158	(220.325.190)	572.935

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

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

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2023**

(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	-	-	-	16,16
Financial assets measured at fair value through profit or loss	5,97	5,61	-	-
Receivables from money markets	-	-	-	16,55
Financial assets measured at fair value through other comprehensive income	4,12	7,82	-	28,09
Loans	8,03	9,04	-	24,88
Financial assets measured at amortised cost	4,32	6,47	-	29,19
Liabilities				
Bank deposits ⁽¹⁾	3,02	4,65	-	8,36
Other deposits ⁽¹⁾	0,03	0,17	-	16,54
Funds from money market	5,26	4,99	-	7,24
Miscellaneous payables	-	-	-	-
Marketable securities issued	5,00	7,07	-	30,60
Funds borrowed from other financial institutions	6,88	7,50	-	14,36
Prior Period				
	EUR	USD	Yen	TL
	%	%	%	%
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	2,50	-	-	-
Banks	-	-	-	10,05
Financial assets measured at fair value through profit or loss	4,80	5,38	-	-
Receivables from money markets	-	-	-	11,86
Financial assets measured at fair value through other comprehensive income	3,32	7,59	-	48,75
Loans	6,62	8,46	-	22,83
Financial assets measured at amortised cost	4,32	6,42	-	53,69
Liabilities				
Bank deposits ⁽¹⁾	-	3,05	-	8,63
Other deposits ⁽¹⁾	0,10	0,84	-	8,16
Funds from money market	3,37	4,43	-	8,07
Miscellaneous payables	-	-	-	-
Marketable securities issued	5,53	6,78	-	20,85
Funds borrowed from other financial institutions	4,22	5,90	-	11,05

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

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

None.

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.

Yapı ve Kredi Bankası A.Ş.

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

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

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

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

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

"Liquidity Contingency Plan" is applied if the 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 66% (December 31, 2022 - 61%) of total liabilities of the Bank and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated loans/debts.

The Bank calculates and reports the LCR in full compliance with the regulations. LCR is a metric measuring the adequacy of unencumbered free liquid assets owned by banks (called high quality liquid assets) to meet expected net cash outflows over the next 30 days. The metric is an important Basel regulation that measures short-term liquidity and is closely monitored in the Bank. In addition to LCR, the Bank has also measures the Net Stable Funding Rate (NSFR), which is considered another complementary element and provides another important medium / long-term liquidity risk measurement. In accordance with the Regulation on Calculation of Banks' Net Stable Funding Ratio, published in the Official Gazette dated May 26, 2023 and numbered 32202, the relevant metric has started to be followed up within the framework of legal regulations. These two metrics are also included within the Risk Appetite Indicators and closely monitored at the Bank.

High quality liquid assets mentioned in LCR calculation consist of cash, effective money, Central Bank of the Republic of Turkey ("CBRT") accounts and reserves and government bonds issued by Treasury of the Republic of Turkey treated as high quality liquid assets.

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

Secured funding consists of repo and other secured borrowings. A large part of securities which are 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.

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All cash inflow and outflow items related to liquidity profile of the Bank are included in liquidity coverage ratio tables below for the last three months.

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

	Unweighted Amounts		Weighted Amounts	
	TL+FC	FC	TL+FC	FC
Current Period				
High Quality Liquid Assets				
High Quality Liquid Assets			287.695.997	138.603.497
Cash Outflows				
Retail and Small Business Customers Deposits	554.922.580	211.049.518	48.825.208	20.745.001
Stable deposits	133.341.003	7.199.005	6.667.050	359.950
Less stable deposits	421.581.577	203.850.513	42.158.158	20.385.051
Unsecured Funding other than Retail and Small Business Customers Deposits	261.481.354	102.012.674	151.054.279	55.081.989
Operational deposits	-	-	-	-
Non-Operational deposits	198.503.079	84.157.387	98.098.112	37.226.702
Other Unsecured funding	62.978.275	17.855.287	52.956.167	17.855.287
Secured funding	-	-	-	-
Other Cash Outflows	3.420.605	3.420.605	3.420.605	3.420.605
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.420.605	3.420.605	3.420.605	3.420.605
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	310.837.061	150.465.142	15.541.853	7.523.257
Other irrevocable or conditionally revocable commitments	396.719.924	45.405.873	30.468.404	6.355.629
Total Cash Outflows			249.310.349	93.126.481
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	95.078.824	34.571.784	65.296.853	30.772.698
Other contractual cash inflows	98.222	30.957.592	98.222	30.957.592
Total Cash Inflows	95.177.046	65.529.376	65.395.075	61.730.290
			Capped Amounts	
Total High Quality Liquid Assets			287.695.997	138.603.497
Total Net Cash Outflows			183.915.274	31.396.191
Liquidity Coverage Ratio (%)			156,43	441,47

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

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(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			266.153.547	124.356.546
Cash Outflows				
Retail and Small Business Customers Deposits	389.873.368	183.435.928	35.577.660	18.288.074
Stable deposits	68.193.537	1.110.375	3.409.677	55.519
Less stable deposits	321.679.831	182.325.553	32.167.983	18.232.555
Unsecured Funding other than Retail and Small Business Customers Deposits	261.677.790	125.587.430	151.543.591	68.178.012
Operational deposits	-	-	-	-
Non-Operational deposits	199.994.518	101.394.587	98.399.319	43.985.169
Other Unsecured funding	61.683.272	24.192.843	53.144.272	24.192.843
Secured funding	-	-	78.922	78.922
Other Cash Outflows	3.473.170	3.473.170	3.473.170	3.473.170
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.473.170	3.473.170	3.473.170	3.473.170
Debts related to the structured financial products	-	-	-	-
Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	258.428.718	144.633.170	12.921.436	7.231.659
Other irrevocable or conditionally revocable commitments	245.169.276	36.462.264	21.536.223	5.412.562
Total Cash Outflows			225.131.002	102.662.399
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	67.664.131	31.860.507	49.727.167	29.074.061
Other Contractual Cash Inflows	8.504	76.793.835	8.504	76.793.835
Total Cash Inflows	67.672.635	108.654.342	49.735.671	105.867.896
			Capped Amounts	
Total High Quality Liquid Assets			266.153.547	124.356.546
Total Net Cash Outflows			175.395.331	25.665.600
Liquidity Coverage Ratio (%)			151,74	484,53

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

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

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

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Breakdown of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unclassified	Total
Assets								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	91.249.103	76.337.303	-	-	-	-	-	167.586.406
Banks	26.830.410	4.744.550	-	-	-	-	-	31.574.960
Financial assets measured at fair value through profit or loss	24.005	6.175	-	5.894	159.353	1.387.372	588.423	2.171.222
Receivables from money markets	-	8.869.037	-	-	-	-	-	8.869.037
Financial assets measured at fair value through other comprehensive income	-	2.290	632.413	5.133.726	39.167.499	40.561.520	124.965	85.622.413
Loans ⁽¹⁾	-	163.870.127	117.051.650	210.027.324	162.194.544	49.744.643	(12.775.665)	690.112.623
Financial assets measured at amortised cost	-	-	4.904.862	7.985.665	125.142.145	96.083.897	-	234.116.569
Other assets	58.020.016	3.460.411	9.551.881	2.417.270	9.448.832	5.378.857	69.838.475	158.115.742
Total assets	176.123.534	257.289.893	132.140.806	225.569.879	336.112.373	193.156.289	57.776.198	1.378.168.972
Liabilities								
Bank deposits	1.612.195	3.900.679	3.806.983	6.121.128	20.867	-	-	15.461.852
Other deposits	375.925.406	309.743.184	195.421.059	6.804.988	15.162	-	-	887.909.799
Funds borrowed from other financial institutions	-	3.607.243	8.901.289	53.683.383	20.164.762	536.335	-	86.893.012
Funds from money market	-	27.360.845	4.301.669	1.398.878	-	-	-	33.061.392
Marketable securities issued	-	4.251.026	6.118.472	17.509.698	14.451.224	-	-	42.330.420
Miscellaneous payables	279.830	41.326.750	559.954	-	-	-	910.984	43.077.518
Other liabilities ⁽²⁾	12.745.954	1.853.089	4.672.578	34.520.582	34.207.488	35.469.183	145.966.105	269.434.979
Total liabilities	390.563.385	392.042.816	223.782.004	120.038.657	68.859.503	36.005.518	146.877.089	1.378.168.972
Net liquidity gap	(214.439.851)	(134.752.923)	(91.641.198)	105.531.222	267.252.870	157.150.771	(89.100.891)	-
Net Off-Balance Sheet Position	-	1.389.505	5.207.405	(408.347)	414.307	3.588.110	-	10.190.980
Derivative Financial Assets	-	71.853.533	58.265.661	42.104.813	133.313.906	88.593.500	-	394.131.413
Derivative Financial Liabilities	-	70.464.028	53.058.256	42.513.160	132.899.599	85.005.390	-	383.940.433
Non-Cash Loans	-	14.557.002	32.682.365	141.100.860	47.696.775	14.373.965	69.726.202	320.137.169
Prior Period								
Total assets	148.596.036	182.103.767	100.035.927	210.801.247	259.667.039	163.290.831	43.598.746	1.108.093.593
Total liabilities	286.453.990	347.883.406	158.534.418	89.839.348	63.222.927	28.029.194	134.130.310	1.108.093.593
Net liquidity gap	(137.857.954)	(165.779.639)	(58.498.491)	120.961.899	196.444.112	135.261.637	(90.531.564)	-
Net Off-Balance Sheet Position	-	323.517	(461.678)	(2.326.522)	199.329	2.838.289	-	572.935
Derivative Financial Assets	-	107.816.647	96.510.990	54.588.952	101.477.240	71.544.105	-	431.937.934
Derivative Financial Liabilities	-	107.493.130	96.972.668	56.915.474	101.277.911	68.705.816	-	431.364.999
Non-Cash Loans	-	8.854.872	25.285.755	110.013.625	31.860.733	12.551.216	54.982.270	243.548.471

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

(2) Shareholders' equity is presented under the "Other liabilities" item in the "Unclassified" column.

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7. Explanations on leverage ratio:

When comparing current and prior period, the main reason for decrease in leverage ratio is the increase in total exposure.

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
On-Balance sheet exposures		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	1.283.236.211	1.082.697.707
(Asset amounts deducted in determining Tier 1 capital)	(11.183.151)	(8.560.613)
Total on-Balance sheet exposures	1.272.053.060	1.074.137.094
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	15.715.562	11.847.994
Potential credit risk of derivative financial instruments and credit derivatives	4.334.998	4.486.744
Total derivative financial instruments and credit derivatives exposure	20.050.560	16.334.738
Securities financing transaction exposure		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	3.859.434	1.425.925
Agent transaction exposures	-	-
Total securities financing transaction exposures	3.859.434	1.425.925
Off-balance sheet items		
Off-balance sheet exposure at gross notional amount	757.306.640	543.644.296
(Adjustments for conversion to credit equivalent amounts)	(59.229.678)	(46.862.850)
Total risk of off-balance sheet items	698.076.962	496.781.446
Capital and total exposure		
Tier 1 capital	143.835.905	129.253.872
Total exposures	1.994.040.016	1.588.679.203
Leverage ratio (%)	7,22	8,13

(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 measured at fair value through profit or loss"; if the fair value is negative, it is classified under "Derivative financial liabilities at fair value through profit or loss".

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

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

Contractual amounts and the fair values of these hedging instruments as of June 30, 2023, are presented in the table below:

Hedging instrument	Current Period			Prior Period		
	Notional ⁽¹⁾	Asset	Liability	Notional ⁽¹⁾	Asset	Liability
Interest rate swap / Currency swap / Cross currency interest rate swap (CFH)	41.355.391	7.142.410	-	58.891.229	7.357.997	32.350
Interest rate swap / Cross currency interest rate swap (FVH)	-	-	-	1.664.564	-	1.380.313
Total	41.355.391	7.142.410	-	60.555.793	7.357.997	1.412.663

(1) Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 41.355.391 (December 31, 2022 - TL 59.161.370) the total notional of derivative financial assets amounting to TL 82.710.782 (December 31, 2022 - TL 119.717.163) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

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

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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	-	-	-	(12.725)

Prior Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item ⁽¹⁾	Net fair value of the hedging instrument ⁽²⁾		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) ⁽³⁾
				Asset	Liability	
Interest rate swap / Cross currency interest rate swaps	Some of fixed interest loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	(12.725)	-	1.380.313	14.827

(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) There is no ineffective portion of the mentioned hedging transaction (June 30, 2022 - TL 12.658 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 or loss accounts with the straight line method within the remaining maturity.

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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	7.142.410	-	4.477.706	(901.844)

Prior Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds ⁽¹⁾	Net gain/(loss) reclassified to equity ⁽²⁾⁽³⁾
			Asset	Liability		
Interest rate swaps/ Cross currency interest rate swap	Customer deposits, borrowings and repos	Cash flow risk due to the changes in the interest rates	7.357.997	32.350	5.379.550	3.046.675

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 480.460 gain (June 30, 2022–TL 189.531 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 or 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, 2023 is EUR 496 million (December 31, 2022 - EUR 469 million).

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

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

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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.

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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	19.725.615	5.667.492	17.194.971	18.375.445	60.963.523
Operating expenses	(10.539.684)	(5.153.105)	(3.019.231)	(15.661.923)	(34.373.943)
Net operating income / (expense)	9.185.931	514.387	14.175.740	2.713.522	26.589.580
Dividend income ⁽¹⁾	-	-	-	2.462	2.462
Income/(loss) from investments accounted based on equity method ⁽¹⁾	-	-	-	3.428.805	3.428.805
Profit before tax	9.185.931	514.387	14.175.740	6.144.789	30.020.847
Tax provision expense ⁽¹⁾	-	-	-	(5.904.376)	(5.904.376)
Net period income	9.185.931	514.387	14.175.740	240.413	24.116.471
Net profit	9.185.931	514.387	14.175.740	240.413	24.116.471
Segment asset	297.405.453	174.124.509	194.310.434	682.874.153	1.348.714.549
Investments in associates, subsidiaries and joint ventures	-	-	-	29.454.423	29.454.423
Total assets	297.405.453	174.124.509	194.310.434	712.328.576	1.378.168.972
Segment liabilities	541.988.848	76.855.160	216.939.160	403.140.827	1.238.923.995
Shareholders' equity	-	-	-	139.244.977	139.244.977
Total liabilities	541.988.848	76.855.160	216.939.160	542.385.804	1.378.168.972

Prior Period⁽²⁾	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	24.539.990	41.971.650
Operating expenses	(5.420.022)	(2.536.633)	(3.345.869)	(7.855.021)	(19.157.545)
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	217.869.975	156.371.313	177.308.065	535.695.783	1.087.245.136
Investments in associates, subsidiaries and joint ventures	-	-	-	20.848.457	20.848.457
Total assets	217.869.975	156.371.313	177.308.065	556.544.240	1.108.093.593
Segment liabilities	379.459.917	95.131.222	161.940.658	345.305.406	981.837.203
Shareholders' equity	-	-	-	126.256.390	126.256.390
Total liabilities	379.459.917	95.131.222	161.940.658	471.561.796	1.108.093.593

(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, 2022.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2023

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

Section Five - Explanations and notes related to unconsolidated financial statements

1. Explanations and notes related to assets

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

1.1.1. Information on cash and the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	3.591.699	19.879.929	2.606.269	10.318.674
The CBRT ⁽¹⁾	18.805.060	125.309.470	33.129.765	97.841.163
Other	-	248	-	259
Total	22.396.759	145.189.647	35.736.034	108.160.096

(1) The balance of gold amounting to TL 23.247.659 is accounted for under the Central Bank foreign currency account (December 31, 2022 – TL 14.779.986).

1.1.2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount ⁽¹⁾	18.805.060	48.972.167	33.129.765	35.844.180
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	2.990.650
Reserve requirement ⁽²⁾	-	76.337.303	-	59.006.333
Total	18.805.060	125.309.470	33.129.765	97.841.163

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

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

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

The Bank has financial assets at fair value through profit and loss subject to repo transactions and given as collateral/blocked amounts to TL 1.084.136 (December 31, 2022 - TL 780.236).

1.3. Information on derivative financial assets:

1.3.1. Positive differences related to derivative financial assets held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	2.606.654	23.479	1.034.624	3.889
Swap transactions	12.274.194	5.976.416	5.262.254	3.702.838
Futures transactions	36.010	-	23.185	-
Options	-	77.563	279.107	893.297
Other	-	-	-	-
Total	14.916.858	6.077.458	6.599.170	4.600.024

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges ⁽¹⁾	-	-	-	-
Cash flow hedges ⁽¹⁾	3.629.848	3.512.562	3.658.070	3.699.927
Hedges for investments made in foreign countries	-	-	-	-
Total	3.629.848	3.512.562	3.658.070	3.699.927

(1) Explained in Note 8 of section 4.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2023

(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	4.409.673	26.214	4.303.372	13.446
Foreign	-	27.139.073	-	22.089.148
Head quarters and branches abroad	-	-	-	-
Total	4.409.673	27.165.287	4.303.372	22.102.594

1.4.2. Information on money markets receivables:

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

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

As of June 30, 2023 financial assets at fair value through other comprehensive income given as repo transactions amounts to TL 4.561.193 (December 31, 2022 - TL 827.520). The securities, subject to collateral/blocked are TL 35.713.899 (December 31, 2022 - TL 28.421.698) of which blocked at the CBRT is TL 10.898.444 (December 31, 2022 - TL 12.534.283).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt securities	88.055.744		78.495.183	
Quoted on stock exchange	86.157.674		76.718.482	
Not quoted	1.898.070		1.776.701	
Share certificates	169.242		70.343	
Quoted on stock exchange	-		-	
Not quoted	169.242		70.343	
Impairment provision (-) ⁽¹⁾	2.602.573		1.221.773	
Total	85.622.413		77.343.753	

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

1.7. Explanations on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	107.555	1.156.370	107.694	903.139
Loans granted to employees	626.355	29	478.328	29
Total	733.910	1.156.399	586.022	903.168

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2023**

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

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

Cash Loans	Standard Loans	Loans under close monitoring		
		Not under the scope of restructuring	Loans under restructuring	
			Modifications on agreement conditions	Refinancing
Non-specialized loans	609.454.517	39.887.289	3.123.888	48.627.233
Loans given to enterprises	219.806.833	11.813.022	2.485.620	28.894.975
Export loans	38.236.680	5.008.203	586.626	13.727.456
Import loans	-	-	-	-
Loans given to financial sector	26.495.768	-	-	-
Consumer loans	123.497.885	8.539.685	-	2.355.652
Credit cards	144.319.502	7.896.890	-	1.585.201
Other	57.097.849	6.629.489	51.642	2.063.949
Specialized loans	-	-	-	-
Other receivables	1.795.361	-	-	-
Total	611.249.878	39.887.289	3.123.888	48.627.233

	Standard loans	Loans under close monitoring
12-month provisions for possible losses	5.304.213	-
Significant increase in credit risk	-	15.617.228
Total	5.304.213	15.617.228

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

	Short-term	Medium and long-term	Total
Consumer loans-TL	16.901.067	102.079.864	118.980.931
Real estate loans	29.072	17.115.728	17.144.800
Automotive loans	422.314	11.891.758	12.314.072
Consumer loans	16.449.681	73.072.378	89.522.059
Consumer loans-FC indexed	-	29.496	29.496
Real estate loans	-	29.496	29.496
Automotive loans	-	-	-
Consumer loans	-	-	-
Individual credit cards-TL	121.732.789	666.061	122.398.850
With installments	63.160.641	666.061	63.826.702
Without installments	58.572.148	-	58.572.148
Individual credit cards-FC	385.920	-	385.920
With installments	1.138	-	1.138
Without installments	384.782	-	384.782
Personnel loans-TL	45.749	150.186	195.935
Real estate loans	-	2.316	2.316
Automotive loans	774	3.542	4.316
Consumer loans	44.975	144.328	189.303
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Personnel credit cards-TL	382.192	734	382.926
With installments	213.458	734	214.192
Without installments	168.734	-	168.734
Personnel credit cards-FC	4.109	-	4.109
With installments	-	-	-
Without installments	4.109	-	4.109
Credit deposit account-TL (real person)⁽¹⁾	15.186.860	-	15.186.860
Total	154.638.686	102.926.341	257.565.027

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

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2023**

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

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

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

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

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

	Current Period	Prior Period
Domestic loans	692.453.448	577.086.640
Foreign loans	10.434.840	8.294.575
Total	702.888.288	585.381.215

(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	3.389.834	1.528.739
Indirect loans granted to associates and subsidiaries	-	-
Total	3.389.834	1.528.739

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

	Current Period	Prior Period
Loans with limited collectability	5.087.072	2.222.668
Loans with doubtful collectability	2.925.589	3.223.447
Uncollectable loans	10.499.076	10.336.201
Total	18.511.737	15.782.316

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

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

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

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Prior Period	3.311.027	3.883.190	13.538.895
Additions (+)	9.842.251	349.607	533.038
Transfers from other categories of non-performing loans (+)	-	3.742.095	3.231.078
Transfer to other categories of non-performing loans (-)	3.742.095	3.231.078	-
Collections (-)	578.243	401.765	2.064.661
Write-offs (-)	-	-	-
Sold (-)	-	-	1.755.826
Corporate and commercial loans	-	-	704.076
Consumer loans	-	-	829.856
Credit cards	-	-	221.894
Other	-	-	-
Current Period	8.832.940	4.342.049	13.482.524
Specific provision (-)	5.087.072	2.925.589	10.499.076
Net balance on balance sheet	3.745.868	1.416.460	2.983.448

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

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period			
Period end balance	7.346.938	1.931.744	6.853.190
Specific provision (-)	4.140.671	1.278.007	4.675.650
Net balance on-balance sheet	3.206.267	653.737	2.177.540
Prior Period			
Period end balance	1.968.423	1.818.759	5.878.480
Specific provision (-)	1.388.732	1.803.114	3.371.100
Net balance on-balance sheet	579.691	15.645	2.507.380

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)	3.745.868	1.416.460	2.983.448
Loans granted to real persons and corporate entities (gross)	8.832.940	4.342.049	13.397.850
Provision amount (-)	5.087.072	2.925.589	10.414.402
Loans granted to real persons and corporate entities (net)	3.745.868	1.416.460	2.983.448
Banks (gross)	-	-	774
Provision amount (-)	-	-	774
Banks (net)	-	-	-
Other loans (gross)	-	-	83.900
Provision amount (-)	-	-	83.900
Other loans (Net)	-	-	-
Prior Period (net)	1.088.359	659.743	3.202.694
Loans granted to real persons and corporate entities (gross)	3.311.027	3.883.190	13.454.221
Specific provision amount (-)	2.222.668	3.223.447	10.251.527
Loans granted to real persons and corporate entities (Net)	1.088.359	659.743	3.202.694
Banks (gross)	-	-	774
Specific provision amount (-)	-	-	774
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.900
Specific provision amount (-)	-	-	83.900
Other loans and receivables (Net)	-	-	-

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Notes to unconsolidated financial statements as of June 30, 2023

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

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (net)	166.358	173.729	180.565
Interest accruals and rediscounts and valuation differences	398.111	536.539	1.399.585
Provision amount (-)	231.753	362.810	1.219.020
Prior Period (net)	147.012	140.162	314.154
Interest accruals and rediscounts and valuation differences	422.447	475.126	1.227.208
Provision amount (-)	275.435	334.964	913.054

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

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

1.7.10. Explanation on "write-off" policies:

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

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

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

1.8. Information on financial assets at amortized cost:

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

As of June 30, 2023 Financial assets measured at amortised cost given as repo transactions amounting to TL 34.190.911 (December 31, 2022 - TL 29.017.189). The securities subject to collateral/blocked are TL 152.130.532 (December 31, 2022 - TL 77.529.451) of which blocked at the CBRT is TL 42.856.884 (31 December 2022 – TL 14.502.644).

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

	Current Period	Prior Period
Government bond	232.076.224	162.969.794
Treasury bill	-	-
Other public sector debt securities	2.040.345	330.804
Total	234.116.569	163.300.598

1.8.3. Information on financial assets measured at amortized cost:

	Current Period	Prior Period
Debt securities	241.162.031	167.960.745
Quoted on stock exchange	241.162.031	167.960.745
Not quoted	-	-
Impairment provision (-) ⁽¹⁾	7.045.462	4.660.147
Total	234.116.569	163.300.598

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

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

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

	Current Period	Prior Period
Beginning balance	163.300.598	91.875.500
Foreign currency differences on monetary assets ⁽¹⁾	39.096.746	50.867.573
Purchases during the year	36.159.123	30.470.261
Disposals through sales and redemptions(-)	2.054.583	7.862.794
Impairment provision (-) ⁽²⁾	2.385.315	2.049.942
Period end balance	234.116.569	163.300.598

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

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

1.9. Information on investments in associates (net):**1.9.1. Information on unconsolidated investments in associates:**

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

1.9.2. Main financial figures of the investments in associates in the order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value
1.	146.081	(39.091)	60.279	1.905	-	(58.433)	1.583	-
2.	95.368.458	18.017.547	58.530	1.679.585	283.913	755.111	505.856	-
3.	852.693	149.531	411.433	7.895	-	33.517	16.136	-
4.	2.068.572	1.640.651	137.037	61.552	-	955.578	53.059	-

(1) Financial statement information disclosed above shows March 31, 2023 results.

1.9.3. Movement of unconsolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	2.910.408	2.089.190
Movements during the period	1.434.424	821.218
Purchases	-	-
Free shares obtained profit from current year's share	-	-
Profit from current year's income	343.485	-
Sales(-)	-	-
Revaluation (decrease) / increase ⁽¹⁾	1.185.969	870.196
Impairment provision (-) ⁽²⁾	95.030	48.978
Balance at the end of the period	4.344.832	2.910.408
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

(1) Includes the differences in the other comprehensive income related with the equity method accounting.

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

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

	Current Period	Prior Period
Banks	4.306.386	2.871.962
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
Total	4.306.386	2.871.962

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

None (December 31, 2022 - None).

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

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

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

	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Yapı Kredi Faktoring A.Ş.	Yapı Kredi Finansal Kiralama A.O.	Yapı Kredi Portföy Yönetimi A.Ş.	Yapı Kredi Bank Nederland N.V.
Core capital					
Paid in capital	98.918	130.000	389.928	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	34.251	(17.300)	(35.667)	(5.541)	-
Other accumulated comprehensive income that will be classified in profit or loss	787	-	(4.050)	-	11.282.870
Legal reserves	98.890	26.000	79.305	76.812	-
Extraordinary reserves	1.342.885	874.273	3.859.069	-	1.948.770
Other profit Reserves	-	-	-	-	-
Income or Loss	1.207.364	360.229	924.058	269.523	573.453
Current Year Income/Loss	1.277.310	360.229	835.643	245.648	573.453
Prior Years' Income/Loss	(69.946)	-	88.415	23.875	-
Leasehold improvements (-)	-	880	83	270	49
Intangible assets (-)	52.408	11.620	31.434	1.379	6.025
Total core capital	2.835.157	1.360.702	4.964.022	356.787	13.911.461
Supplementary capital	25.160	88.104	247.868	-	93.787
Capital	2.860.317	1.448.806	5.211.890	356.787	14.005.248
Deductions from the capital	-	-	-	-	-
Total shareholders' equity	2.860.317	1.448.806	5.211.890	356.787	14.005.248

The above information is based on the consolidated financial statements of the Bank as of June 30, 2023.

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

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

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

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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/Holland	100,00	100,00
2	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	99,98	100,00
3	Yapı Kredi Faktoring A.Ş.	Istanbul/Turkey	99,95	100,00
4	Yapı Kredi Finansal Kiralama A.O.	Istanbul/Turkey	99,99	99,99
5	Yapı Kredi Portföy Yönetimi A.Ş.	Istanbul/Turkey	12,65	99,99
6	Yapı Kredi Bank Nederland N.V.	Amsterdam/Holland	67,24	100,00
7	Yapı Kredi Azerbaycan	Baku/Azerbaijan	99,80	100,00
8	Enternasyonal Turizm Yatırım A.Ş. ⁽²⁾	Istanbul/Turkey	99,99	99,99
9	Yapı Kredi Kültür Sanat Yayıncılık Tic.ve San.A.Ş.	Istanbul/Turkey	100,00	100,00
10	Yapı Kredi Teknoloji A.Ş.	Istanbul/Turkey	100,00	100,00
11	Yapı Kredi Finansal Teknolojiler A.Ş.	Istanbul/Turkey	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) Financial statement information disclosed above shows March 31, 2023 results.

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

Financial statement information disclosed consolidated financial statements results.

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value
1	108.468	106.385	-	-	-	1.932	1.815	-
2	14.006.529	2.887.565	96.965	1.466.812	4.014	1.277.310	427.518	-
3	11.315.710	1.373.202	18.033	1.089.630	-	360.229	164.800	-
4	34.244.239	4.995.539	38.510	1.905.135	-	835.643	412.295	-
5	458.728	358.436	3.829	47.112	-	245.648	137.277	-
6	68.888.728	13.917.536	60.334	1.234.552	51.792	573.453	269.126	-
7	6.921.548	1.536.732	320.055	156.939	25.107	47.644	9.842	-
8	102.251	88.032	35.599	1.901	-	2.799	1.434	-
9	163.887	74.181	1.904	87	-	8.951	4.318	-
10	68.615	27.146	37.731	2.012	-	2.988	(6.385)	-
11	25.015	25.015	-	-	-	-	-	-

1.10.4. Movement schedule of subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	17.905.733	13.110.619
Movements in period	7.171.542	4.795.114
Purchases	-	-
Free shares obtained profit from current years share	-	-
Dividends from current year income	3.085.320	3.102.944
Sales ⁽¹⁾	-	163.842
Revaluation increase/decrease ^{(1) (2)}	4.356.270	1.995.716
Impairment provision ⁽³⁾	270.048	139.704
Balance at the end of the period	25.077.275	17.905.733
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

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

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

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2023

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

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

Financial subsidiaries	Current Period	Prior Period
Banks	10.892.258	7.330.588
Insurance companies	-	-
Factoring companies	1.372.548	1.015.337
Leasing companies	4.995.233	4.237.311
Finance companies	-	-
Other financial subsidiaries	7.817.236	5.322.497
Total	25.077.275	17.905.733

1.10.6. Subsidiaries quoted on stock exchange:

None (December 31, 2022 - None).

1.11. Information on joint ventures (net):

None (December 31, 2022 – None).

1.12. Information on lease receivables (net):

None (December 31, 2022 - None).

1.13. Information on investment property:

None (December 31, 2022 - 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 3.521.962 is presented in the financial statements (December 31, 2022 – TL 5.146.976 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	1.035.873	1.327.210
Additions ⁽¹⁾	38.969	228.266
Disposals (-), net	59.059	519.619
Impairment provision reversal	-	16
Impairment (-)	-	-
Depreciation (-)	-	-
Net book value at the end of the period	1.015.783	1.035.873
Cost at the end of the period	1.017.228	1.037.344
Accumulated depreciation at the end of the period (-)	1.445	1.471
Net book value at the end of the period	1.015.783	1.035.873

(1) In current period, the carrying value of asset held for resale with a right of repurchase (December 31, 2022 – TL 33.196). The total net carrying value of asset held for resale with a right of repurchase is TL 883.743 (December 31, 2022 – TL 913.642).

As of June 30, 2023, the Bank booked impairment provision on assets held for resale with an amount of TL 1.223 (December 31, 2022 – TL 1.223).

1.16. Information on other assets:

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

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2023**

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

2. Explanations and notes related to liabilities**2.1. Information on deposits:****2.1.1. Information on maturity structure of deposits/collected funds⁽¹⁾:**

Current Period	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	59.784.321	11.969.262	269.003.968	3.817.397	314.331	3.833.526	346	348.723.151
Foreign currency deposits	219.156.821	22.546.640	49.274.625	2.621.334	817.680	1.979.229	-	296.396.329
Residents in Turkey	212.114.734	21.976.810	47.521.017	2.538.703	717.896	738.036	-	285.607.196
Residents abroad	7.042.087	569.830	1.753.608	82.631	99.784	1.241.193	-	10.789.133
Public sector deposits	1.452.835	1.849.623	268.483	11.925	-	-	-	3.582.866
Commercial deposits	43.185.842	30.508.301	91.027.675	8.203.772	168.572	5.807.112	-	178.901.274
Other institutions deposits	462.800	567.881	5.545.600	6.364	1.045	295	-	6.583.985
Precious metals vault	51.882.787	-	657.777	-	1.019.915	161.715	-	53.722.194
Bank deposits	1.612.195	1.132.136	4.828.245	3.646.500	3.848.869	393.907	-	15.461.852
The CBRT	54.410	-	-	-	-	-	-	54.410
Domestic banks	5.277	1.121.886	1.026.038	3.646.500	3.848.869	393.907	-	10.042.477
Foreign banks	1.177.005	10.250	3.802.207	-	-	-	-	4.989.462
Participation banks	375.503	-	-	-	-	-	-	375.503
Other	-	-	-	-	-	-	-	-
Total	377.537.601	68.573.843	420.606.373	18.307.292	6.170.412	12.175.784	346	903.371.651

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	48.652.818	5.615.732	147.022.497	7.061.217	733.408	4.350.077	472	213.436.221
Foreign currency deposits	149.058.417	30.315.393	63.639.967	3.668.840	1.469.813	1.766.066	-	249.918.496
Residents in Turkey	145.816.938	29.914.710	61.723.338	3.384.220	1.332.362	794.816	-	242.966.384
Residents abroad	3.241.479	400.683	1.916.629	284.620	137.451	971.250	-	6.952.112
Public sector deposits	1.073.991	1.812.672	106.067	3.730	-	-	-	2.996.460
Commercial deposits	42.969.790	29.848.734	64.121.906	13.448.552	109.747	7.225.835	-	157.724.564
Other institutions deposits	340.198	606.623	3.278.473	414.220	722	13.487	-	4.653.723
Precious metals vault	31.226.726	-	1.125.635	-	1.152.310	132.437	-	33.637.108
Bank deposits	1.236.609	2.286.662	1.710.701	3.042.361	1.955.815	166.598	-	10.398.746
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	4.342	2.154.596	887.874	3.042.361	1.955.815	166.598	-	8.211.586
Foreign banks	473.111	132.066	822.827	-	-	-	-	1.428.004
Participation banks	759.156	-	-	-	-	-	-	759.156
Other	-	-	-	-	-	-	-	-
Total	274.558.549	70.485.816	281.005.246	27.638.920	5.421.815	13.654.500	472	672.765.318

(1) Within the scope of the "Decision on Supporting Deposit and Participation Accounts Against Exchange Rate Increases (Decision No: 5206)" published in the Official Gazette dated February 24, 2022 and numbered 31 760, and the CBRT's communiqués numbered 2021/14, 2021/16, 2022/7 and 2022/11, the "Currency protected TL deposit" product which provide protection against foreign currency exchange rate changes for TL deposits was launched for customers. In this context as of the report date, the total amount of deposits opened is TL 253.363.099 (December 31, 2022 – TL 121.858.904).

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

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

Saving Deposits	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
Deposits	146.443.976	81.917.941	202.334.617	131.543.625
Foreign currency saving deposits	63.655.323	33.461.579	116.410.800	105.018.961
Other deposits	27.473.802	13.580.277	21.293.452	16.621.798
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

Commercial deposits	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
Deposits	21.219.013	13.503.981	133.341.994	125.981.694
Foreign currency saving deposits	6.929.779	3.477.805	105.151.175	107.062.919
Other deposits	923.021	453.968	4.031.408	2.980.166
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

2.1.2.2. Deposits which are not under the guarantee of saving deposit insurance fund:

	Current Period	Prior Period
Foreign branches' deposits and other accounts	3.454.030	3.017.032
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	600.206	1.058.777
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	-	-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	2.075.156	21.473	212.753	3.747
Swap transactions	4.971.293	8.690.737	6.141.759	5.658.760
Futures transactions	-	-	13.354	-
Options	803	76.682	126.456	204.515
Other	-	-	-	-
Total	7.047.252	8.788.892	6.494.322	5.867.022

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges ⁽¹⁾	-	-	1.380.313	-
Cash flow hedges ⁽¹⁾	-	-	32.350	-
Hedges for investments made in foreign countries	-	-	-	-
Total	-	-	1.412.663	-

(1) Explained in Note 8 of section 4.

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	308.695	1.804.516	827.825	1.467.010
From foreign banks, institutions and funds	341.719	84.438.082	949.471	66.804.114
Total	650.414	86.242.598	1.777.296	68.271.124

2.3.2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	334.328	14.938.773	811.104	12.417.743
Medium and long-term	316.086	71.303.825	966.192	55.853.381
Total	650.414	86.242.598	1.777.296	68.271.124

2.3.3. Information on securitization borrowings:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
From foreign banks	-	-	-	-
From foreign institutions	-	52.651.862	-	41.492.246
From foreign funds	-	-	-	-
Total	-	52.651.862	-	41.492.246

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

The Bank classified some of its financial liabilities as the financial liabilities classified at fair value through profit/loss in order to eliminate the accounting mismatch at the initial recognition in accordance with TFRS 9. As of June 30, 2023, the total amount of financial liabilities classified as fair value through profit/loss is TL 47.594.917 (December 31, 2022 – TL 37.239.659) with an accrued interest income of TL 3.765.072 (December 31, 2022 - TL 2.366.494 income) and with a fair value difference of TL 1.528.790 recognized as an income (December 31, 2022- TL 1.107.970 income). On the other hand, the nominal amounts of the total return swaps and bond forwards which are closely related with these financial liabilities as of June 30, 2023 are TL 50.068.834 (December 31, 2022- TL 38.671.238) for buy legs and sell legs with a fair value differences amounting to TL 4.042.148 liability (December 31, 2022 – TL 2.554.954 liability). The mentioned total return swaps have 10 year maturity in average.

2.3.4. Information on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	6.744.752	3.206.204	7.407.273	2.031.595
Bills ⁽¹⁾	402.929	31.976.535	665.581	30.435.875
Total	7.147.681	35.182.739	8.072.854	32.467.470

(1) Including mortgage backed securities amounting to TL 804.651 as of June 30, 2023 (December 31, 2022 – TL 1.483.345).

2.4. Information on other liabilities:

As of June 30, 2023, other liabilities do not exceed 10% of the total balance sheet commitments.

2.5. Information on lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	852.385	595.186	601.905	417.121
Between 1 – 4 years	1.614.893	1.127.618	1.227.178	851.753
More than 4 years	1.101.339	769.019	846.472	586.517
Total	3.568.617	2.491.823	2.675.555	1.855.391

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2.6. Information on provisions:

2.6.1. Information on reserve for employee benefits:

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

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

	Current Period	Prior Period
Discount rate (%)	0,55	0,55
Possibility of being eligible for retirement (%)	95,20	95,20

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 23.489,83 effective from July 1, 2023 has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	2.756.809	897.413
Changes during the period	173.403	187.943
Recognized in equity	406.464	1.776.093
Paid during the period	(435.594)	(104.640)
Balance at the end of the period	2.901.082	2.756.809

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 733.451 as of June 30, 2023 (December 31, 2022 - TL 424.244).

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

None (December 31, 2022 – None).

2.6.3. Other provisions:

	Current Period	Prior Period
Pension fund provision	2.945.243	2.945.243
Provisions on non-funded non cash loans	1.356.335	1.078.763
Generic provision on non cash loans	1.180.104	1.143.394
Provision on lawsuits	137.139	118.960
Provisions on credit cards and promotion campaigns related to banking services	152.430	108.764
Other	1.573.012	2.507.964
Total	7.344.263	7.903.088

2.7. Information on taxes payable:

2.7.1. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	-	4.148.627
Banking Insurance Transaction Tax (“BITT”)	668.834	555.693
Taxation of Marketable Securities	378.486	277.629
Foreign Exchange Transaction Tax	30.739	37.258
Value Added Tax Payable	70.014	133.467
Property Tax	9.013	6.923
Other	177.040	262.624
Total	1.334.126	5.422.221

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Notes to unconsolidated financial statements as of June 30, 2023

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

2.7.2. Information on premium payables:

	Current Period	Prior Period
Social security premiums – employee	-	-
Social security premiums – employer	-	-
Bank pension fund premiums – employee	94.864	67.648
Bank pension fund premiums – employer	131.511	94.097
Pension fund deposit and provisions – employee	-	-
Pension fund deposit and provisions – employer	-	-
Unemployment insurance – employee	6.771	4.829
Unemployment insurance – employer	13.557	9.689
Other	-	-
Total	246.703	176.263

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

None (December 31, 2022 - None).

2.9. Information on subordinated debt⁽¹⁾:

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	17.856.078	-	12.929.445
Subordinated loans	-	-	-	-
Subordinated debt	-	17.856.078	-	12.929.445
Debt instruments to be included in contribution capital calculation	757.170	20.348.288	725.201	25.733.586
Subordinated loans	-	6.988.674	-	16.059.998
Subordinated debt	757.170	13.359.614	725.201	9.673.588
Total	757.170	38.204.366	725.201	38.663.031

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

2.10. Information on shareholders’ equity:

2.10.1. Presentation of paid-in capital:

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

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

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

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

None (December 31, 2022 – None).

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

None (December 31, 2022 – None).

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

None (December 31, 2022 - None).

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

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

2.10.7. Privileges on the corporate stock:

None (December 31, 2022 - None).

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

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	653.169	16.815.914	760.044	11.166.800
Revaluation difference ⁽¹⁾	653.169	444.512	760.044	438.666
Foreign currency difference ⁽¹⁾	-	16.371.402	-	10.728.134
Financial assets at fair value through other comprehensive income	3.560.302	(1.247.164)	8.742.326	(945.392)
Revaluation difference ⁽²⁾	3.560.302	(1.247.164)	8.742.326	(945.392)
Foreign currency differences	-	-	-	-
Total	4.213.471	15.568.750	9.502.370	10.221.408

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

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

2.10.9. Information on profit distribution:

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

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	258.008.319	136.756.258
Asset purchase and sale commitments	5.669.410	35.118.725
Loan granting commitments	70.096.122	53.491.909
Commitments for cheques	8.601.299	5.482.867
Other irrevocable commitments	41.042.161	29.421.817
Total	383.417.311	260.271.576

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

Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Bank set aside general provision for its non-cash loans amounting to TL 1.180.104 (December 31, 2022 - TL 1.143.394) and specific provision amounting to TL 1.779.248 (December 31, 2022 - TL 1.431.465) for non-cash loans which are not indemnified yet amounting to TL 1.356.335 (December 31, 2022 - TL 1.078.763).

3.1.2.1. Non-cash loans including guarantees, bank acceptance loans, collaterals that are accepted as financial guarantees and other letter of credits:

	Current Period	Prior Period
Bank acceptance loans	1.151.913	864.879
Letter of credits	46.764.300	32.164.021
Other guarantees and collaterals	34.706.857	28.350.265
Total	82.623.070	61.379.165

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2023

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

3.1.2.2. Guarantees, suretyships and other similar transactions:

	Current Period	Prior Period
Temporary letter of guarantees	3.533.041	4.124.146
Definite letter of guarantees	117.288.963	90.240.341
Advance letter of guarantees	40.033.113	29.283.824
Letter of guarantees given to customs	6.298.096	5.894.112
Other letter of guarantees	70.360.886	52.626.883
Total	237.514.099	182.169.306

3.1.3. Information on non-cash loans:

3.1.3.1. Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against cash loans	67.986.711	50.905.414
With original maturity of 1 year or less than 1 year	8.120.953	8.240.689
With original maturity of more than 1 year	59.865.758	42.664.725
Other non-cash loans	252.150.458	192.643.057
Total	320.137.169	243.548.471

3.2. Information on contingent liabilities and assets:

The Bank has recorded a provision of TL 137.139 (December 31, 2022 – TL 118.960) for litigation and has accounted for it in the accompanying financial statements under the "Other Provisions" account. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee cash outflow for such claims.

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

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

4. Explanations and notes related to income statement:

4.1. Information on interest income:

4.1.1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans ⁽¹⁾	15.693.665	1.643.299	8.096.944	1.006.712
Medium/long-term loans ⁽¹⁾	22.919.540	7.166.276	13.236.971	4.636.247
Interest on loans under follow-up	1.168.097	-	946.059	-
Premiums received from resource utilization support fund	-	-	-	-
Total	39.781.302	8.809.575	22.279.974	5.642.959

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

4.1.2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
From the CBRT	3.646	56.164	2.293	-
From domestic banks	94.428	-	89.583	32
From foreign banks	232	1.160.589	-	141.363
Headquarters and branches abroad	-	-	-	-
Total	98.306	1.216.753	91.876	141.395

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2023

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

4.1.3. Information on interest income on marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit or loss	-	49.532	3.201	13.118
Financial assets measured at fair value through other comprehensive income	6.737.119	923.897	5.406.980	417.817
Financial assets measured at amortised cost	16.130.055	1.266.874	10.393.898	1.125.960
Total	22.867.174	2.240.303	15.804.079	1.556.895

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

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	406.441	97.571
Total	406.441	97.571

4.2. Information on interest expense:

4.2.1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	82.880	2.455.162	126.296	1.157.322
The CBRT	-	-	-	-
Domestic banks	49.314	65.290	64.992	13.208
Foreign banks	33.566	2.389.872	61.304	1.144.114
Headquarters and branches abroad	-	-	-	-
Other institutions	-	1.879.620	-	699.358
Total ⁽¹⁾	82.880	4.334.782	126.296	1.856.680

(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	358.270	65.641
Total	358.270	65.641

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	881.358	2.977.202	702.917	2.452.212
Total	881.358	2.977.202	702.917	2.452.212

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	664.520	322.983	2.845.974	62.899
Total	664.520	322.983	2.845.974	62.899

4.2.5. Information on other interest expenses:

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

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2023**

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

4.2.6. Maturity structure of the interest expense on deposits:

Account name	Time Deposit						Accumulating deposit	Total	Prior Period
	Demand Deposit	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 Year	More than 1 year			
TL									
Bank deposits	2.038	120.087	2.003	-	-	-	-	124.128	137.633
Saving deposits	-	658.324	27.145.101	246.008	50.048	25.839	48	28.125.368	5.420.987
Public sector deposits	-	41.603	23.400	978	-	-	-	65.981	8.224
Commercial deposits	58	2.514.596	7.644.073	454.010	377.332	484.822	-	11.474.891	4.305.532
Other deposits	-	345.354	2.526.652	772.310	101.430	282.290	-	4.028.036	1.193.803
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Total	2.096	3.679.964	37.341.229	1.473.306	528.810	792.951	48	43.818.404	11.066.179
FC									
Foreign currency deposits	881	53.535	290.029	6.299	4.161	5.754	-	360.659	444.861
Bank deposits	92.390	64.813	53.182	-	-	-	-	210.385	21.950
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	232	2.119	-	599	40	-	2.990	1.844
Total	93.271	118.580	345.330	6.299	4.760	5.794	-	574.034	468.655
Grand total	95.367	3.798.544	37.686.559	1.479.605	533.570	798.745	48	44.392.438	11.534.834

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

	Current Period	Prior Period
Profit	90.399.190	81.150.663
Gain from capital market transactions	1.406.497	1.053.137
Derivative financial transaction gains	45.714.073	42.166.109
Foreign exchange gains	43.278.620	37.931.417
Loss (-)	72.556.349	77.095.537
Loss from capital market transactions	50.142	75.346
Derivative financial transaction losses	28.000.512	32.332.946
Foreign exchange loss	44.505.695	44.687.245
Net gain/loss	17.842.841	4.055.126

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

	Current Period	Prior Period
Allowance for expected credit losses⁽¹⁾	15.080.371	11.337.355
12-month expected credit losses (Stage 1)	3.775.720	2.041.548
Significant increase in credit risk (Stage 2)	4.170.516	3.563.885
Credit-Impaired (Stage 3)	7.134.135	5.731.922
Impairment provisions for financial assets	-	228.446
Financial assets measured at fair value through profit or loss	-	228.446
Financial assets measured at fair value through other comprehensive income	-	-
Impairment provisions related to investments in associates, subsidiaries and jointly controlled partnerships (Joint ventures)	-	-
Investments in associates	-	-
Subsidiaries	-	-
Jointly controlled partnerships (joint ventures)	-	-
Other	45.630	29.098
Total	15.126.001	11.594.899

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

4.5. Information on derivatives financial transaction gain/loss:

The net gain resulting from the foreign exchange differences related to derivative financial transactions is TL 13.771.183 (June 30, 2022 – TL 11.429.319 gain).

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2023

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

4.6. Information on other operating income:

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

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

4.7. Information related to other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	172.322	42.239
Provision expense for pension fund	-	-
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	529.765	337.231
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	136.301	113.993
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	9.703.801	2.912.846
TFRS 16 exempt lease expenses	75.153	56.359
Repair and maintenance expenses	270.727	132.310
Advertising expenses	337.278	138.719
Other expense	9.020.643	2.585.458
Loss on sales of assets	-	-
Other	2.384.647	1.011.901
Total	12.926.836	4.418.210

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

The profit before tax includes TL 21.428.234 (June 30, 2022 – TL 25.707.088) of net interest income, TL 11.727.057 (June 30, 2022 – TL 5.782.148) of net fees and commissions income, TL 6.321.106 personnel expenses (June 30, 2022 – TL 3.144.436) and other operating expenses amounting to TL 12.926.836 (June 30, 2022 - TL 4.418.210).

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

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

As of June 30, 2023, the Bank tax expense from continued operations, from discontinued operations amounting to TL 40.268 (June 30, 2022 – TL 10.557.494 expense) and deferred tax expense from continued operations amounting to TL 5.864.108 (June 30, 2022 - TL 5.578.560 deferred tax income).

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 statement of profit or loss:

“Other fees and commissions received” in profit or loss mainly includes commissions and fees from credit cards and banking transactions.

Yapı ve Kredi Bankası A.Ş.**Notes to unconsolidated financial statements as of June 30, 2023**

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

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

Current Period	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Bank's risk group ⁽¹⁾⁽²⁾						
Loans and other receivables						
Balance at the beginning of the period	1.560.635	585.093	152.609	903.139	11.984.555	5.772.850
Balance at the end of the period	3.401.962	692.573	107.555	1.156.370	16.970.343	7.043.599
Interest and commission income received ⁽³⁾	406.441	1.085	14.746	2.191	1.696.125	19.409
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	660.084	892.378	416.619	1.070.846	8.100.359	3.310.640
Balance at the end of the period	1.560.635	585.093	152.609	903.139	11.984.555	5.772.850
Interest and commission income received ⁽³⁾	97.571	1.685	30.113	1.014	595.679	11.979

(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, 2022.

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	4.268.084	2.837.798	27.722.742	38.192.490	70.370.899	50.910.186
End of the period	4.321.095	4.268.084	24.188.323	27.722.742	76.089.360	70.370.899
Interest expense on deposits ⁽³⁾	358.270	65.641	1.197.222	931.186	1.826.414	621.209

(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, 2022.

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

Bank's risk group	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through profit or loss						
Beginning of the period ⁽²⁾	1.404.594	4.298.899	1.886.536	2.828.070	1.273.964	379.300
End of the period ⁽²⁾	983.177	1.404.594	6.708.040	1.886.536	6.465.297	1.273.964
Total profit / (loss) ⁽³⁾	716.257	589.508	(424.270)	(28.606)	(555.273)	(313.191)
Transactions for hedging purposes						
Beginning of the period ⁽²⁾	-	-	-	525.855	-	-
End of the period ⁽²⁾	-	-	-	-	-	-
Total profit / (loss) ⁽³⁾	-	-	-	-	-	-

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

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

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

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

Salaries and benefits paid to the Bank's top management amount to TL 45.364 as of June 30, 2023 (June 30, 2022 - TL 23.251).

6. Explanations and notes related to subsequent events

None.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2023

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

Section Six - Explanations on independent audit review report

1. Explanations on independent auditor’s review report

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

2. Explanations and notes prepared by independent auditor

None.

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2023

(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 2023, the global markets focused on growth, inflation, central bank policies and developments in the banking sector. The economic outlook remains uncertain due to overall concerns about the global financial sector and inflation levels and the continuing effects of Russia-Ukraine war. According to the International Monetary Fund's Global Economic Outlook report dated April 2023, global growth is expected to slow down from 3.4% in 2022 to 2.8% this year and then settle around 3.0% in 2024. Although global inflation levels have been decreasing, it is still above historical levels. This fact drives central banks all over the world, especially developed economies, to take measures to tackle inflation.

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

Despite the challenging backdrop, Turkey has been able to grow its economy with a controlled manner. The country has recorded an annual growth of 4.0% supported by domestic demand in the first quarter of the year. Leading indicators point to an ongoing strength in economic activity backed by strong domestic demand. On the other hand, strong demand conditions together with deterioration in pricing behavior and cost pressures create upside risks to the inflation outlook.

The Turkish banking sector continued to support the economy, while strengthening its balance sheet structure. In the first six months of the year, total loans increased by 58% annually and reached TL 9,345 billion. In the same period, the deposit base grew by 69% to reach TL 10,469 billion. Thus, the loan/deposit ratio of the sector improved by 6 points compared to the same period of the previous year and decreased to 85%.

On the asset quality side, the positive trend continued, and the non-performing loans ratio decreased by 44 basis points to 1.7% since the end of 2022.

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

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

Ali Y. Koç
Chairman of the Board

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

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2023

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

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

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

Turkish economy, on the other hand, continued its growth in a controlled manner in this challenging operating environment. Despite the negative effects of the earthquake disaster that happened on 6 February on growth, the Turkish economy grew by 4.0% on an annual basis as of the first quarter of 2023, with the help of domestic demand. Turkish economy has entered a normalization process with the steps taken, following the elimination of uncertainties related to the election.

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

Our support to the economy through cash and non-cash loans has increased by 43% annually reaching TL 1.021 trillion. In TL cash loans, the Bank recorded a year-to-date growth of 18% and an annual growth of 59%. Moreover, year-to-date TL customer deposit growth was 42%, well above the loan growth. Thus, the Bank's TL loan deposit ratio further decreased by 16 points to 88% as of end of first half of 2023.

While maintaining its support to the economy, the Bank preserved its strength in capital and liquidity ratios. The FX liquidity coverage ratio was 441%, while the total liquidity coverage ratio realized at 156% level. On the capital side, with the internal capital generation contributions, the consolidated capital adequacy ratio and the Tier 1 ratio remained strong at 17.0% and 15.0%, respectively (without the impact of regulatory forbearances).

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

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, 2023

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

1.3. Overview of Financial Performance:

On 24 July 2023, Yapı Kredi announced its unconsolidated results for the first six months of 2023 based on Banking Regulation and Supervision Agency (BRSA) Accounting and Reporting Legislation. The Bank's cash and non-cash loans reached to TL 1.021 trillion while total deposits reached to TL 903.4 billion. The Bank's net income reached TL 24,116 million indicating a return on average tangible equity of 36.7%.

Local currency driven loan and deposit growth with a solid liquidity

In the first six months of 2023, The Bank achieved 20% year-to-date growth in performing loans to TL 701.1 billion, mainly driven by Turkish Lira. During the same period, the Bank's total customer deposit growth was at 34% year-to-date and reached TL 887.9 billion. Also, demand deposits in total remained at a high level with 42%, within the scope of continued focus on small tickets in deposit gathering. Accordingly, loan-to-deposits plus Turkish Lira bonds ratio realized at 77%. The Bank's total and foreign currency liquidity coverage ratios realized at 156% and 441%, respectively.

Prudent and conservative asset quality approach

As of first half of 2023, Yapı Kredi's non-performing loan ratio realized as 3.7%. During the period, collection performance remained strong and supported cost of risk. Accordingly, cumulative net cost of risk (adjusted for hedged foreign currency impact) materialised at 38 basis points in the first six months of 2023. Provisions to gross loans ratio remained high at 5.4%.

Strong capital ratios and ongoing internal capital generation

In the first six months of 2023, the capital ratios of the Bank were supported by ongoing internal capital generation. Hence, unconsolidated Capital Adequacy Ratio and Tier-1 ratio realized at 18.3% and 16.3% respectively, excluding regulatory forbearances.

Well managed revenue performance supporting the bottom line

In the first six months of 2023, Yapı Kredi recorded TL 35.219 million of core banking revenues. Due to developments in operating environment, TL loan yields were under pressure and funding costs were in an increasing trend in the quarter. Despite challenging conditions, Yapı Kredi managed to preserve its TL loan to deposit spread in positive territory. However still, compared to previous quarter, swap adjusted net interest margin contracted by 154 basis points to 3.65% (normalized with CPI linker income) on a quarterly basis in the second quarter. Yapı Kredi recorded a substantial 103% improvement in year-over-year fee growth, reaching to TL 11,727 million in the first half. Operating costs increased due to HR and business growth related costs by 17% on a quarterly basis. In the first six months, annual growth realized as 155% and costs reached to TL 19,248 million negatively impacted by earthquake related costs and inflation pass through impact. All in all, the Bank achieved a net income of TL 24,116 million in the first half and 36.7% return on average tangible equity.

1.4. Summary of Unconsolidated Financials

TL million	Current Period	Prior Period
Total Assets	1.378.169	1.108.094
Performing Loans	701.093	583.708
Total Deposits	903.372	672.765
Shareholder's Equity	139.245	126.256
Loans/Assets	51%	53%
Deposits/Assets	66%	61%
NPL	3,7%	3,4%
CAR ⁽¹⁾	20,1%	21,3%
TL million	Current Period	Prior Period
Net Profit	24.116	19.181
Return on Average Tangible Equity	36,7%	49,9%

(1) Reported

Yapı ve Kredi Bankası A.Ş.

Notes to unconsolidated financial statements as of June 30, 2023

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

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

- By our Bank Board of Directors resolution dated 27.04.2023; it is resolved to sell non-performing loans amounting in aggregate to TL 905.8 million for a total amount of TL 233.1 million.
- By our Bank Board of Directors resolution dated 16.06.2023; it is resolved to sell non-performing loans amounting in aggregate to TL 1.0 billion for a total amount of TL 333.5 million.

1.6. Current Trends and Expectations for the Upcoming Period:

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

2023 Yapı Kredi Expectations:

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